

## AGENDA

### GOVERNANCE COMMITTEE MEETING OF THE EL CAMINO HOSPITAL BOARD

**Tuesday, June 6, 2017 – 5:30 pm**

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

Peter Moran will be participating via teleconference from 2099 Yan'an West Road Changning District Shanghai, 200336 China.

**MISSION:** 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
<b>1. CALL TO ORDER / ROLL CALL</b>	Peter Fung, MD, Chair		<b>5:30 – 5:32 pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Peter Fung, MD, Chair		<b>5:32 – 5:33</b>
<b>3. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Peter Fung, MD, Chair		<b>information</b> <b>5:33 – 5:36</b>
<b>4. CONSENT CALENDAR</b> <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> <b>Approval</b> a. <a href="#">Minutes of the Open Session of the Governance Committee Meeting (April 4, 2017)</a> b. <a href="#">Draft FY18 Board &amp; Committee Master Calendar</a> c. <a href="#">Proposed FY18 Advisory Committee Appointments</a> <b>Information</b> d. <a href="#">Progress Against FY17 Goals: Governance Committee</a> e. <a href="#">Progress Against FY17 Goals: Advisory Committees</a> f. <a href="#">El Camino Hospital Committee Recruitment</a> g. <a href="#">Article of Interest</a>	Peter Fung, MD, Chair	<i>public comment</i>	<b>motion required</b> <b>5:36 – 5:39</b>
<b>5. REPORT ON BOARD ACTIONS</b> a. Hospital Board Actions b. District Board Actions <a href="#">ATTACHMENT 5</a>	Peter Fung, MD, Chair		<b>information</b> <b>5:39 – 5:49</b>
<b>6. ECH BOARD RECRUITMENT UPDATE</b> <a href="#">ATTACHMENT 6</a>	Peter Fung, MD, Chair		<b>information</b> <b>5:49 – 5:54</b>
<b>7. ENHANCED AND SUSTAINED COMPETENCY-BASED GOVERNANCE: ECH BYLAWS REVISION</b> <a href="#">ATTACHMENT 7</a>	Mary Rotunno, General Counsel	<i>public comment</i>	<b>possible motion</b> <b>5:54 – 6:14</b>

A copy of the agenda for the Regular 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
8. <b>UPDATE ON BOARD PROCESSES ASSESSMENT WORK</b> <a href="#">ATTACHMENT 8</a>	Cindy Murphy, Board Liaison		<b>discussion</b> <b>6:14 – 6:29</b>
9. <b>PROPOSED FY18 GOVERNANCE COMMITTEE GOALS</b> <a href="#">ATTACHMENT 9</a>	Cindy Murphy, Board Liaison	<i>public comment</i>	<b>possible motion</b> <b>6:29 – 6:39</b>
10. <b>PROPOSED FY18 ADVISORY COMMITTEE GOALS</b> <a href="#">ATTACHMENT 10</a>	Cindy Murphy, Board Liaison	<i>public comment</i>	<b>possible motion</b> <b>6:39 – 6:59</b>
11. <b>REVIEW BOARD DIRECTOR COMPENSATION POLICY</b> <a href="#">ATTACHMENT 11</a>	Cindy Murphy, Board Liaison	<i>public comment</i>	<b>possible motion</b> <b>6:59 – 7:04</b>
12. <b>ADJOURN TO CLOSED SESSION</b>	Peter Fung, MD, Chair		<b>motion required</b> <b>7:04 – 7:05</b>
13. <b>POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Peter Fung, MD, Chair		<b>7:05 – 7:06</b>
14. <b>CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i>  <b>Approval</b> <i>Gov't Code Section 54957.2.</i> a. Minutes of the Closed Session of the Governance Committee Meeting (April 4, 2017)	Peter Fung, MD, Chair		<b>motion required</b> <b>7:06 – 7:07</b>
15. <b>ADJOURN TO OPEN SESSION</b>	Peter Fung, MD, Chair		<b>motion required</b> <b>7:07 – 7:08</b>
16. <b>RECONVENE OPEN SESSION / REPORT OUT</b>  To report any required disclosures regarding permissible actions taken during Closed Session.	Peter Fung, MD, Chair		<b>7:08 – 7:09</b>
17. <b>FY18 PACING PLAN</b> <a href="#">ATTACHMENT 17</a>	Peter Fung, MD, Chair	<i>public comment</i>	<b>possible motion</b> <b>7:09 – 7:19</b>
18. <b>ROUND TABLE DISCUSSION</b>	Peter Fung, MD, Chair		<b>discussion</b> <b>7:19 – 7:24</b>
19. <b>ADJOURNMENT</b>	Peter Fung, MD, Chair		<b>motion required</b> <b>7:24 – 7:25 pm</b>

**Upcoming Meetings** (*tentative upon Committee and Board approval*)

- August 1, 2017
- October 3, 2017
- February 6, 2017
- April 3, 2017
- June 5, 2017



**Minutes of the Open Session of the Governance Committee**  
**Tuesday, April 4, 2017**  
**El Camino Hospital | Conference Room A (ground floor)**  
**2500 Grant Road, Mountain View, CA 94040**

**Members Present**

**Lanhee Chen**  
**Peter C. Fung, MD, Chair**  
**Gary Kalbach, Vice Chair**  
**David Reeder**

**Members Absent**

**Christina Lai**  
**Pete Moran**

Agenda Item	Comments/Discussion	Approvals/Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	Committee Chair Peter C. Fung, MD called the Governance Committee of El Camino Hospital to order at 5:29 pm. Mr. Moran and Ms. Lai were absent. Mr. Chen joined the meeting at 5:44pm during Agenda Item 8: ECH Board Director Compensation.	
<b>2. POTENTIAL CONFLCITS OF INTEREST DISCLOSURES</b>	Chair Fung asked if any Committee member may have a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. PUBLIC COMMUNICATION</b>	None.	
<b>4. CONSENT CALENDAR</b>	<p>This item was deferred until a quorum was present.</p> <p>Chair Fung asked if any member of the Committee wished to remove any items from the consent calendar. No items were removed.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Governance Committee Meeting (February 7, 2017), Proposed FY18 Governance Committee Dates; and for information: Progress Against FY17 Governance Committee Goals and Article of Interest.</p> <p><b>Movant:</b> Reeder  <b>Second:</b> Chen  <b>Ayes:</b> Chen, Fung, Kalbach, and Reeder  <b>Noes:</b> None  <b>Abstain:</b> None  <b>Absent:</b> Lai and Moran  <b>Recused:</b> None</p>	<i><b>Consent Calendar approved</b></i>
<b>5. REPORT ON BOARD ACTIONS</b>	Chair Fung referred to the written reports and highlighted the Hospital Board's strategic study sessions and the District Board's approval of the General Obligation Bonds refinancing.	
<b>6. ECH COMMITTEE RECRUITMENT UPDATE</b>	<p>Cindy Murphy, Board Liaison, reported that new Executive Compensation Committee member Jaison Layney has attended his first meeting and the Committee has recommended that the Board appoint Ms. Patricia Wadors.</p> <p>She noted that she has prompted all of the Committee Chairs to inquire whether Committee members would like to serve on their respective Committees for another year.</p>	

<p><b>7. ECH BOARD RECRUITMENT UPDATE</b></p>	<p>David Reeder, Chair of the District Ad Hoc Committee, reported that the Committee reviewed the resumes of potential candidates for Hospital Board positions and will be interviewing 7 candidates on April 19<sup>th</sup> and April 20<sup>th</sup>. The District Board plans to interview candidates at its May 22<sup>nd</sup> meeting.</p>	
<p><b>8. ECH BOARD MEMBER COMPENSATION POLICY</b></p>	<p>Cindy Murphy, Board Liaison, provided additional information to the Committee regarding national data for Board Director compensation and a recommendation from Don Sibery, Interim CEO for a flat Board Chair stipend and Committee Chair stipends for agenda preparation.</p> <p>Ms. Murphy noted that the CEO's recommendation was based on his experience at a prior organization and the Board Chair's activities, and that the Board Chair currently receives the least compensation of any Board member.</p> <p>The Committee was also asked to consider the stipend for attendance at Board meetings and the limitation on payment for videoconference or teleconference participation. Committee members noted that participation on the Board is in service to the community. Mr. Kalbach commented that the District Ad Hoc Committee hopes to appoint new members who are close to the District and are able to attend meetings in person.</p> <p>The Committee discussed their support of the Board Chair stipend because of the responsibilities of the position beyond meeting attendance (including the annual Board Retreat, agenda preparation calls, bi-weekly meetings with the CEO, other conference calls, occasional dinner meetings, etc.).</p> <p>In response to Chair Fung's question, Ms. Murphy explained that the policy for the District Board is a separate policy, where a statute limits Board Director compensation to \$100 per meeting, up to 5 meetings per month.</p> <p><b>Motion:</b> To recommend to the Board to change the compensation for Chair to an annual \$12,000 stipend, payable in quarterly installments.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Chen  <b>Ayes:</b> Chen, Fung, Kalbach, and Reeder  <b>Noes:</b> None  <b>Abstain:</b> None  <b>Absent:</b> Lai and Moran  <b>Recused:</b> None</p> <p>The Committee discussed that the agenda preparation stipend for Committee Chairs should be counted separately from any meeting attendance payments, as sometimes the Chair prepares the agenda but is unable to attend the meeting.</p> <p><b>Motion:</b> To recommend that the Board add a \$100 stipend for Committee Chairs for participating in each agenda preparation call/meeting.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Reeder  <b>Ayes:</b> Chen, Fung, Kalbach, and Reeder</p>	<p><i>Board Chair and Committee Chair stipends recommended for Board approval</i></p>



	<p><b>Noes:</b> None  <b>Abstain:</b> None  <b>Absent:</b> Lai and Moran  <b>Recused:</b> None</p> <p>Committee members commented that the compensation policy provisions for limitations for participating via video or teleconference and the amount of the stipend for attendance at Board meetings should remain the same. They noted that limiting compensation for calling in to once per month helps encourage more engaged, in-person participation.</p>	
<p><b>9. PROPOSED REVISED ECH BOARD OFFICER ELECTION PROCEDURE</b></p>	<p>Mary Rotunno, General Counsel, joined the meeting via teleconference and explained that the Board officer election procedure includes revisions to clarify the dates for submission of declarations of interest and position statements to the Board Liaison and a revised process for voting that provides for an initial round of preliminary balloting by roll call vote as opposed to a written ballot. Ms. Rotunno and Ms. Murphy clarified that the voting as articulated in the procedure as revised will meet legal requirements.</p> <p>In response to Mr. Reeder’s question, Ms. Murphy commented that she preferred concrete dates in the procedure rather than the more abstract “two weeks before the May Board meeting.”</p> <p>In response to Director Fung’s questions, Ms. Rotunno explained that for an 8 member Board, a 5 vote majority is needed for a motion to pass and that an abstention is essentially the same as a “no” vote.</p> <p><b>Motion:</b> To recommend that the Board approve the Draft Revised Hospital Board Officers Nomination and Selection Procedures and Board Chair Competencies.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Reeder  <b>Ayes:</b> Chen, Fung, Kalbach, and Reeder  <b>Noes:</b> None  <b>Abstain:</b> None  <b>Absent:</b> Lai and Moran  <b>Recused:</b> None</p> <p>Ms. Rotunno left the meeting.</p>	<p><i>Draft Revised Hospital Board Officers Nomination and Selection Procedures and Board Chair Competencies recommended for Board approval</i></p>
<p><b>10. PROPOSED FY18 BOARD &amp; COMMITTEE MASTER CALENDAR</b></p>	<p>Ms. Murphy explained that the Proposed Board &amp; Committee Calendar is generally brought to the Committee for review in June, but is in the materials for reference early as the Committee considers the formation of the proposed Strategic Oversight Planning Committee.</p> <p>She noted that the Strategic Oversight Planning Committee, as proposed, would meet two weeks ahead of the Finance Committee meetings (6x per year), which includes a meeting in mid-July, when the Board has traditionally been dark.</p> <p>Ms. Murphy explained that the FY17 October Board &amp; Committee Educational Gathering was cancelled because of lack of attendance and the FY17 April session was cancelled because</p>	

	<p>of the strategic planning process.</p> <p>Mr. Reeder discussed scheduling Quality Committee meetings and the difficulty of balancing reporting the latest quality data and the quick turnaround of materials needed for the Board packets.</p> <p>The Committee agreed to examine the scope and deliverables of the proposed Committee first and then review potential scheduling.</p> <p>Ms. Murphy noted that the February Board meeting in 2018 will fall on Valentine's Day.</p>	
<b>11. BOARD ADVISORY COMMITTEE GOAL SETTING PROCESS</b>	<p>Chair Fung referred to the written materials, noting that goals for each Advisory Committee are embedded in each Committee's pacing plan. He explained Mr. Sibery's recommendation to consider relying on pacing plans to guide Committee work and discontinue the development and use of Committee goals.</p> <p>The Committee discussed how each Committee's annual goals are a summary view of the work of the Committee and provide mechanisms for 1) communication of a Committee's priorities for the year to the Board and 2) tracking the Committees' progress against those priorities without the Board reviewing the detail of the pacing plans.</p> <p>The Committee did not recommend any changes to the annual Board Advisory Committee Goal setting process.</p>	
<b>12. ADJOURN TO CLOSED SESSION</b>	<p><b>Motion:</b> To adjourn to closed session at 6:06pm.</p> <p><b>Movant:</b> Reeder</p> <p><b>Second:</b> Kalbach</p> <p><b>Ayes:</b> Chen, Fung, Kalbach, and Reeder</p> <p><b>Noes:</b> None</p> <p><b>Abstain:</b> None</p> <p><b>Absent:</b> Lai and Moran</p> <p><b>Recused:</b> None</p>	<i>Adjourned to closed session at 6:06pm.</i>
<b>13. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT</b>	<p>Agenda items 13-17 were addressed in closed session.</p> <p>Open session was reconvened 7:04pm. During the closed session the Committee approved the Closed Session Minutes of the Committee's February 7, 2017 meeting by a unanimous vote of 4 members present (Chen, Fung, Kalbach, and Reeder). Ms. Lai and Mr. Moran were absent.</p>	
<b>14. AGENDA ITEM 19: DRAFT STRATEGIC PLANNING OVERSIGHT COMMITTEE CHARTER</b>	<p>The Committee directed staff to pace the topic for further discussion after the Board considers adopting a new strategic plan (currently scheduled for June 28, 2017).</p>	
<b>15. AGENDA ITEM 20: FY17 PACING PLAN</b>	<p>There were no comments on the pacing plan.</p>	
<b>16. AGENDA ITEM 21: ROUND TABLE DISCUSSION</b>	<p>No comments were made.</p>	

<b>17. AGENDA ITEM 22: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 7:05 pm. <b>Movant:</b> Reeder <b>Second:</b> Kalbach <b>Ayes:</b> Fung, Kalbach, and Reeder <b>Noes:</b> None <b>Abstain:</b> None <b>Absent:</b> Lai and Moran <b>Recused:</b> None	<i>Meeting adjourned at 7:05pm.</i>
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**Attest as to the approval of the foregoing minutes by the Governance Committee of El Camino Hospital:**

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Peter C. Fung, MD  
Chair, ECH Governance Committee

JULY 2017							AUGUST 2017							SEPTEMBER 2017							OCTOBER 2017							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
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2	3	4 Independ- ence Day	5	6	7	8	6	7 QC	8	9 ECHB	10	11	12	3	4 Labor Day	5	6	7	8	9	8	9	10	11 ECHB	12	13	14	
9	10	11	12	13	14	15	13	14 IC	15	16	17 CC	18	19	10	11	12	13 ECHB	14	15	16	15	16	17 ECHD	18	19	20	21	
16	17	18	19	20	21	22	20	21	22	23	24	25	26	17	18	19	20	21 ECC	22	23	22	23	24	25 Bd Cm	26	27	28	
23	24	25	26	27	28	29	27	28 QC	29	30	31			24	25 FC	26	27	28 CC	29	30	29	30 QC	31					
30	31 FC																											
NOVEMBER 2017							DECEMBER 2017							JANUARY 2018							FEBRUARY 2018							
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5	6	7	8 ECHB	9 ECC	10	11	3	4 QC	5	6	7	8	9	7	8	9	10 ECHB	11	12	13	4	5 QC	6 GC	7	8	9	10	
12	13 IC	14	15	16 CC	17	18	10	11	12	13	14	15	16	14	15 MLK Day	16 ECHD	17	18 CC	19	20	11	12 IC	13	14 ECHB	15	16	17	
19	20	21	22	23 Thanks- giving	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27	18	19 Pres. Day	20	21	22	23	24	
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MARCH 2018							APRIL 2018							MAY 2018							JUNE 2018							
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11	12	13	14 ECHB	15 CC	16	17	15	16	17	18	19	20	21	13	14 IC	15 ECHD	16	17 CC	18	19	10	11	12	13 ECHB	14	15	16	
18	19	20 ECHD	21	22 ECC	23	24	22	23	24	25 Bd Cm	26	27	28	20	21	22	23	24 ECC	25	26	17	18	19 ECHD	20	21	22	23	
25	26 FC	27	28	29	30	31	29	30 QC						27	28 Memorial Day	29 FC ECHB	30	31				24	25	26	27	28	29	30

Hospital Bd   ECHB	District Bd   ECHD	Compliance   CC	Exec Comp   ECC	Finance   FC	Governance   GC	Investment   IC	Quality   QC	Bd/Cm Ed Gatherings	Board Retreat
10x per year 2 <sup>nd</sup> Wednesday	4x per year 3 <sup>rd</sup> Tuesday	6x per year 3 <sup>rd</sup> Thursday	4x per year Thursdays	6x per year Last Monday	5x per year 1 <sup>st</sup> Tuesday	4x per year 2 <sup>nd</sup> Monday	10x per year 1 <sup>st</sup> Monday	2x per year 4 <sup>th</sup> Wednesday	1 weekend 1 day

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	<p>Appointment of Proposed Slate of FY18 Advisory Committee Chairs and Members, and Liaisons to the El Camino Hospital Foundation Board and the Community Benefit Advisory Council</p> <p>Governance Committee</p> <p>June 6, 2017</p>
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	Possible Motion
<p><b>Background:</b></p> <p>Each year, the Board Chair develops a slate of Board Advisory Committee Chairs and Members, as well as Liaisons to the two groups described above, for the Board's review and approval. In developing the slate, the Board Chair considers the expressed interests of Board members, the recommendations of the current Committee Chairs, the Committee members' (who are not Board members) continued interest in service, and the effective governance of the hospital.</p> <p>The Governance Committee then reviews the Chair's recommendations and recommends a slate to the Board. Last year, the Governance Committee recommended that, in the future, consideration be given to appointing non-Board members as Committee Chairs. Note that Board Chair-Elect Lanhee Chen is recommending that Executive Compensation Committee member Bob Miller serve as Chair of that Committee.</p>	
<p><b>Committees that reviewed the issue and recommendation, if any:</b> None.</p>	
<p><b>Summary and Session Objectives:</b></p> <p>To obtain the Committee's recommendation of the proposed slate of FY18 Advisory Committee Chair and Member and Liaison appointments.</p>	
<p><b>Suggested discussion questions:</b></p> <p>None. This is a consent item.</p>	
<p><b>Proposed motion, if any:</b> To recommend that the Board approve the proposed slate of FY18 Advisory Committee Chair and Member and Liaison appointments.</p>	
<p><b>LIST OF ATTACHMENTS:</b></p> <ol style="list-style-type: none"> <li>1. Board Chair-Elect Chen's Slate of Proposed Appointments</li> </ol>	

# **PROPOSED** **El Camino Hospital Board of Directors** **FY18 Advisory Committee & Liaison Appointments**

COMPLIANCE COMMITTEE		
	<b>John Zoglin</b>	<b>Chair</b>
<b>BOARD MEMBERS</b>	<b>Robert Rebitzer</b>	Member
<b>COMMUNITY MEMBERS</b>	Sharon Anolik Shakked	Member
	Lica Hartman	Member
	Christine Sublett	Member

GOVERNANCE COMMITTEE		
	<b>Peter Fung, MD</b>	<b>Chair</b>
<b>BOARD MEMBERS</b>	<b>Robert Rebitzer</b>	Member
<b>COMMUNITY MEMBERS</b>	Gary Kalbach	Member
	Christina Lai	Member
	Peter Moran	Member

EXECUTIVE COMPENSATION COMMITTEE		
	Bob Miller	<b>Chair</b>
<b>BOARD MEMBERS</b>	<b>Lanhee Chen</b>	Member
	<b>Julia Miller</b>	Member
<b>COMMUNITY MEMBERS</b>	Teri Eyre	Member
	Jaison Layney	Member
	Pat Wadors	Member

INVESTMENT COMMITTEE		
	<b>Jeffrey Davis, MD</b>	<b>Chair</b>
<b>BOARD MEMBERS</b>	<b>John Zoglin</b>	Member
<b>COMMUNITY MEMBERS</b>	Nicola Boone	Member
	John Conover	Member
	Gary Kalbach	Member
	Brooks Nelson	Member

FINANCE COMMITTEE		
	<b>John Zoglin</b>	<b>Chair</b>
<b>BOARD MEMBERS</b>	<b>Dennis Chiu</b>	Member
	<b>David Reeder</b>	Member
<b>COMMUNITY MEMBERS</b>	Joseph Chow	Member
	Boyd Faust	Member
	William Hobbs	Member
	Richard Juelis	Member

QUALITY COMMITTEE		
	<b>David Reeder</b>	<b>Chair</b>
<b>BOARD MEMBERS</b>	<b>Jeffrey Davis, MD</b>	Member
	<b>Peter Fung, MD</b>	Member
<b>COMMUNITY MEMBERS</b>	Katherine Anderson	Member
	Mikele Bunce	Member
	Nancy Carragee, RN	Member
	Robert Pinsker, MD	Member
	Wendy Ron	Member
	Melora Simon	Member

LIAISONS	
ECH FOUNDATION BOARD	<b>David Reeder</b>
COMMUNITY BENEFIT ADVISORY COUNCIL	<b>Peter Fung, MD</b>

## Governance Committee Goals for FY 2017

### Purpose

The purpose of the Governance Committee (“Committee”) is to advise and assist the El Camino Hospital (ECH) Hospital 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.

