



## **BOARD OF DIRECTORS**

### **SPECIAL MEETING AGENDA**

Hybrid - Kathleen King Room & Virtual/Teleconference

85 Nielson Street, Watsonville CA

ZOOM LINK: <https://zoom.us/j/93443061917>

TELEPHONE +1 669 900 9128 WEBINAR ID: 934 4306 1917

**November 16, 2022**

**5:00 p.m.**

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*Pursuant to PVHCD Resolutions adopted monthly, Assembly Bill 361, and guidance from the Santa Cruz County Health Department in response to concerns regarding COVID-19, Board Members of PVHCD are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.*

#### **TRANSLATION SERVICES/SERVICIOS DE TRADUCCIÓN**

*Spanish language translation is available on an as needed basis. Please make advance arrangements at least three business days before the meeting at by calling at 831.763.6040 or by emailing at [info@pvhcd.org](mailto:info@pvhcd.org)*

*Las sesiones de la Mesa Directiva pueden ser traducidas del inglés al español y del español al inglés. Por favor llame por lo menos tres días hábiles antes de la junta al 831.763.6040 o envíe un correo electrónico a [info@pvhcd.org](mailto:info@pvhcd.org) para solicitar interpretación.*

#### **ACCOMMODATIONS FOR PERSONS WITH DISABILITIES**

*The Pajaro Valley Health Care District does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs, or activities. If you are a person with a disability and wish to participate in the meeting and require special assistance in order to participate, please call 831.763.6040 or email [info@pvhcd.org](mailto:info@pvhcd.org) at least three business days in advance of the meeting to make arrangements. Persons with disabilities may request a copy of the agenda in an alternative format.*

*For Public Participation Guidelines, see last page(s) of the agenda.*

**1. CALL TO ORDER/ROLL CALL**

**2. CONSIDERATION OF LATE ADDITIONS TO THE AGENDA**

**3. PUBLIC COMMENT**

This time is set aside for members of the general public to address the Board on any item not on the Board Agenda (not to exceed two minutes), which is within the subject matter jurisdiction of the Board. No action or discussion shall be taken on any item presented except that any Board Member may respond to statements made or questions asked or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters relating to Board will be noted in the minutes and may be scheduled for discussion at a future meeting or referred to staff for clarification and report.

**4. REPORT FROM THE CHIEF EXECUTIVE OFFICER**

**5. COMMENTS FROM BOARD MEMBERS**

**6. REPORT FROM SUBCOMMITTEES AND/OR AD HOC SUBCOMMITTEES OF THE BOARD (IF ANY)**

**7. INFORMATIONAL ITEMS (No Action Required) (if any)**

**8. CONSENT AGENDA**

Consent items include routine business that does not call for discussion. One roll call vote is taken for all items. Only a Board Member may pull items from Consent to Regular agenda. Members of the public must request that a Board Member pull an item from the Consent Agenda prior to the start of the meeting.

**ACTION ON CONSENT AGENDA**

- a) Board questions to staff
- b) Public Comment
- c) Motion to approve Consent Agenda
- d) Action by Board/Roll Call Vote

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**A. RESOLUTION MAKING FINDINGS AND ORDERING THE USE OF TELECONFERENCE MEETINGS OF THE BOARD OF DIRECTORS DUE TO COVID-19, PURSUANT TO THE REQUIREMENTS OF ASSEMBLY BILL 361: AND DIRECT STAFF TO RETURN WITHIN 30 DAYS WITH A NEW RESOLUTION ADDRESSING THE NEED TO CONTINUE HOLDING TELECONFERENCE MEETINGS CONSISTENT WITH THE REQUIREMENTS OF ASSEMBLY BILL 361**

**B. MOTION APPROVING MINUTES OF OCTOBER 6, 2022**

**9. REGULAR AGENDA**

**A. APPROVAL OF DISTRICT-PROJECT AFFILIATION OVERVIEW AND NEW PROJECT BOARD MEMBER CORE QUALIFICATIONS**

- a) Oral Report by June Ponce, Dir of Marketing, Growth & Outreach
- b) Board questions to staff
- c) Public Comment
- d) Motion whether to approve the District-Project Affiliation Overview and New Project Board Member Core Qualifications
- e) Action by Board/Roll Call Vote

**B. REVIEW OF PROJECT-DISTRICT MEMORANDUM OF UNDERSTANDING (INFORMATION ONLY)**

- a) Oral Report by June Ponce, Dir of Marketing, Growth & Outreach
- b) Board questions to staff
- c) Public Comment

**10. ADJOURNMENT**

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**Agenda documents** are available for review in person at Watsonville Community Hospital, 75 Nielson Street, Hospital Main Lobby-Visitors Desk; and electronically on the Pajaro Valley Healthcare District's website, at: PVHCD.org

To view online, visit the Board's website at: PVHCD.org. Select the meeting date to view the agenda and supporting documents.

