

AGENDA

GOVERNANCE COMMITTEE OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

Tuesday, November 26, 2019 – 5:30pm

El Camino Hospital | Conference Room A (ground floor)
2500 Grant Road Mountain View, CA 94040

Christina Lai will be participating via teleconference from 3225 Oakmead Village Drive Santa Clara, CA 95051.

PURPOSE: To advise and assist the El Camino Hospital (ECH) Board of Directors (“Board”) in matters related to governance, board development, board effectiveness, and board composition, *i.e.*, the nomination and appointment/ reappointment process. The Governance Committee ensures the Board and Committees are functioning at the highest level of governance standards.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER/ROLL CALL	Peter C. Fung, MD, Chair		5:30 – 5:32pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Peter C. Fung, MD, Chair		information 5:32 – 5:33
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Peter C. Fung, MD, Chair		information 5:33 – 5:36
4. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Governance Cmte Meeting (10/15/2019)	Peter C. Fung, MD, Chair	<i>public comment</i>	motion required 5:36 – 5:38
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	Peter C. Fung, MD, Chair		information 5:38 – 5:43
6. SYSTEM GOVERNANCE AD HOC COMMITTEE REPORT: SVMD BOARD QUALITY COMMITTEE ATTACHMENT 6	Gary Kalbach and Peter Moran, Ad Hoc Committee Chair and Member	<i>public comment</i>	possible motion 5:43 – 6:13
7. PROPOSED REVISED SVMD, LLC OPERATING AGREEMENT ATTACHMENT 7	Mary Rotunno, General Counsel	<i>public comment</i>	possible motion 6:13 – 6:33
8. ADJOURN TO CLOSED SESSION	Peter C. Fung, MD, Chair		motion required 6:33 – 6:34
9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Peter C. Fung, MD, Chair		information 6:34 – 6:35
10. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval <i>Gov’t Code Section 54957.2:</i> a. Minutes of the Closed Session of the Governance Cmte Meeting (10/15/2019)	Peter C. Fung, MD, Chair		motion required 6:35 – 6:37

A copy of the agenda for the Regular Committee Meeting will be posted and distributed at least seventy two (72) hours prior to the meeting.

In observance of the Americans with Disabilities Act, please notify us at (650) 988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
11. ADJOURN TO OPEN SESSION	Peter C. Fung, MD, Chair		motion required 6:37 – 6:39
12. RECONVENE OPEN SESSION/ REPORT OUT	Peter C. Fung, MD, Chair		information 6:39 – 6:40
To report any required disclosures regarding permissible actions taken during Closed Session.			
13. FY20 PACING PLAN ATTACHMENT 13	Peter C. Fung, MD, Chair		discussion 6:40 – 6:42
14. ROUND TABLE DISCUSSION ATTACHMENT 14	Peter C. Fung, MD, Chair		discussion 6:42 – 6:44
15. ADJOURNMENT	Peter C. Fung, MD, Chair	<i>public comment</i>	motion required 6:44 – 6:45pm

Upcoming Meetings:

Regular Meetings: February 4, 2020; March 31, 2020; June 2, 2020 | Education Sessions: April 22, 2020



Minutes of the Open Session of the
El Camino Hospital Board of Directors
Governance Committee

Tuesday, October 15, 2019

El Camino Hospital | Conference Room A (ground floor)
2500 Grant Road, Mountain View, CA 94040

Members Present

Peter C. Fung, MD, Chair
Gary Kalbach, Vice Chair
Christina Lai
Peter Moran
Bob Rebitzer

Members Absent

None

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session of the regular meeting of the Governance Committee of El Camino Hospital (the “Committee”) was called to order at 5:32pm by Chair Fung. Roll call was taken. Committee Member Bob Rebitzer joined meeting at 5:36pm during Agenda Item 6: Board Action Plan. All other Committee members were physically present at roll call.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Fung asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. PUBLIC COMMUNICATION	None.	
4. CONSENT CALENDAR	Chair Fung asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed. Motion: To approve the consent calendar: Minutes of the Open Session of the Governance Committee Meeting (8/13/2019); and for information: Article of Interest. Movant: Kalbach Second: Moran Ayes: Fung, Kalbach, Lai, Moran, Rebitzer Noes: None Abstentions: None Absent: None Recused: None	Consent Calendar approved
5. REPORT ON BOARD ACTIONS	There was no discussion on this topic.	
6. FY19 BOARD ACTION PLAN	Cindy Murphy, Director of Governance Services, noted that the Board asked for refinements to the Board Action Plan and reported status and progress: <ul style="list-style-type: none">- A Joint Meeting of the Quality Committee and Hospital Board has been scheduled for October 23, 2019.- There is ongoing work to use template cover memos more efficiently to provide context and clearly outline what the Board/Committees are being asked to do. Ms. Murphy proposed drafting a Board calendar and pacing plan with eight board meetings per year. She explained that this would involve restructuring Committee meeting cadence as well. The Committee and staff engaged in a robust discussion, including 1) concerns that the agendas are already packed and 2) focusing on meeting efficiency first (discussion rather than reporting,	