### Staff: Tomi Ryba, CEO

*The CEO shall serve as the primary staff support to the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the executive team or outside consultants may participate in the Committee meetings upon the recommendation of the CEO and at the discretion of the Committee Chair.*

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
<ul style="list-style-type: none"> <li>Review the governance structure of the Hospital Board, conduct research and make recommendations on preferred competencies.</li> </ul>	<ul style="list-style-type: none"> <li>Q1 FY 2016</li> <li>Q4 FY 2016 and FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>Recommendation for high-priority Board member competencies made to Hospital Board and District Board. <b>Complete</b></li> <li>Chair nominates Governance Committee Member to serve on District Board Ad Hoc Committee and participate in Non-District Board Member recruitment/interview process as requested by the District Board. <b>Complete in Q4 FY 16; Need to Consider for FY18 in June 2017</b></li> <li>Make Recommendation regarding structural changes to the Hospital Board – Q3 <b>Incomplete. Not requested by Hospital or District Board.</b></li> </ul>

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
<ul style="list-style-type: none"> <li>Promote Enhanced and Sustained Competency Based Effective Governance</li> </ul>	<ul style="list-style-type: none"> <li>Q1 - Q4 FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>FY 17 Self- Assessment Tool Recommended to the Board and Survey Completed – Q1 – Q2 <b>Complete</b></li> <li>Reports are completed and made available to the Board and the District Board – Q3 – Q4 <b>Complete</b></li> <li>Monitor Effectiveness of Board Processes Work (Via Consulting) Q3 <b>Complete in Q4</b></li> </ul>
<ul style="list-style-type: none"> <li>Develop Board and Committee Education Plan for FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>Q1 – Q2 FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>Recommend Annual Retreat Agenda to the Board – Q2 – <b>Board engaged in Strategic Planning Process</b></li> <li>Make Recommendation Regarding Conference Attendance for the Full Board – Q1 – <b>Board Education Satisfied By Engagement in Strategic Planning Process. Conference attendance available to individual Board members.</b></li> </ul>
<ul style="list-style-type: none"> <li>Ensure Advisory Committee Composition and Member Competencies are Adequate to Support the Board.</li> </ul>	<ul style="list-style-type: none"> <li>Q2 FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>Review Advisory Committee Composition and Make Recommendations to the Board regarding skill gaps - Q2 <b>Complete</b></li> </ul>

**Submitted by:**

Peter C. Fung, MD, Chair, Governance Committee  
Tomi Ryba, Executive Sponsor, Governance Committee

Approved by the El Camino Hospital Board of Directors June 8, 2016



## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	<b>Item:</b>	Progress Against FY17 Committee Goals Governance Committee June 6, 2017
	<b>Responsible party:</b>	Cindy Murphy, Board Liaison
	<b>Action requested:</b>	Information
	<p><b>Background:</b> Most of the Board Advisory Committee goals have been met or are on track for completion in Q4.</p> <p><b><u>To Be Completed In Q4:</u></b></p> <p>FINANCE COMMITTEE</p> <p><b>Goal:</b> Review Capital Projects in Progress. <b>Status:</b> Final review at May 30, 2017 meeting.</p> <p>GOVERNANCE COMMITTEE</p> <p><b>Goal:</b> Promote Enhanced and Sustained Competency Based Effective Governance. <b>Status:</b> One metric “Monitor Effectiveness of Board Processes Work (Via Consulting)” will be complete in Q4.</p> <p><b><u>Not Completed in FY17:</u></b></p> <p>FINANCE COMMITTEE</p> <p><b>Goal:</b> Review results of HPO Plan, including expense control. <b>Status:</b> In accordance with prioritization efforts led by the Interim CEO, quarterly reporting to the Finance Committee and the Board on this topic was discontinued. Management continues to do internal monthly reviews of Integrated Performance Improvement under the High Performing Organization Plan.</p> <p>QUALITY COMMITTEE</p> <p><b>Goal:</b> Review and oversee a plan to ensure the safety of the medication delivery process. The plan should include a global assessment of adverse events and it should include optimizations to the medication safety process using the new iCare tool. <b>Status:</b> Management has been working on related initiatives, but a report has not been provided to the Quality Committee of the Board.</p> <p><b>Goal:</b> Further investigate Patient and Family Centered Care and develop an implementation plan. <b>Status:</b> Not Complete. Delayed due to departure of key staff leading this program. Recruitment is in progress.</p> <p>GOVERNANCE COMMITTEE</p> <p><b>Goal:</b> Review the governance structure of the Hospital Board, conduct research and make recommendations on preferred competencies.</p>	

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	<b>Status:</b> One of 3 metrics not complete – “Make recommendation regarding structural changes to the Hospital Board.” This work was not requested by Hospital or District Board.
	<b>Other Board Advisory Committee(s) that reviewed the issue and recommendation, if any:</b> None.
	<b>Summary and Session Objectives:</b> To update the Committee on the status of FY17 Advisory Committee goals.
	<b>Suggested discussion questions:</b> None.
	<b>Proposed Committee motion, if any:</b> None. This is an informational item.
	<b>LIST OF ATTACHMENTS:</b> 1. FY17 Advisory Committee Goals (Except Governance Committee)

## Corporate Compliance/Privacy and Audit Committee Goals FY 2017

### Purpose

The purpose of the Corporate Compliance/Privacy and Audit Committee (“Compliance and Audit Committee”) is to advise and assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its exercise of oversight by monitoring the compliance policies, controls and processes of the organization and the engagement, independence and performance of the internal auditor and external auditor. The Compliance and Audit Committee assists the Board in oversight of any regulatory audit and in assuring the organizational integrity of ECH in a manner consistent with its mission and purpose.

### Staff: Diane Wigglesworth, Sr. Director of Corporate Compliance

*The Director, Corporate Compliance/Privacy and Audit Committee shall serve as the primary staff support to the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chairs consideration. Additional members of the executive team or outside consultants may participate in the Committee meetings upon the recommendation of the Director, Corporate Compliance/Privacy and Internal Audit Committee and at the discretion of the Committee Chair.*

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics of Success Achieved
<ul style="list-style-type: none"> <li>Review and evaluate Hospitals Information Security Risk Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>Preliminary report in Q2 FY 2017 and Final report Q3 FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>Committee reviews and approves plan. - Plan was presented at 3/16/17 and 5/18/17 meetings and was approved at the 5/18/17 meeting.</li> </ul>
<ul style="list-style-type: none"> <li>Review and evaluate risk assessment of Patient Centered Medical Home (PCMH) Compliance and any corrective action plans</li> </ul>	<ul style="list-style-type: none"> <li>Q3 FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>Committee reviews and approves plan. – Results of assessment and corrective actions presented at 1/19/17 meeting.</li> </ul>
<ul style="list-style-type: none"> <li>Review plan and evaluate ERM activities, performance and execution of program</li> </ul>	<ul style="list-style-type: none"> <li>Q4 FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>Committee reviews and approves plan. - ERM program activities presented at 3/16/17 and 5/18/17 meeting. Committee provided additional recommendations to Management to include in report out.</li> </ul>

### Submitted by:

John Zoglin, Chair, Corporate Compliance/Privacy and Audit Committee

Diane Wigglesworth, Executive Sponsor, Corporate Compliance/Privacy and Audit Committee



## Executive Compensation Committee Goals for FY 2017

### Purpose

The purpose of the Executive Compensation Committee (“Compensation Committee”) is to assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its responsibilities related to the Hospital’s executive compensation philosophy and policies. The Compensation Committee shall advise the Board to meet all applicable legal and regulatory requirements as it relates to executive compensation.

### Staff: Kathryn Fisk, Chief Human Resources Officer

*The Chief HR Officer shall serve as the primary staff support to the Committee and is responsible for drafting the committee meeting agenda for the Committee Chair’s consideration. The CEO, and other staff members as appropriate, may serve as a non-voting liaison to the Committee and may attend meetings at the discretion of the Committee Chair. These individuals shall be recused when the Committee is reviewing his/her compensation. The CEO is an ex-officio of this Committee.*

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
1. Advise the Board on performance incentive goal-setting and plan design ensuring strategic alignment and proper oversight of compensation-related decisions.	Q2-4	<ul style="list-style-type: none"><li>Recommend FY16 performance goal scores and payouts (Q2) <b>Complete</b></li><li>Oversee the implementation of changes that impact the FY18 strategic planning, budgeting, and goal setting processes (Q3-4) <b>Strategic Planning Process Report Given to to ECC on 3/23/2017</b></li><li>Recommend FY 18 goals and measurements (Q4) <b>Complete</b></li><li>Assess the value of long-term incentives to support the achievement of long-term strategies (Q3) <b>Delayed until strategic planning process complete. Paced for Q1 FY18</b></li></ul>

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
2. Evaluate supplemental executive benefit program including market competitiveness, best practice, total compensation, and strategic value.	Q3-4	<ul style="list-style-type: none"> <li>Review consultant analysis and options for consideration (Q3) <a href="#">Report 3/23/2017</a></li> <li>Determine recommendation to the Board regarding possible design changes to supplemental executive benefit program including any impact on other elements of total compensation (Q4) <a href="#">Recommended Executive Benefit Plan Design Changes in Q4</a></li> </ul>
3. Advise the Board ensuring strategic alignment and proper oversight of compensation-related decisions.	Q 2-3	<ul style="list-style-type: none"> <li>Review base salary administration policy, review market analysis, and make base salary recommendations to the Board (Q2) <a href="#">Complete</a></li> <li>Submit the letter of reasonableness for Board acceptance (Q3) <a href="#">Complete</a></li> <li>Review compensation philosophy and performance incentive plan policies and make recommendation to Board to approve any changes (Q3) <a href="#">Complete</a></li> </ul>

**To be Submitted to the Board by:**

Jeffrey Davis, Chair, Executive Compensation Committee

Kathryn Fisk Executive Sponsor, Executive Compensation Committee

## FINANCE COMMITTEE FY17 GOALS

### Purpose

The purpose of the Finance Committee is to provide oversight, information sharing and financial reviews related to budgeting, capital budgeting, long-range financial planning and forecasting, and monthly financial reporting for El Camino Hospital Board of Directors. In carrying out its review, advisory and oversight responsibilities, the Finance Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

### Staff: Iftikhar Hussain, CFO

*The CFO shall serve as the primary staff support to the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the executive team may participate in the Committee meetings upon the recommendation of the CFO and subsequent approval from the Committee Chair. The CEO is an ex-officio of this Committee.*

Goals	Planned Timeline (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	Metrics
1. Review results of HPO Plan, including expense control	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>	<p><i>Present results to Finance Committee and Board of Directors.</i></p> <p>Introduced at Aug. 1, 2016 meeting (IPT); Presented at Nov. 28, 2016 meeting;</p> <p>In accordance with prioritization efforts led by the Interim CEO, quarterly reporting to the Finance Committee and the Board on this topic was discontinued. Management continues to do internal monthly reviews of Integrated Performance Improvement under the High Performing Organization Plan.</p>
2. Review Capital Projects in progress	<ul style="list-style-type: none"> <li>Q3</li> </ul>	<p><i>Update on capital projects in progress that exceed \$2.5M.</i></p> <p>Introduced in Q3, Completed in Q4</p>

Goals	Planned Timeline (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	Metrics
3. Evaluate 2 <sup>nd</sup> round of bond issuance	<ul style="list-style-type: none"> <li>• Q2 – Discussion</li> <li>• Q3 – Consider Recommendation</li> </ul>	<i>Presentation for a possible Spring 2017 for Revenue Bonds</i>  Issuance Complete in Q3
4. Education Topic: Medicare Margin	<ul style="list-style-type: none"> <li>• Q1</li> </ul>	<i>Presentation given at August Meeting</i>  Complete in Q1

**Submitted by:**

Dennis Chiu - Chair, Finance Committee

Iftikhar Hussain - Executive Sponsor, Finance Committee

*Approved by the Board of Directors: June 8, 2016*



## INVESTMENT COMMITTEE

### Goals for FY 2017

#### Purpose

The purpose of the Investment Committee is to develop and recommend to El Camino Hospital Board of Directors the investment policies governing the Hospital's assets, maintain current knowledge of the management and investment of the invested funds of the Hospital, and provide oversight of the allocation of the investment assets.

#### Staff: Iftikhar Hussain, CFO

*The CFO shall serve as the primary staff support to the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the hospital staff may participate in the Committee meetings upon the recommendation of the CFO and subsequent approval from the Committee Chair. The CEO is an ex-officio member of this Committee.*

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	Metrics
1. Review performance of consultant recommendations of managers and asset allocations.	▪ Each quarter –Ongoing	▪ Investment Committee to review selection of money managers; recommendations are made to CFO Complete Q1 – Q4
2. Educate Board and Committee: Investment strategy adjustments in low return environment	▪ Q1	▪ Complete by end of Q1 Complete Q1
3. Review/revise Executive Dashboard.	▪ Each quarter - Ongoing	▪ Complete by June 2017 Complete; Packet updated on an ongoing basis as requested by the Committee
4. Meet with the Finance Committee to help align investment philosophy with capital and cash flow needs.	▪ Q4.	▪ Complete by end of Q4 Complete Q3

**Submitted by:** Iftikhar Hussain, Executive Sponsor, Investment Committee

Approved by the Board of Directors June 8, 2016



## Quality, Patient Care and Patient Experience Committee

### Goals for FY 2017 - PROPOSED

#### Purpose

The purpose of the Quality, Patient Care and Patient Experience Committee (“Quality Committee”) is to advise and assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in constantly enhancing and enabling a culture of quality and safety at ECH, to ensure delivery of effective, evidence-based care for all patients, and to oversee quality outcomes of all services of ECH. The Quality Committee helps to assure that exceptional patient care and patient experience are attained through monitoring organizational quality and safety measures, leadership development in quality and safety methods and assuring appropriate resource allocation to achieve this purpose.

#### Staff: Chief Medical Officer

*The CMO shall serve as the primary staff support to the Committee and is responsible for drafting the committee meeting agenda for the Committee Chair’s consideration. Additional clinical representatives may participate in the Committee meetings upon the recommendation of the CMO and subsequent approval from both the CEO and Committee Chair. These may include the Chiefs/Vice Chiefs of the Medical Staff, VP of Patient Care Services, physicians, nurses, and members from the Community Advisory Councils or the community-at-large. The CEO is an ex-officio of this Committee.*

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
1. Review the hospital’s organizational goals and scorecard and ensure that those metrics and goals are consistent with the strategic plan and set at an appropriate level as they apply to the Quality, Patient Care, and Patient Experience Committee.	<ul style="list-style-type: none"> <li>Q1 – Goals</li> <li>Q3 - Metrics</li> </ul>	<ul style="list-style-type: none"> <li>Review, complete, and provide feedback given to management, the governance committee, and the board.</li> </ul> <p>Complete</p>
2. Biannually review peer review process and medical staff credentialing process.	<ul style="list-style-type: none"> <li>Every other year</li> </ul>	<p>Oversight of Peer Review Process Changes</p> <p>Complete</p>
3. Develop a plan to review exceptions for goals that are being monitored by the management team and report those exceptions to the El Camino board of directors.	<ul style="list-style-type: none"> <li>Q3</li> </ul>	<p>Complete</p>

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
4. Review and oversee a plan to ensure the safety of the medication delivery process. The plan should include a global assessment of adverse events and it should include optimizations to the medication safety process using the new iCare tool.	<ul style="list-style-type: none"> <li>Q2</li> </ul>	<p>Review the plan and approve.</p> <p>Management has been working on related initiatives, but a report has not been provided to the Quality Committee of the Board</p>
5. Further investigate Patient and Family Centered Care and develop an implementation plan.	<ul style="list-style-type: none"> <li>Q2</li> </ul>	<p>Review the plan and approve.</p> <p>Not Complete. Delayed due to departure of key staff leading this program. Recruitment is in progress.</p>

**Submitted by:**

Dave Reeder, Chair, Quality Committee

Daniel Shin, MD, Executive Sponsor, Quality Committee

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Report on Committee Recruitment Governance Committee June 6, 2017
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	Information
<p><b>Background:</b></p> <p><u>Executive Compensation Committee</u></p> <p>The Board approved the Executive Compensation Committee's recommendation to appoint Patricia Wadors on April 12, 2017.</p> <p><u>Quality Committee</u></p> <p>Committee members Alex Tsao (patient representative/advocate member) and Diana Russell, RN resigned from the Committee due to other obligations. At its August 2017 meeting, the Quality Committee will discuss appointing additional patient representative/advocate members.</p>	
<b>Board Advisory Committees that reviewed the issue and recommendation, if any:</b> None.	
<p><b>Summary and session objectives :</b></p> <p>To update the Governance Committee on the status of Advisory Committee recruitment activities.</p>	
<b>Suggested discussion questions:</b> None. This is an informational item.	
<b>Proposed Committee motion, if any:</b> None.	
<b>LIST OF ATTACHMENTS:</b> None.	

# Transforming Governance: Leading in an Era of Reform

## Hospital Boards of Trustees Need New Competencies

March 11, 2014 (Hospitals and Health Networks, an AHA Publication)

[Lee Ann Jarousse](#)

Success in the era of reform is dependent upon good governance. As hospitals and health systems embark on transformational change, it's critical that their boards lead the charge. The challenge, however, is that many boards today are not equipped to direct the organization of the future. That doesn't mean that boards are not acting in good faith and striving for organizational excellence. It means that the key to governing transformational change is transforming governance.

"Boards are aware that their organizations need to change," says Jamie Orlikoff, president of Orlikoff & Associates Inc., Chicago. "They have difficulty, however, realizing that it means boards need to change as well." To begin, boards must undergo a thorough self-assessment and evaluation to ensure that the board is poised to navigate the organization through uncertain times. This process should examine whether the board has all of the relevant competencies it needs going forward. It should also examine the process for recruiting and selecting new board members. "Many boards are too big and have a lot of people who don't bring the needed competencies," says David Nash, M.D., dean of the Thomas Jefferson University School of Population Health, Philadelphia.

The use of competency-based criteria in board member selection should reflect the organization's strategic direction and goals. Boards must determine what competencies will support the organization's strategy and then undergo the often difficult task of finding the individual with the relevant knowledge and capabilities. Take population health, for example. Boards need competency and education in the field of population health and population health analytics, says Nash. "It has to be someone with knowledge of population health and Big Data, but also with the political gravitas needed to be a board member," he says. "That's a small number of people, nationally."

Board accountability is more important than ever before, says Orlikoff. "The board must be willing to hold itself accountable," he says. "And individual board members need to be more thoughtful and robust in terms of individual responsibilities." Potential tools to boost accountability include individual board member evaluation pursuant to term renewal, as well board chair evaluations.

Governing in the era of reform will require greater time commitment from board members, particularly in the area of education. "Board members need more education than we've ever provided to them in the past," says Pamela Knecht, president and CEO,

ACCORD LIMITED, Chicago. "There needs to be a rigorous plan for ongoing education throughout the year." Nash agrees. "Board members need to be protective of their time for continuous learning to fulfill their fiduciary responsibility." Orlikoff suggests that continuous education should be mandatory for board members. "Most boards offer education but don't require it," he says. "This creates a two-tiered level of governance and that's problematic." Allowing board members to pick and choose among educational offerings results in a knowledge gap that can hinder board efficiency and effectiveness. Mandatory education, on the other hand, helps to create a unified vision and greater organizational alignment.

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## **8 Strategies to Transform Governance**

Hospital boards must evolve to provide effective governance in the future. These strategies can help boards evaluate how their current composition and structure needs to change to reflect the transformation of the health care delivery system.

1. Identify competencies for transformational governance. Assess and fill the gaps.
  2. Determine applicability of emerging governance models; expert, community-based and clinical enterprise boards.
  3. Determine whether board compensation is necessary and permissible.
  4. Ensure that board membership reflects communities served.
  5. Evaluate performance at all levels of governance.
  6. For multiple-board health care systems and individual health care organizations joining larger systems, consider a broader role for community leaders in the health care enterprise.
  7. Adopt governance best practices.
  8. Adopt a high-performance culture.
- 

## **Board Competencies**

Transforming the health care delivery system is no small task. Accordingly, boards will be challenged in new, complex ways. It's critical for boards to conduct a self-assessment that includes a review of board composition and the recruitment and selection process for new board members. Boards should look for new members with

experience, skills and knowledge who will help guide the organization through transformation change.

### **Key steps in selecting a board member**

1. Review resumes and consider multiple candidates.
2. Recruit to fill the knowledge gaps on the board. Identify candidates with new backgrounds and skills.
3. Strive for greater diversity to reflect the community served.
4. Select the individual who is the best fit for the board.

### **Knowledge and skills**

At a minimum, boards need knowledge and skills in the following areas:

- Health care delivery and performance
- Business and finance, including knowledge of new payment models
- Human resources

Advanced knowledge and skills to meet the organization's strategic objectives:

- Mergers and acquisitions
- Insurance and government payment programs
- Public health and the local health care delivery system
- IT and clinical integration
- Risk management and regulatory compliance
- Clinical experience, including physicians, nurses, pharmacists and other clinicians

## **Personal capabilities**

Desirable personal capabilities for board members include:

- Accountable
- Achievement- oriented
- Ability to lead change
- Collaborative
- Community oriented
- Information- seeking
- Innovative thinking
- Complexity management
- Organizational awareness
- Professionalism

- Relationship-building
- Strategically orientated
- Ability to develop talent
- Team leadership skills
- Critical thinking
- Flexibility and adaptability
- Courage

**Sources:** "Competency-based Governance: A Foundation for Board and Organizational Effectiveness," Center for Healthcare Governance, 2009; "Governance Practices in an Era of Health Care Transformation," Center for Healthcare Governance, 2012; *H&HN* research

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## Transforming Governance for Value-Based Care

Boards of the future must focus on accountability and continuous learning.

### Traditional governance practices

- Routine board education at meetings and an annual retreat
- Individual board member development
- Board member recruitment for organizational and stakeholder needs
- Full board and individual board member self-evaluation
- Governance focused on strategic and fiduciary responsibilities
- Governance internally focused on its own structure and processes
- Improvement of current governance practices
- Focus on today's performance — improving cost, quality and safety

### Transformational governance practices

- Continuous learning to understand health care transformation
- Competency-based full board and board leader development and succession planning
- Competency-focused full board, peer-based individual board member, board leader and board meeting evaluation

- Generative governance that helps to shape the identity, purpose and future of the organization
- Governance focused on accountability for outcomes
- Transforming governance to transform health care
- Focus on tomorrow with metrics to shape future performance; population health improvement, physician engagement, cost/community member, recovery of at-risk dollars.

