

AGENDA

GOVERNANCE COMMITTEE OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

Tuesday, April 3, 2018 – 5:30pm

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

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER/ROLL CALL	Gary Kalbach, Vice Chair		5:30 – 5:32pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Gary Kalbach, Vice Chair		5:32 – 5:33
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Gary Kalbach, Vice Chair		information 5:33 – 5:36
4. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> <i>Approval</i> a. Minutes of the Open Session of the Governance Committee Meeting (February 6, 2018) b. Proposed FY19 Governance Committee Meeting Dates c. Draft Revised ECH Bylaws Section 5.1 and 5.2 d. Draft Revised Process for Election and Re-Election of NDBMs to the ECH Board <i>Information</i> e. Progress Against FY18 Committee Goals f. Article of Interest	Gary Kalbach, Vice Chair	<i>public comment</i>	motion required 5:36 – 5:38
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	Gary Kalbach, Vice Chair		information 5:38 – 5:43
6. DELEGATION OF AUTHORITY TO BOARD ADVISORY COMMITTEES ATTACHMENT 6	Gary Kalbach, Vice Chair	<i>public comment</i>	possible motion 5:43 – 6:03
7. ADJOURN TO CLOSED SESSION	Gary Kalbach, Vice Chair		motion required 6:03 – 6:04
8. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Gary Kalbach, Vice Chair		6:04 – 6:05

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
9. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the Governance Committee Meeting (February 6, 2018)	Gary Kalbach, Vice Chair		motion required 6:05 – 6:06
10. <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: - Board Governance/Management Relationships and Effectiveness	Gary Kalbach, Vice Chair; Dan Woods, CEO		discussion 6:06 – 6:21
11. ADJOURN TO OPEN SESSION	Gary Kalbach, Vice Chair		motion required 6:21 – 6:22
12. RECONVENE OPEN SESSION/REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Gary Kalbach, Vice Chair		6:22 – 6:23
13. PROPOSED PROTOCOL FOR BOARD COMMUNICATION WITH STAFF ATTACHMENT 13	Dan Woods, CEO	<i>public comment</i>	possible motion 6:23 – 6:43
14. PROPOSED FY19 BOARD GOALS ATTACHMENT 14	Dan Woods, CEO	<i>public comment</i>	possible motion 6:43 – 7:03
15. BIENNIAL REVIEW OF GOVERNANCE COMMITTEE CHARTER ATTACHMENT 15	Gary Kalbach, Vice Chair	<i>public comment</i>	possible motion 7:03 – 7:13
16. FY19 GOVERNANCE COMMITTEE GOALS ATTACHMENT 16	Gary Kalbach, Vice Chair	<i>public comment</i>	possible motion 7:13 – 7:28
17. FY18 COMMITTEE PACING PLAN ATTACHMENT 17	Gary Kalbach, Vice Chair	<i>public comment</i>	possible motion 7:28 – 7:30
18. ROUND TABLE DISCUSSION ATTACHMENT 18	Gary Kalbach, Vice Chair		discussion 7:30 – 7:34
19. ADJOURNMENT	Gary Kalbach, Vice Chair	<i>public comment</i>	motion required 7:34 – 7:35pm

Upcoming Meetings

- June 5, 2018

Board/Committee Educational Gatherings

- April 25, 2018



**Minutes of the Open Session of the
Governance Committee**

Tuesday, February 6, 2018

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

Members Present

Peter C. Fung, MD, Chair

Gary Kalbach, Vice Chair

Christina Lai

Peter Moran (via teleconference)

Bob Rebitzer (via teleconference)

Members Absent

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Governance Committee of El Camino Hospital (the “Committee”) was called to order at 5:31 pm by Chair Fung. A verbal roll call was taken. Mr. Moran and Mr. Rebitzer participated via teleconference. All Committee members were present.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Fung asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. PUBLIC COMMUNICATION	None.	
4. CONSENT CALENDAR	<p>Chair Fung asked if any member of the Committee or the public wished to remove an item from the consent calendar.</p> <p>Chair Fung requested that Item 4b: Appointment of Board Directors to Advisory Committees be pulled. He noted that Mr. Kalbach is the Vice Chair of the Governance Committee and this should be reflected on the Committee slate.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Governance Committee Meeting (December 13, 2017); and for information: Progress Against FY18 Committee Goals and Article of Interest.</p> <p>Movant: Kalbach Second: Rebitzer Ayes: Fung, Lai, Kalbach, Moran, Rebitzer Noes: None Abstain: None Absent: None Recused: None</p> <p>Motion: To approve the consent calendar: Appointment of Board Directors to Advisory Committees, revised as noted above.</p> <p>Movant: Kalbach Second: Lai Ayes: Fung, Lai, Kalbach, Moran, Rebitzer Noes: None Abstain: None Absent: None Recused: None</p> <p>In response to Chair Fung’s question, Cindy Murphy, Director of Governance Services explained that the Article of Interest was provided by a consultant</p>	<i>Consent Calendar approved</i>

	from the Governance Institute.	
5. REPORT ON BOARD ACTIONS	Chair Fung referred to the written reports in the packet and highlighted the need to improve reporting on the Board's decision making rationale back to the Committees. He also described recommendations from the Committee that were approved by the District Board, including the Revised ECH Board Member Election and Re-Election Process.	
6. UPDATE ON EL CAMINO HOSPITAL BOARD RECRUITMENT	Chair Fung reported that Mr. Gary Kalbach and Ms. Julie Kliger were appointed to the El Camino Hospital Board at the January 16, 2018 meeting of the El Camino Healthcare District Board.	
7. DRAFT REVISED BOARD AND COMMITTEE EDUCATION POLICY	<p>Cindy Murphy, Director of Governance Services, described the proposed changes to the Education Policy as further detailed in the packet.</p> <p>In response to Chair Fung's questions, Ms. Murphy described the frequency of Board use of these funds, primarily for Estes Park conferences. She noted that Committees rarely, if ever, use these funds.</p> <p>Ms. Murphy and the Committee discussed the report on educational activities including 1) a format that is not burdensome, 2) providing a value add to the other Board members (especially if encouraging them to attend), 3) whether the report should be written or verbal, and 4) whether the report should be suggested or required.</p> <p>The Committee suggested that the Policy include the section on Return on Investment, but change the word "required" to "expected" and simplifying the report to include just the takeaways learned that would be useful for the Board in carrying out its duties.</p> <p>Motion: To recommend that the Board approve the proposed revisions to the Board and Committee Education Policy, including the suggestions above.</p> <p>Movant: Moran Second: Kalbach Ayes: Fung, Lai, Kalbach, Moran, Rebitzer Noes: None Abstain: None Absent: None Recused: None</p>	<i>Policy recommended for approval</i>
8. REVIEW OF ECH BYLAWS SECTIONS 5.1 AND 5.2	<p>Chair Fung referenced the process for the appointment of Hospital Board directors approved by the District Board at its October 17, 2017 meeting.</p> <p>Mr. Moran explained that Hospital Bylaws allow for a nominating committee of the Hospital Board that is not currently being used to recruit and nominate Hospital Directors. The Committee discussed the current process for recruiting Hospital Directors through the District Board's Ad Hoc Committee and how to incorporate the knowledge and broad networks of the Hospital Board members in sourcing candidates for any future process. The Committee noted that the appointment is ultimately decided by the District Board. JoAnn McNutt from Nygren Consulting noted that the Governance Committee and Hospital Board currently have input in the process when they make recommendations regarding competencies that are used to evaluate Hospital Board candidates. Chair Fung noted that additional feedback is incorporated from the two relatively new advisors to the District Ad Hoc Committee, one of the community members on the Governance Committee, and one Non-District Board Member of the Hospital Board.</p> <p>Ms. Murphy described the current process to solicit nominations from the</p>	

	<p>Hospital Board: she sends a message with the approved competencies and the job description to the Hospital Board members, Advisory Committee members, Foundation Board members, and Executive Team encouraging anyone in their networks to submit applications to the District Ad Hoc Committee. The Committee commented that duplicative or competing nominating committees would not be useful.</p> <p>The Committee suggested amending the Hospital Bylaws to 1) remove Section 5.1 and 2) revise Section 5.2 to reflect that any Hospital Board nominations will be forwarded to the District's Ad Hoc Election Committee.</p> <p>Ms. Murphy suggested that any bylaws revision recommendations be held until the Committee's next meeting to allow for legal review.</p> <p>Ms. Lai also suggested that the solicitation of nominations from the Hospital Board be codified in the District Board's Process for Election and Re-Election of Non-District Board Members to the El Camino Hospital Board of Directors.</p>	
<p>9. BIENNIAL ADVISORY COMMITTEE SELF ASSESSMENTS</p>	<p>Mr. Rebitzer commented that it was difficult to determine the takeaways from the individual Committee self-assessments. He noted that there was an increase in the Quality Committee's overall scores over time and a disconnect between the Finance and Investment Committee's scores of themselves and the Board's independent ratings for each of those Committees.</p> <p>Ms. McNutt reviewed the Governance Committee's self-assessment and highlighted the improvement in scores from 2016 to 2018 and their overall strength. She reported that the lowest rated items were 1) the Committee's effective monitoring of board effectiveness and improvement recommendations and 2) Committee chair leadership. The Committee discussed the need to refine the communication between Board and Committees (both to the Board and back to the Committees).</p> <p>Ms. McNutt also noted that eliminating non-value added work is an area of improvement for all Committees.</p>	
<p>10. ASSESSMENT OF ADVISORY COMMITTEE STRUCTURE</p>	<p>Ms. McNutt reviewed the Assessment of the Committee Structure, noting that the assessment comments described added value from the expanded Committee structure, and opportunities for development include:</p> <ul style="list-style-type: none"> - Increasing cross-committee collaboration - Creating a feedback loop from the Board to the Committees and the Committees to the Board <p>Ms. McNutt and the Committee also discussed the history and feedback regarding considering delegating authority to the Committees. She commented that delegated authority would reflect the maturation of the Board and capitalize on the expertise of the Committees. The Committees discussed how any delegation should include 1) articulated spending authorities or parameters within which the Committee can operate and 2) strong feedback mechanisms between the Committees and the Board.</p> <p>Mr. Rebitzer requested additional data on best practices and market prevalence of delegated Committees and communication between the entities. Mr. Kalbach asked Ms. McNutt for recommendations and/or options of what delegations of authority can look like. Ms. McNutt noted that the delegation should be on a case-by-case or Committee-by-Committee basis and enable rather than hinder both management and the Board.</p> <p>Ms. Murphy reported that the Executive Compensation Committee is bringing a recommendation to consider delegation of authority (to the Committee) to the Hospital Board at its February 14th meeting to introduce the idea and</p>	