	<p>presentations that do not repeat what is in the packet, actively scheduling shorter meetings, timing in the closed session, etc.). Mr. Rebitzer suggested and the Committee agreed to ask Ms. Murphy to bring back to the Committee a “thought experiment,” what agendas for eight, efficient meetings would look like. Mr. Woods noted that it would be worth capping agendas at 2.5-3 hours in length and that staff could consider different times of day for the meetings. Chair Fung suggested reviewing what reports can be monthly versus quarterly and soliciting opinions from members of the Board and the management team.</p> <p>Ms. Murphy described the use of a Board meeting evaluation form. The Committee suggested 1) educating the Board about the purpose of the evaluation to prompt more detailed responses, 2) allowing time before the conclusion of the meeting to complete the surveys, perhaps in Executive Session, 3) listing specific agenda items for review, and 4) adding a question to help the Board evaluate itself and its meeting management.</p> <p>She also described an upcoming Board social event in December 2019.</p> <p>Mr. Moran expressed concerns about achieving successful and sufficient quality oversight. Chair Fung noted that there are four new Quality Committee members.</p> <p>Motion: To approve the Board Action Plan.</p> <p>Movant: Kalbach Second: Fung Ayes: Fung, Kalbach, Lai, Moran, Rebitzer Noes: None Abstentions: None Absent: None Recused: None</p> <p>This item will be brought forward to the Board for review and approval.</p>	
<p>7. BOARD RETREAT PLANNING</p>	<p>Dan Woods, CEO discussed the planning for the October 23, 2019 study session of the Hospital Board and Quality Committee meeting. He described the proposed agenda, including 1) pre-reading and/or presentation on the current state of quality and review of the strategic quality and safety plan that outlines the desired and future state and 2) case discussion that explores the roles of each of the stakeholders (Board, Quality Committee, Medical Staff, management team) in reaching that future state.</p> <p>Mr. Woods and the Committee discussed topics to cover including:</p> <ul style="list-style-type: none"> - Level setting: Organizational and quality strategy, current and desired state, gap analysis and how do we as an organization get there. - How do I (a Board member, a Committee member) engage in quality? - Review of the basics, how to read a run chart. <p>The Committee also discussed logistics and how much can be feasibly discussed in a 3-hour meeting.</p> <p>The Committee suggested providing materials and discussion questions in advance and having a two part meeting focused on 1) current vs. desired state and how to get there and 2) defining what quality oversight looks like. Mr. Moran suggested that the alignment on governance definitions and everyone’s roles should be solidified first.</p> <p>Chair Fung and Mr. Woods commented that this is only the beginning of the quality journey and there will need to be more than one meeting.</p> <p>Ms. Lai suggested starting the meeting with introductions and initial</p>	

	<p>reactions to/questions about the pre-meeting materials.</p> <p>Staff discussed the facilitator for this meeting. Committee members encouraged staff to postpone if resources will not be ready in time.</p>	
<p>8. SYSTEM GOVERNANCE AD HOC COMMITTEE REPORT</p>	<p>Bruce Harrison, President, SVMD joined the meeting.</p> <p>Dan Woods, CEO, described the balance of interests related to SVMD and system governance, including keeping trade secrets confidential and employing physicians in a competitive space, compliance with laws regarding the corporate practice of medicine, and providing information to ECH, the sole corporate member of SVMD, so that the Board feels comfortable with SVMD's management. explained that employing physicians is a highly competitive space</p> <p>Mr. Kalbach, Chair of the System Governance Ad Hoc Committee, described the Committee's review of whether SVMD should move to a foundation (1206(l)) model) and the determination that for now, it can remain a limited liability company. He also reviewed the proposed changes to the Compliance, Finance, Governance, and Quality Committee Charters to make them enterprise committees, including oversight of SVMD.</p> <p>In response to Chair Fung's questions:</p> <ol style="list-style-type: none"> 1. Mary Rotunno, General Counsel confirmed that there is no legal requirement for the Chair of ECH's Compliance and Audit Committee to be a Board member. 2. The Committee requested defined and consistent language when referring to the non-Hospital Board members/Community members/external members serving on the Committee. 3. The Committee requested additional information about best practices for term limits for committee members. <p>Mr. Kalbach reviewed the Ad Hoc Committee recommendations as further detailed in the packet regarding proposed SVMD Committees and ECH system Committees and how they would interact and relate to each other.</p> <p>Ms. Rotunno reviewed the conditions that would make the SVMD governing body and its committees subject to the Brown Act, noting that the proposed structure would not be subject to the Brown Act. She also explained that the proposed Board of Managers membership includes "community-based individuals" appointed by ECH's CEO, which could be a Hospital or District Board member.</p> <p>The Committee discussed the proposed physician members of the SVMD Board and requested that the description for "full time" physicians be changed to "practicing" physicians. Mr. Harrison and Ms. Rotunno further described the Corporations Code requirement for non-profits that no more than 49% of Directors at any given time may be interested persons or physicians in active medical practice in the community served by the Corporation. Mr. Harrison proposed and the Committee voiced support of the physician Board members' appointment by the SVMD Board.</p> <p>The Committee and staff discussed:</p> <ul style="list-style-type: none"> - The necessity of SVMD board committees, noting that committees are working groups for the board. Members commented that SVMD Board Finance and Compliance Committees are not be needed at this time, but can be useful as the organization grows. - How ECH Board Committees are informed and consulted through reporting and ad hoc communications. The Committee requested quarterly quality and finance reporting. Ms. Rotunno clarified that 	<p><i>Proposed Charter changes recommended for approval</i></p>

