



ALEGENT HEALTH GOVERNANCE COMMITTEE CHARTER

I. STATEMENT OF PURPOSE

The Alegent Health Governance Committee (the “Committee”) shall be responsible for:

- Assisting the Board in developing, monitoring and evaluating the implementation of Alegent’s Governance Policy and making recommendations to the Board with respect thereto;
- Establishing criteria for Board Membership and identifying individuals to recommend to the Sponsors as appointees to the Alegent Health Board;
- Recommending to the Board the appointment of Board officers;
- Recommending to the Board Chair the appointment of non-board committee members and appointees to the subsidiary or affiliated corporations of Alegent Health; and
- Leading an annual review of the Board’s performance, the performance of individual Board members and the performance of Board Committees.

II. GOVERNANCE CALENDAR

- At the beginning of each year the Committee shall establish a proposed annual calendar to accomplish its purposes.
- The schedule shall be furnished to the Alegent Health Board Chair (the “Board Chair”) for discussion and planning with the Chief Executive Officer (the “CEO”).

III. MEMBERSHIP

- The Committee shall be comprised of a minimum of four Directors appointed by the Board Chair.
- The Committee Chair (the “Chair”) will be a member of the Board of Directors and shall be appointed by the Board Chair.
- The CEO shall serve as a voting member of the Committee and the CEO and/or the CEO’s designee shall attend all Committee meetings.
- The CEO shall arrange for appropriate staff support.

IV. RESPONSIBILITIES AND DUTIES

The Board delegates to the Committee the express authority to do the following, to the fullest extent permitted by applicable law and Alegent Health's Amended and Restated Articles of Incorporation and Amended and Restated Bylaws ("Bylaws"):

- A. **Governance Guidelines.** Monitor and evaluate from time to time Alegent's Corporate Governance Policy and make recommendations to the Board with respect thereto.
- B. **Board Member Criteria, Competencies, Recruitment and Committee Appointments.** Establish criteria and competencies for Board membership and actively prospect and recruit talented individuals from diverse backgrounds to recommend to Sponsors for possible Board appointment. Seek individuals to recommend to the Board Chair for appointment to standing committees, ad hoc committees, subsidiary and affiliate corporations and other projects/task forces to evaluate performance and prepare for possible recommendations for Board Appointment. Make annual recommendations to the Alegent Health Board for consideration by the Sponsors of individuals who could be considered for Board appointment. Any such annual recommendation will take into account the ability to broadly represent the interests of the sponsor or sponsors and desired competencies, and will include individuals from diverse backgrounds, physician leadership, sponsor leadership and who share faith based values. Any recommendation will respect the sole prerogative of the sponsors to make such an appointment. A copy of a letter from the Sponsors dated April 20, 2007, is attached hereto and incorporated herein by reference.
- C. **Corporate Integrity Program and Conflicts of Interest.** Establish an ethical framework by which the Board of Directors, Chief Executive Officer and Alegent staff operates by establishing Standards of Conduct which are embodied in Alegent's Corporate Integrity Program. Ensure that Alegent's Conflicts of Interest policy, as set forth in its Bylaws, is monitored and enforced across all applicable Alegent corporations.
- D. **Board Member Orientation/Education.** Ensure that all new Directors participate in Alegent's Orientation Program, which should be conducted within two months of the meeting at which the new Directors are appointed.
- E. **Board Development Plan.** Prepare an annual education and development plan that focuses on areas of Board performance improvement, personal growth and effectiveness for individual Board members, collective performance improvement, and long-term strategies to advance the overall effectiveness of the Board's governance; and evaluate that plan.
- F. **Succession Planning.** The Committee will: 1) Ensure strategic succession processes to provide for continuity of leadership for the ELC; 2) Ensure a pipeline of talent

below the ELC level by reviewing data related to the organization's overall progress in hiring women, minorities and key talent into strategic roles; 3) Annually review and report to the Board progress related to these activities.