	<p>solicit feedback from the Board.</p> <p>The Committee suggested that the Board should give direction to the Governance Committee as to how it should advance any delegation of authority.</p> <p>Ms. McNutt explained that each Committee will do a deep dive of its respective self-assessment report.</p> <p>Ms. McNutt left the meeting at 6:43pm.</p>	
11. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:43pm.</p> <p>Movant: Kalbach</p> <p>Second: Lai</p> <p>Ayes: Fung, Lai, Kalbach, Moran</p> <p>Noes: None</p> <p>Abstain: None</p> <p>Absent: Rebitzer</p> <p>Recused: None</p>	<i>Adjourned to closed session at 6:43pm.</i>
12. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 6:58 pm. Agenda items 12-14 were addressed in closed session. During the closed session, the Committee approved the Minutes of the Closed Session of the Governance Committee Meeting (December 13, 2017) by a unanimous vote in favor of all members present (Fung, Kalbach, Lai, Moran (via teleconference), and Rebitzer (via teleconference)).</p>	
13. AGENDA ITEM 16: FY18 COMMITTEE PACING PLAN	<p>Ms. Murphy explained that the District Ad Hoc Committee has concluded its work and the recruitment topic for discussion at the Committee's April meeting is not needed until the fall. She also explained that the two new items on the pacing plan (Board goals and Board communication with staff) were discussed during the Board Retreat, where the Board requested Governance Committee review.</p> <p>In response to Chair Fung's question, Ms. Murphy explained that Dan Woods, CEO is holding a meeting with the management to review the results of the 2016 Board Self-Assessment. The Committee requested that the Board/Management relationships and effectiveness discussion be moved to the Committee's April meeting.</p> <p>Chair Fung noted that he will be absent for the Committee's April meeting and invited Mr. Kalbach as Vice Chair of the Committee to participate in the agenda setting process.</p> <p>Motion: To approve the revised Pacing Plan, as noted above.</p> <p>Movant: Kalbach</p> <p>Second: Moran</p> <p>Ayes: Fung, Lai, Kalbach, Moran, Rebitzer</p> <p>Noes: None</p> <p>Abstain: None</p> <p>Absent: None</p> <p>Recused: None</p>	
14. AGENDA ITEM 17: ROUND TABLE DISCUSSION	<p>There were no additional comments from the Committee.</p>	
15. AGENDA ITEM 18: ADJOURNMENT	<p>Motion: To adjourn at 7:01 pm.</p> <p>Movant: Kalbach</p> <p>Second: Lai</p>	<i>Meeting adjourned at 7:01pm.</i>

	Ayes: Fung, Lai, Kalbach, Moran, Rebitzer Noes: None Abstain: None Absent: None Recused: None	
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Attest as to the approval of the foregoing minutes by the Governance Committee of El Camino Hospital:

Peter C. Fung, MD
Chair, Governance Committee

DRAFT

Governance Committee Meetings

Proposed FY19 Dates

RECOMMENDED GC DATE FIRST TUESDAY	CORRESPONDING HOSPITAL BOARD DATE
Tuesday, August 7, 2018	Wednesday, August 15, 2018
Tuesday, October 2, 2018	Wednesday, October 10, 2018
Tuesday, February 5, 2019	Wednesday, February 13, 2019
Tuesday, April 2, 2019	Wednesday, April 10, 2019
Tuesday, June 4, 2019	Wednesday, June 12, 2019

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Draft Revised El Camino Hospital Bylaws Governance Committee Meeting April 3, 2018
Responsible party:	Mary Rotunno, General Counsel
Action requested:	Possible Motion
Background:	<p>At its February meeting, the Governance Committee requested that I review proposed revisions to the El Camino Hospital Bylaws to remove Sections 5.1 and 5.2 regarding Certain Director Election Procedures. The intent is to reflect the El Camino Healthcare District Board's current practice of using an Election Ad Hoc Committee in the ECH Bylaws.</p> <p>The attached proposed revisions reflect this practice.</p>
Other Board Advisory Committees that reviewed the issue and recommendation, if any:	N/A
Summary and session objectives:	To obtain the Committee's recommendation on the Draft ECH Bylaws Revisions.
Suggested discussion questions:	None. This is a consent item.
Proposed Committee motion, if any:	To recommend that the Board approve the Draft Proposed Revised ECH Bylaws.
LIST OF ATTACHMENTS:	<ol style="list-style-type: none">1. Draft Revised ECH Bylaws (redline)

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

_____, ~~2017~~2018

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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—Procedures. The sole Member shall elect the Directors using nomination and election procedures recommended by the Board and approved by the sole Member, and such

~~procedures shall allow application by any person. 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.~~

~~5.3 — 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

Item:	Draft Revised Process for Election and Re-Election of NDBM's to the ECH Board of Directors Governance Committee Meeting April 3, 2018
Responsible party:	Cindy Murphy, Director of Governance Services
Action requested:	For Approval
Background: At the Committee's February 6, 2018 meeting, the Committee requested that, in alignment with the Committee's proposed amendments to Sections 5.1 and 5.2 of the ECH Bylaws, staff propose an amendment to the attached Process that would ensure that staff continues to solicit nominations to fill ECH Board vacancies from the public, the ECH Board, the Foundation Board, Advisory Committee Members and the Executive Leadership Team. The following revision is proposed to Section 4(b)(iv): "Any individual may apply and staff shall solicit applications from the public, the ECH Board, the ECH Foundation Board, ECH Board Advisory Committees and the Executive Leadership Team."	
Other Board Advisory Committees that reviewed the issue and recommendation, if any: None.	
Summary and session objectives : To review the proposed revisions and recommend approval. If approved by the Hospital Board, District Board approval will be required as well.	
Suggested discussion questions: None. This is a consent item.	
Proposed Committee motion, if any: To recommend the ECH Board recommend that the District Board approve the "Draft Revised Process for Election and Re-Election of NDBM's to the ECH Board of Directors."	
LIST OF ATTACHMENTS: 1. Draft Revised Process for Election and Re-Election of NDBM's to the ECH Board of Directors	



2500 Grant Road
Mountain View, CA 94040
Phone: 650-940-7300
www.elcaminohealthcaredistrict.org

**Process for Re- Election and Election
Of Non-District Board Members
To The El Camino Hospital Board of Directors.***

BOARD OF DIRECTORS

*Neysa Fligor
Peter C. Fung, MD
Julia E. Miller
David Reeder
John L. Zoglin*

A. Timeline

1. Previous FYQ4: The District Board Chair shall appoint a District Director as Chair of an Ad Hoc Committee and the Board shall approve the appointment of one additional District Director as a member of the Committee. The Board shall also approve the appointment of up to two advisors to the Ad Hoc Committee. One advisor should be a Non Hospital Director member of the El Camino Hospital Governance Committee (who has been referred by the Chair of the Governance Committee) and the other should be a Hospital Director who is not a member of the District Board (who has been referred by the Chair of the El Camino Hospital Board).
2. FYQ1 – Regular District Board Meeting:
Prior to Meeting, District Board Chair (i) asks the El Camino Hospital Director, who is not also a member of the District Board whose term is next to expire (Non District Board Member “**NDBM**”) to declare interest and (ii) informs the District Board of intent (via Board packet).
3. FYQ2 – Regular District Board Meeting:
 - a. Prior to the Meeting:
 - i. District and Hospital Board Members: Complete the ECH Board Competency Matrix Survey and, unless the Ad Hoc Committee votes not to use it in a given year, ECH Board Member Re-Election Report Survey.
 - ii. District Board Members: Review Position Specification in place at time of election to the Hospital Board and the ECH Board Member NDBM Job Description.
 - b. At the Meeting: Discuss portfolio of skills needs.
4. FYQ2 – Regular District Board Meeting:
 - a. Prior to the Meeting:
 - i. Ad Hoc committee analyzes evaluations, (3) (a) above, interviews the NDBM, and develops recommendation regarding re-election of NDBM to the Hospital Board.
 - ii. Hospital Board, on the recommendation of the Governance Committee proposes a revised Position Description to the District Board.
 - b. At the Meeting:
 - i. District Board considers re-election of NDBM.
 - ii. If NDBM is re-elected, the Hospital Board shall be notified.