	<p>the Board of Managers would provide these reports if there is not an SVMD Board Committee in place for that area.</p> <ul style="list-style-type: none"> - The ECH Finance Committee’s review of the return on investment in SVMD. Ms. Rotunno and Mr. Harrison explained that any physician financial arrangements must be within fair market value and have demonstrated community need. Mr. Rebitzer commented that if referrals are not appropriate, there should be an alternate metric to measure success that can be tracked. <p>Motion: To recommend that the Board approve the Proposed Charter changes and amendments to the proposed governance structure including: 1) “practicing” physicians on the SVMD Board of Managers who are appointed by the SVMD Board, 2) forming an SVMD Board Committee for Quality and Credentialing now and Finance and Compliance Committees later when the organization has grown, and 3) quarterly reporting to the corresponding ECH Board Committees for finance and quality and annual reporting for compliance.</p> <p>Movant: Moran Second: Kalbach</p> <p>In response to Mr. Rebitzer’s question, Ms. Rotunno explained that the audit is a consolidated audit, which includes SVMD.</p> <p>Ayes: Fung, Kalbach, Lai, Moran, Rebitzer Noes: None Abstentions: None Absent: None Recused: None</p> <p>Mr. Harrison left the meeting.</p>	
<p>9. PROCESS FOR ELECTION AND RE-ELECTION OF NDBMS TO THE EL CAMINO HOSPITAL BOARD OF DIRECTORS</p>	<p>Ms. Murphy reported that Ms. Lai and Mr. Kalbach worked with her on the proposed revisions.</p> <p>In response to Chair Fung’s question, Ms. Murphy clarified that Section 3(a)(ii) refers to a “recommendation [to the District Board] regarding re-election of the NDBM to the Hospital Board.”</p> <p>Motion: To recommend that the Hospital Board recommend that the District board continue using the current Process as modified.</p> <p>Movant: Moran Second: Kalbach Ayes: Fung, Kalbach, Lai, Moran, Rebitzer Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Revised Process recommended for approval</i></p>
<p>10. GOVERNANCE COMMITTEE RECRUITMENT</p>	<p>Chair Fung reported that he, Mr. Moran, Mr. Woods, and Ms. Murphy met regarding the position description and questionnaire. He explained that an ad has been posted in local newspapers and the recruitment materials were sent to all Committee members.</p> <p>Ms. Murphy described expressions of interest in the position, but reported that no applications have been received. Submissions are due November 20, 2019.</p>	
<p>11. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 7:16pm.</p> <p>Movant: Moran Second: Kalbach</p>	<p><i>Adjourned to closed session at 7:16pm</i></p>

	Ayes: Fung, Kalbach, Lai, Moran, Rebitzer Noes: None Abstentions: None Absent: None Recused: None	
12. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT	Open session was reconvened at 7:29pm. Agenda items 12-15 were addressed in closed session. During the closed session, the Committee approved the Minutes of the Closed Session of the Governance Committee Meeting (8/13/2019) by a unanimous vote in favor of all members present (Fung, Kalbach, Lai, Moran, Rebitzer).	
13. AGENDA ITEM 17: FY20 PACING PLAN	Ms. Murphy summarized the new requests from the meeting, noting that she will bring the proposed “thought exercise” FY21 Board calendar/pacing plan and additional information about Committee member term limits to the Committee’s February 2020 meeting.	
14. AGENDA ITEM 18: ROUND TABLE DISCUSSION	The Committee and staff discussed the effectiveness of the meeting.	
15. AGENDA ITEM 19: ADJOURNMENT	Motion: To adjourn at 7:38pm. Movant: Rebitzer Second: Kalbach Ayes: Fung, Kalbach, Lai, Moran, Rebitzer Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 7:38pm</i>

Attest as to the approval of the foregoing minutes by the Governance Committee of El Camino Hospital:

Peter C. Fung, MD
Chair, Governance Committee

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING COVER MEMO**

To: Governance Committee
From: Cindy Murphy, Director of Governance Services
Date: November 26, 2019
Subject: Report on Board Actions

Purpose:

To keep the Committee informed with regards to actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

Summary:

1. Situation: It is important to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.
2. Authority: This is being brought to the Committees at the request of the Board and the Committees.
3. Background: Since the last Governance Committee meeting, the Hospital Board has met twice and the District Board has met once. In addition, since the Board has delegated certain authority to the Compliance and Audit Committee, the Finance Committee and the Executive Compensation Committee those approvals are also noted in this report.