**Source:** "Governance Practices in an Era of Health Care Transformation," Center for Healthcare Governance, 2012

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## The Board's Role in Transforming Health Care

The board plays a pivotal role in health system transformation. The following steps will help boards to shape their organization's strategic direction.

1. Understand and oversee continuous performance improvement.
2. Have candid discussions about what transformation means for the organization.
3. Broaden compliance and enterprise risk management.
4. Strengthen board and organizational capabilities to manage change.
5. Ensure development of patient and family engagement strategies.
6. Develop governance dashboards with "bifocal metrics" that assess today's performance and shape future outcomes.
7. Encourage collaboration among providers to build the care systems of the future.
8. Actively oversee physician alignment, engagement and leadership development strategies.
9. Use results of community health needs assessment to set strategy.
10. Assess the capabilities of executives to lead transformational change.
11. Create a compelling vision for the future.



## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Report on El Camino Hospital Board and El Camino Healthcare District Board Actions  Governance Committee  June 6, 2017
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	For Information
<b>Background:</b>  In FY16, we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement the Chair's verbal report.	
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>  None.	
<b>Summary and session objectives:</b> To inform the Committee about recent Board actions.	
<b>Suggested discussion questions:</b> None.	
<b>Proposed Committee motion, if any:</b>  None. This is an informational item.	
<b>LIST OF ATTACHMENTS:</b>  1. Report on April and May ECH Board Actions and May ECHD Board Actions	

### **May 2017 ECHD Board Actions\***

1. May 15, 2017
  - a. Expanded Hospital Board membership to add 2 additional appointed/subject matter experts. Also voted to change CEO to a non-voting member of the Board.
2. May 22, 2017
  - a. Appointed Robert Rebitzer to the El Camino Hospital Board of Directors

### **April and May 2017 ECH Board Actions\***

1. April 12, 2017
  - a. Approved FY17 Period 8 Financials
  - b. Approved Primary Care Physician Replacement for Silicon Valley Primary Care Clinic
  - c. Approved Revisions to the Board Director Compensation Policy – Approved Annual Board Chair Stipend of \$12,000, payable quarterly and \$100 stipend for Committee Chair (Directors only) participation in agenda planning meeting.
  - d. Appointment of Executive Compensation Committee Member Pat Wadors
  - e. Approved Primary Care Physician Replacement for Silicon Valley Primary Care Clinic
  - f. Approved Finance Committee Recommendations:
    - i. SVPMD Physician Recruitment – Medical Oncologist
    - ii. General Surgery ED Call Panel
    - iii. Medical Directorship renewal – Quality and Physician Services
    - iv. Capital Funding Request – Women’s Hospital Expansion Incremental Funding
    - v. Capital Funding Request – Los Gatos Facility Improvement Project
2. May 10, 2017
  - a. Biennial Board Officer Election (for a two year term, effective July 1, 2017):
    - i. Hospital Board Chair – Lanhee Chen
    - ii. Hospital Board Vice Chair – John Zoglin
    - iii. Hospital Board Secretary/Treasurer – Julia Miller
  - b. Approved Revised Board Director Compensation Policy
  - c. Approved El Camino Hospital Auxiliary Slate of Officers

\*This list 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.

## ECH COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	El Camino Hospital Board Recruitment Update Governance Committee June 6, 2017
<b>Responsible party:</b>	Don Sibery, Interim CEO
<b>Action requested:</b>	For Information/Discussion
<p><b>Background:</b></p> <p>El Camino Hospital (“ECH”) Director Neal Cohen, whose second term expires on June 30, 2017, has decided not to pursue a third term. With the assistance of the executive search firm, and ECH Governance Committee Member Gary Kalbach, the Ad Hoc Committee interviewed six candidates and identified two finalists who accepted an invitation to interview with the El Camino Healthcare District Board for a position on the ECH Board of Directors. On May 22<sup>nd</sup> The District Board interviewed both candidates, found them both to be very well qualified, and selected Bob Rebitzer to serve as an ECH Director for a term of three years effective July 1, 2017.</p> <p>Previously, on May 15, 2017, the District Board voted to expand the ECH Board to 10 members (+ CEO – see Proposed Bylaws Revisions). The next step in that process is to obtain ECH Board and District Board approval of the proposed revisions to the ECH Bylaws and for the District Board to discuss and adopt an Implementation Plan for selection and appointment of the additional 2 Directors. These are both planned for the District Board’s June 20<sup>th</sup> meeting.</p>	
<b>Committees that reviewed the issue and recommendation, if any:</b> None.	
<p><b>Summary and Session Objectives:</b></p> <ul style="list-style-type: none"> <li>• To update the Committee on ECH Board Recruitment</li> <li>• To obtain the Committee’s input on an Implementation Plan for the selection of new ECH Directors</li> </ul>	
<p><b>Suggested discussion questions:</b></p> <ol style="list-style-type: none"> <li>1. Timeline in filling the additional two seats on the El Camino Hospital Board.</li> <li>2. Competencies used in the selection of the additional Directors.</li> <li>3. If the alternative candidate interviewed by the District Board is deemed qualified with respect to these competencies, should the District Board consider appointing that candidate without further process once the Bylaws are revised?</li> <li>4. Would you still follow #3 if additional qualified candidates have been identified?</li> </ol>	
<b>Proposed Committee motion(s), if any:</b> None.	
<p><b>LIST OF ATTACHMENTS:</b></p> <ol style="list-style-type: none"> <li>1. New ECH Board Member Profile - Robert “Bob” Rebitzer</li> <li>2. ECH Board Member Position Profile</li> </ol>	

## ECH COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Enhanced and Sustained Competency-Based Governance: El Camino Hospital Bylaws Revisions  Governance Committee  June 6, 2017
<b>Responsible party:</b>	Mary Rotunno, General Counsel; Cindy Murphy, Board Liaison
<b>Action requested:</b>	Possible Motion
<b>Background:</b>  At its May 15, 2017 meeting, the El Camino Healthcare District Board of Directors voted to expand the El Camino Hospital Board of Directors to 10 members plus a non-voting ex-officio position on the Board for the CEO. The first step to implement the District Board's action is revision of the Hospital's Bylaws. Summary of proposed revisions: <ol style="list-style-type: none"> <li>1. Section 4.4 – Delete reference to CEO as a Board Director. Pursuant to California Corporations Code Section 5047 (as amended January 1, 2016) CEO as an ex-officio member of the Board without a vote is not a Director. The revision is recommended to avoid confusion that could be created by referring to the CEO as a Director in the Bylaws when California law provides otherwise.</li> <li>2. Section 4.5 – Identifies the additional two Directors as “2017 Directors” and provides for staggered terms, ultimately of three years.</li> <li>3. Section 4.6 – Provides identical term limits for 2012 and 2017 Directors.</li> <li>4. Section 9.3(f) – Confirms that the CEO is expected to attend and participate in Board discussions, creating in effect a “non-voting ex-officio position.”</li> </ol>	
<b>Other Committees that reviewed the issue and recommendation, if any:</b> None.	
<b>Summary and Session Objectives:</b>  To obtain the Committee's recommendation on the Draft ECH Bylaws Revisions	
<b>Suggested discussion questions:</b> None.	
<b>Proposed motion, if any:</b> To recommend the Board approve the Draft Proposed Revised ECH Bylaws.	
<b>LIST OF ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. Draft Revised ECH Bylaws (Redline)</li> <li>2. Draft Revised ECH Bylaws (Clean)</li> </ol>	

, 2017

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## **ARTICLE I**

### **Corporate Offices**

1.1 Principal Office. The principal office of El Camino Hospital, a nonprofit public benefit corporation (the “Corporation”), is located in Mountain View, California. The Corporation may have such other offices as the Board of Directors of Corporation (the “Board”) may determine from time to time.

1.2 Registered Office. The address of the registered office of the Corporation is 2500 Grant Road, Mountain View, California 94040.

## **ARTICLE II**

### **Purposes, Powers and Membership**

2.1 Purposes. The purposes of the Corporation are set forth in its Articles of Incorporation (the “Articles”).

2.2 Powers. The Corporation may engage in any activity consistent with the Articles and these Bylaws.

2.3 Membership Corporation. The Corporation shall have one voting Member: El Camino Healthcare District, a political subdivision of the State of California (the “Member”). The Corporation shall have no other voting members.

2.4 Exempt Activities. Notwithstanding any other provision of these Bylaws, no director, officer, employee, or representative of the Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and regulations promulgated thereunder as they now exist or as they hereafter may be amended, or by an organization contributions to which are deductible under Section 170(c) of such Code and Regulations as they now exist or as they hereafter may be amended.

2.5 Termination of Membership. The membership of the sole Member shall terminate upon the resignation of the sole Member.

## **ARTICLE III**

### **Meetings of Members**

3.1 Place of Meetings. Meetings of the sole Member shall be held at any place within or outside the State of California designated by the Board of Directors. In the absence of any such designation, meetings of the sole Member shall be held at the principal executive office of the Corporation.

3.2 Annual Meeting. There shall be an annual meeting of the sole Member held each year. The Board shall provide for the time and place of holding the annual meeting and notify the sole Member as provided in Section 3.3. At the annual meeting, directors shall be elected as

required by these Bylaws, reports of the affairs of the Corporation shall be considered, and any other business may be transacted that is within the power of the sole Member.

3.3 Notice of Annual Meeting. Written notice of each annual meeting shall be given to the sole Member entitled to vote, either personally, or by mail, or by other means of written communication, with charges prepaid, addressed to the sole Member at the sole Member's address appearing on the books of the Corporation or given by the sole Member to the Corporation for the purpose of notice.

All such notices shall be given to the sole Member entitled to the notice by mail or other means of written communication not less than ten (10) days (or, if sent by mail other than first-class, registered, or certified mail, twenty (20) days) nor more than ninety (90) days before each annual meeting. Any such notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication. An affidavit of giving of any such notice in accordance with the foregoing provisions, executed by the Secretary or any transfer agent of the Corporation, shall be *prima facie* evidence of the giving of the notice.

The notice of the meeting shall specify:

- (a) the place, date, and hour of the meeting;
- (b) those matters which the Board, at the time the notice is given, intends to present for action by the sole Member;
- (c) if directors are to be elected, the names of all those who are nominees at the time the notice is given;
- (d) the general nature of a proposal, if any, to take action when approval of the sole Member is required with respect to (i) removal of directors without cause; (ii) the filling of vacancies on the Board; (iii) amendment of the Articles or these Bylaws; (iv) voluntary merger or dissolution of the Corporation; or (v) disposition of all or substantially all of the assets of the Corporation; and
- (e) such other matters, if any, as may be expressly required by law.

3.4 Special Meetings. A special meeting of the sole Member for any lawful purpose or purposes may be called at any time by the Chairperson of the Board or by the Board. In addition, a special meeting of the sole Member for the purpose of removal of directors and election of their replacements may be called by the sole Member.

3.5 Notice of Special Meetings. Upon request in writing that a special meeting of the sole Member be called, directed to the Chairperson, Vice Chairperson, or Secretary, by any person (other than the Board of Directors) entitled to call a special meeting of the sole Member, the officer forthwith shall cause notice to be given to the sole Member that a meeting will be held at a time fixed by the Board, not less than thirty-five (35) nor more than ninety (90) days after the receipt of the request. If the notice is not given within twenty (20) days after the receipt of the request, the persons entitled to call the meeting may give the notice. Notice of any special

meeting of the sole Member shall be given in the same manner as for annual meetings of the sole Member. In addition to the matters required by Section 3.3(a) and, if applicable, Section 3.3(c) of these Bylaws, notice of any special meeting shall specify the general nature of the business to be transacted, and the fact that no other business may be transacted at the meeting.

3.6 Quorum. The presence in person or by proxy of the sole Member shall constitute a quorum for the transaction of business. Any meeting of the sole Member may be adjourned from time to time by the sole Member.

3.7 Adjourned Meeting and Notice. Except as provided below, when the sole Member's meeting, either regular or special is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting. However, no meeting may be adjourned for more than forty-five (45) days. If after adjournment a new record date is fixed for notice or voting, notice of the adjourned meeting shall be given to the sole Member.

3.8 Voting.

(a) Except as may be otherwise provided in the Articles or these Bylaws, the sole Member shall be entitled to one vote on each matter being considered.

(b) Voting at a meeting of the sole Member may be by voice vote or by ballot.

3.9 Proxies.

(a) The sole Member may authorize another person or persons to act by proxy with respect to such membership. "Proxy" means a written authorization signed by the sole Member giving another person or persons power to vote on behalf of the sole Member. "Signed" for the purpose of this section means the placing of the sole Member's name on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the sole Member. Any proxy duly executed is not revoked and continues in full force and effect until (i) a written instrument revoking it is filed with the Secretary of the Corporation prior to the vote pursuant to the proxy, (ii) a subsequent proxy executed by the person executing the prior proxy is presented to the meeting, or (iii) the person executing the proxy attends the meeting and votes in person; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. The dates contained on the forms of proxy presumptively determine the order of execution, regardless of the postmark dates on the envelopes in which they are mailed. No proxy may be irrevocable.

(b) In any election of directors, any form of proxy in which the directors to be voted upon are named as candidates and which is marked by the sole Member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld shall not be voted either for or against the election of a director.

3.10 Validation of Defectively Called or Noticed Meetings. The transactions of any meeting of the sole Member, however called and noticed, and wherever held, are as valid as

though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by these Bylaws or by the California Nonprofit Corporation Law to be included in the notice if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of the sole Member need be specified in any written waiver of notice, consent to the holding of the meeting, or approval of the minutes of the meeting, unless otherwise provided in the Articles or these Bylaws, except the general nature of the proposals listed in Section 3.3(d) of these Bylaws must be specified, to the extent applicable, in any such waiver, consent, or approval.

3.11 Action Without a Meeting. Any action required or permitted to be taken by the sole Member may be taken without a meeting, if the sole Member consents in writing to the action. The written consent shall be filed with the minutes of the proceedings of the sole Member. The action by written consent shall have the same force and effect as the vote of the sole Member.

3.12 Rights of the Member. The Member shall have all rights granted to a member under the California Nonprofit Corporation Law. Without limiting the generality of the foregoing, the Member shall have the right to approve the election of directors, to approve the disposition of all or substantially all of the assets of the Corporation or to approve a merger and dissolution of the Corporation and the other rights set forth in the articles of incorporation and bylaws. In addition to the foregoing, the Member shall have the right to require the Corporation to provide to Member any financial information requested by the Member and to approve the following actions authorized by the Board of Directors of the Corporation:

1. To approve the selection of the Corporation's Chief Executive Officer;
2. To approve the annual budget of the Corporation;
3. To approve capital expenditures by the Corporation of more than \$25 million dollars in a single transaction;
4. To approve any expenditures or transfers by the Corporation in a single transaction apparent or a series of related transaction (in excess of 5% of the assets of the Corporation as determined based on last annual audit of the Corporation preceding the approval date of the proposed transaction);
5. To approve the overall strategy adopted by the Corporation.

## **ARTICLE IV**

### **Board of Directors**

4.1 Management by Board of Directors. The business and affairs of the Corporation shall be managed by the Board, except as otherwise provided by law, the Articles, these Bylaws or a Board resolution.

4.2 Number of Voting Directors. The number of voting directors (“Directors”) of the Corporation shall not be less than five (5) nor more than ~~nine (9)~~ten (10) until changed by amendment of the Articles or by a bylaw amending this Section 4.2 duly adopted by the sole Member. The exact number of Directors shall be fixed from time to time, within the limit specified in the Articles or in this Section 4.2, by the sole Member.

4.3 Qualifications of Voting Directors.

(a) Commitment. Directors must be committed to the furtherance of health care delivery in the communities served by the Corporation, and must be willing to devote the necessary time and energy for self-education, corporate functions and other activities necessary to fulfill this commitment.

(b) Fiduciary Duty. Directors shall have a fiduciary duty to the Corporation, and shall make all decisions in a manner that is in the best interests of the Corporation and the communities served by the Corporation. Directors shall not advocate or act in the interests of any private person, group or entity unless such action is also in the best interests of the Corporation or the communities served by the Corporation.

(c) Restriction on Interested Directors. Not more than forty-nine percent (49%) of the persons serving on the Board of Directors at any time may be interested persons. An interested person is (i) any person being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as a Director; and (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person. In addition, 2012 Directors and 2017 Directors shall not be or seek to become an employee of the Corporation or an independent contractor receiving compensation from the Corporation while serving as a Director, except in the circumstances when a Director who is also a director of the sole Member may so serve. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the Corporation. Restrictions in addition to those set forth above may be imposed by applicable law.

(d) Financial Interest. Except as permitted by the California Nonprofit Corporation Law, the California Health and Safety Code and any other provisions of law, Directors shall not have a “financial interest” in any transactions or contracts of the Corporation.

4.4 Appointment and Selection of Directors.

~~(a) — Ex Officio Director. The Chief Executive Officer of this Corporation shall serve as an ex-officio Director, with full voting rights; the voting right of the ex-officio Director shall be suspended when the number of Directors in office is less than nine (9) except to the extent that the vacant positions are entirely among the 2012 Directors. The term of such Director shall end when his or her term of office as the Chief Executive Officer of this Corporation expires or terminates.~~

~~(b) — Vacancies. In the event of a vacancy on the Board because no person holds the position designated in Section 4.4(a), such position on the Board shall remain vacant~~

~~until a successor is appointed to the office described in Section 4.4(a). In the event that the office described in Section 4.4(a) no longer exists, the Member shall have the exclusive power to appoint a person to serve as a Director with respect to such position.~~

~~(c)Other Directors.~~ All Directors, ~~other than the ex-officio Director,~~ shall be nominated and elected by the Member.

~~(d)Replacement Directors.~~ A Director, if any, who fills the unexpired term of a vacant Director position shall serve until the end of that unexpired term.

#### 4.5 Term.

##### (a) Years.

~~(i) The term of an ex-officio Director described in Section 4.4 shall be the period of time such an ex-officio Director holds the office described in Section 4.4.~~

(i) ~~(ii)~~ A Director first elected by the Member pursuant to Section 4.4 ~~(e)~~ effective September 1, 2012 shall serve a staggered term ending June 30, 2013, June 30, 2014 or June 30, 2015 as designated by a resolution of the Board. Any Director who is later appointed to such position or who is later appointed to a new term for such a position after the initial term expires shall serve a term of three (3) years. The Directors described in this subparagraph (ii) are referred to in these Bylaws as “2012 Directors.”

(ii) A Director first elected by the Member, as a result of the increase in the number of permitted directors to ten (10), effective [June 20, 2017] shall serve a staggered term ending June 30, 2020 or June 30, 2021 as designated by a resolution of the Member. Any Director who is later appointed to such position or who is later appointed to a new term for such a position after the initial term expires shall serve a term of three (3) years. The Directors described in this subparagraph (ii) are referred to in these Bylaws as “2017 Directors.”

(iii) All other Directors not listed in Section 4.5(a)(i) or (ii) shall hold office as a Director for a term of four (4) years from the date of election.

(iv) A Director who fills the unexpired term of a vacant Director position shall serve until the end of that unexpired term.

(v) ~~(iv)Any A~~ Director, ~~other than a Director serving ex-officio,~~ shall serve for such Director’s stated term and until his or her successor is duly elected and qualified, unless the Director resigns or is removed as provided in these Bylaws.

#### 4.6 Term Limits.

##### (a) New Members.

(i) Any 2012 Director ~~described in Section 4.5(a)(ii) or 2017 Director~~ who first takes office during calendar year 2014, or any time thereafter, may only serve four (4) complete three (3) year terms as a Director.

(ii) Any Director described in Section 4.5(a)(iii) who first takes office during calendar year 2014, or any time thereafter, may only serve three (3) complete four (4) year terms as a Director.

(b) Current Members.

(i) Any 2012 Director ~~described in Section 4.5(a)(ii)~~ who is serving as a Director as of January 1, 2014 may only serve four (4) complete three (3) year terms as a Director beginning with such Director's next term of office that commences after January 1, 2014.

(ii) Any Director described in Section 4.5(a)(iii) who is serving as a Director as of January 1, 2014 may only serve three (3) complete four (4) year terms as a Director beginning with such Director's next term of office that commences after January 1, 2014.

(c) Effect of Term Limit. The office of any Director subject to the limitation set forth in Section 4.6(a) or Section 4.6(b) shall terminate on the last day of the period described in Section 4.6(a) or Section 4.6(b) that is applicable to such Director.

(d) Election Following Term Limit. Any person who has left the Board due to the application of Section 4.6(a) or (b) may be elected to serve as a Director after two (2) years from the date such Director left the Board.

(e) New Term Limits. Any Director elected, as described in Section 4.6(d), after his or her term has been limited shall be subject to Section 4.6(a) beginning on the first day of such new term.

4.7 Vacancy.

(a) A vacancy in the Board of Directors shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) the declaration by the Board of a vacancy in the office of a Director who has been declared of unsound mind by a final order of court, or has been convicted of a felony, or has been found by a final order or judgment of any court to have breached any duty under Sections 5230-38 of the California Corporations Code dealing with standards of conduct for directors; (iii) an increase in the authorized number of Directors; (iv) the application or other request by a 2012 Director or 2017 Director seeking employment with the Corporation or seeking to provide contracted services to the Corporation, except in circumstances when a Director who is also a director of the sole Member may so serve; (v) the failure of the sole Member, at any annual or other regular meeting of Member at which any Director or Directors are elected, to elect the full authorized number of Directors to be voted for at that meeting; or (vi) the affirmative vote of the sole Member to remove a Director in accordance with the voting requirements of Section 5222 of the California Corporations Code as provided in Section 4.9 below.

(b) Vacancies in the Board may be filled only by the sole Member. Each Director appointed or elected to fill a vacancy shall hold office until his or her successor is elected at an annual or other regular meeting of the sole Member.



4.8 Resignation. Any Director may resign at any time by giving written notice to the Chairperson or the Secretary. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in the resignation. If the resignation is effective at a future time, the successor may be elected to take office when the resignation becomes effective. Unless the California Attorney General is first notified, no Director may resign when the Corporation would then be left without a duly elected Director or Directors in charge of its affairs.