- iii. If NDBM is not re-elected, the District Board will authorize external recruitment of a new NDBM.
 - iv. If there are any mid-term vacancies or other open seats on the Hospital Board the District Board will authorize a timeline for recruitment to fill those seats. Any individual may apply and staff shall solicit applications from the public, the ECH Board, the ECH Foundation Board, ECH Board Advisory Committees and the Executive Leadership Team.
- 5. FYQ2 or Q3 – Begin external search as authorized in Section 4(b)(iii) and (iv) if necessary.
- 6. FYQ2 or Q3 – Regular District Board Meeting:
 - a. Ad Hoc Committee to present an interim update to the District Board.
 - i. Incorporate Board feedback into further recruitment efforts.
 - ii. Plan for interviews – direct staff to schedule.
- 7. FYQ3 or Q4 – Regular District Board Meeting:
 - a. Prior to the Meeting: Ad Hoc Committee to summarize interviews for the Board packet and make a recommendation to the District Board
 - b. District Board Considers AD Hoc Committee recommendation and votes to elect new NDBM(s) to the Hospital Board.
- 8. This process to be confirmed by the District Board annually when the process is complete.
- 9. The following matters are delegated to the El Camino Hospital Board Governance Committee:
 - a. FYQ3 – Review and recommend changes to the survey tools identified in section 3(a)(i).
 - b. FYQ3 – Review and recommend changes to this process.
 - c. FYQ3 – Review and recommend changes to NDBM Position Specification and Job Description.
 - d. Participate in the recruitment effort of new NDBM by referring a member to advise the Ad Hoc Committee as described in #1 above.

B. General Competencies

- 1. Understanding of the vital role El Camino Hospital plays in the broader region.
- 2. Loyalty to El Camino Hospital's charitable purposes.
- 3. Knowledge of healthcare reform (Affordable Care Act) implications.
- 4. Ability to understand and monitor the following:
 - a. Diverse portfolio of businesses and programs
 - b. Complex partnerships with clinicians
 - c. Programs to create a continuum of care
 - d. Investment in technology
 - e. Assumption of risk for population health
 - f. Resource allocation
 - g. Quality metrics
- 5. Commitment to continuing learning.
- 6. Demonstrated strategic thinking.
- 7. Efforts to recruit potential Advisory Committee members.

8. Understanding and support of the role the District Board plays in Governance of the 501(c)(3) corporation.

C. Portfolio Skill Set

1. Complementary to skill sets of other Board members (gap-filling).
2. Applicable to the then current market. (See, Competency Matrix)

D. Other Criteria

1. Positive working relationship with other Board members.
2. Productive working relationship with the El Camino Hospital CEO.
3. Attendance at Board and Committee meetings.
4. See, Competency Matrix.

**Approved 12/9/2014; revised 3/17/2015; revised 6/14/2016; revised 1/25/2017, revised 10/17/2017*

FY18 COMMITTEE GOALS
Governance Committee

PURPOSE

The purpose of the Governance Committee is 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.

STAFF: **Dan Woods**, Chief Executive Officer; **Cindy Murphy**, Director of Governance Services

The CEO 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 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
1. Review the governance structure of the Hospital Board, conduct research, and make recommendations on preferred competencies.	<ul style="list-style-type: none"> Q1 FY18 Q4 FY18 Q1 FY18 Q4 FY18 	<ul style="list-style-type: none"> Recommendation for high-priority Board member competencies made to Hospital and District Board (Complete) Chair nominates Governance Committee member to serve on District Board Ad Hoc Committee and participate in the Non-District Board Member recruitment/interview process as requested by the District Board. (Complete for FY18) Assess District’s plan to implement ECH Board Structure and make recommendations. (Paced for Q4) Assess effectiveness of plan. (Paced for Q4)
2. Promote enhance and sustained competency-based, efficient, effective governance.	<ul style="list-style-type: none"> Q1 – Q4 FY18 Q1 FY19 	<ul style="list-style-type: none"> FY18 Self-Assessment Tool (Committees and Board) recommended to the Board and surveys completed (Q1-Q2) (Committee Assessment Complete, Board and Board Chair Assessment to be Launched on April 23rd) Reports are completed and made available to the Board and the District Board (Q3-Q4) (Committee Reports Complete: Governance Committee Reviewed on 2/6, Board Reviewed on 2/14 with Committee Reviews Completed 3/26. Board and Board Chair Assessments on hold until Q4) Assess effectiveness of expanded Committee structure (Q2-Q3) (Complete - Governance Committee Reviewed on 2/6) Make recommendations for assessment of Board/management relationships and effectiveness and make recommendations for improvements. (Q1 FY19) (on Agenda for 4/3)
3. Finalize Board and Committee Education plan for FY18 and develop FY19 Plan	<ul style="list-style-type: none"> Q1 FY18 Q2 FY18 Q4 FY18 	<ul style="list-style-type: none"> Develop and recommend FY18 Board Education Plan (Complete) Recommend FY18 Annual Retreat Agenda to the Board (Complete; Board Retreat held on 1/20) Make recommendations for FY19 Board Education Plan (Paced for Q4)

SUBMITTED BY:

Peter Fung, MD
Donald Sibery

Chair, Governance Committee
Executive Sponsor (Interim CEO), Governance Committee

Approved by the ECH Board of Directors on June 14, 2017

Culture Alignment, High-Performing Healthcare Organizations, and the Role of the Governing Board

Part One: Culture and Culture Alignment—The Foundation of a Board's Culture Game Plan

By Daniel K. Zisner, Ph.D., and Ben Utecht, Keystone Culture Group

Culture is a reliable predictor of performance in organizations. Evidence from the field demonstrates that when culture is misaligned across key stakeholders, organizational performance is at risk.¹ So why is this observation important to boards of healthcare organizations? The answer is boards “own” the culture of the organization they govern. The reflexive response from boards may be, “but wait, isn’t culture the responsibility of management?” Management is hired and directed by the governing board. Affiliated professionals and employees within organizations will reasonably and logically presume that the state of the culture must be what the board desires, directs, or permits it to be. Boards are encouraged here to take an active role in the culture and alignment of the culture within the organizations they govern, with conviction that culture is a strong and primary predictor of all aspects of performance and the board holds final accountability for organizational performance.

Part one of this two-part series answers three questions:

1. What is culture and culture alignment?
2. What role does the governing board play in culture alignment?
3. What does culture alignment have to do with achieving high performance in healthcare organizations?

It’s useful to begin with a definition of “culture” since it is an often-used term for a concept that remains ill-defined and ethereal in many organizations, including at the governance level. Here we define “culture” as “the foundation of intrinsic beliefs that bind and inspire the behaviors of people in communities to pursue a mission with unity and purpose.”

Culture is an active and irrepressible force that works within an organization as an invisible hand for good or ill. Culture is the sum total of the human condition at work. It is in constant motion. Culture affects behaviors, emotions, attitudes, self-perceptions, self-value, personal productivity, and organizational performance. All organizations have a culture by design or default.

¹ Alina Dizik, “The Relationship Between Corporate Culture and Performance,” *The Wall Street Journal*, February 21, 2016.

“Alignment” is technically defined as “an arrangement of groups or forces in relation to one another.” Alignment of culture within healthcare organizations happens when the key groups that govern, lead, manage, and care for patients share a unified definition of culture that is then operationalized through a shared system of beliefs, mission, foundation of values, and expectations of culture that guide and direct the behaviors of the organization.

The path to culture alignment starts with the governing board. Board members of hospitals and health systems can and must understand and take an active role in the culture of the organization they govern—what it is and what it should be. When the culture is “right” high performance on all important metrics typically follows; high-performing organizations have high-performing cultures.

Let’s take a short side trip into the world of the NFL. Super Bowl champion Ben Utecht was quoted as saying, “The reason the Colts won the Super Bowl in 2006 was the culture of the organization and the culture was led from the top and was lived by the leaders. There was a ‘Colts way’ and that ‘way’ was decided, designed, deployed, and directed by the head coach, Tony Dungy. The operationalization of the culture was detailed down to the blue stripe on top of the helmets, which was there to demonstrate that all eyes and ears in the huddle were directed to Peyton Manning; ‘active listening’ was a cornerstone of our culture and it was practiced daily.” Culture was important to leadership because of the nature of the business of professional football: elite athletes operating under intense competitive pressure within highly specialized environments subject to high turnover of players and leaders—sounds a little like healthcare in the U.S.

Now let’s return to board members’ responsibilities and accountabilities for creating culture alignment in their healthcare organizations. It’s useful to repeat here that the board owns the culture of the organization. The board, together with senior leadership, is accountable for deciding, designing, deploying, and directing the culture. The game plan for culture creates a tangible and “humanizing” connection between the governing board and the people carrying out the work of the organization. Boards are provided a useful perspective when they

examine organizational performance through the lens of culture.

Building the Framework for Culture Alignment

If culture is the keystone to high-performing healthcare organizations, the cornerstones of culture are:

- The mission statement
- The values statement
- The belief system statement
- The culture statement

The first two are conventional and may be obvious to board members. The third and fourth of these statements are not typically commonplace with boards, but are critical to achieving culture alignment.

Boards are responsible for the “belief system” of the organization, which is composed of statements that reflect the board’s belief regarding the foundations of a high-performing healthcare organization. Examples of statements that define a coherent belief system are:

1. “We believe that an integrated system of care provides the highest quality; integration also creates the potential for high performance, overall.”
2. “We believe patients benefit when care is delivered by high-performing teams.”
3. “We believe that high-quality care coordinated well over time will produce the best health status of those served.”
4. “We believe in a holistic approach to the healing process.”
5. “We believe that the organization has the responsibility to effectively manage total cost of care and overall value delivered to patients served.”

The statement of beliefs integrates with the others, including the culture statement. Examples of culture statements include:

1. “The culture of the organization operates from principles that align with organizational values.”
2. “The culture strives to provide those who serve a place to belong, grow, and develop personally and professionally.”
3. “The culture will provide a fair, equitable, and just work environment.”
4. “The culture respects and values the contributions of all as essential and important to the work that serves the mission.”

5. “The culture encourages the organization to reach high levels of performance and performance accountability.”