A. ECH Board Actions: October 10, 2019

- Approved FY20 Periods 1 & 2 Financials
- Approved FY19 Audit (to ECHD on 10/22/19)
- Approved FY19 Organizational Goal Score
- Approved FY20 Organizational Goal Metrics
- Approved \$24.9 Million Partial Funding for MV Campus Completion Project (To ECHD on 10/22/19)
- Approved FY20 CEO Base Salary
- Approved FY19 CEO Incentive Payment
- Approved FY19 CASO Incentive Payment
- Approved Cardiology Call Panel (LG) Renewal

November 6, 2019

- Approved Revised Committee Charters
- Approved FY20 Board Action Plan (attached)
- Recommended the ECHD Board Approve a Revised Process for Election and Re-Election of Non-District Board Members to the El Camino Hospital Board of Directors
- Approved Resolution 2019-12 Authorizing Forward Starting Interest Rate Hedge
- Approved Revised FY20 Pathways Home Health and Hospice Budget
- Approved the Annual Safety Report for the Environment of Care

B. ECHD Board Actions: October 22, 2019

- Approved FY19 Audit
- Approved FY19 Year End Consolidated and Stand-Alone Financials
- Approved FY20 YTD (P2) ECHD Financials
- Approved \$24.9 Million Partial Funding for MV Campus Completion Project
- Approved FY19 Community Benefit Report
- Re-Elected Julie Kliger, RN and Bob Rebitzer to the El Camino Hospital Board of Directors for a second 3-year term effective July 1, 2020.
- Appointed Julia Miller as Chair and Peter Fung as a member of an Ad Hoc Committee tasked with bringing back recommendations regarding the ECHD Community Benefit Grant Program to the Board for consideration.

C. Finance Committee Actions: None since last report.

D. Compliance and Audit Committee: None since last report.

E. Executive Compensation Committee Actions: November 7, 2019

- Approved FY20 Individual Incentive Goals for the President of the Foundation
- Approved Revised FY20 Individual Incentive Goals for the General Counsel

4. Assessment: N/A

5. Other Reviews: N/A

6. Outcomes: N/A

List of Attachments:

1. Board Action Plan (approved 11/6/2019)

Suggested Committee Discussion Questions: None.

Board Action Plan

	What	Who	By When	Current Status
Quality Oversight				
	<p>Adopt a customized, actionable approach to effective quality.</p> <ul style="list-style-type: none"> Review and discuss available approaches to quality oversight. Frameworks to consider might include IHI Framework for Governance of Health System Quality, AHRQ High Reliability Organizations, and LEAN Six Sigma among others. Identify and incorporate aspects from the different frameworks to create a customized approach to quality oversight at ECH. 	Quality Committee Chair, CMO	End Q1 2020	
	<p>Hold an educational meeting or series of meetings focused on quality oversight. These sessions will provide:</p> <ul style="list-style-type: none"> Additional education on the board's role in quality oversight including information on quality goals, indicators and how to interpret data. An opportunity to discuss how ECH defines quality and what the organization's approach should be. 	Quality Committee Chair, CMO	Scheduled for October 23, 2019	
Meeting Effectiveness				
	Restructure board meeting presentations to improve focus and promote dialogue.	CEO, Dir Gov Services	December 2019	
	Implement a board meeting evaluation to assess quality of materials, mechanics and results of the meeting.	Board Chair, CEO	September 2019	
Ongoing Governance Education/Training				
	Develop an intentional, multi-year strategy for ongoing board education. The intent would be to identify topics and modalities that would enhance the governance competencies and engagement of the ECH Hospital Board.	Governance Committee	December 2019	
Enhancing Board Culture				
	Convene board members outside the typical board meeting structure to facilitate greater cohesiveness and teamwork on a quarterly or bi-annual basis.	Board Chair, CEO, Dir Gov Services	Ongoing	

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING COVER MEMO**

To: Governance Committee
From: Gary Kalbach, Chair, System Governance Ad Hoc Committee
Date: November 26, 2019
Subject: System Governance Ad Hoc Committee

Recommendation(s):

To recommend that there be no SVMD Board Quality Committee established and that SVMD will report quarterly to the El Camino Hospital Board of Directors' Quality, Patient Care and Patient Experience Committee on quality of care matters.

Summary:

1. Situation: At our October 15, 2019 meeting, we voted to recommend that the SVMD Board of Managers establish a quality committee that would report quarterly to the El Camino Hospital Board of Directors' Quality, Patient Care and Patient Experience Committee on quality of care matters.
2. Authority: The Governance Committee chartered a System Governance Ad Hoc Committee to advise it on matters related to Board oversight of ECH's affiliated entities such as SVMD.
3. Background: Subsequent to this Committee's October 15th meeting, the Ad Hoc Committee met. At that time, Mark Adams, MD, CMO, informed the Ad Hoc Committee that SVMD has an operations quality committee that reports to the SVMD Board and to form a Board quality committee would be duplicative. We accepted Dr. Adams' recommendation and it was discussed at the November 6th Board meeting.
4. Assessment: Quarterly reporting directly from SVMD regarding quality of care matters will constitute adequate oversight.
5. Other Reviews: None.
6. Outcomes: N/A

List of Attachments: None.