4.9 Removal. Any elected Director may be removed, with or without cause, at any time by the Member. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office. Each Director appointed or elected to fill a vacancy shall hold office until his or her successor is elected by the sole Member.

## **ARTICLE V**

### **Certain Director Election Procedures**

5.1 Nominating Committee. The Board shall appoint a Nominating Committee, a special committee, to select qualified candidates for election to the Board at least thirty (30) days before the date of any election of Directors. The committee shall make its report at least two (2) days before the date of the election, and the Secretary of the Corporation shall forward to the Member, with the notice of meeting required by Section 3.3 of these Bylaws, a list of candidates so nominated along with the names of any persons duly nominated by the Member as of that time.

5.2 Nominations by Member. The sole Member may nominate candidates for directorships at any time before the election. The Secretary shall cause the names of such candidates to be placed on the ballot along with those candidates named by the nominating committee. If there is a meeting to elect directors, the sole Member may place names in nomination.

## **ARTICLE VI**

### **Board Meetings**

6.1 Annual Meeting. An annual meeting of the Board shall be held each year, at which time officers of the Board shall be elected and such other business as is appropriate shall be transacted. Annual meetings shall be held at the location designated by the Board or at the principal office of the Corporation.

6.2 Regular Meetings. Meetings of the Board shall be held as directed by the Board, but at least quarterly at any place within or outside the State of California that has been designated by the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Corporation. Regular meetings may be held without notice.

6.3 Special Meetings.

(a) Authority to Call. Special meetings of the Board may be called for any purpose and at any time by the Chairperson, the Secretary, or any two (2) Directors.



(b) Manner of Notice. Notice of the time and place of special meetings shall be given to each Director by one of the following methods: by personal delivery of written notice; by first-class mail, postage paid; by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; by facsimile; or by telegram, charges prepaid. All such notices shall be addressed to or otherwise transmitted to the Director's address, facsimile number, or telephone number shown on the records of the Corporation. The notice shall specify the time and place of the meeting.

(c) Timing of Notice. Notices sent by first-class mail shall be deposited into a United States mail box at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, facsimile or telegram shall be given at least forty-eight (48) hours before the time set for the meeting.

6.4 Meetings by Conference Telephone. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another. All such Directors shall be deemed to be present in person at any such meeting.

6.5 Waiver of Notice. The transaction of business at any meeting of the Board, however called and noticed or wherever held, shall be valid as though held at a meeting that was duly held after regular call and notice, but only if a quorum is present and if, either before or after the meeting, each of the Directors not present signs and files with the Secretary a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof, or such Director attends the meeting without protesting, prior to the meeting or at its commencement, the lack of notice to such Director, provided that no Director present at the meeting objected, prior to the transaction of any business, to the holding of the meeting because of a lack of prior notice. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

6.6 Unanimous Action Without Meeting. Any action required or permitted to be taken by the Board under the Articles, these Bylaws or any provision of law may be taken by the Board without a meeting, if the Directors unanimously consent in writing to such action. Such unanimous written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by unanimous written consent shall have the same force and effect as the unanimous vote of the Directors at a duly called and noticed meeting. Such unanimous written consent or consents may be signed in counterpart and may be submitted to the individual Directors, and returned to the Corporation by mail or by facsimile transmission. For purposes of this section only, "all members of the Board" does not include any "interested directors" as defined in Section 5233 of the California Corporations Code.

6.7 Quorum. A majority of the number of existing Directors (excluding vacancies) shall constitute a quorum for the transaction of business, except to adjourn. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors from the meeting, if any action taken is approved by at least a majority of the required quorum for that meeting, subject to any applicable requirements for approval by a greater number or a disinterested majority.

6.8 Agenda for Meetings. The agenda for Board meetings shall be developed by the Chairperson with the Chief Executive Officer acting as staff to the Chairperson for this purpose. The Chairperson shall prepare a calendar of expected agenda items that will be communicated regularly at Board meetings. Any Director may ask that a matter be added to a future Board meeting agenda by written notification to the Chairperson and the Chief Executive Officer. The Chairperson will determine, considering all other matters to be addressed by the Board, whether and when to add the matter to a Board agenda. If the matter will not be added to the Board meeting agenda at the next meeting to be held more than fourteen (14) days after the date of the request, the Chief Executive Officer will notify the Director making the request of the Chairperson's decision; the person making the request may ask that the questions of whether such matter should be considered by the Board and the timing of such consideration be addressed during the discussion of the calendar of expected agenda items during the next meeting of the Board that occurs more than ten (10) days thereafter. Notwithstanding the foregoing, any request to add a matter to the Board agenda made by three (3) directors shall be added to the Board meeting agenda at the next meeting to be held more than fourteen (14) days after the date of the last request.

6.9 Board Action. Every act done or decision made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number, or the same number after disqualifying one or more Directors from voting, is required by the Articles, these Bylaws, or the California Nonprofit Corporation Law. Provided however, amendments to the Articles or these Bylaws and approval of certain transactions must be approved by the vote of a majority of the Directors in office, excluding interested directors as defined in Section 5233 of the California Corporations Code.

6.10 Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

6.11 Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

## **ARTICLE VII**

### **Board Committees and Advisory Committees**

7.1 Establishment of Committees. The Board of Directors may, by resolution adopted by a majority of the Directors then in office, provided that a quorum is present, designate one or more committees, each consisting of two (2) or more Directors, to serve at the pleasure of the Board. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The provisions of Section 7.1 through 7.5 of these Bylaws do not apply to any advisory committee established under Section 7.6. The appointment of members or alternate members of a committee requires the vote of a majority of the Directors then in office, provided that a quorum is present. Any such committee, to the extent provided in the resolution of the Board of Directors or in these Bylaws, shall have all the authority of the Board of Directors, except that no committee, regardless of Board resolution, may:

(a) Approve any action that, under the California Nonprofit Corporation Law, also requires the affirmative vote of the members of a public benefit corporation.

(b) Fill vacancies on the Board or in any committee that has the authority of the Board.

(c) Fix compensation of the Directors for serving on the Board or on any committee.

(d) Amend or repeal Bylaws or adopt new bylaws.

(e) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable.

(f) Appoint any other committees of the Board or the members of such committees.

(g) Expend corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected.

(h) Approve any transaction between the Corporation and one or more of its Directors in which the Director or Directors have a material financial interest, except as provided by Section 5233 of the California Corporations Code.

7.2 Special Committees. From time to time the Board may establish special committees. Special Board committees shall exist to perform specific tasks identified by the Board, and shall cease to exist upon completion of the task. The Board may by resolution establish special committees for such purposes as the Board deems appropriate. Members of such committees shall be appointed and removed at the Board's discretion, with or without cause.

7.3 Authority to Act. The committee may take action on behalf of the Corporation only if specifically authorized to take a Board action by resolution of the Board.

7.4 Appointment. The Chairperson of the Board shall appoint committee chairperson(s) and the committee chairperson(s) shall appoint members of committee(s) subject to approval by the Board.

7.5 Meetings and Actions of Committees. Meetings and actions of all committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of these Bylaws, concerning meetings and actions of Directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board may adopt rules not inconsistent with

the provisions of these Bylaws for the governance of any committee.

7.6 Advisory Committees. Notwithstanding any other provision of this Article VII or these Bylaws, the Board may by resolution establish advisory committees to the Board. No advisory committee shall have or exercise any of the authority of the Board but shall advise the Board of Directors on matters within the advisory committee's charter as adopted by the Board. An advisory committee shall be composed of at least two members of the Board and persons who are not members of the Board. The Board, 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 Board members 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. The Chairperson may serve as chair or a member of any advisory committee except the Governance Committee. The Board may, at any time, amend the resolution establishing the advisory committee to change the members, to change the scope of delegation, or to terminate the existence of the advisory committee.

## **ARTICLE VIII**

### **Officers and Employees**

8.1 Officers. The officers of the Corporation shall consist of the Chairperson, the Vice Chairperson, the Secretary and the Treasurer and such other persons who are specifically designated as officers by the Board. The offices of Secretary and Treasurer shall be held by the same person.

8.2 Election of Board Officers. All officers shall be elected by a majority vote of the Board.

8.3 Term of Board Officers. Each officer shall hold office for a two (2) year term or until his or her successor is elected and qualified, subject to any employment agreement; provided that a Director may not serve more than two (2) consecutive terms as Chairperson.

8.4 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the Chairperson or to the Secretary, without prejudice, however, to the rights, if any, of the Corporation under any contract to which such officer is a party. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later specified time.

8.5 Removal. Any officer may be removed at any time by a majority vote of the Board.

8.6 Vacancies. Upon the removal, resignation, death, or incapacity of any officer, the Board may declare such office vacant and fill such vacancy by the majority vote of the Board.

8.7 Compensation. The salary and other compensation of the officers shall be fixed from time to time by resolution of, or in the manner determined by, the Board.

8.8 Duties and Qualifications of Officers. The officers shall have such duties, in addition to those set forth below, as the Board shall specify by resolution from time to time.

(a) Chairperson. The Chairperson shall preside at all meetings of the Board. Except as provided in Section 13.1, the Chairperson shall have authority to execute in the name of the Corporation all bonds, contracts, deeds, leases, and other written instruments to be executed by the Corporation, and shall perform such other powers and duties as may be from time to time assigned to him or her by the Board or set forth in these Bylaws.

(b) Vice Chairperson. The Vice Chairperson shall assume and perform the duties of the Chairperson in the absence or disability of the Chairperson or whenever the office of Chairperson is vacant. The Vice Chairperson shall have such titles, perform such other duties, and have such other powers as the Board or the Chairperson shall designate from time to time.

(c) Secretary. The Secretary shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office and such other place as the Board may order, a book of minutes of actions taken at all meetings of Directors, committees, and Member, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such Directors, committees and Member meetings, and the proceedings of all such meetings.

The Secretary shall give, or cause to be given, notice of all the meetings of the members of the Board of Directors, and of the committees of this Corporation required by these Bylaws or by law to be given, shall keep the seal of the Corporation (if any) in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board, the Chairperson or by these Bylaws.

(d) Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the Chairperson and Directors, whenever they request it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board, the Chairperson or these Bylaws.

## **ARTICLE IX**

### **Chief Executive Officer**

9.1 Selection, Authority and Term. The Board may select and employ a competent, experienced Chief Executive Officer who shall be its direct executive representative in the management of the Hospital. This Chief Executive Officer shall be given the necessary authority and held responsible for the administration of the Hospital in all its activities and departments subject only to such policies as may be adopted, and such orders as may be issued by the Board

or by any of its committees to which it has delegated power for such action. He or she shall act as the “duly authorized representative” of the Board in all matters in which the governing Board has not formally designated some other person for that specific purpose. However, nothing in this section is to be construed as depriving or delegating from the Board to the Chief Executive Officer any of the powers and duties imposed upon the Board by the Local Hospital District Law, Division 23, or Chapter 1 of the Health and Safety Code of the State of California, or related statutes. The Chief Executive Officer shall hold office from the date of hire until the end of his or her term in office or sooner at the sole discretion of the Board, subject to any employment agreement.

9.2 Performance Review. The Board shall continually review the performance of the Chief Executive Officer and provide counseling in areas where improvement is needed.

9.3 Authority and Duties. The authority and duties of the Chief Executive Officer shall be as follows:

(a) To perfect and submit to the Board for approval a plan of organization of the personnel and others concerned with the operation of the Hospital; and also to establish methods of procedures concerning the internal operation of the Hospital.

(b) To prepare an annual budget showing the expected receipts and expenditures of the Hospital as required by the Board of Directors.

(c) To prepare and submit capital budget of the Hospital to the Board for approval.

(d) To select, employ, and discharge all employees serving in positions as authorized by the Board of Directors.

(e) To see that all physical properties are kept in good state of repair and operating condition.

(f) To attend all meetings of the Board of Directors and participate in all Board discussions except where the Chief Executive Officer has a conflict of interest or is otherwise recused and except for executive sessions of the Board of Directors.

(g) To supervise all business affairs, such as the records of financial transactions, collection of accounts and purchase and issuance of supplies, and to ensure that all funds are collected and expended to the best possible advantage.

(h) To explore and develop strategic opportunities for the Hospital and propose such opportunities to the Board.

(i) To exercise his or her professional abilities in such a manner that those concerned with the rendering of professional service at the Hospital cooperate to the end that the best possible care may be rendered to all patients.

(j) To submit regularly to the Board or its authorized committees, periodic reports showing the professional service and financial activities of the Hospital and to prepare and submit such special reports as may be required by the Board and/or its functioning committees.

(k) To serve as the liaison officer and channel of communications for all official communications between the Board of Directors or any of its committees, and its adjunct organizations.

(l) To act as an ex-officio member of all Board committees.

(m) To support such volunteer services as are necessary to carry out the purpose of the Hospital.

(n) To assist in providing an orientation program for new Board members.

(o) To perform any other duty that may be necessary in the best interest of the Hospital.

## **ARTICLE X**

### **Contracts and Financial Matters**

10.1 Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

10.2 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depository as the Board may select.

10.3 Compensation of Directors. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be determined by resolution of the Board to be just and reasonable; provided, however, that any such compensation must be commercially reasonable.

## **ARTICLE XI**

### **Conflicts of Interest and Indemnification**

11.1 Conflict of Interest. The Board shall adopt, by resolution, a conflict of interest policy which shall be attached to these Bylaws.

11.2 Indemnification.

(a) For the purposes of this article, “agent” means any person who is or was a Director, officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a Director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the



Corporation or of another enterprise at the request of such predecessor corporation; “proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and “expenses” include without limitation attorneys’ fees and any expenses of establishing a right to indemnification under paragraph (d) or paragraph (e)(iii) of this Section 11.2.

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Corporations Code, or an action brought by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that the person’s conduct was unlawful.

(c) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the Corporation to procure a judgment in its favor, or brought under Section 5233, or brought by the Attorney General for breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this paragraph (c):

(i) In respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person’s duty to the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses that such court shall determine;

(ii) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(iii) Of expenses incurred in defending a threatened or pending action that is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.



(d) To the extent that an agent of the Corporation has been successful on the merits in defense of any proceeding referred to in paragraph (b) or (c) or in defense of any claim, issue, or matter in the proceeding, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the proceeding.

(e) Except as provided in paragraph (d), any indemnification under this Section 11.2 shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in paragraph (b) or (c), by:

(i) A majority vote of a quorum consisting of Directors who are not parties to such proceeding;

(ii) Approval or ratification by the affirmative vote of a majority of the votes represented and voting at a duly held membership meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum); for such purpose, any membership held by the person to be indemnified shall not be considered outstanding or entitled to vote on the matter; or

(iii) The court in which such proceeding is or was pending upon application made by the Corporation, the agent, or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Corporation.

(f) Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Section 11.2.

(g) Nothing contained in this article shall affect any right to indemnification to which persons other than Directors and officers of the Corporation or any subsidiary of the Corporation may be entitled by contract or otherwise.

(h) No indemnification or advance shall be made under this article, except as provided in paragraph (d) or paragraph (e)(iii), in any circumstance when it appears:

(i) That it would be inconsistent with a provision of the Articles, a resolution of the sole Member, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(ii) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) Upon and in the event of a determination by the Board of Directors of the Corporation to purchase indemnity insurance, the Corporation shall purchase and maintain

insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of this Section 11.2; provided, however, that the Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of Section 5233.

(j) This Section 11.2 does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Corporation as defined in paragraph (a). The Corporation shall have the power to indemnify such trustee, investment manager, or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California Corporations Code.

## **ARTICLE XII**

### **Medical Staff**

12.1 Organization. A medical staff organization has been created for the acute care hospital that is owned by El Camino Hospital, and this medical staff is known as the El Camino Hospital Medical Staff (the "Medical Staff").

12.2 Membership. Membership in the Medical Staff shall be comprised of all physicians, dentists and podiatrists who are duly licensed, competent in their respective fields, worthy in character and in professional ethics and privileged to attend to patients in the Hospital. The term "physicians" shall include physicians licensed in the State of California, regardless of whether they hold an M.D. or D.O. degree. Membership in the Medical Staff shall be a prerequisite to the exercise of any clinical privileges except as otherwise expressly provided in the Medical Staff Bylaws.

#### 12.3 Medical Staff Bylaws, Rules and Regulations.

(a) Purpose. Medical Staff Bylaws, rules and regulations shall be adopted by the Medical Staff for its internal governance, subject to the Board's approval (the "Medical Staff Bylaws"). The Medical Staff Bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the Medical Staff. The Medical Staff Bylaws, rules and regulations shall also state the purposes, functions and organization of the Medical Staff, and set forth the policies and procedures by which the Medical Staff exercises and accounts for its delegated authority and responsibilities.

#### (b) Procedure to Adopt or Amend.

(i) Preparation and Adoption. The Medical Staff shall have the initial responsibility to formulate, revise and adopt the Medical Staff Bylaws, rules and regulations.

(ii) Review and Approval. After the above action by the Medical Staff, such Medical Staff Bylaws, rules or regulations, or amendments thereto,

shall be forwarded to the Board for its review and approval, which approval shall not be unreasonably withheld.

(iii) Separate Action. If the Medical Staff fails to exercise its responsibility hereunder and in a reasonable, timely and responsible manner, and after written notice from the Board to such effect, including a reasonable period of time for response, the Board may formulate or amend the Medical Staff Bylaws, rules and regulations. Any Medical Staff recommendations and views shall be carefully considered during the Board's deliberations and actions.

#### 12.4 Credentialing and Clinical Privileges.

(a) Delegation to Medical Staff. The Board delegates to the Medical Staff responsibility and authority to investigate and evaluate all matters relating to Medical Staff membership and clinical privileges, including appointment, reappointment and corrective action.

(b) Initial Decision. Initial action with respect to membership on the Medical Staff and clinical privileges shall be taken by the Medical Staff in accordance with the Medical Staff Bylaws, rules and regulations. Thereafter, a recommendation shall be made to the Board.

(c) Review and Approval. The Board shall review and act upon recommendations of the Medical Staff, and shall give careful consideration to the Medical Staff's expertise in peer review matters.

(d) Separate Action. If the Medical Staff fails to exercise its responsibility hereunder in a reasonable, timely and responsible manner, and after written notice from the Board to such effect, including a reasonable period of time for response, the Board may take actions regarding medical staff membership and clinical privileges. In so doing, the Board shall carefully consider any Medical Staff recommendations and views during its deliberations and actions. In situations involving corrective action, the Board shall not initiate such action unless the Medical Staff's failure to do so is contrary to the weight of the evidence under consideration.

(e) Fair Hearing Procedure. The procedural rules to be followed by the Medical Staff and the Board in acting on matters of Medical Staff membership and clinical privileges, including such matters as appointment, reappointment and corrective action, shall be as more particularly specified in the Medical Staff Bylaws. The Medical Staff Bylaws shall provide for a procedure pursuant to which disagreements between the Medical Staff and the Board may be resolved.

(f) Standards of Decision and Review. In taking the actions referred to in this Article XII, the relevant decision-making body shall consider the supporting information and the purposes, needs and capabilities of the hospital, the health and welfare of the community, and such relevant criteria as are set out in the Medical Staff Bylaws, rules and regulations. In taking such action, no aspect of Medical Staff membership or privileging shall be limited or denied on the basis of sex, age, race, creed, color, or national origin, or on the basis of any other criterion unrelated to those set out in the preceding sentence.

(g) Duration. Appointments to the Medical Staff shall be for a maximum term of two (2) years.

(h) Terms and Conditions. The terms and conditions of Medical Staff membership and of the exercise of clinical privileges shall be as specified in the Medical Staff Bylaws, rules and regulations, or as more specifically defined in the notice of an individual appointment or privileges.

12.5 Allied Health Professionals. The categories of allied health professionals eligible to hold specific practice privileges to perform services within the scope of their licensure, certification or other legal authorization, and the corresponding privileges, prerogatives, terms and conditions for each such allied health professional category or practitioner shall be determined by the Board upon recommendations received from the Medical Staff executive committee. The Medical Staff shall have the responsibility and authority to investigate and evaluate each application by an allied health professional for satisfaction of relevant eligibility requirements in accordance with the Medical Staff Bylaws, rules and regulations.

12.6 Contract Physicians. A physician engaged as an independent contractor by the Corporation to provide medical-administrative services must obtain appropriate Medical Staff membership and privileges through the procedure outlined in the Medical Staff Bylaws, rules and regulations. Restriction or termination of such physician's Medical Staff membership or clinical privileges for reasons related to professional competence shall also be accomplished through the procedures contained in the Medical Staff Bylaws, rules and regulations. All other matters, including termination of Medical Staff membership or clinical privileges on grounds not related to professional competence, shall be governed by the terms of such physician's contracts or agreements with the Corporation.

12.7 Accountability. The Medical Staff shall be accountable to the Board for conducting activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided at the Corporation. These activities shall include:

(a) Standard of Care. Ensuring that a comparable standard of care, as determined by the Medical Staff, is provided to all patients with similar needs;

(b) Monitor Quality. Ongoing monitoring and evaluation of patient care to solve problems and identify other opportunities to improve quality.

(c) Clinical Privileges. Delineation of clinical privileges for members of the Medical Staff commensurate with individual credentials and demonstrated ability and judgment.

(d) Continuing Education. Provision of continuing professional education, guided by the needs identified through the review and evaluation activities, as well as other perceived needs and interests.

(e) Resource Allocation. Review of utilization of the Corporation's resources to provide for their allocation to patients in need of them.

(f) Medical Records. Ensuring the preparation and maintenance of adequate and accurate medical records for all patients; and

(g) Other Matters. Such other measures as the Board may, after considering the advice of the Medical Staff and the Corporation's administration, deem necessary for the preservation and improvement of the quality and efficiency of patient care.

### **ARTICLE XIII**

#### **Execution of Corporate Instruments, and Voting of Stocks and Memberships Held by the Corporation**

13.1 Execution of Corporate Instruments. The Board may, in its discretion, determine the method and designate the signatory officer or officers or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

Unless otherwise specifically determined by the Board or otherwise required by law, formal contracts of the Corporation, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the Corporation, and other corporate instruments or documents, and certificates of shares of stock owned by the Corporation, shall be executed, signed, or endorsed by the Chairperson.