By adding these two cornerstones to those of mission and values, directors have laid the foundation for a culture game plan. The culture plan and alignment of culture then becomes the work of the senior leadership team working together with the governing board.

The board’s culture game plan includes its own four cornerstones:

1. Definition of the performance metrics that matter to the board and, thereby, senior leadership.
2. Having a current and ongoing evaluation of the culture of the organization and how it relates to key areas of performance; a constant and consistent finger on the pulse of the culture.
3. A plan that directs senior leaders to be active in culture development as a priority for their performance and performance evaluations.
4. Dedicated time to address progress on the plan at each board meeting in collaboration with senior leadership.

Board leadership may wish to facilitate a conversation among board members and senior leadership regarding the value of developing the belief system for the organization together with the culture statement. The process of such effort has as much value as the final product. The belief statement and the culture statement creates the basis of the culture alignment game plan.

It’s useful to revisit the basics of the message delivered above:

1. It’s crucial that hospital and health system directors get their arms around the culture of the organization they serve.
2. A principal goal of the practice of culture is “alignment”; here the board owns the responsibility and accountability for the internal alignment of culture.
3. Experience shows that the board’s connection with the culture of the organization can be enhanced by the development of statements that define a belief system and principles of culture in practice for the organization.
4. The board is accountable for the connection of culture with performance in the organization. This requirement provides a fruitful opportunity to connect the work of the board with that of senior leadership; together they own the performance of the organization and the culture that drives it.

Board members should move culture and culture alignment to the top of their list of priorities. Board leadership is responsible for directing the full board in the development of the culture game plan. Senior leadership partners with the board to develop, deploy, and direct the plan. All are accountable

together for the results. Culture is a shared responsibility and accountability.

Part two of this series, which will be in the May E-Briefings, will address the governing board's role in creating a culture of high performance.

The Governance Institute thanks Daniel K. Zismer, Ph.D., Managing Director and Co-founder of Keystone Culture Group, and Ben Utecht, former NFL player, public speaker, and Co-founder of Keystone Culture Group, for contributing this article. They can be reached at dan@keystoneculturegroup.com and ben@keystoneculturegroup.com.



Why Board Culture Matters

T trusteemag.com/articles/289-why-board-culture-matters

The board was stuck. Several members again were pressing the chief financial officer to provide detailed information on a line item in the proposed budget for the four-hospital health system. Most of the members felt that their colleagues were micromanaging when they should have been focusing on the bigger picture. But because the insistent board members were smart, articulate and forceful, a few others on the board were beginning to believe that their line of questioning was not only appropriate, but necessary. The rest were frustrated and uncomfortable.

Meanwhile, the chair was growing concerned about the amount of time that management was spending gathering, analyzing and presenting operational information. The CEO had confided that her team was becoming confused and worn-out in trying to respond to all the detailed questions. Both the chair and the CEO knew that the board needed to be spending much more time talking about some key strategic issues facing the system, such as a potential affiliation with another hospital, but neither they nor other board members were willing to confront their colleagues about their behavior.

This board's problem is not due to a poor strategy, an incorrect committee structure, too many or too few members, or the lack of clear policies. The issue is the board's culture. As the chair commented, "We aren't working together as one group that has honest discussions and a willingness to address counterproductive behavior."

Unfortunately, this scenario is playing out in boardrooms across the country. Far too many boards are unwilling or unable to address the interpersonal issues and group dynamics that keep them from doing their jobs well. As a result, some of these boards and their organizations likely are underperforming.

The health system described almost lost the opportunity to expand its services into a contiguous area because the board never seemed to have enough time to fully discuss the potential affiliation. What could have been a relatively easy affiliation agreement with a neighboring hospital dragged on for so long that it turned into a competitive bidding process and required significantly more of the system's resources than necessary.

Defining Culture



The culprit in this case, and many others, was that the board's culture prevented it from being truly effective. What, then, is culture?

In the book *Organizational Culture and Leadership*, author Edgar H. Schein defined culture as "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems." More simply stated: "It is how we learned to do things around here."

In the case study, the board's culture had become one in which asking management tough questions about anything was admired; each member was encouraged to continue to ask management about the same issue until he or she was satisfied with the answer — even if that topic did not interest the rest of the board. Board members treated each other politely, meaning they did not criticize or question each other. At some point in the organization's past, those behaviors most likely were seen as reasons for the system's success. That is why it became the way board members had "learned to do things around here."

This culture might have been appropriate for a much smaller organization in the past, but it was hindering the board of a large, complex health system today. But culture is hard to change. As one board member remarked, "[We have] board members who are working really hard ... and a CEO who is excellent, [but] our dysfunctional relationships have us beat."

Group Development's Role

To further complicate the situation, boards are groups of people who act in both predictable and unpredictable ways. For almost 50 years, social scientists have known that a group needs to go through four stages of development if it is to tackle problems effectively and find solutions. The same is true of boards.

Warren Bennis, the author of numerous books on leadership including *On Becoming a Leader*, developed a model of group development that includes the following stages:

Dependence: During this stage, the group has just been formed. Members are driven by their desire to be accepted by others, so they are polite and tend to avoid conflict. They spend time getting to know each other and agreeing on logistics such as when and where to meet. They begin to set goals and accomplish tasks, but they are focused on what their individual roles will be. The group is highly dependent on the formal leader, who needs to be directive to help the group learn what it is supposed to do and to begin working together. At this stage, the group's productivity is not at an



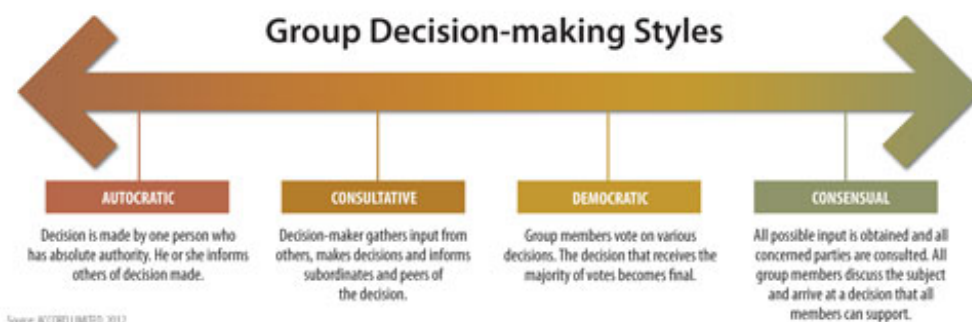
optimal level.

Counterdependence: Every group enters this stage when its members begin to freely express their differing ideas about which matters need to be solved and how best to resolve them. This stage can be uncomfortable because conflict between and among group members begins to surface, but it is necessary for the growth of the group. It is here that the group learns to understand and begins to work through their differences. The group's productivity during this stage decreases because time and effort is spent dealing with the group and interpersonal dynamics. For instance, the group will begin to "storm" or become counterdependent regarding the formal leader, questioning his or her authority. The wise leader will resist taking back control and instead will facilitate the group's resolution of their differences. Some groups — and boards — never move out of this storming phase.

Resolution: Once the group has learned how to resolve its differences, it can create shared goals and plans to accomplish them. All group members then assume responsibility for attaining the group's goals. The effective leader of this group will continue to facilitate decision-making on goals and plans. The productivity of the group climbs to a higher point than it was during the dependence, or forming, stage.

Interdependence: Groups reach this last stage when each individual is motivated and knowledgeable, but they know how to function efficiently and effectively as one unit. Dissent is expected, and the group has agreed-upon methods for dealing with differing ideas. The individuals prefer working together, using all the skills and perspectives in the group. The unofficial leader of a group in this phase is often just another participant because the group has figured out how to work together without being dependent on the formal leader. Interdependent groups are highly productive.

Groups often will move back and forth among these stages; for example, the addition of a new member can force a group in the interdependence stage back to the dependence stage. Similarly, a new leader's style can cause the group to begin to fight against that individual's authority, thereby moving the group back into the counterdependence phase. High-functioning boards recognize these shifts and know what they need to do to reach interdependence again.



How a Board Develops

Whether a board is nominally or highly effective, the group development model provides a useful tool for understanding how boards can and should develop. It also can help to explain

why some boards are not functioning at an optimal level.

As previously stated, the leader of a group is critical to that group's development. In the world of governance, this is the board chair's job. The Chair's Role in Board Development, previous page, describes how he or she should help the board to move through the stages of group development in a healthy manner.

One way in which any chair can use this model is to point out that every time a new member joins the board, it may move back into the dependence stage and essentially become a new group again. This is especially true if a third or more of the board members are new. Because the majority of nonprofit health care boards have term limits, most boards will experience the dependence stage at least every few years.

This reality should be anticipated and discussed openly. At the beginning of each new board, the chair should help members to get to know each other and to become comfortable with how the board works. The governance committee can support the chair by ensuring that orientation materials include group guidelines and member expectations, and by establishing mentoring relationships between new and experienced board members.

Too many boards never make it out of the dependence stage. For instance, board members may remain too polite. A board chair in a rural area recently admitted that her fellow board members were sometimes reluctant to speak freely during meetings because of the tight, overlapping relationships in the community. They did not want to risk losing business or personal relationships, so they would not say anything that could be construed as critical of another board member.

The biggest obstacle in the development of most boards, however, is not being able to work through the counterdependence stage. Some board members do not have sufficient experience in dealing constructively with conflict. It takes a skilled leader to help them learn how to express their opinions, listen to others and come to a mutually acceptable resolution.

In some cases, the formal leader unintentionally keeps the group in the dependence stage. If the chair is uncomfortable with conflict during this stage, he or she may revert to a directive style to try to restore order and keep the board dependent on him or her. The chair may make decisions for the board, for example, or may rely too heavily on *Robert's Rules of Order* instead of facilitating open, robust conversations among all members.