- G. **Annual Board Self-Evaluation.** Ensure that the Board of Directors conducts an annual self-evaluation to determine whether it, its committees, its officers and individual Directors are functioning effectively. The Committee will receive comments from all Directors and report annually to the Board an assessment of the Board's collective performance. The outcomes of the assessment process will be discussed with the full Board following the end of each fiscal year. The assessment will detail the Board's contribution to Alegent and specifically focus on capitalizing on its strengths and on improving areas in which the Board, Board officers, or management believes that the Board could enhance. The Committee shall also plan for improvements for the following year and build in periodic feedback mechanisms for the Board and Alegent's Sponsors. Individual Board Member evaluations and comments will be aggregated and forwarded to the applicable Board Member for review and consideration.
- H. **Board Goals.** Assist in the preparation of annual Board Goals by reviewing the annual Board Self-Assessment and by soliciting the input from the Board of Directors. The Committee will receive comments from all Directors and report annually to the Board with set of recommended goals.
- I. **Board Calendar.** Assist in the preparation of an annual Board Calendar with major themes developed by the Board.
- J. **Bylaws.** Review the Bylaws of Alegent and its subsidiaries every three years or as necessary, and recommend for approval to the Board of Directors and its Sponsors, as applicable, amendments to the Bylaws.
- K. **Review Charter.** Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- L. **Annual Self-Evaluation.** Conduct an annual self-evaluation to determine whether it is functioning effectively. The outcomes of the assessment process will be discussed with the Committee and a plan for improvements for the following year will be developed.

V. MEETINGS

- The Governance Committee shall meet a minimum of four times per year.
- Governance Committee members shall attend more than half of the meetings each year.
- A special meeting of the Committee may be called by the Chair, upon the request of any two Committee members or by the Board Chair.

- The agenda of each meeting shall be prepared, approved by the Chair and circulated to each Committee member prior to the meeting date.
- Unless the Committee or the Board adopts other procedures, the provision of Alegent's Bylaws applicable to meetings of Board committees shall govern meetings of the Committee.

VI. MINUTES

Minutes of each meeting shall be kept and forwarded to the Board accordingly.

VII. SUBCOMMITTEES

The Committee has the power to appoint subcommittees and their chairs, but no subcommittee will have any final decision making authority on behalf of the Board or the Committee.

VIII. RELIANCE; EXPERTS; COOPERATION

- A. **Retention of Advisors.** The Committee, upon concurrence of the Board Chair, has the power, in its discretion, to retain, at Alegent's expense, such advisors and experts as it deems necessary or appropriate to carry out its duties.
- B. **Reliance Permitted.** The Committee will act in reliance on management, Alegent's independent public accountants, internal auditors, and advisors and experts as it deems necessary or appropriate to enable it to carry out its duties.
- C. **Investigations.** The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.

CATHOLIC HEALTH
INITIATIVESSM

A spirit of innovation, a legacy of care.



April 20, 2007

John Reed, Board Chairperson Alegent Health
Wayne Sensor, CEO Alegent Health
1010 North 96th Street, Suite 200
Omaha, NE 68114

Dear John and Wayne,

The following information sent on behalf of the Sponsors is intended for dissemination to the Alegent Health Board of Directors and is sent subsequent to the February 15, 2007 and April 18, 2007 regular meetings of the Alegent Health Sponsors.

As communicated during the February 15th Sponsor meeting in Omaha, thank you again for the outstanding presentation updating us on the progress of the ministry made by Rick Hachten, Dr. Fred Hosler, and Scott Wooten. We are also grateful to you John for your participation in the meeting and moreover for your leadership.

John during your introductory meetings with my staff here in Denver and with Randy last fall we discussed our respective positions and desires concerning the appointment of persons to serve on the Alegent Health Board. Last May, Kevin corresponded by letter to Larry Beckman in this regard on behalf of CHI. Below you will find on behalf of both CHI and IHS our shared position.