All checks and drafts drawn on banks or other depositories on funds to the credit of the Corporation, or in special accounts of the Corporation, shall be signed by such person or persons as the Board shall authorize to do so.

13.2 Ratification by Member. The Board may, in its discretion, submit any contract or act for approval or ratification of the Member at any regular meeting of Member, or at any special meeting of Member called for that purpose.

13.3 Voting of Stocks Owned by Corporation. All stock of other corporations or memberships in other corporations owned or held by the Corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect to such stock or memberships shall be executed, by the person authorized to do so by resolution of the Board of Directors, or in the absence of such authorization, by the Chairperson of the Board, or Vice Chairperson or by any other person authorized to do so by the Chairperson or the Vice Chairperson of the Board.

### **ARTICLE XIV**

#### **Annual Report**

Except as provided below, the Corporation shall cause to be sent to its Member and Directors no later than 120 days after the close of its fiscal year, a report containing the following information in appropriate detail:

(a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year.

(b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.

(c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year.

(d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year.

(e) Any information required by Section 6322 of the California Corporations Code.

The report shall be accompanied by any pertinent report of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

This article does not apply to the Corporation when it receives less than twenty-five thousand dollars (\$25,000) in gross revenues or receipts during the fiscal year, with the exceptions that a report meeting the above requirements must be furnished annually to all Directors and to the Member who requests it in writing and that the information referred to in paragraph (e) above must be furnished to the Member and Directors within 120 days after the close of the Corporation's fiscal year.

If the Corporation solicits in writing contributions from five hundred (500) or more persons, it need not send the report described above to the Member, with the exception of the information referred to in paragraph (e) above, if it:

(i) Includes with any written material used to solicit contributions a written statement that its latest annual report will be mailed upon request and that such request may be sent to the Corporation at a name and address which is set forth in the statement;

(ii) Promptly mails a copy of its latest annual report to any person who requests a copy; and

(iii) Causes its annual report to be published not later than 120 days after the close of its fiscal year in a newspaper of general circulation in the county in which its principal office is located.

## **ARTICLE XV**

### **Standard of Care**

A Director shall perform the duties of a director, including duties as a member of any Board committee on which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) one or more officers or employees of the Corporation whom the Director believes to be reliable and competent as to the matters presented;
- (b) counsel, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or
- (c) a Board committee upon which the Director does not serve, as to matters within its designated authority, provided that the Director believes such committee merits confidence; so long as in any such case, the Director acts in good faith after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Except as provided in Article XVI below, a person who performs the duties of a Director in accordance with this Article XV shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a Director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which a corporation, or assets held by it, are dedicated.

## **ARTICLE XVI**

### **Prohibited Transactions**

16.1 Loans. Except as permitted by Section 5236 of the California Corporations Code, this Corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer; provided, however, that this Corporation may advance money to a Director or officer of this Corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such officer or Director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

16.2 Self-Dealing Transactions. Except as provided in Section 16.3 below, the Board of Directors shall not approve or permit the Corporation to engage in any self-dealing transaction. A self-dealing transaction is a transaction to which this Corporation is a party and in which one or more of its Directors has a material financial interest, unless the transaction is described in California Corporations Code Section 5233(b).

16.3 Approval. This Corporation may engage in a self-dealing transaction if the transaction is approved by a court or by the Attorney General. This Corporation also may engage in a self-dealing transaction if the Board determines, before the transaction, that (1) this Corporation is entering into the transaction for its own benefit; (2) the transaction is fair and reasonable to this Corporation at the time; and (3) after reasonable investigation, the Board determines that it could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determinations must be made by the Board in good faith, with knowledge of the material facts concerning the transaction and the interest of the Director or Directors in the transaction, and by a vote of a majority of the Directors then in office, without counting the vote of the interested Director or Directors.



## **ARTICLE XVII**

### **Miscellaneous**

#### **17.1 Records and Reports.**

(a) Maintenance and Inspection of Articles and Bylaws. This Corporation shall keep at its principal office the original or a copy of its Articles and these Bylaws as amended from time to time which shall be open to inspection by the Directors and the Member at any reasonable time during business hours.

(b) Maintenance and Inspection of Other Corporate Documents. The accounting books, records, and minutes of proceedings of the Member, the Board and any committee of the Board shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal office of the Corporation. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed or printed form. The minutes and accounting books and records shall be open to inspection on the written demand of any Member, at any reasonable time during usual business hours for a purpose reasonably related to the Member's interests as a Member. Inspection may be made in person or by an agent or any attorney, and shall include the right to copy and make abstracts.

(c) Inspection by Directors. Each Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Corporation. This inspection by a Director may be made in person or by the agent or attorney. The right of inspection includes the right to copy and make abstracts of documents.

#### **17.2 Corporate Seal.** The Board shall provide a suitable seal for the Corporation.

17.3 Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, singular numbers include the plural, plural numbers include the singular, and the term "person" includes both corporations and natural persons. The captions or headings in these Bylaws are for convenience only and are not intended to limit or define the scope or effect of any provision of these Bylaws.

## **ARTICLE XVIII**

### **Amendments**

18.1 Amendments. The Articles or these Bylaws may be adopted, repealed, amended or restated or new Articles or Bylaws may be adopted upon a majority vote of the authorized number of Directors (excluding vacancies and Directors with a conflict of interest). No such adoption, repeal, amendment, restatement or new Articles or Bylaws shall be effective until approved by the Member. Moreover, the Articles and Bylaws may be adopted, repealed, amended or restated or new Bylaws adopted upon the vote of the Member.



## CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the currently elected and acting Secretary of El Camino Hospital, a California nonprofit public benefit corporation, and the above Amended and Restated Bylaws, consisting of 24 pages, are the Bylaws of this Corporation as adopted pursuant to the required affirmative vote of the Board, December 7, 2005 and the Member, the El Camino Healthcare District, on December 7, 2005 pursuant to the required affirmative vote of the District Board, as amended and restated pursuant to the required affirmative vote of the Board on August 10, 2011 and the Member, the El Camino Healthcare District, on August 10, 2011 pursuant to the required affirmative vote of the District Board, as further amended and restated by the Member, El Camino Healthcare District, on March 20, 2012 pursuant to the required affirmative vote of the District Board, as further amended and restated by the Member, El Camino Healthcare District, on May 12, 2012, May 1, 2013, June 18, 2013, and March 5, 2014 pursuant to the required affirmative vote of the District Board, as further amended and restated pursuant to the required affirmative vote of the Board on May 14, 2014 (Section 6.8) and May 14, 2014 (Article VII) and of the Member, the El Camino Healthcare District, on June 17, 2014, as further amended and restated pursuant to the required affirmative vote of the Board on October 8, 2014 (Section 7.6) and of the Member, the El Camino Healthcare District, on October 21, 2014 ~~and~~, as further amended and restated pursuant to the required affirmative vote of the Board on May 11, 2016 and of the Member, the El Camino Healthcare District, on June 14, 2016 and as further amended and restated by the Member, El Camino Healthcare District, on \_\_\_\_\_, 2017 pursuant to the required affirmative vote of the District Board.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Secretary on ~~June \_\_\_\_\_, 2016~~ \_\_\_\_\_, 2017.

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~~Peter Fung, M.D.~~

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El Camino Hospital Secretary

Comparison Details	
Title	<b>pdfDocs compareDocs Comparison Results</b>
Date & Time	05/30/17 1:23:16 PM
Comparison Time	1.35 seconds
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Modified Document	[#14234236] [v7] Amended and Restated Bylaws of El Camino Hospital 2017.docx

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Changes	14
Moves	0
TOTAL CHANGES	39

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Changed lines	Mark left border.
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Show Reviewing Pane	Word	True
Update Automatic Links at Open	Word	False
Summary Report	Word	End
Include Change Detail Report	Word	Separate
Document View	Word	Print
Remove Personal Information	Word	False
Flatten Field Codes	Word	True

**AMENDED AND RESTATED BYLAWS**  
**OF**  
**EL CAMINO HOSPITAL**  
**ADOPTED**  
**DECEMBER 7, 2005**  
**AS AMENDED AND RESTATED**

\_\_\_\_\_, 2017

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## **ARTICLE I**

### **Corporate Offices**

1.1 Principal Office. The principal office of El Camino Hospital, a nonprofit public benefit corporation (the “Corporation”), is located in Mountain View, California. The Corporation may have such other offices as the Board of Directors of Corporation (the “Board”) may determine from time to time.

1.2 Registered Office. The address of the registered office of the Corporation is 2500 Grant Road, Mountain View, California 94040.

## **ARTICLE II**

### **Purposes, Powers and Membership**

2.1 Purposes. The purposes of the Corporation are set forth in its Articles of Incorporation (the “Articles”).

2.2 Powers. The Corporation may engage in any activity consistent with the Articles and these Bylaws.

2.3 Membership Corporation. The Corporation shall have one voting Member: El Camino Healthcare District, a political subdivision of the State of California (the “Member”). The Corporation shall have no other voting members.

2.4 Exempt Activities. Notwithstanding any other provision of these Bylaws, no director, officer, employee, or representative of the Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and regulations promulgated thereunder as they now exist or as they hereafter may be amended, or by an organization contributions to which are deductible under Section 170(c) of such Code and Regulations as they now exist or as they hereafter may be amended.

2.5 Termination of Membership. The membership of the sole Member shall terminate upon the resignation of the sole Member.

## **ARTICLE III**

### **Meetings of Members**

3.1 Place of Meetings. Meetings of the sole Member shall be held at any place within or outside the State of California designated by the Board of Directors. In the absence of any such designation, meetings of the sole Member shall be held at the principal executive office of the Corporation.

3.2 Annual Meeting. There shall be an annual meeting of the sole Member held each year. The Board shall provide for the time and place of holding the annual meeting and notify the sole Member as provided in Section 3.3. At the annual meeting, directors shall be elected as

required by these Bylaws, reports of the affairs of the Corporation shall be considered, and any other business may be transacted that is within the power of the sole Member.

3.3 Notice of Annual Meeting. Written notice of each annual meeting shall be given to the sole Member entitled to vote, either personally, or by mail, or by other means of written communication, with charges prepaid, addressed to the sole Member at the sole Member's address appearing on the books of the Corporation or given by the sole Member to the Corporation for the purpose of notice.

All such notices shall be given to the sole Member entitled to the notice by mail or other means of written communication not less than ten (10) days (or, if sent by mail other than first-class, registered, or certified mail, twenty (20) days) nor more than ninety (90) days before each annual meeting. Any such notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication. An affidavit of giving of any such notice in accordance with the foregoing provisions, executed by the Secretary or any transfer agent of the Corporation, shall be *prima facie* evidence of the giving of the notice.

The notice of the meeting shall specify:

- (a) the place, date, and hour of the meeting;
- (b) those matters which the Board, at the time the notice is given, intends to present for action by the sole Member;
- (c) if directors are to be elected, the names of all those who are nominees at the time the notice is given;
- (d) the general nature of a proposal, if any, to take action when approval of the sole Member is required with respect to (i) removal of directors without cause; (ii) the filling of vacancies on the Board; (iii) amendment of the Articles or these Bylaws; (iv) voluntary merger or dissolution of the Corporation; or (v) disposition of all or substantially all of the assets of the Corporation; and
- (e) such other matters, if any, as may be expressly required by law.

3.4 Special Meetings. A special meeting of the sole Member for any lawful purpose or purposes may be called at any time by the Chairperson of the Board or by the Board. In addition, a special meeting of the sole Member for the purpose of removal of directors and election of their replacements may be called by the sole Member.

3.5 Notice of Special Meetings. Upon request in writing that a special meeting of the sole Member be called, directed to the Chairperson, Vice Chairperson, or Secretary, by any person (other than the Board of Directors) entitled to call a special meeting of the sole Member, the officer forthwith shall cause notice to be given to the sole Member that a meeting will be held at a time fixed by the Board, not less than thirty-five (35) nor more than ninety (90) days after the receipt of the request. If the notice is not given within twenty (20) days after the receipt of the request, the persons entitled to call the meeting may give the notice. Notice of any special



meeting of the sole Member shall be given in the same manner as for annual meetings of the sole Member. In addition to the matters required by Section 3.3(a) and, if applicable, Section 3.3(c) of these Bylaws, notice of any special meeting shall specify the general nature of the business to be transacted, and the fact that no other business may be transacted at the meeting.

3.6 Quorum. The presence in person or by proxy of the sole Member shall constitute a quorum for the transaction of business. Any meeting of the sole Member may be adjourned from time to time by the sole Member.

3.7 Adjourned Meeting and Notice. Except as provided below, when the sole Member's meeting, either regular or special is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting. However, no meeting may be adjourned for more than forty-five (45) days. If after adjournment a new record date is fixed for notice or voting, notice of the adjourned meeting shall be given to the sole Member.

3.8 Voting.

(a) Except as may be otherwise provided in the Articles or these Bylaws, the sole Member shall be entitled to one vote on each matter being considered.

(b) Voting at a meeting of the sole Member may be by voice vote or by ballot.

3.9 Proxies.

(a) The sole Member may authorize another person or persons to act by proxy with respect to such membership. "Proxy" means a written authorization signed by the sole Member giving another person or persons power to vote on behalf of the sole Member. "Signed" for the purpose of this section means the placing of the sole Member's name on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the sole Member. Any proxy duly executed is not revoked and continues in full force and effect until (i) a written instrument revoking it is filed with the Secretary of the Corporation prior to the vote pursuant to the proxy, (ii) a subsequent proxy executed by the person executing the prior proxy is presented to the meeting, or (iii) the person executing the proxy attends the meeting and votes in person; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. The dates contained on the forms of proxy presumptively determine the order of execution, regardless of the postmark dates on the envelopes in which they are mailed. No proxy may be irrevocable.

(b) In any election of directors, any form of proxy in which the directors to be voted upon are named as candidates and which is marked by the sole Member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld shall not be voted either for or against the election of a director.

3.10 Validation of Defectively Called or Noticed Meetings. The transactions of any meeting of the sole Member, however called and noticed, and wherever held, are as valid as

though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by these Bylaws or by the California Nonprofit Corporation Law to be included in the notice if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of the sole Member need be specified in any written waiver of notice, consent to the holding of the meeting, or approval of the minutes of the meeting, unless otherwise provided in the Articles or these Bylaws, except the general nature of the proposals listed in Section 3.3(d) of these Bylaws must be specified, to the extent applicable, in any such waiver, consent, or approval.

3.11 Action Without a Meeting. Any action required or permitted to be taken by the sole Member may be taken without a meeting, if the sole Member consents in writing to the action. The written consent shall be filed with the minutes of the proceedings of the sole Member. The action by written consent shall have the same force and effect as the vote of the sole Member.

3.12 Rights of the Member. The Member shall have all rights granted to a member under the California Nonprofit Corporation Law. Without limiting the generality of the foregoing, the Member shall have the right to approve the election of directors, to approve the disposition of all or substantially all of the assets of the Corporation or to approve a merger and dissolution of the Corporation and the other rights set forth in the articles of incorporation and bylaws. In addition to the foregoing, the Member shall have the right to require the Corporation to provide to Member any financial information requested by the Member and to approve the following actions authorized by the Board of Directors of the Corporation:

1. To approve the selection of the Corporation's Chief Executive Officer;
2. To approve the annual budget of the Corporation;
3. To approve capital expenditures by the Corporation of more than \$25 million dollars in a single transaction;
4. To approve any expenditures or transfers by the Corporation in a single transaction apparent or a series of related transaction (in excess of 5% of the assets of the Corporation as determined based on last annual audit of the Corporation preceding the approval date of the proposed transaction);
5. To approve the overall strategy adopted by the Corporation.

## **ARTICLE IV**

### **Board of Directors**

4.1 Management by Board of Directors. The business and affairs of the Corporation shall be managed by the Board, except as otherwise provided by law, the Articles, these Bylaws or a Board resolution.

4.2 Number of Voting Directors. The number of voting directors (“Directors”) of the Corporation shall not be less than five (5) nor more than ten (10) until changed by amendment of the Articles or by a bylaw amending this Section 4.2 duly adopted by the sole Member. The exact number of Directors shall be fixed from time to time, within the limit specified in the Articles or in this Section 4.2, by the sole Member.

4.3 Qualifications of Voting Directors.

(a) Commitment. Directors must be committed to the furtherance of health care delivery in the communities served by the Corporation, and must be willing to devote the necessary time and energy for self-education, corporate functions and other activities necessary to fulfill this commitment.

(b) Fiduciary Duty. Directors shall have a fiduciary duty to the Corporation, and shall make all decisions in a manner that is in the best interests of the Corporation and the communities served by the Corporation. Directors shall not advocate or act in the interests of any private person, group or entity unless such action is also in the best interests of the Corporation or the communities served by the Corporation.

(c) Restriction on Interested Directors. Not more than forty-nine percent (49%) of the persons serving on the Board of Directors at any time may be interested persons. An interested person is (i) any person being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as a Director; and (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person. In addition, 2012 Directors and 2017 Directors shall not be or seek to become an employee of the Corporation or an independent contractor receiving compensation from the Corporation while serving as a Director, except in the circumstances when a Director who is also a director of the sole Member may so serve. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the Corporation. Restrictions in addition to those set forth above may be imposed by applicable law.

(d) Financial Interest. Except as permitted by the California Nonprofit Corporation Law, the California Health and Safety Code and any other provisions of law, Directors shall not have a “financial interest” in any transactions or contracts of the Corporation.

4.4 Appointment and Selection of Directors. All Directors shall be nominated and elected by the Member.

4.5 Term.

(a) Years.

(i) A Director first elected by the Member pursuant to Section 4.4 effective September 1, 2012 shall serve a staggered term ending June 30, 2013, June 30, 2014 or June 30, 2015 as designated by a resolution of the Board. Any Director who is later appointed to such position or who is later appointed to a new term for such a position after the initial term

expires shall serve a term of three (3) years. The Directors described in this subparagraph (ii) are referred to in these Bylaws as “2012 Directors.”

(ii) A Director first elected by the Member, as a result of the increase in the number of permitted directors to ten (10), effective [June 20, 2017] shall serve a staggered term ending June 30, 2020 or June 30, 2021 as designated by a resolution of the Member. Any Director who is later appointed to such position or who is later appointed to a new term for such a position after the initial term expires shall serve a term of three (3) years. The Directors described in this subparagraph (ii) are referred to in these Bylaws as “2017 Directors.”

(iii) All other Directors not listed in Section 4.5(a)(i) or (ii) shall hold office as a Director for a term of four (4) years from the date of election

(iv) A Director who fills the unexpired term of a vacant Director position shall serve until the end of that unexpired term.

(v) A Director shall serve for such Director’s stated term and until his or her successor is duly elected and qualified, unless the Director resigns or is removed as provided in these Bylaws.

#### 4.6 Term Limits.

##### (a) New Members.

(i) Any 2012 Director or 2017 Director who first takes office during calendar year 2014, or any time thereafter, may only serve four (4) complete three (3) year terms as a Director.

(ii) Any Director described in Section 4.5(a)(iii) who first takes office during calendar year 2014, or any time thereafter, may only serve three (3) complete four (4) year terms as a Director.

##### (b) Current Members.

(i) Any 2012 Director who is serving as a Director as of January 1, 2014 may only serve four (4) complete three (3) year terms as a Director beginning with such Director’s next term of office that commences after January 1, 2014.

(ii) Any Director described in Section 4.5(a)(iii) who is serving as a Director as of January 1, 2014 may only serve three (3) complete four (4) year terms as a Director beginning with such Director’s next term of office that commences after January 1, 2014.

(c) Effect of Term Limit. The office of any Director subject to the limitation set forth in Section 4.6(a) or Section 4.6(b) shall terminate on the last day of the period described in Section 4.6(a) or Section 4.6(b) that is applicable to such Director.

(d) Election Following Term Limit. Any person who has left the Board due to the application of Section 4.6(a) or (b) may be elected to serve as a Director after two (2) years from the date such Director left the Board.

(e) New Term Limits. Any Director elected, as described in Section 4.6(d), after his or her term has been limited shall be subject to Section 4.6(a) beginning on the first day of such new term.

#### 4.7 Vacancy.

(a) A vacancy in the Board of Directors shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) the declaration by the Board of a vacancy in the office of a Director who has been declared of unsound mind by a final order of court, or has been convicted of a felony, or has been found by a final order or judgment of any court to have breached any duty under Sections 5230-38 of the California Corporations Code dealing with standards of conduct for directors; (iii) an increase in the authorized number of Directors; (iv) the application or other request by a 2012 Director or 2017 Director seeking employment with the Corporation or seeking to provide contracted services to the Corporation, except in circumstances when a Director who is also a director of the sole Member may so serve; (v) the failure of the sole Member, at any annual or other regular meeting of Member at which any Director or Directors are elected, to elect the full authorized number of Directors to be voted for at that meeting; or (vi) the affirmative vote of the sole Member to remove a Director in accordance with the voting requirements of Section 5222 of the California Corporations Code as provided in Section 4.9 below.

(b) Vacancies in the Board may be filled only by the sole Member. Each Director appointed or elected to fill a vacancy shall hold office until his or her successor is elected at an annual or other regular meeting of the sole Member.

4.8 Resignation. Any Director may resign at any time by giving written notice to the Chairperson or the Secretary. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in the resignation. If the resignation is effective at a future time, the successor may be elected to take office when the resignation becomes effective. Unless the California Attorney General is first notified, no Director may resign when the Corporation would then be left without a duly elected Director or Directors in charge of its affairs.

4.9 Removal. Any elected Director may be removed, with or without cause, at any time by the Member. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office. Each Director appointed or elected to fill a vacancy shall hold office until his or her successor is elected by the sole Member.

### **ARTICLE V**

#### **Certain Director Election Procedures**

5.1 Nominating Committee. The Board shall appoint a Nominating Committee, a special committee, to select qualified candidates for election to the Board at least thirty (30) days

before the date of any election of Directors. The committee shall make its report at least two (2) days before the date of the election, and the Secretary of the Corporation shall forward to the Member, with the notice of meeting required by Section 3.3 of these Bylaws, a list of candidates so nominated along with the names of any persons duly nominated by the Member as of that time.

5.2 Nominations by Member. The sole Member may nominate candidates for directorships at any time before the election. The Secretary shall cause the names of such candidates to be placed on the ballot along with those candidates named by the nominating committee. If there is a meeting to elect directors, the sole Member may place names in nomination.