Another common challenge for board chairs is that many of them are successful business people who are used to leading employees. As one board chair admitted, "This not-for-profit health care world is so different. The board members are not paid, most of the physicians are not employees and there are so many stakeholders to consider. I don't know how to be a leader to people who do not report to me."

High-performing boards ensure they have formal board leadership development programs that help board members prepare for their roles. These programs include education on the stages of group development, conflict resolution and meeting facilitation, in addition to the typical

topics dealing with health care trends, reimbursement and other industry challenges.

Meeting Dynamics

Another important aspect of a board's culture is its meeting dynamics. An often-overlooked fact is that boards only have authority when they are meeting together. This makes it even more important for highly functioning boards to learn how to have effective, efficient meetings.

The first step to a great meeting is to understand that every meeting has at least two components: content and process. The content of the meeting includes the official reason for the meeting, the subject matter to be discussed, the formal rules and the authority structure. The process component is the way the individuals interact with each other. This includes people's feelings, hidden agendas, the informal leadership and the stages of the group's development.

The proper relationship between a meeting's content and its process can best be described by looking at an iceberg. The tip of the iceberg — what we see above the water line — is the content of the meeting. The part of the iceberg that is below the water line represents the process, or how the members of the group interact. Research has proven that the more a group "lowers the water line," or talks about the process component, the better the group's decisions.

The same concept should be applied to board meetings. Agendas should clearly articulate the purpose of the meeting, and the meeting materials should contain necessary background information. This helps the participants prepare for a meeting's content.

However, it is just as important to pay attention to what is below the water line — how the board interacts. To ensure an effective meeting process, the board chair and board members should be attentive to the stages of group development, encourage productive interpersonal communications, and clarify the board's decision-making style. In other words, they should lower the water line and discuss any process issues that may be getting in the way of the group's decision-making, such as admitting frustration with another board member's behavior.

The most effective boards address the process component by proactively developing guidelines for their interaction. The guidelines should be the result of a facilitated discussion about the desired group member behaviors. Each board's guidelines may be slightly different and the process by which they are developed is critical: The guidelines are only as useful as each individual's sense of ownership and investment in them, so a participative process should be used.

The development of group guidelines can be a powerful method of identifying the desired board culture. Real culture change can occur if the board uses the guidelines to hold all of its members accountable for their behavior.

Out in the Open

One of the most effective ways to improve a board's culture is to openly discuss it. Increasing the members' awareness of the impact that their group's process has on their decision-making effectiveness is a first step. This discussion often works best in a board retreat, away from the pressures and restrictions of a typical meeting. If the board engages in a regular self-assessment, adding a question or two about the board's culture, meeting effectiveness or group functioning can provide the opening for this discussion.

Another technique to consider is to spend five minutes or so after every board meeting to discuss group functioning and process. This check can pay huge dividends over time.

If the board has a governance committee, it often will take the lead on facilitating culture development. This committee typically has the authority to recommend new board-level policies around how the board does its work. If the committee is not able to address these issues or if there is no governance committee, identifying board members who are interested in group dynamics and culture can be an effective way to create a task force focused on these issues. A smaller task force can take the time to reflect on, debate and discuss these issues, reporting back to the full board with its recommendations.

Formalizing the aspects of the board's culture and function that work well is another way to ensure a healthy board culture. Because culture depends on the individuals involved and the members of a board can change over time, formal, written policies that reinforce a healthy culture are critical. Formalizing the aspects of the board that work well is another way to ensure a healthy board culture.

Organizational Impact

Board culture shifts slowly but with consistent effort, it can change. Strengthening the board's culture can begin with education regarding the key components of a healthy culture and an open conversation about the current and desired board dynamics. Once the board has lowered the water line and talked honestly about how it is doing its work, its effectiveness will improve.

A healthy culture at the very top of an organization can create a spillover effect to the organization as a whole. With all the changes facing health care organizations today, a healthy culture can be a key differentiator in facilitating an organization's success.

Pamela R. Knecht (pknecht@accordlimited.com) *is president, and Karma Bass* (kbass@accordlimited.com) *is vice president of ACCORD LIMITED, Chicago.*

Sidebar - Sample Group Guidelines

- Lower the water line.
- Be honest.
- Don't hold back opinions and be willing to respectfully disagree.
- Use good listening skills.
- Encourage, respect and try to understand all opinions.
- Ensure that all feel heard; let all finish their thoughts.

- Avoid side conversations and speak one at a time.
- Keep all conversations confidential.
- Strive for consensus decision- making.

— P.R.K. and K.B.

Sidebar - Building and Maintaining Healthy Board Culture

Written board policies that reinforce a healthy culture include:

- Board and committee member expectations agreement
- Board and committee member job descriptions
- Board member code of conduct
- Confidentiality policy
- Policy on governance information flow
- Policy on the distinction between governance and management
- Group behavior guidelines
- Board self-assessment policy

— P.R.K. and K.B.

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Report on ECH and ECHD Board Actions Governance Committee April 3, 2018
Responsible party:	Cindy Murphy, Director of Governance Services
Action requested:	For Information
Background: <p>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.</p>	
Other Board Advisory Committees that reviewed the issue and recommendation, if any: <p>None.</p>	
Summary and session objectives: <p>To inform the Committee about recent Board actions.</p>	
Suggested discussion questions: <p>None.</p>	
Proposed Committee motion, if any: <p>None. This is an informational item.</p>	
LIST OF ATTACHMENTS: <ol style="list-style-type: none"> Report on ECH and ECHD Board Actions 	

March 2018 ECH Board Actions*

March 14, 2018

- a. Approved Resolution 2018-03 recognizing Emergency Department physicians and staff for their work during this winter's severe flu season
- b. Received annual Compliance education
- c. Approved the Community Benefit Mid-Year Metrics
- d. Approved Resolution 2018-04: required by Premier, Inc. listing the CEO and CFO as authorized individuals to sell stock.

March 2018 ECHD Board Actions

March 20, 2018

- a. Approved Resolution 2018-05 acknowledging the District's partnership with the AHA on the "Check.Change.*Control*" Hypertension Initiative.
- b. Approved the FY18 YTD Financial Report
- c. Completed a Periodic Review of the District's Bylaws and Approved Revisions
- d. Approved Resolution 2018-03 Calling a District General Election and Resolution 2018-04 Requesting and Consenting to Consolidation of District Election with the November 2018 Statewide Election.

*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 BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Delegation of Authority to Board Advisory Committees Governance Committee April 3, 2018
Responsible party:	Mitchell J. Olejko, Buchalter; Cindy Murphy, Director of Governance Services
Action requested:	For Possible Motion
Background: <p>At its February 14, 2018, the Board reviewed the Biennial Committee Self-Assessments. Following discussion, the Board asked the Governance Committee to consider the topic of delegation of authority to the Board's Committees at an upcoming meeting and report back.</p>	
Other Board Advisory Committees that reviewed the issue and recommendation, if any: <p>The Executive Compensation Committee (ECC) is currently considering recommending that the Board delegate authority to decide certain matters related to Executive (Non-CEO) Compensation to the ECC.</p>	
Summary and session objectives : <ol style="list-style-type: none"> 1. To review legal issues raised by delegation of authority to the Committees generally. 2. To discuss the concept of delegation of authority to the Committees. 	
Suggested discussion questions: <ol style="list-style-type: none"> 1. What are legal constraints or requirements with respect to delegating authority to the Committees? 2. Is it appropriate or desirable for the Board to delegate authority to Committees that are not composed of 100% Board members? 3. Would delegating some authority to the Committees enable the Board to elevate its Governance by better focusing on matters related to strategy, quality and policy? 	
Proposed Committee motion, if any: None proposed, at the discretion of the Committee.	
Attachments: <ol style="list-style-type: none"> 1. Legal Memo (from Mitch Olejko) 	

MEMORANDUM

VIA E-MAIL

To: Governance Committee
El Camino Hospital Board of Directors
File No.: E4192-0002

From: Mitchell J. Olejko

Date: March 20, 2018

Re: Delegation of Authority under California Nonprofit Corporation Act
Section 5210

I. FACTS.

El Camino Hospital (“ECH”) is a California nonprofit public benefit corporation that is exempt from federal income tax because it is described in Internal Revenue Code Section 501(c)(3).

The Board of Directors of ECH (“Board”) has established several advisory committees to advise it on certain matters. The advisory committees typically include at least two directors and other individuals who are not members of the Board but who have expertise in the subject matter of the advisory committee. ECH advisory committees include: the Corporate Compliance/Privacy and Audit Committee, the Executive Compensation Committee, the Finance Committee, the Governance Committee, the Investment Committee and the Quality, Patient Care, Patient Experience Committee.

The Governance Committee has been asked to consider whether an advisory committee could be delegated certain decision-making authority.

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Los Angeles
Napa Valley
Orange County
Sacramento
San Francisco
Scottsdale
Seattle

II. ISSUES.

- A.** May the Board authorize an advisory committee (composed of Board members and other individuals) to undertake the activities beyond merely advising the Board pursuant to the California Nonprofit Corporation Law?
- B.** What steps should the Board take when delegating authority to an advisory committee?

III. ANALYSIS.

A. In general.

Advisory committees advise the Board and do not exercise any authority of the Board. California Corporations Code § 5212 provides, in part, that: “The board may ... create one or more committees, *each consisting of two or more directors* ...” to which certain authority may be granted (emphasis added). As each advisory committee consists of a combination of directors and other individuals, it is an advisory committee not a board committee permitted to act on behalf of the Board (i.e., to make final decisions or to take independent action binding ECH).

