



**PALM DRIVE HEALTH CARE
DISTRICT**

**NOTICE AND AGENDA
PALM DRIVE HEALTH CARE DISTRICT
BOARD OF DIRECTORS
April 2, 2018**

Special Meeting

Open Session 5:30 p.m.

Sonoma West Medical Center
Conference Room
501 Petaluma
Avenue
Sebastopol, CA 95472
(707) 823-3586

Our Vision: Through engagement with our diverse West County population the district will promote improved health and wellbeing.

Our Mission: Palm Drive Health Care District exists to deliver access to quality and compassionate health services responsive to the needs of our District.

Our Values: Integrity- Leadership – Caring - Perseverance

PLEASE TURN YOUR CELL PHONES OFF

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

PUBLIC COMMENTS

The vice chair will accept comments from the audience on any items not listed on the agenda. Questions may be referred to staff for response at a later time. Please limit your comments to 3 minutes.

CORRESPONDENCE

- Brian Elliot Email of March 2, 2018 – FAC Sues Bakersfield For Open Meeting, Records Violations
- Barbara DeCarly email of February 28, 2018 – District Representation
- Mike Windsor Email of March 7, 2018 – Tax Reform Implications for SWMC/Toxicology Testing Services?

CONSENT CALENDAR

1. Approval of the Board of Directors Special Meeting (Action)(D.Colthurst)
Minutes of February 14, 2018
2. Approval of the Special Meeting
Minutes of February 23, 2018
3. Approval of the Regular Board Meeting
Minutes of March 5, 2018

DISCUSSON AND ACTION ITEMS

Topic	Purpose	Speaker	Handout
PDHCD Finance Committee Report.	Discussion/Approval	Gail Thomas Geni Houston	Included in Agenda Packet
Suggestions for the District Board and Governing Body Planning Committees	Discussion	Alanna Brogan	
Sphere of Influence	Discussion/Action	Alanna Brogan	None
Resolution 18-02-Ordering an Election be held for District Directors and Requesting Consolidation with the November 6, 2018 General District Election	Discussion/Action	Alanna Brogan and Bill Arnone	Included in Agenda Packet
Resolution 18-03 – Setting date for Public Hearing on Adoption of 2018/19 Appropriations Limit	Discussion/Action	Alanna Brogan	Included in Agenda Packet
Disaster Preparedness Fair	Discussion/Report	Alanna Brogan	Included in Agenda Packet
Prime Report	Discussion/Report	Alanna Brogan	None
Gary Hicks Contract	Discussion/Action	Alanna Brogan	Included in Agenda Packet
Beta Storage Tank Insurance	Discussion/Action	Alanna Brogan	Included in Agenda Packet
Alliant Property Insurance	Discussion/Action	Alanna Brogan	Included in Agenda Packet
HS 215 A Form for Change in Status of SWMC ED	Discussion/Action	Alanna Brogan	Included in Agenda Packet

INFORMATIONAL REPORTS TO THE BOARD

1. Health Action Committee Update (R. Powers/E Klich-Heartt/A. Brogan)
2. Executive Director Report (A. Brogan)
3. Presidents Report (D. Colthurst)

PROPOSALS FOR FUTURE AGENDA ITEMS

(Action) (D. Colthurst)

ADJOURNMENT

Palm Drive Health Care District

Members of the public have the right to speak on any item on the published agenda. If you wish to speak about a matter not on the published agenda, please make your comments during the portion of the meeting designated for Public Comments. Please limit your remarks to three minutes. Please note that, with some exceptions, the District Board does not engage in discussion or take action on non-agenized matters. However, the board may respond briefly to public comments, refer matters to staff; ask questions for clarification, or schedule matters for future agenda. Materials related to open session items on this agenda that are submitted to the Board or committee after distribution of the agenda packet are available for public inspection during normal business hours at 612 Petaluma Avenue, Sebastopol, CA.

Consent Items:

The Board agenda may include items on a consent calendar. Consent calendar items are routine matters or matters which have been reviewed by the board previously. These items may be approved by one motion without discussion unless a board member requests that the item be taken off the consent calendar. Items removed from the consent calendar will be taken up upon completion of action on the remainder of the items on the consent calendar.

American Disability Act (ADA)

The Sonoma West Medical Center complies with ADA (American Disabilities Act) requirements and upon request, will attempt to reasonably accommodate individuals with disabilities by making meeting material available in appropriate alternative formats (pursuant to Government Code Section 54953.2). Anyone requiring reasonable accommodation to participate in the meeting should contact Janet Harris, Executive Assistant at (707) 823-3586.

PALM DRIVE HEALTH CARE DISTRICT

Minutes

Purpose: Palm Drive Health Care District Special Closed Session Meeting

Date/Time: February 14, 2018

Location: Sonoma West Medical Center
Conference Room
501 Petaluma Avenue
Sebastopol, CA 95472

The meeting was called to order by Director Powers at 4:05 p.m.

ROLL CALL:

Dennis Colthurst	Late
Richard Powers, M.D. Vice President	Present
Eira Klich-Heartt, Secretary	Late
Gail Thomas, Treasurer	Present
Jim Horn, Member	Present

Administrative Staff Others Present:

David Fama, Bond Counsel (via Teleconference)
Dave Walton, Bond Counsel (via Teleconference)
Mike Cavanaugh, Managing Director Hilltop Securities (via teleconference)
Michael Sweet, Bankruptcy Counsel
Bill Arnone, Legal Counsel

Alanna Brogan, Executive Director

APPROVAL OF AGENDA

The agenda was approved.

PUBLIC COMMENT

None

ANNOUNCEMENT OF CLOSED SESSION ITEMS AND ADJOURNMENT TO CLOSED SESSION

At 4:07 Director Powers announced adjournment to closed session, where upon the Board adjourned to closed session to discuss the one item on the agenda: Conference with Legal Counsel - Existing Litigation pursuant to Government Code Section 54956.9 (a); Name of Case: Bankruptcy.

RECOVENE OPEN SESSION

1. At 5:25 the Chair reconvened to open session and asked Mr. Arnone to report out on the closed session, to which Mr. Arnone stated that no reportable action was taken at the closed session meeting.

ADJOURNMENT

There being no further business the meeting was adjourned at 5:25 p.m.

Respectively Submitted
Janet Harris
Clerk of the Board

MINUTES

Palm Drive Health Care District Special Closed Meeting of the Board of Directors

Date/Time: February 23, 2018

Location: Sonoma West Medical Center
Conference Room
501 Petaluma Avenue
Sebastopol, CA 95472

The meeting was called to order at 10:00 a.m.