## **ARTICLE VI**

### **Board Meetings**

6.1 Annual Meeting. An annual meeting of the Board shall be held each year, at which time officers of the Board shall be elected and such other business as is appropriate shall be transacted. Annual meetings shall be held at the location designated by the Board or at the principal office of the Corporation.

6.2 Regular Meetings. Meetings of the Board shall be held as directed by the Board, but at least quarterly at any place within or outside the State of California that has been designated by the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Corporation. Regular meetings may be held without notice.

6.3 Special Meetings.

(a) Authority to Call. Special meetings of the Board may be called for any purpose and at any time by the Chairperson, the Secretary, or any two (2) Directors.

(b) Manner of Notice. Notice of the time and place of special meetings shall be given to each Director by one of the following methods: by personal delivery of written notice; by first-class mail, postage paid; by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; by facsimile; or by telegram, charges prepaid. All such notices shall be addressed to or otherwise transmitted to the Director's address, facsimile number, or telephone number shown on the records of the Corporation. The notice shall specify the time and place of the meeting.

(c) Timing of Notice. Notices sent by first-class mail shall be deposited into a United States mail box at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, facsimile or telegram shall be given at least forty-eight (48) hours before the time set for the meeting.

6.4 Meetings by Conference Telephone. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another. All such Directors shall be deemed to be present in person at any such meeting.



6.5 Waiver of Notice. The transaction of business at any meeting of the Board, however called and noticed or wherever held, shall be valid as though held at a meeting that was duly held after regular call and notice, but only if a quorum is present and if, either before or after the meeting, each of the Directors not present signs and files with the Secretary a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof, or such Director attends the meeting without protesting, prior to the meeting or at its commencement, the lack of notice to such Director, provided that no Director present at the meeting objected, prior to the transaction of any business, to the holding of the meeting because of a lack of prior notice. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

6.6 Unanimous Action Without Meeting. Any action required or permitted to be taken by the Board under the Articles, these Bylaws or any provision of law may be taken by the Board without a meeting, if the Directors unanimously consent in writing to such action. Such unanimous written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by unanimous written consent shall have the same force and effect as the unanimous vote of the Directors at a duly called and noticed meeting. Such unanimous written consent or consents may be signed in counterpart and may be submitted to the individual Directors, and returned to the Corporation by mail or by facsimile transmission. For purposes of this section only, "all members of the Board" does not include any "interested directors" as defined in Section 5233 of the California Corporations Code.

6.7 Quorum. A majority of the number of existing Directors (excluding vacancies) shall constitute a quorum for the transaction of business, except to adjourn. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors from the meeting, if any action taken is approved by at least a majority of the required quorum for that meeting, subject to any applicable requirements for approval by a greater number or a disinterested majority.

6.8 Agenda for Meetings. The agenda for Board meetings shall be developed by the Chairperson with the Chief Executive Officer acting as staff to the Chairperson for this purpose. The Chairperson shall prepare a calendar of expected agenda items that will be communicated regularly at Board meetings. Any Director may ask that a matter be added to a future Board meeting agenda by written notification to the Chairperson and the Chief Executive Officer. The Chairperson will determine, considering all other matters to be addressed by the Board, whether and when to add the matter to a Board agenda. If the matter will not be added to the Board meeting agenda at the next meeting to be held more than fourteen (14) days after the date of the request, the Chief Executive Officer will notify the Director making the request of the Chairperson's decision; the person making the request may ask that the questions of whether such matter should be considered by the Board and the timing of such consideration be addressed during the discussion of the calendar of expected agenda items during the next meeting of the Board that occurs more than ten (10) days thereafter. Notwithstanding the foregoing, any request to add a matter to the Board agenda made by three (3) directors shall be added to the Board meeting agenda at the next meeting to be held more than fourteen (14) days after the date of the last request.

6.9 Board Action. Every act done or decision made by a majority of the Directors

present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number, or the same number after disqualifying one or more Directors from voting, is required by the Articles, these Bylaws, or the California Nonprofit Corporation Law. Provided however, amendments to the Articles or these Bylaws and approval of certain transactions must be approved by the vote of a majority of the Directors in office, excluding interested directors as defined in Section 5233 of the California Corporations Code.

6.10 Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

6.11 Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

## **ARTICLE VII**

### **Board Committees and Advisory Committees**

7.1 Establishment of Committees. The Board of Directors may, by resolution adopted by a majority of the Directors then in office, provided that a quorum is present, designate one or more committees, each consisting of two (2) or more Directors, to serve at the pleasure of the Board. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The provisions of Section 7.1 through 7.5 of these Bylaws do not apply to any advisory committee established under Section 7.6. The appointment of members or alternate members of a committee requires the vote of a majority of the Directors then in office, provided that a quorum is present. Any such committee, to the extent provided in the resolution of the Board of Directors or in these Bylaws, shall have all the authority of the Board of Directors, except that no committee, regardless of Board resolution, may:

- (a) Approve any action that, under the California Nonprofit Corporation Law, also requires the affirmative vote of the members of a public benefit corporation.
- (b) Fill vacancies on the Board or in any committee that has the authority of the Board.
- (c) Fix compensation of the Directors for serving on the Board or on any committee.
- (d) Amend or repeal Bylaws or adopt new bylaws.
- (e) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable.
- (f) Appoint any other committees of the Board or the members of such committees.



(g) Expend corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected.

(h) Approve any transaction between the Corporation and one or more of its Directors in which the Director or Directors have a material financial interest, except as provided by Section 5233 of the California Corporations Code.

7.2 Special Committees. From time to time the Board may establish special committees. Special Board committees shall exist to perform specific tasks identified by the Board, and shall cease to exist upon completion of the task. The Board may by resolution establish special committees for such purposes as the Board deems appropriate. Members of such committees shall be appointed and removed at the Board's discretion, with or without cause.

7.3 Authority to Act. The committee may take action on behalf of the Corporation only if specifically authorized to take a Board action by resolution of the Board.

7.4 Appointment. The Chairperson of the Board shall appoint committee chairperson(s) and the committee chairperson(s) shall appoint members of committee(s) subject to approval by the Board.

7.5 Meetings and Actions of Committees. Meetings and actions of all committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of these Bylaws, concerning meetings and actions of Directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee.

7.6 Advisory Committees. Notwithstanding any other provision of this Article VII or these Bylaws, the Board may by resolution establish advisory committees to the Board. No advisory committee shall have or exercise any of the authority of the Board but shall advise the Board of Directors on matters within the advisory committee's charter as adopted by the Board. An advisory committee shall be composed of at least two members of the Board and persons who are not members of the Board. The Board, 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 Board members 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. The Chairperson may serve as chair or a member of any advisory committee except the Governance Committee. The Board may, at any time, amend the resolution establishing the

advisory committee to change the members, to change the scope of delegation, or to terminate the existence of the advisory committee.

## **ARTICLE VIII**

### **Officers and Employees**

8.1 Officers. The officers of the Corporation shall consist of the Chairperson, the Vice Chairperson, the Secretary and the Treasurer and such other persons who are specifically designated as officers by the Board. The offices of Secretary and Treasurer shall be held by the same person.

8.2 Election of Board Officers. All officers shall be elected by a majority vote of the Board.

8.3 Term of Board Officers. Each officer shall hold office for a two (2) year term or until his or her successor is elected and qualified, subject to any employment agreement; provided that a Director may not serve more than two (2) consecutive terms as Chairperson.

8.4 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the Chairperson or to the Secretary, without prejudice, however, to the rights, if any, of the Corporation under any contract to which such officer is a party. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later specified time.

8.5 Removal. Any officer may be removed at any time by a majority vote of the Board.

8.6 Vacancies. Upon the removal, resignation, death, or incapacity of any officer, the Board may declare such office vacant and fill such vacancy by the majority vote of the Board.

8.7 Compensation. The salary and other compensation of the officers shall be fixed from time to time by resolution of, or in the manner determined by, the Board.

8.8 Duties and Qualifications of Officers. The officers shall have such duties, in addition to those set forth below, as the Board shall specify by resolution from time to time.

(a) Chairperson. The Chairperson shall preside at all meetings of the Board. Except as provided in Section 13.1, the Chairperson shall have authority to execute in the name of the Corporation all bonds, contracts, deeds, leases, and other written instruments to be executed by the Corporation, and shall perform such other powers and duties as may be from time to time assigned to him or her by the Board or set forth in these Bylaws.

(b) Vice Chairperson. The Vice Chairperson shall assume and perform the duties of the Chairperson in the absence or disability of the Chairperson or whenever the office of Chairperson is vacant. The Vice Chairperson shall have such titles, perform such other duties, and have such other powers as the Board or the Chairperson shall designate from time to time.

(c) Secretary. The Secretary shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office and such other place as the Board may order, a book of minutes of actions taken at all meetings of Directors, committees, and Member, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such Directors, committees and Member meetings, and the proceedings of all such meetings.

The Secretary shall give, or cause to be given, notice of all the meetings of the members of the Board of Directors, and of the committees of this Corporation required by these Bylaws or by law to be given, shall keep the seal of the Corporation (if any) in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board, the Chairperson or by these Bylaws.

(d) Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the Chairperson and Directors, whenever they request it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board, the Chairperson or these Bylaws.

## **ARTICLE IX**

### **Chief Executive Officer**

9.1 Selection, Authority and Term. The Board may select and employ a competent, experienced Chief Executive Officer who shall be its direct executive representative in the management of the Hospital. This Chief Executive Officer shall be given the necessary authority and held responsible for the administration of the Hospital in all its activities and departments subject only to such policies as may be adopted, and such orders as may be issued by the Board or by any of its committees to which it has delegated power for such action. He or she shall act as the "duly authorized representative" of the Board in all matters in which the governing Board has not formally designated some other person for that specific purpose. However, nothing in this section is to be construed as depriving or delegating from the Board to the Chief Executive Officer any of the powers and duties imposed upon the Board by the Local Hospital District Law, Division 23, or Chapter 1 of the Health and Safety Code of the State of California, or related statutes. The Chief Executive Officer shall hold office from the date of hire until the end of his or her term in office or sooner at the sole discretion of the Board, subject to any employment agreement.

9.2 Performance Review. The Board shall continually review the performance of the Chief Executive Officer and provide counseling in areas where improvement is needed.

9.3 Authority and Duties. The authority and duties of the Chief Executive Officer shall be as follows:

(a) To perfect and submit to the Board for approval a plan of organization of the personnel and others concerned with the operation of the Hospital; and also to establish methods of procedures concerning the internal operation of the Hospital.

(b) To prepare an annual budget showing the expected receipts and expenditures of the Hospital as required by the Board of Directors.

(c) To prepare and submit capital budget of the Hospital to the Board for approval.

(d) To select, employ, and discharge all employees serving in positions as authorized by the Board of Directors.

(e) To see that all physical properties are kept in good state of repair and operating condition.

(f) To attend all meetings of the Board of Directors and participate in all Board discussions except where the Chief Executive Officer has a conflict of interest or is otherwise recused and except for executive sessions of the Board of Directors.

(g) To supervise all business affairs, such as the records of financial transactions, collection of accounts and purchase and issuance of supplies, and to ensure that all funds are collected and expended to the best possible advantage.

(h) To explore and develop strategic opportunities for the Hospital and propose such opportunities to the Board.

(i) To exercise his or her professional abilities in such a manner that those concerned with the rendering of professional service at the Hospital cooperate to the end that the best possible care may be rendered to all patients.

(j) To submit regularly to the Board or its authorized committees, periodic reports showing the professional service and financial activities of the Hospital and to prepare and submit such special reports as may be required by the Board and/or its functioning committees.

(k) To serve as the liaison officer and channel of communications for all official communications between the Board of Directors or any of its committees, and its adjunct organizations.

(l) To act as an ex-officio member of all Board committees.

(m) To support such volunteer services as are necessary to carry out the purpose of the Hospital.

- (n) To assist in providing an orientation program for new Board members.
- (o) To perform any other duty that may be necessary in the best interest of the Hospital.

## **ARTICLE X**

### **Contracts and Financial Matters**

10.1 Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

10.2 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depository as the Board may select.

10.3 Compensation of Directors. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be determined by resolution of the Board to be just and reasonable; provided, however, that any such compensation must be commercially reasonable.

## **ARTICLE XI**

### **Conflicts of Interest and Indemnification**

11.1 Conflict of Interest. The Board shall adopt, by resolution, a conflict of interest policy which shall be attached to these Bylaws.

11.2 Indemnification.

(a) For the purposes of this article, “agent” means any person who is or was a Director, officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a Director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Corporation or of another enterprise at the request of such predecessor corporation; “proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and “expenses” include without limitation attorneys’ fees and any expenses of establishing a right to indemnification under paragraph (d) or paragraph (e)(iii) of this Section 11.2.

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Corporations Code, or an action brought by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the

Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

(c) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the Corporation to procure a judgment in its favor, or brought under Section 5233, or brought by the Attorney General for breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this paragraph (c):

(i) In respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person's duty to the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses that such court shall determine;

(ii) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(iii) Of expenses incurred in defending a threatened or pending action that is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

(d) To the extent that an agent of the Corporation has been successful on the merits in defense of any proceeding referred to in paragraph (b) or (c) or in defense of any claim, issue, or matter in the proceeding, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the proceeding.

(e) Except as provided in paragraph (d), any indemnification under this Section 11.2 shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in paragraph (b) or (c), by:

(i) A majority vote of a quorum consisting of Directors who are not parties to such proceeding;

(ii) Approval or ratification by the affirmative vote of a majority of the votes represented and voting at a duly held membership meeting at which a quorum is present (which affirmative votes also constitute a majority of the

required quorum); for such purpose, any membership held by the person to be indemnified shall not be considered outstanding or entitled to vote on the matter; or

(iii) The court in which such proceeding is or was pending upon application made by the Corporation, the agent, or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Corporation.

(f) Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Section 11.2.

(g) Nothing contained in this article shall affect any right to indemnification to which persons other than Directors and officers of the Corporation or any subsidiary of the Corporation may be entitled by contract or otherwise.

(h) No indemnification or advance shall be made under this article, except as provided in paragraph (d) or paragraph (e)(iii), in any circumstance when it appears:

(i) That it would be inconsistent with a provision of the Articles, a resolution of the sole Member, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(ii) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) Upon and in the event of a determination by the Board of Directors of the Corporation to purchase indemnity insurance, the Corporation shall purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of this Section 11.2; provided, however, that the Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of Section 5233.

(j) This Section 11.2 does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Corporation as defined in paragraph (a). The Corporation shall have the power to indemnify such trustee, investment manager, or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California Corporations Code.



## **ARTICLE XII**

### **Medical Staff**

12.1 Organization. A medical staff organization has been created for the acute care hospital that is owned by El Camino Hospital, and this medical staff is known as the El Camino Hospital Medical Staff (the “Medical Staff”).

12.2 Membership. Membership in the Medical Staff shall be comprised of all physicians, dentists and podiatrists who are duly licensed, competent in their respective fields, worthy in character and in professional ethics and privileged to attend to patients in the Hospital. The term “physicians” shall include physicians licensed in the State of California, regardless of whether they hold an M.D. or D.O. degree. Membership in the Medical Staff shall be a prerequisite to the exercise of any clinical privileges except as otherwise expressly provided in the Medical Staff Bylaws.

#### 12.3 Medical Staff Bylaws, Rules and Regulations.

(a) Purpose. Medical Staff Bylaws, rules and regulations shall be adopted by the Medical Staff for its internal governance, subject to the Board’s approval (the “Medical Staff Bylaws”). The Medical Staff Bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the Medical Staff. The Medical Staff Bylaws, rules and regulations shall also state the purposes, functions and organization of the Medical Staff, and set forth the policies and procedures by which the Medical Staff exercises and accounts for its delegated authority and responsibilities.

#### (b) Procedure to Adopt or Amend.

(i) Preparation and Adoption. The Medical Staff shall have the initial responsibility to formulate, revise and adopt the Medical Staff Bylaws, rules and regulations.

(ii) Review and Approval. After the above action by the Medical Staff, such Medical Staff Bylaws, rules or regulations, or amendments thereto, shall be forwarded to the Board for its review and approval, which approval shall not be unreasonably withheld.

(iii) Separate Action. If the Medical Staff fails to exercise its responsibility hereunder and in a reasonable, timely and responsible manner, and after written notice from the Board to such effect, including a reasonable period of time for response, the Board may formulate or amend the Medical Staff Bylaws, rules and regulations. Any Medical Staff recommendations and views shall be carefully considered during the Board’s deliberations and actions.

#### 12.4 Credentialing and Clinical Privileges.

(a) Delegation to Medical Staff. The Board delegates to the Medical Staff responsibility and authority to investigate and evaluate all matters relating to Medical Staff membership and clinical privileges, including appointment, reappointment and corrective action.



(b) Initial Decision. Initial action with respect to membership on the Medical Staff and clinical privileges shall be taken by the Medical Staff in accordance with the Medical Staff Bylaws, rules and regulations. Thereafter, a recommendation shall be made to the Board.

(c) Review and Approval. The Board shall review and act upon recommendations of the Medical Staff, and shall give careful consideration to the Medical Staff's expertise in peer review matters.

(d) Separate Action. If the Medical Staff fails to exercise its responsibility hereunder in a reasonable, timely and responsible manner, and after written notice from the Board to such effect, including a reasonable period of time for response, the Board may take actions regarding medical staff membership and clinical privileges. In so doing, the Board shall carefully consider any Medical Staff recommendations and views during its deliberations and actions. In situations involving corrective action, the Board shall not initiate such action unless the Medical Staff's failure to do so is contrary to the weight of the evidence under consideration.

(e) Fair Hearing Procedure. The procedural rules to be followed by the Medical Staff and the Board in acting on matters of Medical Staff membership and clinical privileges, including such matters as appointment, reappointment and corrective action, shall be as more particularly specified in the Medical Staff Bylaws. The Medical Staff Bylaws shall provide for a procedure pursuant to which disagreements between the Medical Staff and the Board may be resolved.

(f) Standards of Decision and Review. In taking the actions referred to in this Article XII, the relevant decision-making body shall consider the supporting information and the purposes, needs and capabilities of the hospital, the health and welfare of the community, and such relevant criteria as are set out in the Medical Staff Bylaws, rules and regulations. In taking such action, no aspect of Medical Staff membership or privileging shall be limited or denied on the basis of sex, age, race, creed, color, or national origin, or on the basis of any other criterion unrelated to those set out in the preceding sentence.

(g) Duration. Appointments to the Medical Staff shall be for a maximum term of two (2) years.

(h) Terms and Conditions. The terms and conditions of Medical Staff membership and of the exercise of clinical privileges shall be as specified in the Medical Staff Bylaws, rules and regulations, or as more specifically defined in the notice of an individual appointment or privileges.

12.5 Allied Health Professionals. The categories of allied health professionals eligible to hold specific practice privileges to perform services within the scope of their licensure, certification or other legal authorization, and the corresponding privileges, prerogatives, terms and conditions for each such allied health professional category or practitioner shall be determined by the Board upon recommendations received from the Medical Staff executive committee. The Medical Staff shall have the responsibility and authority to investigate and evaluate each application by an allied health professional for satisfaction of relevant eligibility requirements in accordance with the Medical Staff Bylaws, rules and regulations.

12.6 Contract Physicians. A physician engaged as an independent contractor by the Corporation to provide medical-administrative services must obtain appropriate Medical Staff membership and privileges through the procedure outlined in the Medical Staff Bylaws, rules and regulations. Restriction or termination of such physician's Medical Staff membership or clinical privileges for reasons related to professional competence shall also be accomplished through the procedures contained in the Medical Staff Bylaws, rules and regulations. All other matters, including termination of Medical Staff membership or clinical privileges on grounds not related to professional competence, shall be governed by the terms of such physician's contracts or agreements with the Corporation.

12.7 Accountability. The Medical Staff shall be accountable to the Board for conducting activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided at the Corporation. These activities shall include:

- (a) Standard of Care. Ensuring that a comparable standard of care, as determined by the Medical Staff, is provided to all patients with similar needs;
- (b) Monitor Quality. Ongoing monitoring and evaluation of patient care to solve problems and identify other opportunities to improve quality.
- (c) Clinical Privileges. Delineation of clinical privileges for members of the Medical Staff commensurate with individual credentials and demonstrated ability and judgment.
- (d) Continuing Education. Provision of continuing professional education, guided by the needs identified through the review and evaluation activities, as well as other perceived needs and interests.
- (e) Resource Allocation. Review of utilization of the Corporation's resources to provide for their allocation to patients in need of them.
- (f) Medical Records. Ensuring the preparation and maintenance of adequate and accurate medical records for all patients; and
- (g) Other Matters. Such other measures as the Board may, after considering the advice of the Medical Staff and the Corporation's administration, deem necessary for the preservation and improvement of the quality and efficiency of patient care.

### **ARTICLE XIII**

#### **Execution of Corporate Instruments, and Voting of Stocks and Memberships Held by the Corporation**

13.1 Execution of Corporate Instruments. The Board may, in its discretion, determine the method and designate the signatory officer or officers or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

Unless otherwise specifically determined by the Board or otherwise required by law, formal contracts of the Corporation, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the Corporation, and other corporate instruments or documents, and certificates of shares of stock owned by the Corporation, shall be executed, signed, or endorsed by the Chairperson.

All checks and drafts drawn on banks or other depositories on funds to the credit of the Corporation, or in special accounts of the Corporation, shall be signed by such person or persons as the Board shall authorize to do so.

13.2 Ratification by Member. The Board may, in its discretion, submit any contract or act for approval or ratification of the Member at any regular meeting of Member, or at any special meeting of Member called for that purpose.

13.3 Voting of Stocks Owned by Corporation. All stock of other corporations or memberships in other corporations owned or held by the Corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect to such stock or memberships shall be executed, by the person authorized to do so by resolution of the Board of Directors, or in the absence of such authorization, by the Chairperson of the Board, or Vice Chairperson or by any other person authorized to do so by the Chairperson or the Vice Chairperson of the Board.

#### **ARTICLE XIV**

##### **Annual Report**

Except as provided below, the Corporation shall cause to be sent to its Member and Directors no later than 120 days after the close of its fiscal year, a report containing the following information in appropriate detail:

- (a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
- (d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year.
- (e) Any information required by Section 6322 of the California Corporations Code.