In Contrast, California Corporations Code section 5210 provides, in part, that: “The board may delegate the management of the activities of the corporation to any person or persons, management company, or committee however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.”

As a result, under California law the Board may delegate to management authority to a committee; these committees are sometimes referred to as management committees. Technically, such a committee would not exercise any such authority as a Board committee pursuant to Section 5212 but would the authority to act within a delegation made by the Board under Section 5210.

B. Delegation and Indemnification.

When the Board is considering delegation of Board authority, it should define the scope of delegation (and the Board’s retained authority) as precisely as possible to avoid granting unintended authority under Section 5210. Any delegated authority should be subject to all policies and procedures adopted by the Board. Consideration should be given to stating the precise level and type of expenditures that may be authorized by the committee and Board approval should be required for any proposed action outside the scope of the Board’s delegation.

Governance Committee
El Camino Hospital Board of Directors
March 20, 2018
Page 3

The Board will also need to examine each proposed delegation for any legal requirements raised by the specific delegation. For example, the Executive Compensation Committee is currently considering a proposed delegation of authority that would require the Committee to follow specific Board approved procedures when exercising that authority in order to meet certain requirements of federal tax regulations.

Moreover, to avoid any uncertainty, the enabling resolution should recognize that persons acting on such committees are acting as “agents” of ECH for purposes of such person’s right to indemnification by ECH.

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Protocol For Board Communication With Staff Governance Committee Meeting April 3, 2018
Responsible party:	Dan Woods, CEO
Action requested:	For Approval
<p>Background:</p> <p>At the January 2018 Board Meeting, the Board asked to develop a Protocol for Board Communication with Staff. Several years ago, the Board approved a document titled “Guidelines for Communication with the CEO” which established a procedure for Board members to request staff work. Rather than create an additional protocol, it is suggested the Board review and approve a revision to the document that includes a protocol for communication with staff.</p> <p>The proposed revisions codify the existing practices that staff has, at least over the last several years, been asked to implement. Guy Masters, who facilitated the Board’s January retreat and is an Advisor to the Governance Institute, reviewed the document and his comments are incorporated.</p> <p>On the proposed revisions:</p> <ul style="list-style-type: none"> • Include the Advisory Committees as part of the coverage umbrella (sections I, II, III) • Clear distinction made between a request when acting in a board role, or as a member of the public. The guideline and concept is respectful, and clear of appropriate requests and not. • Outline validates the chain-of-contact as well as the chain-of-command for contacts, securing assistance, and approvals. <p>On the Existing Provisions:</p> <ul style="list-style-type: none"> • The timeframes regarding estimates of resources to be accessed are good; someone will have to think this through before making a request. (Often people have no idea what the “cost” is when making requests; their issues are “top priority” and there is an unseen domino effect that comes into play that is easy to be oblivious to.) • The guidelines avoid redundancy, give clarity to priority, and identify levels of resources that can be asked for in what circumstances, and approvals required. 	
<p>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</p> <p>None.</p>	
<p>Summary and session objectives :</p> <p>To review the proposed revisions and recommend approval.</p>	
<p>Suggested discussion questions:</p> <p>1. Do the proposed revisions provide an adequate and timely avenue for Board and</p>	

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	<p>Committee members to receive assistance and obtain information from the organization?</p> <p>2. If not, what changes does the Committee suggest?</p>
	<p>Proposed Committee motion, if any: To recommend the Board adopt the Guidelines for Communication with the CEO and other El Camino Hospital Staff</p>
	<p>LIST OF ATTACHMENTS:</p> <p>1. [Draft Revised] Guidelines for Communication with the CEO [and other El Camino Hospital Staff] (redline)</p> <p>2. [Draft Revised] Guidelines for Communication with the CEO [and other El Camino Hospital Staff] (clean)</p>

TITLE:	Guidelines for Communication with the CEO <u>and Other El Camino Hospital Staff Members</u>
CATEGORY:	Administrative
LAST APPROVAL:	January 14, 2015

TYPE:	<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
SUB-CATEGORY:	<i>Board</i>
OFFICE OF ORIGIN:	Administration
ORIGINAL DATE:	January 14, 2015

- I. COVERAGE:** Members of the El Camino Hospital Board of Directors
- II. PURPOSE:** To provide an efficient process for individual Board and Advisory Committee members to request or share information and for Board members to request and obtain staff assistance with research or projects.
- III. POLICY STATEMENT:** It is the policy of the El Camino Hospital Board of Directors that Board members that staff be available to (1) individual Board and Advisory Committee members pursuant to reasonable requests to obtain or share information and (2) to individual Board members for assistance with research or projects, and that the Board Chair be kept informed of such requests. This policy shall not apply to requests for staff work on behalf of a Board Advisory Committee made by the Committee or the Committee Chair.
- IV. DEFINITIONS:**
N/A
- V. REFERENCES:**
N/A
- VI. PROCEDURE:**
- A. **Communication Generally:** The Director of Governance Services or, in the prolonged absence of the Director of Governance Services, a specific designee, shall serve as the first and primary point of contact between the Board and Advisory Committee Members and staff. The Director of Governance Services, when at all possible, is expected to (1) return phone calls and e-mails within 24 business hours and (2) notify Board and Advisory Committee Members in advance of planned absences greater than one business day. Exceptions include:
1. Board and Advisory Committee Members may contact the CEO directly.
 2. For routine clerical matters, the Board and Advisory Committee members should first contact the Board Services Coordinator, or the Executive

TITLE:**Guidelines for Communication with the CEO and Other El Camino Hospital Staff Members****CATEGORY:**

Administrative

LAST APPROVAL:January 14, 2015

Assistant who supports their assigned Board Advisory Committee, but may always refer a matter to the Director of Governance Services at their discretion.

3. Chairs of the Advisory Committees may contact the Executive Sponsor of their assigned Committee directly regarding the business related to the Committee.
4. To schedule a 1:1 appointment with the CEO, Board and Advisory Committee members should contact the El Camino Hospital employee who manages the CEO's calendar, but may always refer a matter to the Director of Governance Services at their discretion.
5. In the case of an extreme emergency after business hours or on a holiday or weekend, Board and Advisory Committee members should contact the Administrator on Call (AOC) by calling the House Supervisor at (###) ###-####. Contact information for the AOC will also be maintained in the Board Portal.
6. When acting as a member of the public, and not in their role as a member of the Board or an Advisory Committee, Board and Advisory Committee members may interact with Hospital staff directly. For example, if a member is a patient, or has a family member who is a patient, the Board member should interact with staff as necessary and appropriate related to patient care.

C.B. Board Member Requests for Staff Work:

1. If a request for staff work is made to the CEO by a Board member other than the Board Chair, the Board member shall communicate that request via e-mail to ~~both~~ the CEO, the Director of Governance Services, and the Board Chair. The CEO will evaluate the staff time required to fulfill the request. If the CEO estimates that a request will require more than 2.5 hours of staff work, the CEO will inform the Board Chair prior to beginning the work. The Chair will either authorize the work or add the request to the agenda for the next meeting. Each Board member may make one such request between Board meetings.
2. If a request for staff work on an item is made to the CEO by two or more Board members, those Board members shall communicate that request via email to both the CEO, the Director of Governance Services, and the Board Chair. The CEO shall evaluate the staff time required to comply with the request. If the CEO estimates that a request will require more than 5 hours of staff work, the CEO will inform the Board Chair prior to beginning the work. The Chair will either authorize the work or agendize the topic for the next

TITLE:	Guidelines for Communication with the CEO <u>and Other El Camino Hospital Staff Members</u>
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LAST APPROVAL:	January 14, 2015

meeting. Each Board member may initiate one such request between Board meetings.

~~D.C.~~ The CEO shall not honor requests for staff work from individual or groups of two Board members on matters that the Board has considered and voted not to approve or pursue.

~~E.D.~~ The CEO will keep the Board Chair informed in regards to all requests for staff work from Board members other than the Board Chair.

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:	1/14/15
Historical Approvals:	1/14/15

VIII. ATTACHMENTS:

N/A

TITLE:	Guidelines for Communication with the CEO and Other El Camino Hospital Staff Members
CATEGORY:	Administrative
LAST APPROVAL:	January 14, 2015

TYPE:	<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
SUB-CATEGORY:	Board
OFFICE OF ORIGIN:	Administration
ORIGINAL DATE:	January 14, 2015

- I. COVERAGE:** Members of the El Camino Hospital Board of Directors
- II. PURPOSE:** To provide an efficient process for individual Board and Advisory Committee members to request or share information and for Board members to request and obtain staff assistance with research or projects.
- III. POLICY STATEMENT:** It is the policy of the El Camino Hospital Board of Directors that Board members that staff be available to (1) individual Board and Advisory Committee members pursuant to reasonable requests to obtain or share information and (2) to individual Board members for assistance with research or projects, and that the Board Chair be kept informed of such requests. This policy shall not apply to requests for staff work on behalf of a Board Advisory Committee made by the Committee or the Committee Chair.
- IV. DEFINITIONS:**
N/A
- V. REFERENCES:**
N/A
- VI. PROCEDURE:**
- A. Communication Generally:** The Director of Governance Services or, in the prolonged absence of the Director of Governance Services, a specific designee, shall serve as the first and primary point of contact between the Board and Advisory Committee Members and staff. The Director of Governance Services, when at all possible, is expected to (1) return phone calls and e-mails within 24 business hours and (2) notify Board and Advisory Committee Members in advance of planned absences greater than one business day. Exceptions include:
1. Board and Advisory Committee Members may contact the CEO directly.
 2. For routine clerical matters, the Board and Advisory Committee members should first contact the Board Services Coordinator, or the Executive

TITLE:	Guidelines for Communication with the CEO and Other El Camino Hospital Staff Members
CATEGORY:	Administrative
LAST APPROVAL:	January 14, 2015

Assistant who supports their assigned Board Advisory Committee, but may always refer a matter to the Director of Governance Services at their discretion.