ROLL CALL:

Dennis Colthurst	Present
Richard Powers, M.D. Vice President	Present
Eira Klich-Heartt, Secretary	Present
Gail Thomas, Treasurer	Present
Jim Horn, Member	Present

Administrative, Others Present:

Bill Arnone, Legal Counsel
Alanna Brogan, Executive Director

APPROVAL OF AGENDA

A motion to approve the agenda was made by Director Powers, seconded by Director Klich-Heartt, which motion passed unanimously.

PUBLIC COMMENT

Public comment was requested and received.

ANNOUNCEMENT OF CLOSED SESSION AND ADJOURNMENT TO CLOSED SESSION

Chair Colthurst then announced adjournment to closed session, where upon the Board adjourned to closed session to discuss the one item listed on the agenda: Conference with Legal Counsel- Existing Litigation pursuant to Government Code Section 54956.9(d); Name of Case: Anthem Blue Cross.

RECONVENE OPEN SESSION

At 11:45 a.m. Chair Colthurst reconvened to open session and requested that Mr. Arnone report on the closed session. Mr. Arnone stated that reportable action was taken during the closed session. The action taken was that a motion was made by director Thomas, seconded by director Powers and unanimously approved to authorize legal counsel to send a letter to Anthem Blue Cross rejecting the claims made against the District by letter dated February 9, 2018.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:47 a.m.

Respectfully Submitted
Janet Harris
Clerk of the Board
Palm Drive Health Care District



PALM DRIVE HEALTH CARE DISTRICT BOARD OF DIRECTORS MEETING

Minutes

Purpose: Palm Drive Health Care District Board Meeting

Date/Time: March 5, 2018, 7:30 p.m.

**Location: Sonoma West Medical Center
Conference Room
501 Petaluma Avenue
Sebastopol, CA 95472**

Call to Order by Chairman Colthurst

ROLL CALL

Dennis Colthurst, Chairman Present
Richard Powers, MD, Vice Chairman Present
Eira Klich-Heartt, Secretary Present
Gail Thomas, Treasurer Present
Jim Horn, PDHCD Board Member Present

Administrative Staff/Others Present

Geni Houston, Elephant Ear Systems
William Arnone, Legal Counsel
John Peleuses, CEO, SWMC
Alanna Brogan, Executive Director

APPROVAL OF THE AGENDA

Motion to Approve: The motion was made by Director Powers, with a second by Director Horn to approve the agenda as published, which motion passed unanimously.

PUBLIC COMMENTS

Public comments were requested and received.

CONSENT CALENDAR

Director Horn requested the minutes of January 8, 2018, Open Session, Consent Calendar, be corrected to reflect the following:

- Page 7, top line: January 8, 2018.
- Page 7, #3: a motion for approval of payment *by* the District.

Director Horn proposed agenda items for future meetings, at the January 8th meeting, and is requesting they be included at some point in the future.

Motion to Approve: The motion was made by Director Powers, with a second from Director Horn, to approve the January 8, 2018, minutes with noted corrections, which motion passed unanimously.

DISCUSSION/ACTION ITEMS

1. PDHD Finance Committee Report

▪ Balance Sheet Changes

Geni Houston reviewed changes to the balance sheet, included in board packet.

Motion to Approve: The motion was made by Director Thomas with a second by Director Powers, to approve the Balance Sheet changes as presented, which motion passed unanimously.

Director Thomas reviewed the 2017-2018 Budget and February financials. The Finance Committee approved the website contract and Steve Ferrara invoice at the last meeting.

Motion to Approve: The motion was made by Director Thomas with a second by Director Powers, to approve the PDHCD Finance Committee Report as presented, which motion passed unanimously.

2. Standard and Poor's Rating

Alanna Brogan reviewed the Standard and Poor letter that was included in the agenda packet.

3. Board Meeting Minutes and Postings

▪ Add Standing Committees

Alanna Brogan reviewed the Board Minutes and Postings Policy additions, included in board packet.

Motion to Approve: The motion was made by Director Powers with a second by Director Horn, to approve the Board Meeting Minutes and Postings policy with additions, which motion passed unanimously.

4. Fair Political Practices Commission Complaint and Draft Response Letter

Alanna Brogan read the draft response letter to the FPPC. Discussion ensued regarding requirements and responsibilities of the District and revision of the Conflict of Interest Code.

Action Item: Bill Arnone will reach out to the County of Sonoma to confirm if an updated policy was submitted, as required bi-annually. The next notice for update will be in October.

After an initial motion was made by Director Powers to approve the letter as written and move ahead with the submission of the response letter, a recommendation was made to restate the motion to authorize submission of the letter subject to the corrections of the parenthetical information.

Motion to Approve: The motion was made by Director Powers with a second by Director Thomas, to authorize approval of the submission of the draft letter response to FPPC, subject to the corrections of the parenthetical information (on page 2), which motion passed with the following votes:

Director ColthurstAye	Director HornNay
Director PowersAye	Director Klich-Heart . . .Aye
Director ThomasAye	

5. Conflict of Interest Policy

▪ **Addendum for Designated Positions to Report Form 700**

The Annual Statement of Economic Interests letter dated February 20, 2018, was received from the County of Sonoma, reminding agencies and board members of the annual filing deadline.

Discussion ensued regarding past practices for filing, designated positions/committee members required to file, and related requirements for the Governing Body.

Motion to Approve: The motion was made by Director Horn with a second by Director Powers, to amend policy to include, Standing Committees, hospital Chief Operating Officer, Financial Director or Hospital CFO, and Materials Management Director (or like position), to the list of designated positions required to file Conflict of Interest Code (Form 700), which motion passed unanimously.

6. Notice for Filing Form 700

Addressed above.

7. LAFCO Update

Alanna Brogan gave a brief summary of the LAFCO meeting that she attended on February 17, 2018, stating that the LAFCO Commission made the determination what the Executive Director, Mark Bramfitt was doing i.e., listening to tapes, reading newspaper articles, talking to Board (PDHCD) members was adequate and that after discussion at LAFCO, it was determined that PDHCD would be reporting every six months.

8. Bond Update

Bond details were discussed in a closed session recently. Gary Hicks (G.L. Hicks Financial LLC) and Mike Cavanaugh (Hilltop Securities) are actively pursuing a buyer for the bonds as taxable bonds. Ms. Brogan stated once there is indication of bond placement, she will push hard for bankruptcy finalization. As bankruptcy counsel suggests that a buyer for the bonds should be determined before the bankruptcy can be taken to the courts. This will delay the bankruptcy plan a few weeks.

9. Bankruptcy Update

See above.

10. District Planning/Governing Board Planning Committees

- **Membership**
- **Purpose**
- **Meeting Together**

Alanna Brogan stated she has direction to come up with a plan.