Suggested Committee Discussion Questions: Is the Committee in agreement with the Ad Hoc Committee's recommendation?

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING COVER MEMO**

To: Governance Committee
From: Mary Rotunno, Esq., General Counsel
Date: November 26, 2019
Subject: Proposed Second Amended and Restated Limited Liability Company Operating Agreement of Silicon Valley Medical Development, LLC

Recommendation:

To recommend the El Camino Hospital Board of Directors approve the attached Second Amended and Restated Limited Liability Company Operating Agreement incorporating the previous recommendations by the Governance Committee as modified based on discussions at the ECH Board meeting on November 6, 2019.

Summary:

1. Situation: El Camino Hospital (“ECH”) is the sole member of Silicon Valley Medical Development, LLC (“SVMD”) which currently operates 12 clinics and a managed care organization. ECH has governance oversight and reserved powers under SVMD’s current Amended and Restated Limited Liability Company Operating Agreement. The Governance Committee appointed a System Governance Ad Hoc Committee to review the governance oversight of ECH affiliated entities including SVMD and to propose an enhanced SVMD governance structure and reporting.
2. Authority: It is within the Governance Committee’s Charter to make recommendations to the ECH Board with respect to the governance of ECH affiliated entities.
3. Background: At its October 15, 2019 meeting, the Governance Committee discussed recommendations from the System Governance Ad Hoc Committee for proposed revisions to the governance structure of SVMD including expansion of the SVMD Board of Managers, clarification of the reserved powers of ECH Board, creation of SVMD Advisory Committees and governance oversight of quality, compliance and finance by ECH Board Committees. At its November 6, 2019 meeting, the ECH Board discussed these recommendations and directed that certain revisions be incorporated into SVMD’s Amended and Restated Operating Agreement.
4. Assessment: Recommended revisions are:
 - Expansion of SVMD Board of Managers from 5 to 9 members
 - ECH Board reserved powers to include annual approval of SVMD Strategic Plan and Budget and approval of appointments to SVMD Board of Managers
 - Semi-Annual reporting on SVMD performance on strategic metrics to ECH Board
 - SVMD reporting to ECH Quality and Finance Committees quarterly and Compliance Committee annually
5. Other Reviews: SVMD’s Board of Managers approved the proposed Second Amended and Restated Limited Liability Operating Agreement by Unanimous Written Consent.
6. Outcomes: Efficient and effective governance oversight by ECH as sole corporate member of SVMD.

Proposed Second A&R LLC Operating Agreement of SVMD, LLC
November 26, 2019

List of Attachments:

1. Proposed Second Amended and Restated Limited Liability Company Operating Agreement of Silicon Valley Medical Development, LLC

Suggested Discussion Questions:

Does the proposed Second Amended and Restated Limited Liability Company Operating Agreement provide sufficient governance oversight by ECH as sole member of SVMD?

**SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
SILICON VALLEY MEDICAL DEVELOPMENT, LLC**

This Second Amended and Restated Limited Liability Company Operating Agreement (this “Agreement”) of Silicon Valley Medical Development, LLC amends and restates the Limited Liability Company Operating Agreement dated June 17, 2008, as amended by the Amended and Restated Limited Liability Company Operating Agreement dated January 10, 2018. This Agreement is entered into as of the ____ day of _____, 201_, by El Camino Hospital, a California nonprofit public benefit corporation, as the sole member (the “Member”).

The Member in order to form a limited liability company pursuant to and in accordance with the California Beverly-Killea Limited Liability Company Act, as amended from time to time (Cal. Corp. Code § 17000, *et seq.*) (the “Act”), hereby agrees with the Company as follows:

1. Name. The name of the limited liability company shall be Silicon Valley Medical Development, LLC (the “Company”).

2. Member. The name and the business and mailing addresses of the Member is as follows:

<u>Name</u>	<u>Address</u>
El Camino Hospital	2500 Grant Road Mountain View, CA 94040

3. Office and Designated Agent. The Company’s office address is 973 University Ave. Los Gatos, CA 95032. The name and address of the current agent of the Company for service of process on the Company in the State of California, is Mary L. Rotunno, Esq. 2500 Grant Rd, Administration, Mountain View, CA 94040. Such designations may be changed by the Board of Managers.

4. Articles. The Member, acting through any of its authorized officers, is hereby designated as an authorized person within the meaning of the Act to execute, deliver and file the Articles of Organization of the Company (the “Articles”), and to execute, deliver and file any amendments or restatements of the Articles or any certificate of cancellation of the Articles.

5. Purpose and Powers. The purpose of the Limited Liability Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act. Such purpose shall include, without limitation, to establish initiatives between independent physicians and El Camino Hospital, to develop and maintain ambulatory ventures outside of the Member’s facilities, and to establish and provide management services to any medical groups in association with the Member. The Company shall have the power and authority to do any and all acts necessary or convenient to or in furtherance of the foregoing purposes, including all power

and authority, statutory or otherwise, possessed by, or which may be conferred upon, limited liability companies under the laws of the State of California. The Company shall not undertake any activity that would jeopardize the Member's status as a tax-exempt entity under the Internal Revenue Code.