This agenda was posted in accordance with the California Brown Act. Any materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet will be made available to the public in accordance with Government Section 54957.5.

**RELATED CORRESPONDENCE -**

Written comments on agenda items may also be submitted to the Board by email or US Mail

**Email:** [info@pvhcd.org](mailto:info@pvhcd.org)

- Emailed documents may take up to 24 hours to be posted
- Please include the agenda item number

**U.S. Mail:**

PVHCD Board of Directors  
86 Nielson Street  
Watsonville, CA 95076

Comments received after 4 p.m. the day of the meeting and before the end of the meeting will be included with the minutes record.

For additional information, call 831.763.6040 or email [info@pvhcd.org](mailto:info@pvhcd.org)

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## Public Participation Guidelines

### PUBLIC COMMENT

#### **Participating in Person:**

The meeting space is open with limited capacity. Face coverings are highly recommended in the meeting space, regardless of vaccination status. To address the Board, please line up at the podium when the Board Chair calls for general public comment or calls for public comment on the regular agenda item to which you would like to speak. Please state your name clearly for the record before making your comment and limit your remarks to the allotted time.

#### **Participating by Phone:**

To address the Board, dial the telephone number provided and you will be prompted to enter the meeting ID number. After that, you will be able to listen to the meeting and speak during public comment as announced by the Chair. The Clerk will call on people by the last four digits of their phone number.

The following commands can be entered via DTMF tones using your phone's dial pad while in a Zoom meeting:

- \*6 - Toggle mute/unmute
- \*9 - Raise hand

#### **Participating online via Zoom:**

You may download the Zoom client or connect to the meeting in-browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.

You will be asked to enter an email address and name. **Please identify yourself by any name you choose (you are not required to state your real name to participate)** as this appears online and is how we notify you when it is your turn to speak.

PVHCD Board of Directors Agenda – November 16, 2022

When the Board Chair calls for the item on which you wish to speak, click on "raise hand." The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.

When called, please limit your remarks to the time allotted.



**Executive Sponsor:** Steven Salyer, CEO

**Subject:** AB 361 Resolution Authorizing Teleconference Meetings

**Meeting Date:** November 16, 2022

**Recommended Actions:**

- a) Adopt resolution making findings and ordering the use of teleconference meetings of the Board of Directors due to COVID-19, pursuant to the requirements of Assembly Bill 361; and
- b) Direct Staff to return within 30 days with a new resolution addressing the need to continue holding teleconference meetings consistent with the requirements of Assembly Bill 361.

**Executive Summary**

As a result of the continuing impacts of the COVID-19 pandemic, many local agencies have been holding teleconference meetings under the modified rules authorized under Assembly Bill 361. This item asks the Board to adopt a resolution ordering the use of teleconference meetings under the modified rules. This will allow District Board members to appear at meetings remotely if they choose to do so.

**Background**

On March 4, 2020, Governor Newsom issued a Proclamation of State of Emergency in response to the COVID-19 pandemic pursuant to Government Code section 8550 et seq., which remains in effect.

Assembly Bill 361 ("AB 361") allows legislative bodies to hold teleconference meetings during declared emergencies as long as they follow designated rules, and the legislative body routinely reviews the need to continue holding such teleconference meetings.

On September 30, 2021, Santa Cruz County Public Health Officer Dr. Gail Newel issued a strong recommendation that legislative bodies in Santa Cruz County continue to engage in physical/social distancing by meeting via teleconference as allowed by AB 361 and confirmed that she will regularly review and reconsider this recommendation and notify the public when it is no longer recommended. Dr. Newel's recommendation remains in effect.