The criteria outlined by the Alegent Board as described in the May 05, 2006 letter from Larry concerning prospective nominees are all important, but are only some of the factors the Sponsors consider in determining Board appointees. Additional factors that we evaluate when selecting the Directors include:

- **Governance:** We seek to appoint individuals who can broadly represent the interests of CHI and of IHS as a Sponsor of Alegent. For CHI this may be a current (or former) member of the Board of Stewardship Trustees (or Committee of the Board); someone from the Sponsors' group; or even someone from another CHI Market Based Organization (MBO) board. Kathryn Mershon currently fills this role. For IHS the appointee may be a current (or former) member of the Immanuel Health Systems Board of Directors, or Committee of the Board. Leslie Andersen, Dr. Tony Hatcher, and Lowell Nelson are examples.
- **Senior Management:** We also seek to name someone who can represent the CHI and the IHS Executive Team, as this will help bring cohesiveness between the sponsoring

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organizations and Alegent. As CHI's Senior Vice President of Operations responsible for Alegent, Deborah Lee-Eddie serves in this role as does Randall Korth, Interim Chief Executive Officer for IHS.

- **Physician Leaders:** We are sensitive to and highly value local, global thinking physicians. We are committed to having physician representatives on the Alegent Board.

Other Desired Competencies: As you know, Alegent has internally developed a number of other criteria for potential Board/Committee candidates, including: ethnic and gender diversity, quality, IT expertise, nursing, public relations, etc. In addition to these areas of expertise, the Sponsors attempt to identify individuals whose vision and values are consistent with those of the respective parent organization.

Thus, we look for potential Directors who share our faith-based values; understand and desire to further the Lutheran and/or Catholic health care ministry; and appreciate the relationship and responsibilities of a community board of directors who are part of the ministries of two larger sponsors.

- **Diverse Backgrounds and Experience:** We seek to bring together on the Alegent Board individuals who are diverse in terms of their backgrounds and experience, and yet who share a common set of values and priorities and will work well together. In this way, to quote an old maxim, the value of the whole will truly be greater than the sum of the individual parts.

With this background in mind, we offer the following observations:

- As the Governance Committee's processes continue to mature in identifying committee members who may make good Board members, it is important for committee members to know that appointment to a committee will not automatically result in Board appointment. Further, it should be made clear that appointment to the Board is the sole prerogative of the Sponsors.
- The Governance Committee's processes (and indeed the Alegent Board) should be mindful of the way the Sponsors view the opportunities it has to select broadly-qualified and experienced persons for its slots (from above).
- The specific skill sets and criteria that are required must be determined on a case-by-case basis, and evolve over time as Directors enter and leave service on the Board and as our communities and the larger health care arena continue to change.
- When positions become available on the Board, the Sponsors will gladly consider qualified candidates identified by the Governance Committee, and may accept the Committee's recommendation of that person for the position. This is, in fact, what has

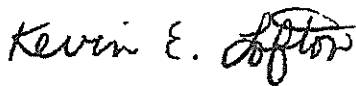
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occurred many times in the past. The Sponsors will also consider persons that it has directly identified as strong candidates for the Board.

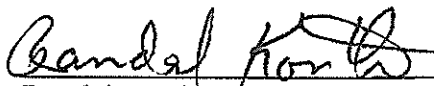
- In all cases, each Sponsor reserves the right to appoint a candidate it has self-identified, notwithstanding the fact that other qualified candidates may also have been suggested.
- Finally, the criteria and process outlined in this letter also apply to the Sponsors' responsibility for approving re-appointments to the Board. Reappointment to the Board is not automatic and the Sponsors reserve the right to reappoint upon receiving input from the Board Governance Committee.

We trust this letter provides the guidance sought. As always your sponsor representatives, Randy and Deborah are available to respond to additional questions in this regard.

Sincerely,



Kevin E. Lofton
President & CEO
Catholic Health Initiatives



Randal Korth
Interim CEO
Immanuel Health Systems

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