11. Progress on ED Evaluation and Contract

Director Klich-Heartt and Director Powers reviewed Alanna Brogan's evaluation and self-evaluation. A meeting to conduct the evaluation is scheduled next week. They expressed their appreciation for her hard work and positive attitude.

Director Horn was sent last year's evaluation as requested and understands that it is a confidential document.

12. ACHD – Legislative Days

A registration notice for the ACHD Legislative Day was included in the packet. Let Alanna or Director Thomas know if you are planning on attending.

INFORMATIONAL REPORTS TO THE BOARD

1. Health Action Committee Update

Director Klich-Heartt announced both the District and SWMC will be represented at the upcoming Graton Area Disaster Preparedness Fair on April 7. Park Village trailers are a work in progress. At the Health Action Council meeting, a presentation on the Park Village Project was well received. Blood pressure screening at the local Farmers Market continue once a month. Efforts are in progress for a Mental Health Sub-Committee.

2. Executive Director Report

Alanna Brogan reviewed her report that was included in the agenda packet and reported on receiving additional tax money from the County and progress with the Insurance Company related to the SWMC boiler room fire.

3. Presidents Report

None

PROPOSALS FOR FUTURE AGENDA ITEMS

1. Director Horn requested an FP for legal services.

There being no further business to conduct, the meeting was adjourned at 8:55 p.m. by Director Colthurst.

Respectfully submitted by:
Gail Dietz, Executive Assistant

8:13 AM
03/14/18
Accrual Basis

Palm Drive Healthcare District
Balance Sheet
As of February 28, 2018

	Feb 28, 18	Jan 31, 18	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
Cash			
1000-00 · EB Operating 4276	1,101,656.93	1,200,149.13	-98,492.20
1002-02 · EB Bkpcy Con 6292	275,639.98	275,639.98	0.00
1001-00 · EB SWMC Clear 9608	11,178.37	43,082.91	-31,904.54
Total Cash	1,388,475.28	1,518,872.02	-130,396.74
Restricted Cash			
1009-12 · WF 8805 2010 Secured	10,381.02	10,370.69	10.33
1009-23 · WF 8300 2005 Bond	2,004,090.95	2,002,331.88	1,759.07
1009-50 · WF 8801 2010 Reserve	982,527.78	981,550.54	977.24
1008 · SoCo Sequestered Funds	300,000.00	300,000.00	0.00
1900 · GO Bond Reserve SCAO (Non Cash)	697,592.97	697,592.97	0.00
Total Restricted Cash	3,994,592.72	3,991,846.08	2,746.64
Total Checking/Savings	5,383,068.00	5,510,718.10	-127,650.10
Accounts Receivable			
1020-01 · AR Patients	8,917.53	0.00	8,917.53
Total Accounts Receivable	8,917.53	0.00	8,917.53
Other Current Assets			
1061 · Due from SWMC	0.00	3,320.50	-3,320.50
1062 · Property Tax Receivable	-103,785.38	-129,733.38	25,948.00
1069-01 · Parcel Tax Receivable.	-19,314.45	-286,270.45	266,956.00
1107 · Prepaid Deposits	10,494.91	13,017.21	-2,522.30
Total Other Current Assets	-112,604.92	-399,666.12	287,061.20
Total Current Assets	5,279,380.61	5,111,051.98	168,328.63
Fixed Assets			
Property Plant & Equipment			
1265 · CIP-NPC2 Work	0.00	604,073.29	-604,073.29
1245 · Leased Assets Farnam	0.00	2,237,901.03	-2,237,901.03
1241 · Major Moveable Equipment	8,446,172.84	8,446,172.84	0.00
1221 · Hospital Buildings	3,830,747.69	3,830,747.69	0.00
1230 · Leasehold Improvements	1,338,700.57	734,627.28	604,073.29
1201 · Land	5,876,900.00	5,876,900.00	0.00
1210 · Land Improvements	34,492.65	34,492.65	0.00
1285-00 · Accum Dep Farnam Leased Assets	-2,828,488.20	-2,785,113.20	-43,375.00
1275-00 · Accum Dep Fixed Equip	-8,898,695.96	-8,832,609.96	-66,086.00
1271-00 · Accum Dep Hosp Bidg	-2,561,614.32	-2,543,516.32	-18,098.00
1260-00 · Accum Dep Land Impr	-34,493.18	-34,493.18	0.00
Total Property Plant & Equipment	5,203,722.09	7,569,182.12	-2,365,460.03
Total Fixed Assets	5,203,722.09	7,569,182.12	-2,365,460.03
TOTAL ASSETS	10,483,102.70	12,680,234.10	-2,197,131.40
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2020 · Post Petition AP	30,781.87	36,662.52	-5,880.65
2020-99 · Pre-Petition Liabilities			
2021-00 · Pre Petition Trade Payables	6,994,325.13	6,854,052.05	140,273.08
2029-99 · Escheatment Refunds	0.00	140,273.08	-140,273.08
2030-00 · Wages & Benefits	1,299,276.33	1,299,276.33	0.00
Total 2020-99 · Pre-Petition Liabilities	8,293,601.46	8,293,601.46	0.00
Total Accounts Payable	8,324,383.33	8,330,263.98	-5,880.65
Other Current Liabilities			

8:13 AM

03/14/18

Accrual Basis

Palm Drive Healthcare District

Balance Sheet

As of February 28, 2018

	Feb 28, 18	Jan 31, 18	\$ Change
2040 · SWMC AR Held	11,051.59	46,229.94	-35,178.35
2014-10 · Accrued Bond Interest Pay	677,951.32	575,746.07	102,205.25
2063-10 · Cost Report Liability Medicare	222,640.86	227,913.91	-5,273.05
2064 · Unearned Revenue - GO Bond	697,592.97	697,592.97	0.00
Total Other Current Liabilities	1,609,236.74	1,547,482.89	61,753.85
Total Current Liabilities	9,933,620.07	9,877,746.87	55,873.20
Long Term Liabilities			
2270-00 · Bonds Payable			
2255-00 · 2000 Go Bonds Payable (BYM)	3,950,000.00	3,950,000.00	0.00
2274-01 · 2006 Revenue Bonds Payable	6,320,000.00	6,320,000.00	0.00
2274-02 · 2010 Bonds Payable	9,535,000.00	9,535,000.00	0.00
Total 2270-00 · Bonds Payable	19,805,000.00	19,805,000.00	0.00
2271-99 · Leases Payable			
2271-00 · Notes & Loan Pay Non curr	0.00	31,267.00	-31,267.00
2271-02 · Note Payable GE C Arm	0.00	57,385.65	-57,385.65
2271-05 · Lease payable Farnam	0.00	1,750,106.59	-1,750,106.59
Total 2271-99 · Leases Payable	0.00	1,838,759.24	-1,838,759.24
Total Long Term Liabilities	19,805,000.00	21,643,759.24	-1,838,759.24
Total Liabilities	29,738,620.07	31,521,506.11	-1,782,886.04
Equity			
Restricted Fund Balance	0.00	2,988,108.00	-2,988,108.00
Unrestricted Fund Balance	0.00	-21,044,791.74	21,044,791.74
32000 · Retained Earnings	-19,503,279.95	-1,047,454.42	-18,455,825.53
Net Income	247,762.58	262,866.15	-15,103.57
Total Equity	-19,255,517.37	-18,841,272.01	-414,245.36
TOTAL LIABILITIES & EQUITY	10,483,102.70	12,680,234.10	-2,197,131.40