**Analysis**

Many local legislative bodies have recognized that COVID-19 presents a continuing threat to the Santa Cruz County community and that there is an important governmental interest in protecting the health, safety, and welfare of those who participate in public meetings. Requiring all members of legislative bodies to appear in-person at meetings presents greater risk to the health and safety of meeting participants, including reduced social distancing among people of different communities, increased exposure for those who are immunocompromised or unvaccinated, and challenges associated with fully

ascertaining and ensuring compliance with vaccination, face coverings, and other safety measures at such public meetings.

Pursuant to AB 361, a legislative body can hold teleconference meetings under the modified AB 361 teleconferencing rules if a state of emergency remains active, or local officials have recommended measures to promote social distancing, as long as the legislative body reconsiders the circumstances of the state of emergency and determines either that the state of emergency continues to directly impact the ability of the members to meet safely in person or that local officials continue to recommend measures to promote social distancing.

The Governor's emergency proclamation has not been lifted and Dr. Newel's social distancing recommendation remains in effect. The dangers presented by returning to non-emergency meeting protocols remain. Staff recommends that the Board adopt the draft resolution accompanying this item, which contains the findings necessary to hold teleconference meetings under the modified Brown Act rules.

**Financial Impact**

There is no financial impact associated with this item.

**Attachment(s)**

1. Resolution AB361

**BEFORE THE BOARD OF DIRECTORS  
OF THE PAJARO VALLEY HEALTH CARE DISTRICT**

RESOLUTION NO. \_\_\_\_\_

On the motion of Director  
Duly seconded by Director  
The following resolution is adopted.

**RESOLUTION AUTHORIZING TELECONFERENCE MEETINGS UNDER ASSEMBLY  
BILL 361 AS A RESULT OF THE CONTINUING COVID-19 PANDEMIC STATE OF  
EMERGENCY AND HEALTH OFFICER RECOMMENDATION FOR SOCIAL  
DISTANCING**

**WHEREAS**, on March 4, 2020, Governor Newsom issued a Proclamation of State of Emergency in response to the COVID-19 pandemic pursuant to California Government Code section 8550 et seq., which remains in effect; and

**WHEREAS**, on March 17, 2020, Governor Newsom issued Executive Order N-29-20 that suspended the teleconferencing rules set forth in the California Open Meeting law, known as the Ralph M. Brown Act, and codified in California Government Code section 54950 et seq., provided that certain requirements were met and followed; and

**WHEREAS**, on June 11, 2021, Governor Newsom issued Executive Order N-08-21 which further extended the suspension of the teleconferencing rules set forth in the Brown Act and clarified that the provisions issued in N-29-20 would remain in effect through September 30, 2021; and

**WHEREAS**, on September 16, 2021, Governor Newsom signed Assembly Bill 361 ("AB 361"), which amended Government Code section 54953 to permit legislative bodies subject to the Brown Act to continue to meet under modified teleconferencing rules provided that they comply with specific requirements set forth in the statute; and

**WHEREAS**, pursuant to AB 361, a legislative body may hold an initial teleconference meeting under the modified teleconferencing rules during a proclaimed state of emergency where local officials have imposed or recommended measures to promote social distancing; and

**WHEREAS**, on September 30, 2021, Santa Cruz County Public Health Officer Dr. Gail Newel strongly recommended that legislative bodies in Santa Cruz County continue to engage in physical/social distancing by meeting via teleconference as



allowed by AB 361 and confirmed that she will regularly review and reconsider this recommendation and notify the public when it is no longer recommended; and

**WHEREAS**, after its initial AB 361 teleconference meeting, a legislative body can continue to hold such teleconference meetings if a state of emergency remains active, or local officials have recommended measures to promote social distancing, if the legislative body has reconsidered the circumstances of the state of emergency and determined either that the state of emergency continues to directly impact the ability of the members to meet safely in person or that local officials continue to recommend measures to promote social distancing; and

**WHEREAS**, the findings set forth in the paragraph immediately above must be made within 30 days of the date the legislative body first held a teleconferenced meeting pursuant to AB 361, and every 30 days thereafter, for as long as the legislative body wishes to hold such teleconference meetings; and

**WHEREAS**, the District has an important governmental interest in protecting the health, safety, and welfare of those who participate in meetings of the District; and