3. Chairs of the Advisory Committees may contact the Executive Sponsor of their assigned Committee directly regarding the business related to the Committee.
4. To schedule a 1:1 appointment with the CEO, Board and Advisory Committee members should contact the El Camino Hospital employee who manages the CEO's calendar, but may always refer a matter to the Director of Governance Services at their discretion.
5. In the case of an extreme emergency after business hours or on a holiday or weekend, Board and Advisory Committee members should contact the Administrator on Call (AOC) by calling the House Supervisor at (###) ###-####. Contact information for the AOC will also be maintained in the Board Portal.
6. When acting as a member of the public, and not in their role as a member of the Board or an Advisory Committee, Board and Advisory Committee members may interact with Hospital staff directly. For example, if a member is a patient, or has a family member who is a patient, the Board member should interact with staff as necessary and appropriate related to patient care.

B. Board Member Requests for Staff Work:

1. If a request for staff work is made to the CEO by a Board member other than the Board Chair, the Board member shall communicate that request via e-mail to both the CEO, the Director of Governance Services, and the Board Chair. The CEO will evaluate the staff time required to fulfill the request. If the CEO estimates that a request will require more than 2.5 hours of staff work, the CEO will inform the Board Chair prior to beginning the work. The Chair will either authorize the work or add the request to the agenda for the next meeting. Each Board member may make one such request between Board meetings.
2. If a request for staff work on an item is made to the CEO by two or more Board members, those Board members shall communicate that request via email to the CEO, the Director of Governance Services, and the Board Chair. The CEO shall evaluate the staff time required to comply with the request. If the CEO estimates that a request will require more than 5 hours of staff work, the CEO will inform the Board Chair prior to beginning the work. The Chair will either authorize the work or agendize the topic for the next meeting. Each Board member may initiate one such request between Board meetings.

TITLE:	Guidelines for Communication with the CEO and Other El Camino Hospital Staff Members
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- C. The CEO shall not honor requests for staff work from individual or groups of two Board members on matters that the Board has considered and voted not to approve or pursue.
- D. The CEO will keep the Board Chair informed in regards to all requests for staff work from Board members other than the Board Chair.

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:	1/14/15
Historical Approvals:	1/14/15

VIII. ATTACHMENTS:

N/A

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Proposed FY19 Board Goals Governance Committee April 3, 2018
Responsible party:	Dan Woods, CEO
Action requested:	For Discussion
Background: <p>At the January 2018 Board Retreat, the Board engaged in an exercise, facilitated by Guy Masters (Advisor to the Governance Institute) intended to be an initial step in formulating Board Goals for FY19. Each Board member was asked to complete a worksheet proposing possible board goals and tactics to achieve the goals. The two lefthand columns on the attached chart reflect the Board Members' proposed goals and tactics. Staff, with some input from Guy Masters, has grouped those into Themes, Proposed Goals, and Proposed Tactics for the Committee's consideration.</p>	
Other Board Advisory Committees that reviewed the issue and recommendation, if any: <p>None.</p>	
Summary and session objectives : <ol style="list-style-type: none"> 1. To review and discuss the proposed FY19 Board Goals and Tactics. 2. To reach a recommendation to the Board regarding adoption of FY19 Board Goals. 	
Suggested discussion questions: <ol style="list-style-type: none"> 1. Does the Committee agree that the Themes and Proposed Goals are reflective of the Board's written input on goals and tactics from the January 2018 Board Retreat? 2. Are the Proposed Goals Appropriate for the El Camino Hospital Board of Directors? 3. Are the Proposed Tactics effective means to achieve the goals? Are there other tactics that should be considered? 	
Proposed Committee motion, if any: <p>To recommend the Board adopt the proposed FY19 Proposed Board Goals and Tactics as presented (or as revised).</p>	
Attachments: <ol style="list-style-type: none"> 1. Proposed Board Goals and Tactics 2. El Camino Hospital Values as approved and defined by the Board in June 2017. 	

	Board Member/CEO Written Goal (verbatim)	Board Member/CEO Written Tactic (verbatim)	Theme	Proposed Goal	Proposed Tactic
GOAL #1	<ul style="list-style-type: none"> Ensure Board members are maximizing their contributions Better understanding of Governance vs. Management Protocol on Board and elected members Review and reassess Board agendas Streamline processes Clarify processes and duties Clarify Committee vs. Board work Streamline meetings Oversight instead of micromanagement Fulfill Mission through policy Ensure clarity of the function Clarify right level of information provided to the Board and Committees Involve Medical Staff in discussions 	<ul style="list-style-type: none"> Improve perception of Board by Management/fewer, shorter meetings/clearer policies and processes in key areas identified/Board-level documents 	Strategic Governance	The Board will function at a strategic governance level.	<ol style="list-style-type: none"> Develop and follow through with on-going Board education <ol style="list-style-type: none"> Board Members attend Annual ECH Board Retreat that focuses, at least in part, on effective governance. Board members are given the opportunity to attend outside conferences that focus on effective governance. Board and Committee Members combine twice per year for Education Sessions. Create more social opportunities for Board members to establish and enhance relationships. Board reviews adherence to core Board values at the conclusion of each meeting and implements changes based on review: <ul style="list-style-type: none"> Value of agenda items Appropriateness of Materials Effective Discussions Create succession process for Board and Committee leadership
GOAL #2	<ul style="list-style-type: none"> Enhance trust and respect To assess divergent ratings of Board and management Communication Improve Board relationship with ELT Track rules of engagement to create system of accountability 	<ul style="list-style-type: none"> Increase communication Up and down equal please/notify Board when CEO and Board staff are off campus 	Board Culture and Dynamics	The Board will function in an environment that reflects collaboration, mutual respect, and accountability.	<ol style="list-style-type: none"> Create more social opportunities for Board members to establish and enhance relationships Board reviews adherence to approved and defined core organizational values at the conclusion of each meeting and implements changes based on review: <ul style="list-style-type: none"> Quality, Compassion, Community, Collaboration, Stewardship, Innovation, and Accountability
GOAL #3	<ul style="list-style-type: none"> Better Committee reports to the Board 		Efficient, Effective Use of Committees	Board Committees will function effectively, efficiently, and communicate appropriately to the Board	<ol style="list-style-type: none"> Committee members are given educational opportunities (internal and/or outside) that focus on effective governance at the Committee level. Create process for Committees to rate management materials for completeness and governance value that supports informed oversight and decision making Establish criteria for Committee information to be reported to the Board Utilize Board Report format for each Committee report Increase representation of Board members on key Committees

	Board Member/CEO Written Goal (verbatim)	Board Member/CEO Written Tactic (verbatim)	Theme	Proposed Goal	Proposed Tactic
N/A	<ul style="list-style-type: none">• Streamline Succession Planning• Strategic Plan• Identify risk exposure (core priorities)• Marketing Plan• Improve media outreach and build physician network/relationships• Physician Alignment		Management Responsibilities	N/A	N/A

Refined ECH Mission, Vision, and Values

1

Vision

To lead the transformation of healthcare delivery in Silicon Valley

Mission

Our mission is to heal, relieve suffering and advance wellness as your publicly accountable health partner

Values

- **Quality.** We pursue excellence to deliver evidence based care in partnership with our patients and families.
- **Compassion.** We care for each individual uniquely with kindness, respect and empathy.
- **Community.** We partner with local organizations, volunteers and a philanthropic community to provide healthcare services across all stages of life.
- **Collaboration.** We partner for the best interests of our patients, their families and our community using a team approach.
- **Stewardship.** We carefully manage our resources to sustain, grow and enable services that meet the health needs of our community.
- **Innovation.** We embrace solutions and forward thinking approaches that lead to better health.
- **Accountability.** We take responsibility for the impact our actions have on the community and each other.

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Biennial Committee Charter Review Governance Committee April 3, 2018
Responsible party:	Cindy Murphy, Director of Governance Services
Action requested:	Possible Motion
<p>Background: The Governance Committee's charter provides that it will ensure that each Board Advisory Committee reviews its Charter every other year. The Governance Committee ("GC") last reviewed its Charter in March 2016.</p> <p>Staff does not have any specific recommendations to revise the Charter at this time.</p>	
Other Board Advisory Committees that reviewed the issue and recommendation, if any: N/A	
<p>Summary and session objectives: For the Committee to review its Charter and discuss whether (1) it is meeting the mandates of its Charter and (2) any desired changes.</p>	
<p>Suggested discussion questions:</p> <ol style="list-style-type: none"> 1. Are there any Governance Committee activities provided in the Charter that the Committee is not performing? 2. Are there any activities the Governance Committee should be engaging in that are not provided in the Charter? 	
<p>Proposed Committee motion, if any:</p> <p>None proposed. At the discretion of the Committee.</p>	
<p>LIST OF ATTACHMENTS:</p> <ol style="list-style-type: none"> 1. Current GC Charter (last revised April 9, 2014) 	

Governance Committee Charter

Purpose

The purpose of the Governance Committee (“Committee”) is to advise 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 and succession planning for the Board. The Governance Committee ensures the Board and its Advisory committees are functioning at the highest level of governance standards.

Authority

All governing authority for ECH resides with the Hospital Board except that which may be lawfully delegated to a specific Board committee. The Committee will report to the full Board at the next scheduled meeting any action or recommendation taken within the Committee’s authority. The Committee has the authority to select, recommend engagement, and supervise any consultant hired by the Board to advise the Board or Committee on governance-related issues. In addition, the Committee, by resolution, may adopt a temporary advisory committee (ad hoc) of less than a quorum of the members of the Committee. The resolution shall state the total number of members, the number of board members to be appointed, and the specific task or assignment to be considered by the advisory committee.