8:14 AM
03/14/18
Accrual Basis

Palm Drive Healthcare District
Profit & Loss Budget vs. Actual Reporting Month
February 2018

	Feb 18	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4000 - Revenue			
Parcel Tax Revenue CY Attached	187,563.00	187,563.00	0.00
Parcel Tax Revenue Detached	79,393.00	79,393.00	0.00
Property Tax Revenue CY	25,948.00	25,948.00	0.00
Cell Tower	0.00	3,500.00	-3,500.00
Misc Revenue	4,280.56	2,000.00	2,280.56
Interest Income	2,746.64	200.00	2,546.64
Total 4000 - Revenue	<u>299,931.20</u>	<u>298,604.00</u>	<u>1,327.20</u>
Total Income	<u>299,931.20</u>	<u>298,604.00</u>	<u>1,327.20</u>
Gross Profit	299,931.20	298,604.00	1,327.20
Expense			
Operating Expenses			
Staff Expenses			
Salaries & Wages	15,556.50	18,316.67	-2,760.17
Payroll Tax Expense	1,613.96	1,401.23	212.73
Employee Benefits	2,136.74	1,079.50	1,057.24
Worker's Compensation	0.00	183.17	-183.17
Total Staff Expenses	<u>19,307.20</u>	<u>20,980.57</u>	<u>-1,673.37</u>
Professional Services			
Bookkeeping	2,500.00	2,500.00	0.00
Legal Fees General	13,560.47	10,000.00	3,560.47
Legal Bankruptcy	7,997.17	20,000.00	-12,002.83
Professional Fees Other	2,072.00	5,000.00	-2,928.00
Total Professional Services	<u>26,129.64</u>	<u>37,500.00</u>	<u>-11,370.36</u>
Office Expenses (H)			
Bank Charges	-5,097.03	200.00	-5,297.03
IT / Computer Expense	532.11	300.00	232.11
Licenses and Fees	0.00	100.00	-100.00
Supplies	190.66	250.00	-59.34
Utilities (Tel/PGE)	253.09	300.00	-46.91
Total Office Expenses (H)	<u>-4,121.17</u>	<u>1,150.00</u>	<u>-5,271.17</u>
Directors Expense (H)			
Cont Education	1,823.94	0.00	1,823.94
Ins Exp D&O/Property	2,522.30	2,700.00	-177.70
Total Directors Expense (H)	<u>4,346.24</u>	<u>2,700.00</u>	<u>1,646.24</u>
Total Operating Expenses	<u>45,661.91</u>	<u>62,330.57</u>	<u>-16,668.66</u>
Contractual Payments			
Bankruptcy Contingency	0.00	25,100.00	-25,100.00
Medical Records	5,240.72	5,500.00	-259.28
Building Maintenance	33,350.00	30,000.00	3,350.00
Interest Exp Cost Report or CMS	379.29	488.00	-108.71

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Palm Drive Healthcare District
Profit & Loss Budget vs. Actual Reporting Month
 February 2018

	<u>Feb 18</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Total Contractual Payments	38,970.01	61,088.00	-22,117.99
Community Health Services			
West County Community Services	0.00	166.67	-166.67
General Community Health	138.60	2,500.00	-2,361.40
Sponsorship	0.00	1,000.00	-1,000.00
Senior Centers	500.00	0.00	500.00
Total Community Health Services	638.60	3,666.67	-3,028.07
Non - Operating (Revenue) / Exp			
Exp - Bond Interest Exp	102,205.25	102,205.25	0.00
Total Non - Operating (Revenue) / Exp	102,205.25	102,205.25	0.00
Depreciation Header			
Dep Exp - Cap Lse Eq	43,375.00	43,375.00	0.00
Dep Exp - Major Mov Eq	66,086.00	66,086.00	0.00
Dep Exp - Bld & Improvements	18,098.00	18,098.00	0.00
Total Depreciation Header	127,559.00	127,559.00	0.00
Total Expense	315,034.77	356,849.49	-41,814.72
Net Ordinary Income	-15,103.57	-58,245.49	43,141.92
Net Income	<u>-15,103.57</u>	<u>-58,245.49</u>	<u>43,141.92</u>

Palm Drive Healthcare District
Profit & Loss Budget vs. Actual YTD
July 2017 through February 2018

	<u>Jul '17 - Feb 18</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
4000 - Revenue			
Parcel Tax Revenue CY Attached	1,500,504.00	1,500,504.00	0.00
Parcel Tax Revenue Detached	635,144.00	635,144.00	0.00
Property Tax Revenue CY	207,584.00	207,584.00	0.00
Prime Grant/IGT Income	0.00	750,000.00	-750,000.00
CMSP Income	250,384.88		
Cell Tower	30,500.00	48,000.00	-17,500.00
Misc Revenue	19,613.27	16,000.00	3,613.27
Interest Income	15,669.33	1,600.00	14,069.33
Total 4000 - Revenue	<u>2,659,399.48</u>	<u>3,158,832.00</u>	<u>-499,432.52</u>
Total Income	<u>2,659,399.48</u>	<u>3,158,832.00</u>	<u>-499,432.52</u>
Gross Profit	<u>2,659,399.48</u>	<u>3,158,832.00</u>	<u>-499,432.52</u>
Expense			
Operating Expenses			
Staff Expenses			
Salaries & Wages	132,283.00	146,533.36	-14,250.36
Payroll Tax Expense	14,934.95	11,209.84	3,725.11
Employee Benefits	4,156.88	8,636.00	-4,479.12
Worker's Compensation	0.00	1,465.36	-1,465.36
Total Staff Expenses	<u>151,374.83</u>	<u>167,844.56</u>	<u>-16,469.73</u>
Professional Services			
Accounting	6,865.00	28,000.00	-21,135.00
Bookkeeping	18,660.91	17,000.00	1,660.91
Legal Fees General	104,193.74	135,000.00	-30,806.26
Legal Bankruptcy	42,890.90	223,000.00	-180,109.10
Professional Fees Other	6,898.41	40,000.00	-33,101.59
Total Professional Services	<u>179,508.96</u>	<u>443,000.00</u>	<u>-263,491.04</u>
Office Expenses (H)			
Bank Charges	-2,420.66	9,400.00	-11,820.66
IT / Computer Expense	8,831.89	4,400.00	4,431.89
Licenses and Fees	25.00	800.00	-775.00
Rent	0.00	7,650.00	-7,650.00
Storage	2,001.24	2,520.00	-518.76
Supplies	1,674.65	2,000.00	-325.35
Utilities (Tel/PGE)	3,021.20	2,400.00	621.20
Total Office Expenses (H)	<u>13,133.32</u>	<u>29,170.00</u>	<u>-16,036.68</u>
Directors Expense (H)			
Cont Education	10,971.56	9,715.00	1,256.56
Ins Exp D&O/Property	20,178.40	24,768.00	-4,589.60
Total Directors Expense (H)	<u>31,149.96</u>	<u>34,483.00</u>	<u>-3,333.04</u>
Total Operating Expenses	<u>375,167.07</u>	<u>674,497.56</u>	<u>-299,330.49</u>