**WHEREAS**, this Board finds that there is a continuing threat of COVID-19 to the community and finds that requiring all Board members to appear in-person at meetings presents greater risk to the health and safety of meeting participants stemming from reduced social distancing among people of different communities, increased exposure for those who are immunocompromised or unvaccinated, and challenges associated with fully ascertaining and ensuring compliance with vaccination, face coverings, and other safety measures at such public meetings; and

**WHEREAS**, this Board meets in-person in a facility where other functions take place, such that increasing the number of people present may impair the safety of participants and members of the public; and

**WHEREAS**, as required by AB 361, this Board has considered the circumstances of the current state of emergency and finds that the COVID-19 pandemic continues to directly impact the ability of Board members to meet safely in person and further finds that the Santa Cruz County Public Health Officer continues to recommend measures to promote social distancing; and

**WHEREAS**, in the interest of public health and safety, due to the emergency caused by the spread of COVID-19 the Board of Directors deems it necessary to utilize the modified teleconferencing rules set forth in AB 361.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE PAJARO VALLEY HEALTH CARE DISTRICT HEREBY RESOLVES AND ORDERS AS FOLLOWS:**

**Section 1.** The foregoing recitals are adopted as findings of the Board of Directors as set forth within the body of this Resolution.

**Section 2.** Effective immediately, for the next 30 days the Board of Directors will meet using the modified teleconference rules authorized under AB 361 and Government Code section 54953(e)(3).

**Section 3.** Staff is directed to return no later than thirty (30) days after the adoption of this Resolution with an item requesting the Board to reconsider the circumstances of the COVID-19 state of emergency and, if necessary, consider adoption of a subsequent Resolution to continue using the modified teleconference rules for meetings in accordance with Government Code section 54953(e)(3).

**Section 4.** Staff is authorized and directed to take all such other necessary or appropriate actions to implement the intent and purposes of this Resolution.

**PASSED AND ADOPTED** by the Board of Directors of the Pajaro Valley Health Care District this \_\_\_\_ day of \_\_\_\_\_, 2022, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

\_\_\_\_\_  
Chair, Board of Directors

ATTEST:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
District Counsel

**PAJARO VALLEY HEALTH CARE DISTRICT  
BOARD OF DIRECTORS**

**REGULAR MEETING MINUTES**

**OCTOBER 6, 2022**

**5:00 p.m.**

Meeting was held in a hybrid format

**INTRODUCTORY ITEMS**

**1. CALL TO ORDER**

PRESENT: Directors Gabriel-Cox, Nájera, Nuñez, Pimentel, and Friel

**2. CONSIDERATION OF LATE ADDITIONS TO THE AGENDA – None**

**3. PUBLIC COMMENT (None.)**

**4. ACTION ON THE CONSENT AGENDA (ITEMS 6-11)**

**MOTION:** Director Pimentel motion to approve the Consent Agenda, seconded by Director Nuñez, and carried by the following vote:

AYES: Directors: Gabriel-Cox, Nájera, Nuñez, Pimentel, and Friel  
NOES: Directors: NONE  
ABSENT: Directors: NONE

**5. REPORT BACK OF AD HOC SUBCOMMITTEES OF THE BOARD – None**

**ADJOURNMENT**

The meeting adjourned at 5:13 p.m.

**CONSENT AGENDA**

**6. APPROVAL OF MINUTES**

**Recommended Action(s):**

Approved minutes of September 1 and 15, 2022.

**7. AB361 RESOLUTION AUTHORIZING TELECONFERENCE MEETINGS**

Recommended Action(s):

- a) Adopted Resolution No. 14-2022 making findings and ordering the use of teleconference meetings of the Board of Directors due to COVID-19, pursuant to the requirements of Assembly Bill 361: and
- b) Directed Staff to return within 30 days with a new resolution addressing the need to continue holding teleconference meetings consistent with the requirements of Assembly Bill 361.

**8. NEW AGENDA FORMAT**

Recommended Action(s):

- a) Approved the use of the attached revised draft Agenda format, including the use of a Consent Agenda for non-controversial items that do not require individual staff presentations.
- b) Authorized the Chief Executive Officer in consultation with the Chair of the Board to change the agenda format if it is determined that a certain agenda requires a different order of business.

**9. NEW BOARD MEETINGS SCHEDULE**

Recommended Action(s):

- a) Approved the calendar of quarterly meeting for 2023 and canceled the remaining scheduled Board meetings for 2022.