The report shall be accompanied by any pertinent report of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

This article does not apply to the Corporation when it receives less than twenty-five thousand dollars (\$25,000) in gross revenues or receipts during the fiscal year, with the exceptions that a report meeting the above requirements must be furnished annually to all Directors and to the Member who requests it in writing and that the information referred to in paragraph (e) above must be furnished to the Member and Directors within 120 days after the close of the Corporation's fiscal year.

If the Corporation solicits in writing contributions from five hundred (500) or more persons, it need not send the report described above to the Member, with the exception of the information referred to in paragraph (e) above, if it:

- (i) Includes with any written material used to solicit contributions a written statement that its latest annual report will be mailed upon request and that such request may be sent to the Corporation at a name and address which is set forth in the statement;
- (ii) Promptly mails a copy of its latest annual report to any person who requests a copy; and
- (iii) Causes its annual report to be published not later than 120 days after the close of its fiscal year in a newspaper of general circulation in the county in which its principal office is located.

## **ARTICLE XV**

### **Standard of Care**

A Director shall perform the duties of a director, including duties as a member of any Board committee on which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) one or more officers or employees of the Corporation whom the Director believes to be reliable and competent as to the matters presented;
- (b) counsel, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or
- (c) a Board committee upon which the Director does not serve, as to matters within its designated authority, provided that the Director believes such committee merits confidence; so long as in any such case, the Director acts in good faith after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Except as provided in Article XVI below, a person who performs the duties of a Director in accordance with this Article XV shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a Director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which a corporation, or assets held by it, are dedicated.

## **ARTICLE XVI**

### **Prohibited Transactions**

16.1 Loans. Except as permitted by Section 5236 of the California Corporations Code, this Corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer; provided, however, that this Corporation may advance money to a Director or officer of this Corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such officer or Director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

16.2 Self-Dealing Transactions. Except as provided in Section 16.3 below, the Board of Directors shall not approve or permit the Corporation to engage in any self-dealing transaction. A self-dealing transaction is a transaction to which this Corporation is a party and in which one or more of its Directors has a material financial interest, unless the transaction is described in California Corporations Code Section 5233(b).

16.3 Approval. This Corporation may engage in a self-dealing transaction if the transaction is approved by a court or by the Attorney General. This Corporation also may engage in a self-dealing transaction if the Board determines, before the transaction, that (1) this Corporation is entering into the transaction for its own benefit; (2) the transaction is fair and reasonable to this Corporation at the time; and (3) after reasonable investigation, the Board determines that it could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determinations must be made by the Board in good faith, with knowledge of the material facts concerning the transaction and the interest of the Director or Directors in the transaction, and by a vote of a majority of the Directors then in office, without counting the vote of the interested Director or Directors.

## **ARTICLE XVII**

### **Miscellaneous**

#### 17.1 Records and Reports.

(a) Maintenance and Inspection of Articles and Bylaws. This Corporation shall keep at its principal office the original or a copy of its Articles and these Bylaws as amended from time to time which shall be open to inspection by the Directors and the Member at any reasonable time during business hours.

(b) Maintenance and Inspection of Other Corporate Documents. The accounting books, records, and minutes of proceedings of the Member, the Board and any committee of the Board shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal office of the Corporation. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or

typed form or in any other form capable of being converted into written, typed or printed form. The minutes and accounting books and records shall be open to inspection on the written demand of any Member, at any reasonable time during usual business hours for a purpose reasonably related to the Member's interests as a Member. Inspection may be made in person or by an agent or any attorney, and shall include the right to copy and make abstracts.

(c) Inspection by Directors. Each Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Corporation. This inspection by a Director may be made in person or by the agent or attorney. The right of inspection includes the right to copy and make abstracts of documents.

17.2 Corporate Seal. The Board shall provide a suitable seal for the Corporation.

17.3 Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, singular numbers include the plural, plural numbers include the singular, and the term "person" includes both corporations and natural persons. The captions or headings in these Bylaws are for convenience only and are not intended to limit or define the scope or effect of any provision of these Bylaws.

## **ARTICLE XVIII**

### **Amendments**

18.1 Amendments. The Articles or these Bylaws may be adopted, repealed, amended or restated or new Articles or Bylaws may be adopted upon a majority vote of the authorized number of Directors (excluding vacancies and Directors with a conflict of interest). No such adoption, repeal, amendment, restatement or new Articles or Bylaws shall be effective until approved by the Member. Moreover, the Articles and Bylaws may be adopted, repealed, amended or restated or new Bylaws adopted upon the vote of the Member.

## CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the currently elected and acting Secretary of El Camino Hospital, a California nonprofit public benefit corporation, and the above Amended and Restated Bylaws, consisting of 24 pages, are the Bylaws of this Corporation as adopted pursuant to the required affirmative vote of the Board, December 7, 2005 and the Member, the El Camino Healthcare District, on December 7, 2005 pursuant to the required affirmative vote of the District Board, as amended and restated pursuant to the required affirmative vote of the Board on August 10, 2011 and the Member, the El Camino Healthcare District, on August 10, 2011 pursuant to the required affirmative vote of the District Board, as further amended and restated by the Member, El Camino Healthcare District, on March 20, 2012 pursuant to the required affirmative vote of the District Board, as further amended and restated by the Member, El Camino Healthcare District, on May 12, 2012, May 1, 2013, June 18, 2013, and March 5, 2014 pursuant to the required affirmative vote of the District Board, as further amended and restated pursuant to the required affirmative vote of the Board on May 14, 2014 (Section 6.8) and May 14, 2014 (Article VII) and of the Member, the El Camino Healthcare District, on June 17, 2014, as further amended and restated pursuant to the required affirmative vote of the Board on October 8, 2014 (Section 7.6) and of the Member, the El Camino Healthcare District, on October 21, 2014, as further amended and restated pursuant to the required affirmative vote of the Board on May 11, 2016 and of the Member, the El Camino Healthcare District, on June 14, 2016 and as further amended and restated by the Member, El Camino Healthcare District, on \_\_\_\_\_, 2017 pursuant to the required affirmative vote of the District Board.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Secretary on \_\_\_\_\_, 2017.

\_\_\_\_\_  
El Camino Hospital Secretary

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Report on Board Processes Assessment Work Governance Committee June 6, 2017
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	For Discussion only
<p><b>Background:</b> In May 2015, the Board adopted Via Healthcare Consulting's recommendations for Board process improvements. Since that time, Board and staff have worked to implement the recommendations. While significant progress has been made, opportunities still exist.</p> <p><b>Action Plan Key:</b></p> <p><b>Green/Complete:</b> Complete, need to continue, but no further action required at this time</p> <p><b>Green/ Underway:</b> Significant progress made, but continued vigilance necessary</p> <p><b>Blue/Underway:</b> Some progress being made, continued effort needed (Of note regarding #12: additional progress could be achieved if less Committee work was revisited by the Board, <i>i.e.</i>, more Committee recommendations on consent calendar)</p> <p><b>Red:</b> Either (1) Discontinued or (2) Not addressed, action required</p> <p>A report detailing length of Board meetings and progress towards decreasing volume of Board materials is also provided. This summary also notes time spent in open session (generally on more administrative matters) versus time in closed session (generally on more strategic matters).</p>	
<b>Committees that reviewed the issue and recommendation, if any:</b> None.	
<p><b>Summary and Session Objectives:</b></p> <p>To update the Committee on progress implementing Via's recommendations and to get the Committee's feedback and advice.</p>	
<p><b>Suggested discussion questions:</b></p> <ol style="list-style-type: none"> <li>1. Do the Committee members share staff's assessment of progress implementing the recommendations?</li> <li>2. What advice does the Committee have to further these efforts?</li> </ol>	
<b>Proposed Committee motion, if any:</b> None.	
<p><b>LIST OF ATTACHMENTS:</b></p> <ol style="list-style-type: none"> <li>1. Work Plan Update</li> <li>2. Board Meeting Times and Trends</li> </ol>	



## Governance Process Action Plan (Updated 5/31/17)

	<b>What</b> (brief description of action item or step)	<b>Who</b> (Individual or Committee)	<b>By when</b> (date)	<b>Current status</b> (Underway, completed, etc.)
<b>Immediate Impact</b>				
1.	Empower senior executives who provide expertise and support to the board and its committees to. <ul style="list-style-type: none"> <li>a. Discuss the current process for preparing for board and committee meetings.</li> <li>b. Identify barriers to optimal board-executive interactions.</li> <li>c. Develop guidelines for board meeting preparation process that can be shared with the board for its input and approval.</li> <li>d. Develop templates for presentations, minutes and reports that the executives could present for board approval then implement</li> </ul>	Cindy Murphy	August	<b>Complete/ Cover Sheet Templates Being Used Consistently; Powerpoint Templates Being Used Inconsistently</b>
2.	Implement board agenda item guidelines regarding: <ul style="list-style-type: none"> <li>a. Presentation of materials</li> <li>b. Use of cover sheet to clearly identify the governance level implications and action requested</li> <li>c. Use an appendix for supporting materials</li> </ul>	Cindy Murphy	August	<b>Complete</b>
3.	Have Board Liaison restate any motion immediately prior to the vote	Cindy Murphy	August	<b>Stating proposed motions in cover memos has made this unnecessary</b>
4.	Consider adopting a zero-based board packet, adding back materials as necessary	Neal Cohen, MD and Tomi Ryba	August	<b>Complete</b>
5.	Remove information-only items from consent agenda and place in appendix	Cindy Murphy	August	<b>Complete</b>
6.	Consider having board members complete board meeting evaluation forms during implementation of these recommendations to track the effectiveness of and satisfaction with new practice	Board Services Coordinator	August and January	<b>Discontinued – As a Group, Board Members Did Not Find Evaluation Forms Useful</b>

	<b>What</b> (brief description of action item or step)	<b>Who</b> (Individual or Committee)	<b>By when</b> (date)	<b>Current status</b> (Underway, completed, etc.)
7.	Include the following in meeting minutes: a. what was <i>done</i> , not a summary of what was <i>said</i> , b. comments that introduce the rationale behind a point of view or refer to adverse points of view c. text of the main motion as it stood when finally voted on	Cindy Murphy	August	<b>Complete</b>
8.	Ensure that action items, strategic issues and time-sensitive topics are placed at the top of the agenda.	Neal Cohen, MD and Tomi Ryba	August	<b>Complete</b>
<b>Ongoing/Process Development</b>				
9.	Empower the board chair to facilitate board discussions more actively including moving off an issue if most but not all board members concur	Neal Cohen, MD	August	<b>Complete</b>
10.	Ensure that each board member has a chance to speak once before giving members a second chance to weigh in	Neal Cohen, MD	August	<b>Complete</b>
11.	Request that board members consider whether their point has already been made and if so, refrain from restating it	Neal Cohen, MD	August	<b>Complete</b>
12.	Schedule board meetings to last no more than 3 hours and adhere to stated start and end times for agenda items and meeting	Neal Cohen, MD and Tomi Ryba	August	<b>Inconsistent Success</b>
13.	Review the CEO's current approval levels and consider establishing limits that delegate more authority, as appropriate	Finance Committee and Iftikhar Hussain	August	<b>Complete</b>
14.	Assess and revise, as necessary, committee meeting timing so that the preparation of committee deliverables (e.g., minutes, reports, recommendations) coincide with the deadlines for board meeting packet preparation and decision timelines	Tomi Ryba and Cindy Murphy	June	<b>Complete</b>
15.	Offer optional individual coaching to board members on board roles for their enhanced effectiveness	Via Consulting	September – October	<b>Complete: Coaching Offered – Not Undertaken</b>

	<b>What</b> (brief description of action item or step)	<b>Who</b> (Individual or Committee)	<b>By when</b> (date)	<b>Current status</b> (Underway, completed, etc.)
16.	Identify continuing education goals for board members and track performance	Governance Committee	June	<b>Planned FY17 Board Education Plan revised in favor of Strategic Planning Process. FY17 Board Education Plan Still Being Developed</b>
17.	Include information about the board's role and governance responsibilities in the new board member orientation	Mary Rotunno to develop; Governance Committee reviews	October	<b>Governance Committee has not reviewed.</b>
18.	Design board meeting agendas more explicitly around strategic plan priorities and board responsibilities	Neal Cohen, MD and Tomi Ryba	August	<b>Complete</b>
19.	Develop a goal for how much of board meeting time should be focused on quality and begin working toward it	Quality Committee	August	<b>Not Complete</b>
20.	Consider explicitly separating steps of the board's deliberative process: a. Focus on understanding b. Articulate alternatives c. Weigh alternatives d. Make decision	Executive Leadership Team in preparation of materials; Neal Cohen, MD in facilitation of meetings	August	<b>Complete</b>
21.	Redesign regular board reports/dashboards for better transparency and accountability	Tomi Ryba and Iftikhar Hussain	September	<b>Complete</b>
22.	Increase board focus on community benefit, population health and the mission	Tomi Ryba	September	<b>Complete</b>
23.	Remove committee minutes from consent agenda (they do not require board approval) and include in appendix	Cindy Murphy	August	<b>Complete</b>
24.	Create a standardized format/template for board committees' quarterly reports	Cindy Murphy	October	<b>Complete</b>

	Month	End Time (Planned)	End Time (Actual)	Joint Meeting Preceding?	Meeting Length (hrs:mins)*	Minutes Over Plan	Time in Open Session (Admin)	Time in Closed Session (Strategic)	% of time in Closed Session	Materials (# of pages)**	Materials (w/o "unusual" submissions)
FY15	January	9:44	10:10	No	4:40	26	1:35	3:05	66.07%	444	444
	February	9:01	8:57	No	3:31	-4	1:43	1:48	51.18%	279	279
	March	9:44	9:20	No	3:50	-24	1:55	1:55	50%	241	241
	April	9:28	9:56	ECHD 15 mins	4:11	28	1:16	2:55	69.72%	460	260
	May	9:43	10:12	FC 1 hour	3:42	29	2:17	1:25	38.29%	285	285
	June	10:18	10:35	CC 1 hour 15 mins	3:54	17	1:46	2:08		366	366
AVERAGE					3:58	12	1:45	2:12	55.05%	346	312.5

	Month	End Time (Planned)	End Time (Actual)	Joint Meeting Preceding?	Meeting Length (hrs:mins)*	Minutes Over Plan	Time in Open Session (Admin)	Time in Closed Session (Strategic)	% of time in Closed Session	Materials (# of pages)**	Materials (w/o "unusual" submissions)
FY16	August	8:40	11:17	No	5:37	157	2:24	3:13	57.27%	279	279
	September	8:55	10:15	No	4:45	140	2:13	2:32	53.33%	361	261
	October	8:44	10:42	No	5:12	118	1:42	3:30	67.31%	553	253
	November	8:45	9:45	No	4:15	60	1:25	2:50	66.67%	275	275
	January	8:37	10:25	No	4:55	108	0:50	4:05	83.05%	489	289
	February	8:57	8:03	No	2:33	-54	0:23	2:10	84.97%	292	187
	March	8:00	8:47	No	3:17	47	0:53	2:24	73.10%	173	173
	April	9:45	10:29	ECC 1 hour 15 mins	3:44	29	0:49	2:55	78.13%	307	207
	May	9:30	10:41	No	5:10	70	1:33	3:37	70%	186	186
	June	8:40	9:15	No	3:43	25	1:42	2:01	54.26%	497	386
	June (extra)	5:40	5:38	No	0:08	-2	0:08	0:00	0%	8	8
AVERAGE					3:56	63	1:16	2:39	62.55%	311	228

	Month	End Time (Planned)	End Time (Actual)	Joint Meeting Preceding?	Meeting Length (hrs:mins)*	Minutes Over Plan	Time in Open Session (Admin)	Time in Closed Session (Strategic)	% of time in Closed Session	Materials (# of pages)**	Materials (w/o "unusual" submissions)
FY17 YTD	August	9:30	10:53	No	5:51	83	0:35	5:16	90.03%	302	302
	August (Special)	3:00	2:05	No	1:25	-55	0:02	1:23	97.65%	n/a	n/a
	September	10:15	9:33	No	4:03	-42	0:31	3:32	87.24%	292	292
	September (Special)	6:50	6:37	No	1:07	-13	0:07	1:00	89.55%	16	16
	October	10:00	9:37	No	4:07	-23	1:22	2:45	66.80%	939	489
	November	10:05	10:14	CC 1 hour	3:44	9	0:37	3:07	83.48%	288	288
	January (Study Sesh)	9:00	8:50	No	3:20	-10	0:06	3:14	97.00%	31	31
	January	7:45	8:26	No	2:54	41	1:10	1:44	59.77%	237	237
	January (Study Sesh)	9:00	8:43	No	3:09	-17	0:02	3:07	98.94%	162	162
	February	7:20	7:43	No	2:13	13	0:32	1:41	75.94%	222	222
	February (Study Sesh)	9:00	8:30	No	2:57	-30	0:03	2:54	98.31%	33	33
	March (Retreat)	5:30	5:35	No	4:00	5	0:05	3:55	97.92%	92	92
	March (Retreat)	2:00	2:00	No	5:28	-2	0:02	5:26	99.39%	92	92
	March	7:50	8:29	ECHD 15 minutes	2:44	39	0:54	1:50	67.07%	493	135
	April	8:40	9:30	No	4:01	50	1:39	2:22	58.92%	450	250
	May	10:15	10:11	CEO Search 1 hour	3:41	-4	0:21	3:20	90.50%	348	156
AVERAGE					3:24	0	0:30	2:54	84.91%	266	186

#### Unusual Submissions

- Bond Documents (200+ pgs): 04/2015, 10/2016, 03/2017
- Marketing Materials (100+ pgs): 09/2015, 02/2016
- Medical Staff Report (200+ pgs): 10/2015, 01/2016, 04/2017 05/2017
- Board Assessment Reports (100+ pgs): 04/2016
- CEO Search Committee Report (100+ pgs): 10/2016
- Community Benefit Plan (100+ pgs): 06/2016

\* Does not include Joint Meeting time

\*\* Policies (except those coming through the MEC) excluded

## Governance Committee **PROPOSED** Goals for FY 2018

### Purpose

The purpose of the Governance Committee (“Committee”) is to advise and assist the El Camino Hospital (ECH) Hospital 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.

**Staff: Don Sibery, Interim CEO**  
**Cindy Murphy, Board Liaison**

*The CEO shall serve as the primary staff support to the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the executive team or outside consultants may participate in the Committee meetings upon the recommendation of the CEO and at the discretion of the Committee Chair.*

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
Review the governance structure of the Hospital Board, conduct research and make recommendations on preferred competencies.	<ul style="list-style-type: none"> <li>▪ Q1 FY 2018</li> <li>▪ Q4 FY 2018</li> <li>▪ Q1 and Q4 FY2018</li> </ul>	<ul style="list-style-type: none"> <li>▪ Recommendation for high-priority Board member competencies made to Hospital Board and District Board.</li> <li>▪ Chair nominates Governance Committee Member to serve on District Board Ad Hoc Committee and participate in Non-District Board Member recruitment/interview process as requested by the District Board.</li> <li>▪ <b>Assess District's ECH Board Structure Changes Implementation Plan and make Recommendations</b></li> </ul>

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
<ul style="list-style-type: none"> <li>Promote Enhanced and Sustained Competency Based, Efficient, Effective Governance</li> </ul>	<ul style="list-style-type: none"> <li>Q1 - Q4 FY 2018</li> </ul>	<ul style="list-style-type: none"> <li>FY 2018 Self- Assessment Tool (Committees and Board) Recommended to the Board and Survey Completed – Q1 – Q2</li> <li>Reports are completed and made available to the Board and the District Board – Q3 – Q4</li> <li>Assess Effectiveness of Expanded Committee Structure – Q2 – Q3</li> <li>Assess Board Governance/Management relationships and effectiveness. Make recommendations for improvements to the Board</li> </ul>
<ul style="list-style-type: none"> <li>Finalize Board and Committee Education Plan for FY 2018 and Develop FY19 Plan</li> </ul>	<ul style="list-style-type: none"> <li>Q1 FY 2018</li> <li>Q2 FY 2018</li> <li>Q4 FY 2018</li> </ul>	<ul style="list-style-type: none"> <li>Develop and Recommend FY18 Board Education Plan</li> <li>Recommend Annual Retreat for FY18 Agenda to the Board</li> <li>Make Recommendation for FY19 Board Education Plan</li> </ul>

**Submitted by:**

Peter C. Fung, MD; Chair, Governance Committee  
Don Sibery, Interim CEO; Executive Sponsor, Governance Committee

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Proposed FY18 Advisory Committee Goals Governance Committee June 6, 2017
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	Possible Motion
<b>Background:</b> <p>Every year, each of the Advisory Committees develops goals for the upcoming fiscal year. Three of the committees have done so for FY18; their recommended goals are attached. The Finance Committee will consider its goals and make recommendations to the Board at its May 30, 2017 meeting and the Quality Committee will do a final review of its goals at its June 5, 2017 meeting. The Governance Committee is reviewing draft goals at its June 6, 2017 meeting.</p>	
<b>Committees that reviewed the issue and recommendation, if any:</b> <p>Compliance, Investment, Executive Compensation Committees</p>	
<b>Summary and Session Objectives:</b> <p>To obtain the Committee's recommendation for the Board to approve the proposed FY18 Compliance, Investment, and Executive Compensation Committees' goals.</p>	
<b>Suggested discussion questions:</b> <ol style="list-style-type: none"> <li>1. Are the proposed Committee goals at the correct strategic level?</li> <li>2. Do they reflect important strategic issues facing the Board in FY18?</li> <li>3. Are the proposed Committee goals "SMART" (Specific, Measurable, Relevant, Attainable, Time Bound)?</li> </ol>	
<b>Proposed Committee motion, if any:</b> <p>To recommend that the Board approve the Proposed FY18 Compliance, Investment, and Executive Compensation Committees' goals.</p>	
<b>LIST OF ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. Proposed FY18 Investment Committee Goals</li> <li>2. Proposed FY18 Corporate Compliance/Privacy and Internal Audit Committee Goals</li> <li>3. Proposed FY18 Executive Compensation Committee Goals</li> </ol>	

**PROPOSED**  
**FY18 COMMITTEE GOALS**  
Investment Committee

**PURPOSE**

The purpose of the Investment Committee is to develop and recommend to the El Camino Hospital (ECH) Board of Directors (“Board”) the investment policies governing the Hospital’s assets, maintain current knowledge of the management and investment funds of the Hospital, and provide oversight of the allocation of the investment assets.