6. Management.

6.1. Board of Managers. The business of the Company shall be managed by a Board of Managers, and the persons constituting the Board of Managers, not the Member, shall be the "managers" of the Company for all purposes under the Act.

The Board of Managers shall consist of ~~four~~eight (84) voting managers ~~(as determined by the Member)~~, in addition to the President of the Company who shall be an ex officio voting member of the Board of Managers. The Board of Managers shall initially consist of the Chief Executive Officer of the Member, ~~the Chief Financial Officer of the Member, the Chief Medical Officer~~ three executives appointed by the Chief Executive Officer of the Member, two community based individuals appointed by the Chief Executive Officer of the Member and two practicing physicians with a medical group affiliated with Company appointed by the Board of Managers~~an appointee from the Member's Board of Directors. The Member has the right to remove any or all managers at any time, with or without cause. If the Member removes the entire Board of Managers, the Member shall then appoint a replacement Board of Managers.~~ The Chief Executive Officer of the Member shall have the authority to fill any individual vacancies in the Board of Managers and may remove any manager on the Board of Managers, ~~except the appointee from the Member's Board of Directors.~~ The Board of Managers shall elect its Chairperson.

Decisions of the Board of Managers shall be embodied in a duly adopted vote taken by a majority of the voting members of the Board of Managers at a meeting for which at least five (5) days' written notice was duly given or waived, or in a resolution adopted by unanimous written consent of the Board of Managers. Such decisions shall be decisions of the "manager" for all purposes of the Act and shall be carried out by any member of the Board of Managers or by officers or agents of the Company designated by the Board of Managers in the vote or resolution in question or in one or more standing votes or resolutions or with the power and authority to do so. A decision of the Board of Managers may be amended, modified, or repealed in the same manner in which it was adopted, but no such amendment, modification or repeal shall affect any person who has been furnished a copy of the original vote or resolution, certified by a duly authorized agent of the Company, until such person has been notified in writing of such amendment, modification, or repeal. Members of the Board of Managers may attend meetings in person or by electronic connection that enables all members present simultaneously to hear one another.

An annual meeting of the Board of Managers shall be held each year at a time and place to be determined by the Board of Managers. In addition, the Board of Managers shall hold regular meetings not less frequently than quarterly. Special meetings of the Board of Managers may be called at any time by Company's President or by any two (2) or more managers on the Board of Managers.

6.2. Member Reserved Powers. Notwithstanding the foregoing, the Member retains the sole power to approve:

a. Any annual budget of the Company as an affiliate of the Member as part of the Member's consolidated budget;

b. Any unbudgeted expenditure of the Company that exceed \$1,000,000;

c. Appointments to Company's Board of Managers;

d. The role of the Company in the Member's strategic plan and the Company's annual strategic plan;

~~d~~e. The selection of an auditor to perform an audit that includes the Company;

~~e~~f. Any transfer, sale or disposition of the Company's assets;

~~f~~g. Any merger, consolidation, reorganization or dissolution of the Company;

~~g~~h. Any amendment or restatement to, or termination of, this Agreement;

~~h~~i. Any capital expenditures by the Company greater than \$5 million; or

~~i~~j. Any action of the Company that violates the Member's tax-exempt purposes.

Any action listed above that is taken by the Company and not approved by the Member is void.

6.3 Board of Managers Advisory Committees. The Board of Managers may by resolution establish advisory committees. No advisory committee shall have or exercise any of the authority of the Board of Managers but shall advise the Board of Managers on matters within the advisory committee's charter. The Board of Managers, by resolution, shall adopt an advisory committee charter which shall establish the committee, state whether the advisory committee is temporary (ad hoc) or standing, the total number of members of such committee, the number of managers from the Board of Managers to be appointed to such committee, and the subject matter to be considered by such advisory committee. The time and place of meetings of the advisory committee shall be determined by the committee chair. The charter shall designate the members of the advisory committee or designate the process by which members of the advisory committee are selected.

6.4 Reporting by Company to Member. Company's Board of Managers shall report to Member's Board of Directors semiannually on Company's performance to strategic metrics. In addition Company shall report to Member's Quality Committee and Finance Committee on a quarterly basis, and to Member's compliance Committee annually.

7. Officers and Agents. The Chief Executive of the Member shall have the power to appoint a President and the Board of Managers shall have the power to appoint other officers and agents to act for the Company. Subject to the Act, the Articles and this Agreement, the Board of

Managers may delegate by written instrument to the President and such other officers and agents authority to act on behalf of the Company. The Board of Managers, acting by written instrument, may ratify any act previously taken by the President and such other officers and agents acting on behalf of the Company. Except as provided in the Act, the Articles, this Agreement and any such delegation of authority, the Board of Managers shall have the sole power to bind the Company.