**10. REMOVAL OF INTERIM DISTRICT TREASURER**

**Recommended Action(s):**

- a) Removed as interim District Treasurer the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector; and
- b) Requested all bank accounts be updated to remove all interim County staff; and
- c) Requested Staff return at an upcoming meeting with a report on a recommended bond amount associated with this appointment, if any.

**11. RELIEVE COUNTY COUNSEL OF LEGAL DUTIES**

**Recommended Action(s):**

Relieved County Counsel Jason M. Heath from further duties as Interim District Legal Counsel.

Approved: \_\_\_\_\_  
John Friel, Chair

Attest: \_\_\_\_\_  
Beatriz Vazquez Flores, Clerk of the Board



**From:** Steven Salyer, CEO  
**Subject:** Approval of District-Project Affiliation Overview and Core Qualifications for new Project Board Members  
**Meeting Date:** November 16, 2022

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### **Recommended Action**

- a) Approval of the Overview of the Affiliation between Pajaro Valley Healthcare District Project and Pajaro Valley Health Care District.
- b) Approval of Core Qualifications for new Project Board Members

### **Executive Summary**

The Pajaro Valley Healthcare District Project (the “Project”) is a nonprofit public benefit corporation established in July of 2021 for the purpose of raising funds for and taking all necessary steps to acquire Watsonville Community Hospital (the “Hospital”) through a health care district formed pursuant to California Health & Safety Code 32000 et. seq. The Project is a 501c3 tax exempt organization. Now that the District has acquired the Hospital, the District and Project are interested in affiliating in such a manner so as to provide the District with the right to approve the selection and removal of the members of the Project’s Board of Directors with the intent that post affiliation the Project will amend its Articles of Incorporation to change the specific purpose of the Project from that of raising funds *to acquire* the Hospital to raising funds *for the benefit of the ongoing operations of the Hospital*. In addition, staff is recommending that the new Project Board members, who will be approved by the District, meet certain core qualifications, as more specifically set forth in the attachment hereto, to ensure the new Project Board is comprised of talented, experienced and committed individuals who are able to further the mission and values of the Hospital.

### **Background**

The Overview of the Affiliation between the Pajaro Valley Healthcare District and the Pajaro Valley Health Care District (the “Overview”) serves as an agreed upon roadmap of the steps that will be taken in order to accomplish the affiliation. As set forth in the Overview, the Project and District will enter into a Memorandum of Understanding (“MOU”) which will provide for certain actions including the District’s ability to conduct due diligence with respect to the Project’s financial information, an agreed upon post affiliation public communication plan, an amendment of the Project bylaws to provide for the District’s approval and removal rights of the Project board members as well as certain ongoing reporting obligations of the Project to the District, the resignation of the

current Project board members and the appointment, by the District, of the initial, post-affiliation directors who shall be responsible for governing the Project post affiliation.

**Analysis**

The approval of the Overview will allow the parties to move forward towards the completion of the affiliation, specifically allow for the subsequent approval of the MOU which will be brought to the Board for approval and the search for qualified post-affiliation Project Board candidates who will be named in the MOU and approved by the District Board.

**Financial Impact**

None

**Attachments:**

1. Overview of the Affiliation between Pajaro Valley Healthcare District Project and Pajaro Valley Health Care District
2. Core Qualifications for new Project Board Members

## Pajaro Valley Healthcare District Project

### Overview of Affiliation with Pajaro Valley Health Care District

*Note: This overview uses the term “Affiliation” to describe the relationship that will exist between Pajaro Valley Healthcare District Project (the “Project”) and Pajaro Valley Health Care District (the “District”) when the Bylaws of the Project have been amended to provide for the District to approve the selection or removal of the members of the Project’s Board of Directors.*