**STAFF:** Iftikhar Hussain, Chief Financial Officer

*The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team or hospital staff may participate in the meetings upon the recommendation of the CFO and at the discretion of the Committee Chair. The CEO is an ex-officio member of this Committee.*

GOALS	TIMELINE by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	METRICS
1. Review performance of consultant recommendations of managers and asset allocations	<ul style="list-style-type: none"> <li>Each quarter - ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Committee to review selection of money managers and make recommendations to the CFO</li> </ul>
2. Educate the Board and Committee: Hedge Fund trends and allocation review	<ul style="list-style-type: none"> <li>Q1 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Completed by the end of Q1</li> </ul>
3. Review/revise Executive Dashboard	<ul style="list-style-type: none"> <li>Each quarter - ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Completed by June 2018</li> </ul>
4. Review and evaluate Management’s recommended ERM framework regarding how the Board will establish its risk appetite and tolerance levels	<ul style="list-style-type: none"> <li>Q4 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Completed by the end of Q4</li> </ul>

**SUBMITTED BY:**

John Zoglin  
Iftikhar Hussain

**Chair,** Investment Committee  
**Executive Sponsor,** Investment Committee



**PROPOSED**

**FY18 COMMITTEE GOALS**

Corporate Compliance/Privacy and Internal Audit Committee

**PURPOSE**

The purpose of the Corporate Compliance/Privacy and Audit Committee (“Compliance Committee”) is to advise and assist the El Camino Hospital (ECH) Board of Directors (“Board”) in its exercise of oversight by monitoring the compliance policies, controls, and processes of the organization and the engagement, independence, and performance of the internal auditor and external auditor. The Compliance Committee assists the Board in oversight of any regulatory audit and in assuring the organizational integrity of ECH in a manner consistent with its mission and purpose.

**STAFF:** Diane Wigglesworth, Sr. Director, Corporate Compliance

*The Sr. Director, Corporate Compliance shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team or outside consultants may participate in the meetings upon the recommendation of the Sr. Director, Corporate Compliance and at the discretion of the Committee Chair.*

GOALS	TIMELINE by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	METRICS
1. Review and evaluate Hospital’s plan for IT Security awareness training for organization	<ul style="list-style-type: none"> <li>Q1 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Committee reviews training plan</li> </ul>
2. Review and evaluate Hospital’s policy and education plan regarding responding to government investigations	<ul style="list-style-type: none"> <li>Q1 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Committee reviews policy and education plan</li> </ul>
3. Review reports on the completion of HIPAA Readiness plan milestones for FY18	<ul style="list-style-type: none"> <li>Q2 and Q4 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Committee reviews HIPAA Readiness Plan milestones for FY18</li> </ul>
4. Review and evaluate Management’s recommended ERM framework regarding how the Board will establish its risk appetite and tolerance levels	<ul style="list-style-type: none"> <li>Q1 FY18: Preliminary Framework Report</li> <li>Q2 FY18: Final Recommendations</li> </ul>	<ul style="list-style-type: none"> <li>Committee reviews recommendations</li> </ul>

**SUBMITTED BY:**

John Zoglin  
Diane Wigglesworth

**Chair,** Corporate Compliance/Privacy and Internal Audit Committee  
**Executive Sponsor,** Corporate Compliance/Privacy and Internal Audit Committee

**PROPOSED**  
**FY18 COMMITTEE GOALS**  
Executive Compensation Committee

**PURPOSE**

The purpose of the Executive Compensation Committee is to assist the El Camino Hospital (ECH) Board of Directors (“Board”) in its responsibilities related to the Hospital’s executive compensation philosophy and policies. The Committee shall advise the Board to meet all legal and regulatory requirements as it relates to executive compensation.

**STAFF:** **Kathryn Fisk**, Chief Human Resources Officer; **Julie Johnston**, Director, Total Rewards; **Cindy Murphy**, Board Liaison

*The CHRO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. The CEO, and other staff members as appropriate, may serve as a non-voting liaison to the Committee and may participate at the discretion of the Committee Chair. These individuals shall be recused when the Committee is reviewing his/her compensation. The CEO is an ex-officio member of this Committee.*

GOALS	TIMELINE by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	METRICS
1. Advise the Board on performance incentive goal-setting and plan design, ensuring strategic alignment and proper oversight of compensation-related decisions.	<ul style="list-style-type: none"> <li>Q2 – Q4 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Recommend FY17 performance goal scores and payouts (Q2)</li> <li>Oversee the implementation of changes that impact the FY18 strategic planning, budgeting, and goal setting process</li> <li>Recommend FY19 goals and measurements (Q4)</li> <li>Assess the value of long-term incentives to support the achievement of long-term strategies (TBD)</li> </ul>
2. Support success implementation of executive benefit changes	<ul style="list-style-type: none"> <li>Q3 – Q4 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Review proposed changes to benefits plan policy (Q1)</li> <li>Review consultant analysis of benefit change impact (Q3)</li> </ul>
3. Advise the Board ensuring strategic alignment and proper oversight of compensation-related decisions.	<ul style="list-style-type: none"> <li>Q2 – Q3 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Review base salary administration policy, review market analysis, and make base salary recommendations to the Board (Q2)</li> <li>Submit the letter of reasonableness for Board acceptance (Q3)</li> <li>Review compensation philosophy and performance incentive plan policies and make recommendation to Board to approve any changes (Q3)</li> </ul>

**SUBMITTED BY:**

Lanhee Chen  
Kathryn Fisk

**Chair**, Executive Compensation Committee  
**Executive Sponsor**, Executive Compensation Committee

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Board Director Compensation Policy Governance Committee June 6, 2017
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	Possible Motion
<b>Background:</b>	At its April 12, 2017 meeting, the Board adopted this Committee's recommendation to implement an annual Board Chair Stipend in the amount of \$12,000 (payable quarterly) and a \$100 stipend for Committee Chairs' participation in agenda preparation calls/meetings. The Board referred the issue of increasing the stipend for attendance at Board and Committee meetings back to the Governance Committee for further discussion.
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives :</b>	To consider increasing the stipend for attendance at Board meetings.
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion(s), if any:</b>	At the discretion of the Committee.
<b>LIST OF ATTACHMENTS:</b>	1. El Camino Hospital Board Director Compensation and Reimbursement Policy and Procedure

<b>TITLE:</b>	El Camino Hospital Board Director Compensation and Reimbursement Policy and Procedure
<b>CATEGORY:</b>	Administration
<b>LAST APPROVAL:</b>	May 10, 2017 (Revisions Effective July 1, 2017)

<b>TYPE:</b>	<input checked="" type="checkbox"/> Policy <input type="checkbox"/> Protocol <input type="checkbox"/> Scope of Service/ADT <input checked="" type="checkbox"/> Procedure <input type="checkbox"/> Standardized Process/Procedure
<b>SUB-CATEGORY:</b>	Board
<b>OFFICE OF ORIGIN:</b>	Administration
<b>ORIGINAL DATE:</b>	February 12, 2014 (applicable to events after 1/8/14)

I. **COVERAGE:** All Members of the El Camino Hospital Board of Directors with the exception of the Chief Executive Officer.

II. **PURPOSE:**

- A. To define the events for which Board Directors other than the CEO shall receive compensation and reimbursement.
- B. To define the amount of compensation Board Directors shall receive.
- C. To define the procedures necessary to implement this policy.

III. **POLICY STATEMENT:**

- A. El Camino Hospital shall pay its Board Chairperson an annual stipend in the amount of \$12,000, payable during the third month of each quarter of the fiscal year.
- B. El Camino Hospital shall pay members of its Board of Directors, with the exception of the Board Chairperson, a stipend for in person attendance at each of the events listed below, not to exceed seven events per month. However, one of the compensable events per month may be attended by teleconference. Members of the Board of Directors who do not wish to receive such payments may notify the Board Liaison and the CEO by submitting a "Board of Directors' Compensation Op-Out" form. Any member not receiving compensation may request to receive such compensation for attendance at future events by notifying the Board Liaison and the CEO. Notwithstanding the above, a stipend shall be paid for participation in the event described in Section C(3)(e) for either in person or telephonic attendance.
- C. Events which are subject to compensation include:
  - 1. Board members shall be paid \$200 for attendance at Regular, Special and Emergency Meetings of the El Camino Hospital Board of Directors.

**TITLE:**

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**CATEGORY:**

Administration

**LAST APPROVAL:**

May 10, 2017 (Revisions Effective July 1, 2017)

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2. Board members shall be paid \$100 for attendance at meetings of the Standing Board Advisory Committees of which the Director is a member or an alternate.
  3. In addition to the foregoing meetings, the Board, by adoption of this policy, declares that the following events constitute performance of official duties by a member of the Board of Directors for which Board members shall be paid \$100 for attending:
    - a. Meetings of the Board's Ad Hoc Committee established by the Board of which the Director is a member.
    - b. Meetings of the El Camino Hospital Foundation, when the Director is then serving as an ex-officio member of the Foundation Board.
    - c. Meetings of the Community Benefit Advisory Council ("CBAC") if the Director has been appointed to the CBAC by the El Camino Hospital Board of Directors.
    - d. Meetings of the PAMF/ECH Joint Operating Council if the Director has been appointed as the Board's liaison to the Council.
    - e. Advisory Committee Meeting agenda setting meetings, in person or telephonic, if the Director is the Chair of the Committee.
- D. El Camino Hospital shall also pay to members of its Board of Directors, including the Board Chairperson, (who request such payment reimbursement and submit the required form) an amount equal to his or her actual necessary travel and incidental expenses, including but not limited to travel, lodging and meals incurred (1) as a result of attending events specified in Section B above and (2) as a result of attending educational events funded by El Camino Hospital.
- E. Board members who reside within the El Camino Healthcare District shall not be eligible for reimbursement for mileage to events at El Camino Hospital.
- F. Board members are expected to use prudent judgment in selecting their travel accommodations and otherwise incurring expenses which will be reimbursed by the Hospital.
- G. This policy shall be implemented in accordance with the procedures described in Section VI below.

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**IV. DEFINITIONS (if applicable):**

N/A

**V. REFERENCES:**

N/A

**VI. PROCEDURE:**

A. Stipends

1. Hospital staff will track Board members' attendance at meetings and, on a monthly basis, provide Board members who have not opted out of the policy with a "Meeting Attendance Report Confirmation" Form for signature.
2. Upon receipt of the signed Meeting Attendance Report Confirmation and following approval of the Board Chair, (or the Vice Chair, in the case of the Chair's compensation) Hospital staff will forward the document to accounting.
3. Stipends paid to Directors are IRS Form 1099 – Miscellaneous reportable. Directors who have not opted out of participation (See, Section III A) and are accepting stipend payments must submit IRS FORM W-9 to ECH Accounting before receiving payment. Annually, ECH will provide IRS Form 1099-Miscellaneous to Directors receiving stipend compensation in excess of \$600.00 in a calendar year.

B. Use of Personal Vehicle for attendance at meetings or educational events.

1. The Hospital will pay the current IRS mileage rate for miles actually traveled, but not more than, from the Board member's home or usual place of business within California to events as defined in Section III B and to educational events funded by the Hospital. Board members who reside within the El Camino Healthcare District shall not be eligible for reimbursement for mileage traveled to events at El Camino Hospital.
2. To be reimbursed, the Board member must complete the Mileage Reimbursement form provided by the Board Liaison. The form must be signed by the Board Chair (or the Vice Chair in the case of the Chair's reimbursement) and sent to accounting (OAK200) for processing.

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- C. Educational seminars, conferences, events etc. attended for the benefit of the Hospital and in accordance with the Board and Committee Education Policy.
1. **Seminar/conference fees** will be reimbursed in full or at a pro-rated amount in accordance with the Board and Committee Education Policy.
  2. **Air travel** will be reimbursed at “coach” airfare rates. No reimbursement should be claimed for personal convenience fees such as those associated with priority boarding or seating upgrades.
  3. **Ground travel** to a seminar or a meeting using the Board member's personal vehicle will be reimbursed as noted in item D.1., at the current IRS mileage rate per mile. Board members should consider use of a rental car in cases where the expenses are expected to be less than the reimbursement for a personal vehicle.
  4. **Taxi, bus, rail, limo or rental car service**, if required at the destination, may be reimbursed by the Hospital if necessary for business purposes, as follows:
    - a. Reimbursement for car rental expenses incurred by the Board member will be limited to the amount charged for a standard “intermediate” car unless there is a business need for a larger vehicle (multiple travelers with luggage, for example). If the requester requests a larger automobile than is necessary to meet the business need, he/she is to have the rental agency document what the price would have been for a standard “intermediate” vehicle and seek reimbursement for only the lower amount. If a larger vehicle is required to meet a business need, this need must be documented on the "Business-Education-Travel Reimbursement Authorization" form.
    - b. Limousine service is permitted if it is no more expensive than available alternatives.
    - c. Board members should choose the least expensive available alternative suitable for the purpose and situation.
  5. **Lodging** will be reimbursed at the standard private room rate at the selected motel/hotel.
  6. **Meals** will be reimbursed at actual cost plus tip (normally 15%). The maximum reimbursement per day is \$95.00. It is the responsibility of the Board member to decide how he/she spends the per day maximum allowable amount for meals. Detailed receipts indicating the items purchased must be submitted.

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[Note: Other than contracted medical directors, this policy shall not apply to reimbursement for meals involving physicians, regardless of whether submitted by a physician or a non-physician employee. Refer to Policy 37.00 for expenses involving physicians.]

7. **Alcohol** will not be reimbursed unless approved by the CEO, CFO or Board Chair. Because approval will only be granted in unusual circumstances, it is recommended that Board members request approval in advance of the expenditure. The maximum reimbursement of \$95.00 per day includes any approved expenses for alcohol.
8. **Telephone calls and Internet Service**, during travel, required for necessary Hospital business will be reimbursed at cost. These expenses should be itemized on the statement. The Hospital will also reimburse expenses for a personal telephone call home each day while on Hospital business. The conversation should be kept to a reasonable length and will be reimbursed at cost.

D. The Hospital will not advance or reimburse for the following:

1. Any expenses of a spouse or other individual who accompanies the Board member on travel.
2. Any additional expenses for travel by business or first class, or any charges for special boarding privileges or seats.
3. Lodging amenities such as subscription television, valet service, cleaning/pressing of clothes (if the function is greater than one week, this service is allowed), concierge, etc. In-room meal service is subject to the normal meal reimbursement rates detailed in D.2.f above.
4. If an offsite event is within a reasonable radius of the Board member's home or usual place of business and the function is starting after 7:30 a.m. and/or will be ending before 11:30 p.m., the Hospital will not pay for overnight accommodations, as it is expected that the Board member will commute that distance to and from the function within that business day.
5. Car rental fees on an individual basis where there is the opportunity to share a rental car for a group of participants.



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6. Additional per mileage charge or gasoline expense by a car rental agency for personal pleasure driving.
7. Any entertainment such as theater, tours, nightclubs, etc.
8. Discretionary expenses for another Board member or Hospital staff, such as a birthday, holiday (e.g. Christmas), weddings, child birth, special days (i.e. Administrative Day, or some life event).
9. Professional memberships are generally not reimbursable.

E. Travel Reservations: When booking accommodations and/or air travel, the following points should be noted:

1. If a deposit is required to be made by the Hospital, prior approval of the travel request must be received in sufficient time for Accounting to process the request and ensure that the payment reaches its destination by the required date.
2. When booking air travel utilizing a travel agency, the Hospital's current travel agency must be used. Board members may book airfares over the Internet using the employee's personal credit card. The Board member must then seek reimbursement from the Hospital.
3. In most cases, air travel should be booked as a non-refundable fare. The much-lower cost of these non-refundable fares is normally so great that the extra cost, should a trip be re-scheduled, is still much less than paying a full-price fare.

F. Expense Account Reporting

1. Expense account reporting must be in conformity with minimum IRS standards and all expenses of \$25.00 or greater must be supported by detailed receipts. Expense reports must indicate as a minimum all of the following:
  - a. Business purpose
  - b. Date and location
  - c. Name and position
2. Noncompliance with the above requirements could cause the reimbursement to be considered as additional compensation to the Board member and thus would become taxable (via a W-2 or Form 1099). To avoid this potential problem, the employee must complete the "Business-Education-Travel Reimbursement Authorization" form and attach all supporting documentation.

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G. Procedure for Completing Form

1. All Board members must complete the "Business-Education-Travel Reimbursement Authorization" form (Form 2085). Local business mileage reimbursement may be requested via the use of the Mileage Reimbursement form (form #54.00a).
2. Form #2085 is self-explanatory, but listed below are key points to remember.
  - a. All supporting documents must be attached to the request form. Examples of supporting documents include
    - i. Copy of registration form
    - ii. Lodging receipts
    - iii. *Detailed* meal receipts
    - iv. Car rental receipts
    - v. Parking fee receipts
  - b. In circumstances where a receipt is not obtainable (or lost), the Board member must attach a statement detailing the expense as to date, place, reason for expense, and amount. All reports with missing receipts require approval by the CFO or CEO.
  - c. Where receipts are given that include non-reimbursable expenses, these expenses must be marked in some fashion and deducted from the total so that only eligible expenses are reimbursed.
3. When travel advances are provided, the recipient must submit a final accounting of his/her expenses on the Business, Education, and Travel Expense form and return any excess advance, no later than 120 days from the date of the event. If this is not done, disciplinary action may be taken. In addition, any undocumented advance will be considered additional income to the recipient and reported as a W-2 or Form 1099 transaction.
4. Signature Authority (approval) for the completed form, as well as travel agency invoices, is as follows:
  - a. Department Manager/Director - up to \$5,000.00 per activity.
  - b. Department Line Vice President - up to \$50,000.00 per activity.
  - c. CEO - amounts greater than \$50,000.00 per activity.
5. A Board Member cannot approve her/his own reimbursement of funds.

- H. Exceptions: Because it is impossible to foresee every possible situation, it is recognized that exceptions may sometimes be appropriate. As a result, expenses

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**NOTE:** Printed copies of this document are uncontrolled. In the case of a conflict between printed and electronic versions of this document, the electronic version prevails.

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which are not generally reimbursed under this policy may be reimbursed by the Hospital upon determination of the appropriateness and reasonableness of the expenses by the CEO or CFO. Any such exception, including the justification for the exception, shall be attached to the request for reimbursement.

**VII. APPROVAL:**

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Originating Committee or UPC Committee	N/A
(name of) Medical Committee (if applicable):	N/A
ePolicy Committee:	N/A
Pharmacy and Therapeutics (if applicable):	N/A
Medical Executive Committee:	N/A
Board of Directors:	5/10/17
Historical Approvals:	2/12/1, 6/10/15 (applicable to covered events occurring after 1/8/14)

**VIII. ATTACHMENTS (if applicable):**

N/A

**GOVERNANCE COMMITTEE**  
**DRAFT FY2018 PACING PLAN**

FY2018 Q1		
JULY 2017	AUGUST 1, 2017	SEPTEMBER 2017
<p>No Board or Committee Meetings</p> <p>Regular Consent Calendar Items:</p> <ol style="list-style-type: none"> <li>Minutes</li> <li>Committee Recruitment Update</li> <li>Article of Interest</li> </ol> <p>Other Regular Items:</p> <ol style="list-style-type: none"> <li>Board Recruitment Update</li> <li>Report on Board Actions</li> </ol>	<ol style="list-style-type: none"> <li>Consider Hospital Board Member Competencies.</li> <li>Consider Education Topics for Semi-Annual Board and Committee Gatherings.</li> <li>Receive Report on ECH Strategic Planning</li> <li>Assess District's ECH Board Structure Changes Implementation Plan and Make Recommendations</li> <li>Develop Plan or Methodology for Assessing Expanded Advisory Committee Structure Effectiveness</li> <li>FY18 Board Education Plan</li> </ol>	<p>No Meeting</p>
FY2018 Q2		
OCTOBER 4, 2017	NOVEMBER 2017	DECEMBER 2017
<ol style="list-style-type: none"> <li>Review and Recommend Annual Board Self-Assessment Tool.</li> <li>Confirm Annual Board Retreat Agenda</li> <li>Consider Chartering Strategic Planning Committee</li> <li>Finalize Plan or Methodology for Assessing Expanded Advisory Committee Structure Effectiveness</li> <li>Discuss Board Governance/Management Relationships and Effectiveness</li> </ol>	<p>No Meeting</p>	<p>No Board or Committee Meetings</p> <p>(Participate in Committee Self- Assessment Survey)</p>

FY2018 Q3		
JANUARY 2018	FEBRUARY 6, 2018	MARCH 2018
	<ol style="list-style-type: none"> <li>1. Annual Review of Advisory Committee Composition</li> <li>2. Review Draft Board and Committee Self-Assessment Results.</li> <li>3. Assess Expanded Advisory Committee Structure Effectiveness and Make Recommendations</li> <li>4. Review and Recommend Changes to: <ul style="list-style-type: none"> <li>• NDBM RE-Election Process</li> <li>• ECH Board Competency Matrix</li> <li>• ECH Board Member Re-Election Report Surveys</li> <li>• NDBM Position Specification and Job Description</li> </ul> </li> </ol>	No Meeting
FY2018 Q4		
APRIL 3, 2018	MAY 2018	JUNE 5, 2018
<ol style="list-style-type: none"> <li>1. Set FY19 Governance Committee Meeting Dates</li> <li>2. Participate in NDBM Recruitment/Interview Effort as Requested by the District Board</li> <li>3. Review Governance Committee Charter</li> <li>4. Develop FY19 Governance Committee Goals</li> </ol>	No Meeting	<ol style="list-style-type: none"> <li>1. Review and recommend all Committee FY19 Committee Goals to Board</li> <li>2. Review Board Committee and Committee Chair assignments</li> <li>3. Review Committees' progress against FY18 goals</li> <li>4. Confirm self-assessment sent to District (from GC Charter)</li> <li>5. Finalize FY18 Master Calendar for Board Approval in June</li> <li>6. FY19 Board Education Plan</li> <li>7. Finalize FY19 Governance Committee Goals</li> <li>8. Review Any Proposed Changes to Committee Charters</li> <li>9. Assess District's ECH Board Structure Changes Implementation Plan and Make Recommendations</li> </ol>