**Palm Drive Healthcare District
Profit & Loss Budget vs. Actual YTD
July 2017 through February 2018**

	<u>Jul '17 - Feb 18</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Contractual Payments			
Bankruptcy Contingency	0.00	300,800.00	-300,800.00
CMSP Cost Report *	50,076.98	0.00	50,076.98
Medical Records	42,821.29	35,000.00	7,821.29
Prime Grant/IGTContract Exp	0.00	375,000.00	-375,000.00
Prime Grant/IGT to SWMC	0.00	375,000.00	-375,000.00
Building Maintenance	94,719.70	200,000.00	-105,280.30
Interest Exp Cost Report or CMS	3,243.68	3,904.00	-660.32
Total Contractual Payments	<u>190,861.65</u>	<u>1,289,704.00</u>	<u>-1,098,842.35</u>
Community Health Services			
West County Community Services	0.00	1,333.36	-1,333.36
General Community Health	288.60	10,899.98	-10,611.38
Sponsorship	0.00	5,000.00	-5,000.00
District Comm Services Various	645.58	0.00	645.58
Bodega Bay Fire Services	0.00	22,000.00	-22,000.00
West County Health (H) RRARA	<u>3,000.00</u>	<u>3,000.00</u>	<u>0.00</u>
Total West County Health (H)	<u>3,000.00</u>	<u>3,000.00</u>	<u>0.00</u>
Senior Centers	<u>3,250.00</u>	<u>0.00</u>	<u>3,250.00</u>
Total Community Health Services	<u>7,184.18</u>	<u>42,233.34</u>	<u>-35,049.16</u>
Non - Operating (Revenue) / Exp			
NonOp Inc/Exp Parcel Tax Refund	310.00	4,133.34	-3,823.34
Exp - Bond Interest Exp	817,642.00	817,642.00	0.00
Total Non - Operating (Revenue) / Exp	<u>817,952.00</u>	<u>821,775.34</u>	<u>-3,823.34</u>
Depreciation Header			
Dep Exp - Cap Lse Eq	347,000.00	347,000.00	0.00
Dep Exp - Major Mov Eq	528,688.00	528,688.00	0.00
Dep Exp - Bid & Improvements	144,784.00	144,784.00	0.00
Total Depreciation Header	<u>1,020,472.00</u>	<u>1,020,472.00</u>	<u>0.00</u>
Total Expense	<u>2,411,636.90</u>	<u>3,848,682.24</u>	<u>-1,437,045.34</u>
Net Ordinary Income	<u>247,762.58</u>	<u>-689,850.24</u>	<u>937,612.82</u>
Net Income	<u><u>247,762.58</u></u>	<u><u>-689,850.24</u></u>	<u><u>937,612.82</u></u>



Suggestions for the District Board Planning Committee and Governing Body Planning Committee

- 1. The District Board and Governing Board Planning Committees meet separately**
- 2. Maintain membership as is for each committee**
- 3. Amend the Governing Body bylaws to reflect a more appropriate charter/purpose for the Planning Committee.**
- 4. Maintain the District bylaws as they relate to the Planning Committee.**

PALM DRIVE HEALTHCARE DISTRICT

GOVERNING BODY BYLAWS

ADOPTED

March 17, 2015

Amended February 22, 2016

Amended August 10, 2017

PALM DRIVE HEALTH CARE DISTRICT GOVERNING BODY BYLAWS

PREAMBLE

Name.

The name of this body shall be the Palm Drive Health Care District Governing Body (the "Governing Body").

Formation.

The Governing Body is a duly authorized subcommittee of the Board of Directors ("Board") of the Palm Drive Health Care District ("District"). The powers of the Governing Body are delegated and specified by the Board pursuant to the District Bylaws and the terms of the Management Services Agreement between the District and Sonoma West Medical Center, dated March 18, 2015 ("the Management Agreement").

Purpose.

The purpose of the Governing Body is to further the District's purpose of protecting and promoting the public health and general welfare by furnishing hospital services to all of the residents within the hospital district as well as others who find themselves needing hospital services within the district.

ARTICLE 1 OFFICE

The principal office for the transaction of the business of the Governing Body is hereby fixed at 501 Petaluma Avenue, Sebastopol, California.

ARTICLE 2 SCOPE OF GOVERNING BODY AUTHORITY

2.1 Authority of Governing Body. These Bylaws shall be known as the "Governing Body Bylaws" and shall govern the Governing Body and subcommittees thereof. The Governing Body shall have overall administrative and professional responsibility for the Hospital. Pursuant to a delegation of authority by the District Board, the Governing Body is organized to serve as the governing body of the hospital facility owned by the District (the "Hospital"), as that term is used in Sections 70000 *et seq.* of Title 22 of the California Code of Regulations (respecting licensure and regulations of acute care hospitals). The Governing Body shall have all powers and responsibilities required to be reserved to the board of directors of a licensed acute care hospital by the State of California and the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"), or other recognized accreditation organization, that cannot under law or JCAHO standards be properly delegated beyond the governing body. The powers and duties of the Governing Body shall be limited to those powers and duties expressly delegated to the Governing Body by the District Board pursuant to

its Bylaws and these Bylaws as approved by the District Board and as amended from time to time as authorized by these Bylaws.

2.2 Authority of District. Notwithstanding the provisions of these Governing Body Bylaws, the District reserves to itself the powers and authority delineated in these Bylaws and the District Bylaws and such other powers as may be specified by Sections 32000 *et seq.* of the California Health and Safety Code (the "Local Health Care District Law") as being reserved to a California local health care district.