#### 1. Diligence and Preparation.

- (a) Project will assess obligations and responsibilities, *e.g.*, contracts and other obligations, and make a plan for the disposition of those obligations and responsibilities (the “Pre-Affiliation Plan”). This process will include identifying:
  - (i) Contracts and other obligations that have or will shortly have been performed and thus will have expired before the Affiliation occurs;
  - (ii) Contracts that are no longer needed and therefore are to be terminated before the Affiliation occurs;
  - (iii) Contracts and other obligations, if any, that should be assigned to and assumed by other parties before the Affiliation occurs; and
  - (iv) Contracts and other obligations that are to remain in place after the Affiliation occurs, and are to be the ongoing obligation of the Project following the Affiliation.
- (b) The Project will carry out the Pre-Affiliation Plan before the Affiliation takes place.
- (c) Simultaneously, the District will prepare for the Affiliation; this will be the District’s responsibility, and is likely to include additional steps, but should include without limitation the following:
  - (i) Review of the matters described above and other information it determines is necessary, *e.g.*, financial statements and projections; and
  - (ii) Arranging for the engagement of staffing for the Project following the Affiliation.
- (d) The Project and the District will prepare the Memorandum of Understanding (“MOU”) described below and, with the approval of the Project’s and the District’s respective Boards of Directors, enter into the MOU.

2. Memorandum of Understanding. The Project and the District will enter into a Memorandum of Understanding (“MOU”) that describes the following matters.
- (a) The Project and the District will agree upon the date on which the Affiliation will take effect, which will be stated in the MOU (the “Affiliation Date”).
  - (b) The Project and the District will acknowledge that it is planned that, following the Affiliation, the Project will amend its Articles of Incorporation to change its specific public purpose to acting as a fundraising organization for Watsonville Community Hospital.
  - (c) The Project and the District will agree upon a communications plan for the Affiliation, which would include at a minimum the text of a public statement to be issued by them jointly when the Affiliation is accomplished (“Communications Plan”). The Communications Plan will be attached to the MOU.
  - (d) The Project and the District agree upon the contents of two documents, each of which will be attached to the MOU:<sup>1</sup>
    - (i) An amendment to the Bylaws of the Project (“Amendment to Bylaws”) that (1) provides for the District to be the sole “Designator” described in those Bylaws, and thus to approve the selection and removal of members of the Project’s Board of Directors; and (2) provides that the Project will report to the District, as Designator, the following: (A) on an annual basis, the Project’s annual budget; (B) on a periodic basis (to align with the District’s quarterly board meetings) the Project’s current fundraising goals and projects, the funds received by the Project as of the date of the report and the funds anticipated to be received by the Project before the next report. The Amendment to Bylaws would be drafted to take effect upon the Affiliation Date; and
    - (ii) The document (“Appointment of Post-Affiliation Directors”) by which the District will inform the Project of the new members of the Project’s Board of Directors (“Post-Affiliation Directors”) that have been selected with the approval of the District,<sup>2</sup> to take office immediately following the resignations of the current members of the Project’s Board of Directors (“Pre-Affiliation Directors”).
  - (d) The MOU will contemplate that each of the following events will occur:
    - (i) The Project’s current three “Designators,” *i.e.*, the Director of the Santa Cruz County Health Services Agency, the Chief Executive Officer of

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<sup>1</sup> Because both of these documents are intended to accomplish the District’s objectives, the District will prepare the first drafts of both.

<sup>2</sup> The Post-Affiliation Directors will be selected by the process described in the Amendment to Bylaws.



Salud Para La Gente, and the City Manager of the City of Watsonville, will consent in writing to the Amendment to Bylaws.<sup>3</sup>

- (ii) The Project's Board of Directors will approve the Amendment to Bylaws.
- (iii) The current members of Project's Board of Directors, *i.e.*, the Pre-Affiliation Directors, will sign resignations from office, to take effect automatically the Affiliation Date ("Resignations of Pre-Affiliation Directors").
- (iv) The District will provide to the Project the executed Appointment of Post-Affiliation Directors.
- (v) Upon the Affiliation Date, both the Amendment to Bylaws and the Resignations of Pre-Affiliation Directors will automatically take effect.
- (vi) Upon the resignations of all the Pre-Affiliation Directors, the District's Appointment of Post-Affiliation Directors will automatically take effect and the Post-Affiliation Directors become the members of the Project's Board of Directors and assume their responsibilities as such.
- (vii) The Project and the District will announce the occurrence of the Affiliation in accordance with the Communications Plan.

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<sup>3</sup> This step is required by Article VIII, Section 6 of the Project's Bylaws.