8. Indemnification. The Company shall indemnify, defend, and hold harmless the Member and any director, officer, or employee of the Member, each member of the Board of Managers, and any person serving at the request of the Company as a director, officer, employee, partner, trustee, or independent contractor of another corporation, partnership, limited liability company, joint venture, trust, or other enterprise (all of the foregoing persons being referred to collectively as “Indemnified Parties” and individually as an “Indemnified Party”) from any liability, loss, or damage incurred by the Indemnified Party by reason of any act performed or omitted to be performed by the Indemnified Party in connection with the business of the Company and from liabilities or obligations of the Company imposed on such Indemnified Party by virtue of such Indemnified Party’s position with the Company, including reasonable attorneys’ fees and costs and any amounts expended in the settlement of any such claims of liability, loss, or damage; *provided, however*, that if the liability, loss, damage, or claim arises out of any action or inaction of an Indemnified Party, indemnification shall be available only if (a) either (i) the Indemnified Party, at the time of such action or inaction, determined in good faith that its, his, or her course of conduct was in, or not opposed to, the best interests of the Company or (ii) in the case of inaction by the Indemnified Party, the Indemnified Party did not intend its, his, or her inaction to be harmful or opposed to the best interests of the Company and (b) the action or inaction did not constitute fraud, gross negligence, or willful misconduct by the Indemnified Party; *provided, further, however*, that the indemnification provided herein shall be recoverable only from the assets of the Company and not from any assets of the Member. Unless the Board of Managers determines in good faith that the Indemnified Party is unlikely to be entitled to indemnification as provided herein, the Company shall pay or reimburse reasonable attorneys’ fees of an Indemnified Party as incurred, provided that such Indemnified Party executes an undertaking, with appropriate security if requested by the Board of Managers, to repay the amount so paid or reimbursed in the event that a final nonappealable determination by a court of competent jurisdiction that such Indemnified Party is not entitled to indemnification as provided herein. The Company may pay for insurance covering liability of the Indemnified Party for negligence in operation of the Company’s affairs.

No Indemnified Party shall be liable, in damages or otherwise, to the Company or to the Member for any loss that arises out of any act performed or omitted to be performed by it, him, or her pursuant to the authority granted by this Agreement if (a) either (i) the Indemnified Party, at the time of such action or inaction, determined in good faith that such Indemnified Party's course of conduct was in, or not opposed to, the best interests of the Company or (ii) in the case of inaction by the Indemnified Party, the Indemnified Party did not intend such Indemnified Party's inaction to be harmful or opposed to the best interests of the Company and (b) the conduct of the Indemnified Party did not constitute fraud, gross negligence, or willful misconduct by such Indemnified Party.

Any person who is within the definition of "Indemnified Party" at the time of any action or inaction in connection with the business of the Company shall be entitled to the benefits provided herein as an "Indemnified Party" with respect thereto, regardless whether such person continues to be within the definition of "Indemnified Party" at the time of such Indemnified Party's claim for indemnification or exculpation hereunder.

The Company may in its discretion indemnify any of its officers, authorized agents, employees, consultants, and counsel, each as if an "Indemnified Party." The Company may enter into an agreement with any Indemnified Party setting forth procedures consistent with applicable law for implementing the indemnities provided herein; however, the Company's failure to enter into any such agreement shall not limit the indemnities provided herein.

9. Reliance by Third Parties. Any person or entity dealing with the Company may rely upon a certificate signed by the Member or the Board of Managers as to: (a) the identity of the Member or the members of the Board of Managers; (b) the existence or non-existence of any fact or facts which constitute a condition precedent to acts by the Member or the Board of Managers or are in any other manner germane to the affairs of the Company; (c) the persons who or entities that are authorized to execute and deliver any instrument or document of or on behalf of the Company; and (d) any act or failure to act by the Company or as to any other matter whatsoever involving the Company, the Member, or the Board of Managers.

10. Capital Contributions. The Member has previously allocated up to one million three hundred thousand dollars (\$1,300,000) as its initial capital contribution to the Company. In its sole discretion, the Member may make, but shall not be required to make, additional capital contributions to the Company.

11. Taxation. The Company shall take steps to be treated as other than a corporation for federal tax purposes.

As set forth herein, the Company shall not undertake any activity that would jeopardize the Member's status as a tax-exempt organization under the Internal Revenue Code. If, in its sole discretion, the Member determines that any activity in which the Company is or proposed to be engaged may jeopardize the Company's status as a tax-exempt organization, the Member may require the Company immediately to modify or terminate such activity in order to preserve the Company's status as a tax-exempt organization.

12. Allocation of Profits and Losses. The Company's profits and losses shall be allocated to the Member.

13. Distributions. Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member.

14. Dissolution. The Company shall have perpetual existence unless it shall be dissolved and its affairs shall have been wound up upon (a) the vote of the Member or (b) the entry of a decree of judicial dissolution under Section 17351 of the Act. The Member shall have the right to vote to dissolve the Company at any time, in its sole discretion, and without approval of the Board of Managers. The existence of the Company as a separate legal entity shall continue until the cancellation of the Articles as provided in the Act.