2.3 Supremacy of District Bylaws. These Governing Body Bylaws, and any amendments to these Bylaws, shall not be effective until they are approved by the District Board. In the event of any conflict between these Bylaws and the provisions of the District Bylaws, the District Bylaws shall prevail.

ARTICLE 3 MEMBERS

3.1 Number, Term, Alternates and Qualifications. The Governing Body shall consist of thirteen (13) voting members appointed in accordance with the Bylaws of the District and with the following:

- (a) Five (5) District representatives, who shall be the current members of the District Board, and who shall serve *ex officio* as long as members of the District Board;
- (b) Five (5) members nominated by the Sonoma West Medical Center and approved by a majority of the Board. Said members shall reside within the geographic boundaries of the District and shall serve for a term of two years;
- (c) One (1) member who resides within the geographic boundaries of the District and is elected by a majority of the ten members described in (a) and (b) above. This "at large" member shall serve two year terms; and
- (d) Two (2) representatives of the medical staff of the hospital nominated by the Medical Executive Committee and approved by a majority of the Governing Body other than the medical staff representatives. The medical staff representatives shall serve one year terms.

3.2 Vacancies. Any vacancy upon the Governing Body shall be filled in the same manner specified in Section 3.1 (Number and Qualifications); provided, however, that a vacancy in an *ex officio* appointment shall be filled by the person succeeding to the applicable position. Any person appointed to fill a vacancy shall hold office for the unexpired term of office or until a successor is appointed by the applicable party.

3.4 Compensation. The members of the Governing Body shall serve without compensation, except that each shall be allowed his or her actual and necessary traveling and incidental expenses incurred in the performance of official business of the

Hospital (as a member of the Governing Body), as approved by the Board.

ARTICLE 4 POWERS AND DUTIES

4.1 Governing Body. The Governing Body shall have overall administrative and professional responsibility for the Hospital as the governing body of the District, as that term is used in Sections 70000 *et seq.* of Title 22 of the California Code of Regulations, as set forth in these Bylaws and approved by the District Board, including, more specifically, the Governing Body shall have and exercise the following powers and duties, as delegated by the District Board:

- (a) To approve the Hospital's medical staff bylaws, rules and regulations and fair hearing plan as required under the District Bylaws;
- (b) To make all decisions related to appointment or reappointment to medical staff membership or the granting or denial of clinical privileges, as set forth in the District Bylaws and the medical staff bylaws of the Hospital;
- (c) To be ultimately responsible for the quality of medical care in the Hospital, as set forth in the District Bylaws and the medical staff bylaws of the Hospital;
- (d) To establish or amend the Hospital Policies and Procedures in accordance with District Bylaws and subject to the limitations set forth in Section 5.2;
- (e) To the extent permitted by applicable law, consistent with the role of the CEO in reporting to the Governing Body and consistent with the oversight of the CEO provided by the Governing Body, the Governing Body from time to time may establish policies that specify limitations on the authority of the Chief Executive Officer, Chief Financial Officer, or any other officer to commit the Hospital to the expenditure of sums in excess of a dollar amount established by the District Board pursuant to Section 5.2;
- (f) To develop, oversee and implement capital and operating budgets for the Hospital, and to adopt and amend the Hospital's institutional strategic plan;
- (g) To close any material services provided by the Hospital, except this power shall not include the power to close the Hospital;
- (h) To employ the Chief Executive Officer of the Hospital subject to District Board ratification;
- (i) To remove the Chief Executive Officer of the Hospital;

- (j) To amend the Hospital's quality improvement plan and oversight of the Hospital's quality improvement committee; and
- (k) To manage, acquire and terminate property interests (buildings and leases) related to Hospital operations or related programs, including medical staff offices and facilities, subject to limits set forth in Section 5.2.

ARTICLE 5 VOTING

5.1 Actions of the Governing Body. Except as otherwise provided in Sections 5.2 (Actions Requiring Approval by the District Board), actions taken by the Governing Body must be approved by a majority of those members of the Governing Body present at a duly called meeting of the Governing Body at which a quorum is present.

5.2 Actions Requiring Approval by District Board. The following specific actions taken by the Governing Body with respect to the Hospital shall require the approval of a majority the District Board in accordance with the procedures set forth in the District Bylaws:

- (a) A change in the Hospital's mission statement;
- (b) A change in the Hospital's charity care policy;
- (c) A change in the Hospital's name;
- (d) Establishment of any affiliates of the Hospital or the District, or affiliations with other entities representing a change in any ownership or management control;
- (e) Incurring new indebtedness, or encumbrances upon Hospital assets, by the District in an amount in excess of \$100,000;
- (f) Any transfer or disposal of the District's real property (land or hospital buildings) and disposal or transfer of District assets with a value in excess of \$50,000, other than equipment being replaced in the ordinary course of hospital budgeted operations;
- (g) Closure of the Hospital;
- (h) Change in the use of District tax revenues; and
- (j) To ratify the Governing Body's employment of the Hospital CEO.

ARTICLE 6 MEETINGS OF GOVERNING BODY

6.1 Ralph M. Brown Act. All meetings, whether regular or special, shall be called and held as provided in the Ralph M. Brown Act (Sections 54950, *et seq.* of the California Government Code (the "Government Code")).

6.2 Regular Meetings. Regular meetings of the Governing Body shall be regularly held at a time and place to be fixed by action of the Governing Body, and the Governing Body may from time to time change the time and place of such regular meetings, except if a regularly scheduled meeting should fall on a legally recognized holiday or designated accumulation of holidays, then the meeting shall be held on the next regular working day at the time and place previously set. The Hospital CEO or his or her designee shall attend all regular meetings of the Governing Body.

6.3 Special Meetings. Special meetings of the Governing Body may be called by the Chair of the Governing Body or a majority of the members of the Governing Body by delivering personally, or by mail, written notices to each member of the Governing Body, and to each local newspaper of general circulation, radio or television station requesting notice in writing. Such notice must be delivered personally, or by mail, at least twenty-four (24) hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted, and shall be posted at least twenty-four (24) hours prior to the special meeting in a location that is freely accessible to members of the public. No other business shall be considered at such meeting by the Governing Body.

6.4 Quorum. A majority of the members of the Governing Body shall constitute a quorum for the transaction of business, subject to the limitations set forth in Section 5.2 (Actions Requiring Approval by the District Board).

6.5 Adjournment. A quorum of the Governing Body may adjourn any Governing Body's meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the Governing Body present at the meeting may adjourn from time to time until the time fixed for the next regular meeting of the Governing Body.