**Affiliation Overview**  
**Pajaro Valley Healthcare District Project (Project)**  
**and**  
**Pajaro Valley Health Care District**



Pajaro Valley Health Care District Board  
November 16, 2022

June Ponce  
Director of Marketing, Growth, and Outreach

## 9.A

# District-Project Affiliation Overview and Core Qualifications for new Project Board Members

### Summary:

- The Project was established in July 2021 for the purpose of raising funds to acquire Watsonville Community Hospital.
- The Project has successfully achieved their purpose, and the District has acquired the hospital.

### Action:

- The Project and the District are interested in affiliating.
- The affiliation will provide the District with the right to approve the selection and removal of the members of the Project Board of Directors and the District will select the first post affiliation Project Board members.
- In addition, staff is recommending that the new Project Board members, who will be approved by the District, meet certain core qualifications, to ensure the new Project Board is comprised experienced and committed individuals who are able to further the mission and values of the Hospital.
- Post affiliation the Project will amend its Articles of Incorporation to change the purpose of the Project, from raising funds to acquire the Hospital to raising funds for the benefit of ongoing operations of the Hospital.

# **Core Qualifications for the new Pajaro Valley Healthcare District Project Board Members**

## **Believes in the Mission and Vision**

Effective board members will drive the mission and vision and strategic direction of the Project.

## **Dedicated and Committed**

Effective board members bring unwavering dedication to achieve the goals of the organization and will commit to raising revenue for hospital operations and programs.

## **Able to lead and influence others**

The board member has the ability to lead and influence others to pursue the goals of the organization. Ability to raise awareness of the hospital through engaging personal and professional networks to support the Project.

## **Hold Fiduciary Responsibility**

Board members will help ensure the long-term financial stability and fiscal responsibility of the organization. Ability to raise awareness of the hospital through engaging personal and professional networks to support the Project.

## **Inclusivity**

Board members will strive to ensure the new Project board reflects the community.

**Comments / Questions?**

## 9.B

# Review Only: Project - District MOU and Draft Bylaws

## Draft MOU Purpose

Serves as the formal written agreement between the Project and the District to accomplish the affiliation. It allows for the District to conduct due diligence on Project financial information, provides for the agreed upon revisions to the Project Bylaws to allow for the necessary changes in District director approval and removal rights, sets forth the first, post affiliation Project Board members, and provides the agreed upon public communication plan.

## Draft Bylaws

Amendment of the Project Bylaws – Attachment to the MOU

**Comments / Questions?**

## **Core Qualifications for the new Pajaro Valley Healthcare District Project Board Members November 2022**

### **Overview**

To establish a new Pajaro Valley Healthcare District Project (Project) board, we have outlined the following values and criteria of potential board members:

### **Believes in the Mission and Vision**

Effective board members will drive the mission and vision and strategic direction of the Project.

### **Dedicated and Committed**

Effective board members bring unwavering dedication to achieve the goals of the organization and will commit to raising revenue for hospital operations and programs.

### **Able to lead and influence others**

The board member has the ability to lead and influence others to pursue the goals of the organization. Ability to raise awareness of the hospital through engaging personal and professional networks to support the Project.

### **Hold Fiduciary Responsibility**

Board members will help ensure the long-term financial stability and fiscal responsibility of the organization by setting budgets and ensuring strong financial practices.

### **Inclusivity**

Board members will strive to ensure the new Project board reflects the community.





**From:** Steven Salyer, CEO  
**Subject:** Draft -- District-Project Memorandum of Understanding  
**Meeting Date:** November 16, 2022

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**Recommended Action**

None. Informational Only

**Executive Summary**

Staff will provide a draft of the proposed MOU between the Pajaro Valley Healthcare District Project and the District for information and discussion.

**Background**

The Project and District will enter into a Memorandum of Understanding (“MOU”) which will provide for certain actions including the District’s ability to conduct due diligence with respect to the Project’s financial information, an agreed upon post affiliation public communication plan, an amendment of the Project bylaws to provide for the District’s approval and removal rights of the Project board members as well as certain ongoing reporting obligations of the Project to the District, the resignation of the current Project board members and the appointment, by the District, of the initial, post-affiliation directors who shall be responsible for governing the Project post affiliation.

**Analysis**

The presentation will provide an overview of the Project-District affiliation process.