Membership

- The Governance Committee shall be comprised of two (2) or more Hospital Board members. The Chair of the Committee shall be a Hospital Board director who shall be appointed by the Board Chair, subject to approval by the Board. .
- The Governance Committee may also include 2-4 external (non-Hospital Board member) members with expertise in governance, organizational leadership or as a hospital or health system executive.
- All Committee members shall be appointed by the Board Chair, subject to approval by the Board, for a term of one year expiring on June 30th each year, renewable annually.
- The Governance Committee shall review and make recommendations to the Board regarding the Board Chair’s appointments of Advisory Committee Chairs and Advisory Committee members.
- It shall be within the discretion of the Chair of the Committee to appoint a Vice-Chair from among the members of the Committee.
- All members of the Governance Committee shall be independent.

Staff Support and Participation

The CEO shall attend meetings and 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 CEO and at the discretion of the Committee Chair.

General Responsibilities

The Committee is responsible for recommending to the full board policies, processes and procedures related to board development, board effectiveness, board composition and other governance matters.

Specific Duties

The specific duties of the Governance Committee include the following:

- 1. BOARD COMPOSITION, DEVELOPMENT AND EFFECTIVENESS** - Ensure that the Board is committed to the discipline of doing the right things the right way.
 - a. Composition**
 - i. Define the necessary skill sets, diversity and other attributes required for Board members to support Hospital strategy, goals, community needs and current market conditions.
 - ii. Make recommendations to the Board regarding Board Composition.
 - b. Orientation, Education and Development**
 - i. Recommend the orientation program for newly-appointed members to the Hospital Board of Directors and newly-appointed Board Committee members.
 - ii. Recommend a policy, budget and annual plan for Hospital Board and Committee member education, training and development.
 - c. Board Evaluation**
 - i. Recommend an evaluation instrument and process to be used by the Hospital Board for evaluation of Board governance.
 - ii. Ensure there is a board performance evaluation completed on an annual basis, and as appropriate, evaluation of the individual directors, committees and their chairs, and the Board Chair.

- iii. Ensure submission of Hospital Board's annual self-evaluation to the El Camino Healthcare District Board of Directors.

d. Board Efficiency

- i. Monitor and recommend improvements or changes to the on-going governance process and procedures of the Hospital Board in order to enhance overall efficiency of the Board and Advisory Committee Structure.
- ii. Ensure the Board develops a master Board meeting calendar to establish a cadence of information flow and dialogue, such that the Board has sufficient time to review the minutes and recommendations of the committees. The cadence must accommodate a flow of approvals from Committee to the full Board.

2. SUPPORT OF BOARD ADVISORY COMMITTEE ALIGNMENT WITH ORGANIZATIONAL STRATEGY AND GOALS

a. Development of Process for Advisory Committee Review of Advisory Committee Goals and Charters

- i. Recommend process for the development of annual Board Advisory Committee goals which includes:
 - 1. Linkage of committee goals to organizational goals and strategy, to the Board.
 - 2. The Board's review and approval.
- ii. Ensure all Board Advisory committees conduct bi-annual review of Advisory committee charters and recommend any changes to the Board for approval.

b. Development of Board Advisory Committee Membership Succession Plan

- i. Ensure membership succession plan considers organizational strategy and goals.
- ii. Develop process for Advisory committee use to identify a need for increase or change in membership to further alignment with organizational strategy and goals.

3. **ARTICLES OF INCORPORATION, BYLAWS, AND POLICIES**

- a. Provide for a review of the Articles of Incorporation and Bylaws at least once every three years.
- b. Monitor legal and regulatory issues affecting governance.
- c. Recommend updates to Hospital Board governance policies where necessary and as required by legal and regulatory agencies.

Committee Effectiveness

The Committee is responsible for establishing its annual goals, objectives and pacing plan in alignment with the Board and Hospital's strategic goals. The Committee shall be focused on continuous improvement with regard to its processes, procedures, materials, and meetings, and other functions to enhance its contribution to the full Board.

Meetings and Minutes

The Committee shall meet at least once per quarter. The Committee Chair shall determine the frequency of meetings based on the Committee's annual goals and work plan. Minutes shall be kept by the assigned staff and shall be delivered to all members of the Committee when the agenda for the subsequent meeting is delivered. The approved minutes shall be forwarded to the Board for review and acceptance.

Meetings and actions of all Advisory committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of the Bylaws, concerning meetings and actions of directors. Special meetings of Advisory committees may also be called by resolution of the Board and the Committee Chair. Notice of any special meetings of the Committee requires a 24 hour notice.

Approved as Revised on November 13, 2013

Approved as Revised on April 9, 2014



PROPOSED
FY19 COMMITTEE GOALS
Governance Committee

PURPOSE

The purpose of the Governance Committee is 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.

STAFF: **Dan Woods**, Chief Executive Officer; **Cindy Murphy**, Director of Governance Services

The CEO 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 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
1.	•	•
2.	•	•
3.	•	•

SUBMITTED BY:

Peter Fung, MD
Dan Woods, CEO

Chair, Governance Committee
Executive Sponsor, Governance Committee

Governance Committee

Updated 2/20/2018

FY18 GC Pacing Plan – Q1		
July 2017	August 2017	September 2017
<p><i>No scheduled meeting</i></p> <p><i>At each meeting:</i></p> <p>Regular Consent Calendar Items: Minutes, Committee Recruitment Update, Article of Interest</p> <p>Other Regular Items:</p> <ul style="list-style-type: none"> - Board Recruitment Update - Report on Board Actions 	<ul style="list-style-type: none"> - Consider Hospital Board member competencies - Consider education topics for Semi-Annual Board and Committee Gatherings - Receive report on ECH strategic planning - Assess District's ECH Board structure changes Implementation Plan and make recommendations - Develop plan or methodology for assessing expanded Advisory Committee structure effectiveness - FY18 Board Education Plan 	<p><i>No scheduled meeting</i></p>
FY18 GC Pacing Plan – Q2		
October 3, 2017	November 2017	December 2017
<ul style="list-style-type: none"> - Review and Recommend annual Board Self-Assessment Tool - Confirm annual Board Retreat agenda - Finalize plan or methodology for assessing expanded Advisory Committee structure effectiveness - Review and Recommend Proposed Revisions to NDBM Election and Re-Election Process and Position Specification - Review Results of Competency Matrix Survey <p>Wed., 10/25/2017 Board & Committee Educational Gathering</p>	<p><i>No scheduled meeting</i></p>	<p><i>No scheduled meeting</i></p> <p>[participate in Committee self-assessment survey]</p>

Governance Committee

Updated 2/20/2018

FY18 GC Pacing Plan – Q3		
January 2018	February 6, 2018	March 2018
<i>No scheduled meeting</i>	<ul style="list-style-type: none"> - Annual review of Advisory Committee composition - Review draft Board and Committee Self-Assessment results - Assess expanded Advisory Committee structure effectiveness and make recommendations - Review Board and Committee Education Policy (FY19 -21 Budget) - Discuss ECH Bylaws Article V Sections 5.1 and 5.2 	<i>No scheduled meeting</i>
FY18 GC Pacing Plan – Q4		
April 3, 2018	May 2018	June 5, 2018
<ul style="list-style-type: none"> Set FY18 Governance Committee Dates Participate in NDBM Recruitment/Interviews as requested by the District Board - Review Governance Committee Charter - Develop FY19 Governance Committee Goals - Develop Board Goals Develop Protocol for Staff Communication with the Board Review Proposed Revisions to ECH Bylaws Sections 5.1 and 5.2 Review Proposed Revisions to NDBM Election and Re-Election Process Discuss Board Governance/Management Relationships and Effectiveness Discuss Concept of Delegation of Authority to Board Committees <p>Wed., 4/25/2018 Board & Committee Educational Gathering</p>	<i>No scheduled meeting</i>	<ul style="list-style-type: none"> - Review and recommend all FY19 Committee goals to Board - Review Advisory Committee and Committee Chair assignments - Review Committees' progress against FY18 goals - Confirm self-assessment sent to District (from GC charter) - Finalize FY18 Master Calendar (for Board approval in June) - FY19 Board Education Plan - Finalize FY19 GC goals - Review any proposed changes to Committee charters - Assess effectiveness of District's ECH Board structure changes Implementation Plan and make recommendations Discuss Board Governance/Management relationships and effectiveness (Q1 FY19??)

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Roundtable Discussion Governance Committee Meeting Meeting Date: April 3, 2018
Responsible party:	Cindy Murphy, Director of Governance Services
Action requested:	For Discussion
Background: We included an excerpt from the Governance Institute's "Elements of Governance" Series titled "Board Committees" in the Committee's February 6, 2018 packet. Committee Chair Fung asked that we include the questions posed in the "Committee Meeting Effectiveness Assessment Options" section for the Committee to discuss at the conclusion of the meeting.	
Other Board Advisory Committees that reviewed the issue and recommendation, if any: None.	
Summary and session objectives: To assess the effectiveness of the Committee's meeting.	
Suggested discussion questions: <ol style="list-style-type: none"> 1. Brief discussion topics: what worked well/should be repeated? What should be changed/added/deleted? 2. Were the meeting packet and agenda helpful? 3. Did key issues receive sufficient attention? 4. Did we spend the right amount of time on each issue? 5. Was there a significant amount of discussion (vs. presentation)? 6. Were discussions kept at the governance level? 7. Did all members participate fully? 8. Did we hold ourselves accountable to the rules of engagement? 	
Proposed Committee motion, if any: None. For discussion only.	
LIST OF ATTACHMENTS: None.	