6.6 Public Meeting. All meetings of the Governing Body shall be open to the public; provided, however, that the foregoing shall not be construed to prevent the Governing Body from holding closed sessions, pursuant to law, to consider the appointment, employment or dismissal of an employee or public officer; or to hear complaints or charges brought against such officer or employee; or to consider appointment, removal or change of status of a member of the medical staff; or to consult with legal counsel concerning litigation or pending litigation, as those terms are defined

in Section 54956.9 of the Government Code; or to consult with its negotiator prior to the purchase, sale, exchange or lease of real property by or for the District and to give instructions to its negotiator regarding the price and terms of payment for the purchase, sale, exchange or lease of real property; or to discuss or deliberate relative to "health care facility trade secrets," as that term is defined in Section 32106 of the California Health and Safety Code; or to discuss claims related to insurance pooling through a Joint Powers Agency pursuant to Section 54956.95 of the Government Code. To the extent not in violation with the Ralph M. Brown Act or the California Public Records Act, and California Health and Safety Code Section 32155, any information and reports protected from discovery by legal privileges, and by California Evidence Code Section 1157 as to matters that are provided to the Board of Directors by the Medical Staff, shall be presented and discussed in closed sessions, maintained as confidential and not released except as required by applicable laws.

6.7 Emergency. Emergency meetings of the Governing Body may be held, without notice or the posting of an agenda, in the event of an emergency situation, which is defined as either a work stoppage or other activity that severely impairs public health, safety or both, or in the alternative is a crippling disaster that severely impairs public health, safety or both. However, notice shall be as specified in Section 54956.5 of the Government Code to newspapers, radio stations or television stations that have requested notice of special meetings.

6.8 Agendas. Agendas must be posted at least seventy-two (72) hours prior to the commencement of a regular meeting in such location as is freely accessible to members of the public. No action may be taken on any item which does not appear on the posted agenda, except as permitted by law, including:

- (a) Emergency matters declared by a majority vote of the Governing Body;
- (b) The need to take action is necessary and arose subsequent to the posting of the agenda, declared by a 4/5th vote of the Governing Body.

6.9 Public Input. Every agenda shall provide an opportunity for members of the public to directly address the Governing Body on items on the agenda. The agenda for regular meetings shall allow for public comment on matters not on the agenda but of public interest that falls within the Governing Body's jurisdiction. The Governing Body may adopt reasonable regulations to ensure such opportunity but limit the time allocated for such testimony both as to subject matter and speaker and placement on the agenda.

ARTICLE 7 COMMITTEES

7.1 Committee Appointments.

The Chair, with the concurrence of the Governing Body, shall appoint each

year members of the Governing Body to positions to each of the regular standing committees. The appointment of hospital staff members will be determined by recommendations of the Chair of the Governing Body and the Hospital Chief Executive Officer with the concurrence of the Governing Body. The need for community member representation on Governing Body committees shall be determined by the Chair of the Governing Body and the Chair of the Committee, on an as needed basis, with the concurrence of the Governing Body.

7.2 Standing Committees.

There shall be three (3) standing committees of the Governing Body: Finance; Quality, Patient Safety and Professional Affairs; and Planning and General Affairs.

7.3 Scope of Committee Authority.

Subject to the ultimate review by the Governing Body, committees shall have the full delegated authority of the Governing Body to exercise all powers and authority and to perform all duties and responsibilities as may be delegated to it from time to time by the Governing Body subject to limitations imposed by laws or by the Governing Body. The Governing Body may from time to time delegate to the committees any and all powers and authority of the Governing Body in the management of the business and affairs of the Hospital, except as provided by law; provided, however, that the delegation of such authority shall not operate to relieve the Governing Body or any individual member of the Governing Body of any responsibility imposed upon it or him/her by laws, or by these Bylaws. The powers and duties of each committee as set forth in these Bylaws may be increased or decreased from time to time by the Governing Body.

7.4 Finance Committee

- (a) Purpose: The Committee is to serve as the steward for the financial functions of the Hospital and make sure the funds and financial decisions are being properly managed and reported to the Governing Body ("GB").
- (b) Committee Membership: The Committee shall have at least three (3) and not more than five (5) governing body members, the CEO, and the Chief Financial Officer.
- (c) Frequency of Meetings: The Committee will meet on a monthly basis unless required to meet more frequently.
- (d) Duties and Responsibilities: The duties and responsibilities of the Finance Committee shall be as follows:
 - (1) To develop and recommend financial policy to the GB.

- (2) To review proposed budgets prepared by management and make recommendations thereof to the GB no later than its last meeting before the end of the fiscal year. Budgets shall include the annual operating, cash flow, capital equipment and facility budgets.
- (3) To review monthly financial reports of the Hospital and to make appropriate recommendations to management and the GB.
- (4) To advise management and the GB on methods and procedures which will assure that the financial policies and budgets adopted by the GB are carried out.
- (5) To review and advise the GB on financial feasibility of projects referred to it by the GB.
- (6) To Review and approve the personnel benefit program, pension program, and the wage and salary program of the Hospital.
- (7) To establish and maintain an effective audit program to prudently safeguard the assets and programs of the Hospital.
- (8) To establish and maintain the external audit program, approve needed audit engagement letters, and audit fees.
- (9) To review and approve the annual financial audits of the Hospital.
- (10) To approve the annual Internal Audit and Compliance Program.
- (11) To review the adequacy of management's actions to implement the recommendation(s) contained in the management letter prepared by the external auditors.
- (12) To monitor the Hospital's system of managerial and accounting internal control, including the performance of the Internal Audit and Compliance Program.
- (13) To perform other activities and investigations as appropriate to ensure that the assets of the Hospital are protected and used for their intended purpose.
- (14) To advise management and the GB on investments, securities and similar undertakings and to authorize the placements and development of such portfolios pursuant to GB approved policies.

- (15) To review and monitor the effectiveness of the information systems.
- (16) To authorize in the name of the GB the expenditure of funds in conformity with the annual budget and policies adopted by the GB.
- (17) Review and monitor all major building and facility improvement programs.