15. Assignments. The Member may assign its limited liability company interest to any person, which assignee shall become a Member when the assignee becomes a party to the Agreement.

16. Amendments. This Agreement may be amended or restated from time to time by the Member.

17. Liability of Member. The Member shall not have any liability for any obligations or liabilities of the Company except to the extent provided in the Act.

18. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of California all rights and remedies being governed by said laws.

* * *

IN WITNESS WHEREOF, the undersigned sole member of Silicon Valley Medical Development, LLC, intending to be legally bound hereby, has duly executed this Second Amended and Restated Limited Liability Company Operating Agreement as of the date and year first above written.

El Camino Hospital,
a California nonprofit public benefit corporation

By: _____
Name: Dan Woods
Title: Chief Executive Officer, El Camino Hospital

Governance Committee

Updated ~~119/183~~/2019

FY20 GC Pacing Plan – Q1		
July 2019	August 13, 2019	September 2019
<p><i>No scheduled meeting</i></p> <p><i>At each meeting:</i></p> <p>Regular Consent Calendar Items: Minutes, Committee Recruitment Update, Article of Interest</p> <p>Other Regular Items:</p> <ul style="list-style-type: none"> - Board Recruitment Update - Report on Board Actions 	<ul style="list-style-type: none"> - Consider Hospital Board Member Competencies for FY20/21 - FY20 Board Education Plan <ul style="list-style-type: none"> o Topics for Semi-Annual Board and Committee Education Sessions o Topic for Annual Retreat (February) - Review Annual Board Self-Assessment (BSA) Results and Develop Action Plan - Review Process for Election and Re-Election of NDBM's to the ECH Board - ECH Leadership Succession Planning - Governance Committee Recruitment 	<p><i>No scheduled meeting</i></p>
FY20 GC Pacing Plan – Q2		
October 15, 2019	November 26, 2019	December 2019
<ul style="list-style-type: none"> - Review Delegations of Authority to Committees - Review Process for Election and Re-Election of Non-District Board Members to the El Camino Hospital Board of Directors - Final Planning October 23 Board Retreat - Assess Progress on FY20 Board Action Plan - System Governance Ad Hoc Committee Report - Governance Committee Recruitment <p>Wed., 10/23/2019 Board & Committee Educational Gathering</p>	<ul style="list-style-type: none"> - <u>Proposed Revised SVMD LLC operating Agreement</u> - <u>System Governance Ad Hoc Committee Report (SVMD Board Quality Committee?)</u> No Scheduled Meeting 	<p><i>No scheduled meeting</i></p>

Governance Committee

Updated ~~119/183~~/2019

FY20 GC Pacing Plan – Q3		
January 2020	February 4, 2020	March 31, 2020
<i>No scheduled meeting</i>	<ul style="list-style-type: none"> - Planning April Education Session - Assess progress on FY20 Board Action Plan - Final Planning for February 26th Board Retreat - Review and Recommend Annual Board and Committee Self-Assessment Tool <p><u>—Proposed Procedure for Delegation of Authority to the Board’s Advisory Committees</u></p>	<ul style="list-style-type: none"> - Set FY21 Governance Committee Dates - Develop FY21 Governance Committee Goals - Final Planning April Education Session
FY20 GC Pacing Plan – Q4		
April 2020	May 2020	June 2, 2020
<p><i>No scheduled meeting</i></p> <p>Wed. 4/22/2020 Board & Committee Educational Gathering</p>	<p><i>No scheduled meeting</i></p> <p>Launch Board and Committee Self-Assessment</p>	<ul style="list-style-type: none"> - Review and Recommend all FY20 Committee Goals to Board - Review Proposed Advisory Committee and Committee Chair Assignments - Review Committees’ progress against FY19 Goals - Confirm Self-Assessment Sent to District (from GC charter) - Finalize FY20 Master Calendar (for Board approval in June) - Assess ECH Board Structure

**EL CAMINO HOSPITAL
COMMITTEE MEETING COVER MEMO**

To: Governance Committee
From: Cindy Murphy, Director of Governance Services
Date: November 26, 2019
Subject: Roundtable Discussion

Purpose:

To review the effectiveness of the Committee's meeting.

Summary:

1. Situation: How effective was this meeting?
2. Authority: N/A
3. Background: We included an excerpt from the Governance Institute's "Elements of Governance" Series titled "Board Committees" in the Committee's February 6, 2018 packet. Committee Chair Fung asked that we include the questions posed in the "Committee Meeting Effectiveness Assessment Options" section for the Committee to discuss at the conclusion of the meeting.
4. Assessment: N/A
5. Other Reviews: N/A
6. Outcomes: N/A

List of Attachments: None.

Suggested Committee Discussion Questions:

1. Brief discussion topics: what worked well/should be repeated? What should be changed/added/deleted?
2. Were the meeting packet and agenda helpful?
3. Did key issues receive sufficient attention?
4. Did we spend the right amount of time on each issue?
5. Was there a significant amount of discussion (vs. presentation)?
6. Were discussions kept at the governance level?
7. Did all members participate fully?
8. Did we hold ourselves accountable to the rules of engagement?