7.5 Quality, Patient Safety and Professional Affairs Committee

a) Purpose: The Committee is to serve as the steward for quality improvement and clinical appropriateness for the Hospital to make sure the public interests are being served. The Committee reports to the Governing Body.

b) Committee Membership: The committee shall have five (5) governing body members (two of whom would be the medical staff representatives). The Committee shall be advised by the Medical Executive Committee, the Chief of Staff, the physician Chair of the Surgery department, the physician Chair of the Medicine Department, the CEO, the Nursing Manager, the Quality Improvement Coordinator, and Medical Staff members as appropriate.

c) Frequency of Meetings: The Committee will meet on a monthly basis unless required to meet more frequently.

d) Duties: The duties and responsibilities of the Committee shall be as follows:

- (1) Analyze data regarding safety and quality of care, treatment and services and establish priorities for performance improvement.
- (2) Oversee the Medical staff's fulfillment of its responsibilities in accordance with the Medical Staff Bylaws, applicable law and regulation, and accreditation standards.
- (3) Review medical staff credentialing recommendations and forward to the Governing Body.
- (4) Enhance medical staff relations with the Governing Body, management, staff, and other members of the medical staff.
- (5) To function as a joint conference committee consistent with Governing Body accreditation standards for the purpose of resolving any misunderstandings or disagreements between the Hospital and the medical staff.
- (6) Ensure that recommendations from the Medical Executive Committee and Medical Staff are made in accordance with the standards and requirements of the Medical Staff Bylaws, Rules and Regulations with

regard to:

- i. completed applications for initial staff appointment, initial staff category assignment, initial department/divisional affiliation; membership prerogatives and initial clinical privileges;
- ii. completed applications for reappointment of medical staff, staff category, clinical privileges;
- iii. establishment of categories of Allied Health Professionals permitted to practice at the hospital, the appointment and reappointment of Allied Health Professionals and privileges granted to Allied Health Professionals.

(7) Provide a system for resolving conflicts that could adversely affect safety or quality of care among individuals working within the hospital environment.

(8) Ensure that adequate resources are allocated for maintaining safety and quality care, treatment and services, and to review and advise management and the medical staff on equipment and program selection and implementation.

(9) Analyze findings and recommendations from the Hospital's administrative review and evaluation activities, including system or process failures and actions taken to improve safety, both proactively and in response to actual occurrences.

(10) Assess the effectiveness and results of the quality review, utilization review, performance improvement, professional education, risk management programs, and patient care related activities and policies of the Hospital.

(11) Perform such other duties concerning professional affairs, safety and quality of care matters as may be necessary.

7.6 Planning and General Affairs Committee

a) Purpose: The Committee is to serve as the guiding influence for direction of the Hospital as it relates to strategic planning, and operating and business policies, and reports to the Governing Body.

b) Committee Membership: The Committee shall have at least three (3) and no more than five (5) governing body members and the Chief Executive Officer.

c) Frequency of Meetings: The Committee will meet on a bimonthly basis unless required to meet more frequently.

d) **Duties and Responsibilities:** The duties and responsibilities of the Planning and General Affairs Committee shall be as follows:

1. ~~1. Oversight of the~~ To participate in the development of a Strategic Plan including:
 - a. ~~Projections for 3 - years for the Hospital~~ including submission of a long-range program, strategic, marketing and implementation pla
 - b. ~~Goals, outcomes, strategies, research, implementation plans and evaluation methodologies.~~
 - c. ~~Timelines for completion~~
 - d. ~~Lead staff responsible for business components of the strategic plan.~~
2. Oversight of the development of a Master Plan for the facility including:
 - a. ~~Needed construction to complete the Master Plan~~
 - b. ~~Schedule of needed building maintenance~~
3. Oversight and development of an effective marketing and communication plan that includes:
 - a. ~~Strategic plan efforts~~
 - b. ~~Management of public relations for the hospital~~
 - c. ~~Marketing of established programs.~~
- ~~n. The plan should reflect the objectives and actions to be taken to implement the plans. This plan will be reviewed annually to determine changes and update actions.~~
2. To review, and approve the operating and business policies of the Hospital presented by management.
4. To identify and resolve potential and actual conflict of interest situations.
6. To authorize the initiation and settlement of all legal actions.
8. To monitor, evaluate, and select insurance coverage to prudently protect the assets of the Hospital and the District.
- 10.2. To establish and maintain an appropriate legislative advocacy program for the benefit of the Hospital and the District and the community served.
11. To provide overview and input to the Marketing and Community Communication Programs of the Hospital.
12. To review on at least an annual basis the Bylaws of the Governing Body and make recommendations for change to the Governing Body as a whole, and
3. ~~to a~~ Act as a resource in their interpretation should any conflict arise, and to
4. ~~r~~ Review and approve on at least a biannual basis the Bylaws of auxiliary

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organizations of the Hospital.

ARTICLE 8 MISCELLANEOUS

8.1 Reports. The Governing Body shall maintain a written record of its proceedings, recommendations and actions, and shall submit either written or oral reports to the District Board, as directed.

8.2 Appointment of the Chair and Vice Chair, Rules and Procedures. The Chair of the Governing Body shall be the individual serving as the President of the District Board. The Governing Body shall select its Vice Chair and any other officers of the Board it deems needed, all of whom shall serve at the pleasure of the Governing Body. The Governing Body shall develop rules and procedures for the conduct of its meetings and affairs, and for the addition of Governing Body officers, consistent with these Bylaws and the District Bylaws.

8.3 Conflict of Interest. The Governing Body shall comply with the District's local agency Conflict of Interest Code, which shall be approved by the District Board, consistent with applicable laws, including Government Code Sections 1090 and 87100, governing conflict of interests in the decision making process and financial disclosures.

8.4 Confidential Information. Each member of the Governing Body with access to confidential information regarding the District's or Hospital's business is expected to hold such information in confidence and to refrain from either using such information for personal gain or disclosing it unnecessarily outside the scope of the member's duty with respect to the District and the Governing Body.

ARTICLE 9 COMPLIANCE WITH LAW AND INTERNAL REVENUE CODE

No part of the net earnings of the Hospital shall inure to the benefit of, or be distributable to, its directors, officers, employees or other private persons, including members of the Governing Body, except that the Hospital shall be authorized and empowered to pay reasonable compensation for services rendered to the Hospital or the District and to make payments and distributions in furtherance of the Governing Body and District purposes as set forth in the Preamble of these Bylaws.

No substantial part of the activities of the Governing Body shall be the carrying on of propaganda or otherwise attempting to influence legislation and the Governing Body shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE 10 DISSOLUTION

The Governing Body may be dissolved in accordance with the provisions of the Bylaws of the District Board, subject to the terms and conditions of the Management Agreement.

ARTICLE 11 AMENDMENTS

These Bylaws may be altered, amended, repealed, added to, or deleted at any regular meeting of the Governing Body with the consent of a majority of the total membership of the Governing Body at a meeting of the Governing Body where a quorum of the membership are present, subject to the approval of the District Board and consistent with the terms and conditions of the Management Agreement. During the term of the Management Agreement, the District Board shall only take action to alter, amend, repeal, add to, or delete these bylaws after such action has already been taken by the Governing Body. These Bylaws should be reviewed no less often than every two (2) years.