**Financial Impact**

None

**Attachments:**

1. Draft Memorandum of Understanding

Memorandum of Understanding  
Affiliation of  
Pajaro Valley Health Care District Project  
And  
Pajaro Valley Health Care District

This Memorandum of Understanding, dated as of [insert date of MOU], is entered into by and between Pajaro Valley Health Care District Project, a California nonprofit public benefit corporation (“Project”), and Pajaro Valley Health Care District, a local health care district formed pursuant to the California Local Health Care District Law (California Health & Safety Code Section 32000 *et. seq.*) (“District”).

1. Background.

- (a) The Project was organized in July of 2021 for the purpose of raising funds for and taking steps necessary to accomplish the acquisition of Watsonville Community Hospital (“Hospital”) through a local health care district that provides a responsive system of care with a range of services that are well-functioning and focused on the health outcomes of that district’s residents and, following its organization, the Project has acted in furtherance of that purpose.
- (b) The District acquired the Hospital as of September 1, 2022. With that acquisition accomplished, the District and the Project wish to arrange for the Project to act in the future as a fundraising organization for the Hospital and as otherwise as the District shall determine to be for the benefit of the District and the communities it serves.
- (c) The District and the Project therefore have agreed to effect the affiliation of the District and the Project, pursuant to which the District shall have the power to approve the selection and removal of the members of the Project’s Board of Directors, as described in this Memorandum of Understanding (the “Affiliation”).
- (d) The District and the Project acknowledge that it is planned that, following the Affiliation, the Project will amend its Articles of Incorporation to change its purposes to include acting as a fundraising organization for the Hospital.

2. Affiliation Date. The Affiliation shall be accomplished on or about [insert date] (“Affiliation Date”).

3. Communications Plan. The District and the Project have agreed upon a communications plan for the Affiliation, which is attached to this Memorandum of Understanding (“Communications Plan”).

4. Amendment to Bylaws. The District and the Project have agreed upon the text of an amendment to the Bylaws of the Project that shall accomplish the Affiliation, the text of which is attached to this Memorandum of Understanding (“Amendment to Bylaws”).
5. Appointment of First Post-Affiliation Directors. The District and the Project have agreed upon the text of the document by which the District shall inform the Project of the new members of the Project’s Board of Directors (“First Post-Affiliation Directors”) that have been selected with the approval of the District in accordance with the terms and conditions of the Amendment to Bylaws and who shall take office upon the Affiliation Date (“Appointment of First Post-Affiliation Directors”).
6. Process to Accomplish Affiliation. The District and the Project shall accomplish the Affiliation through the following process.
  - (a) Appointment of First Post-Affiliation Directors. The District shall, with the approval of the Board of Directors of the District, execute and deliver to the Project the Appointment of First Post-Affiliation Directors.
  - (b) Approval of Amendment to Bylaws by Project Board of Directors. The Project shall submit the Amendment to Bylaws to the Project’s Board of Directors for approval.
  - (c) Resignations by Pre-Affiliation Directors. The Project shall request that the members of the Project’s Board of Directors in office at the time the Amendment to Bylaws is approved (“Pre-Affiliation Directors”) execute written resignations from office that shall take effect upon the Affiliation Date in accordance with their terms.
  - (d) Consent by Designators. If the Project Board approves the Amendment to Bylaws, the Project shall submit the Amendment to Bylaws to the Designators identified in the Project’s Bylaws, *i.e.*, the Director of the Santa Cruz County Health Services Agency, the Chief Executive Officer of Salud Para La Gente, and the City Manager of the City of Watsonville (“Designators”), for their written consent, as is required by the Project’s Bylaws.
  - (e) Approval of Affiliation. Upon the Designators’ consent in writing to the Amendment to Bylaws, the Affiliation shall be deemed to have been approved by the Project and the District in accordance with the terms of the Amendment to Bylaws and the Appointment of First Post-Affiliation Directors.
  - (f) Events Taking Place on Affiliation Date. On the Affiliation Date, the following events shall occur:
    - (i) The Amendment to Bylaws and the resignations of Pre-Affiliation Directors shall take effect in accordance with their respective terms.

- (ii) Upon the resignations of the Pre-Affiliation Directors, the District's Appointment of First Post-Affiliation Directors shall take effect in accordance with its terms, and the First Post-Affiliation Directors will take office and assume their responsibilities as the Directors of the Project.
- (iii) The District and the Project shall announce the occurrence of the Affiliation in accordance with the Communications Plan.

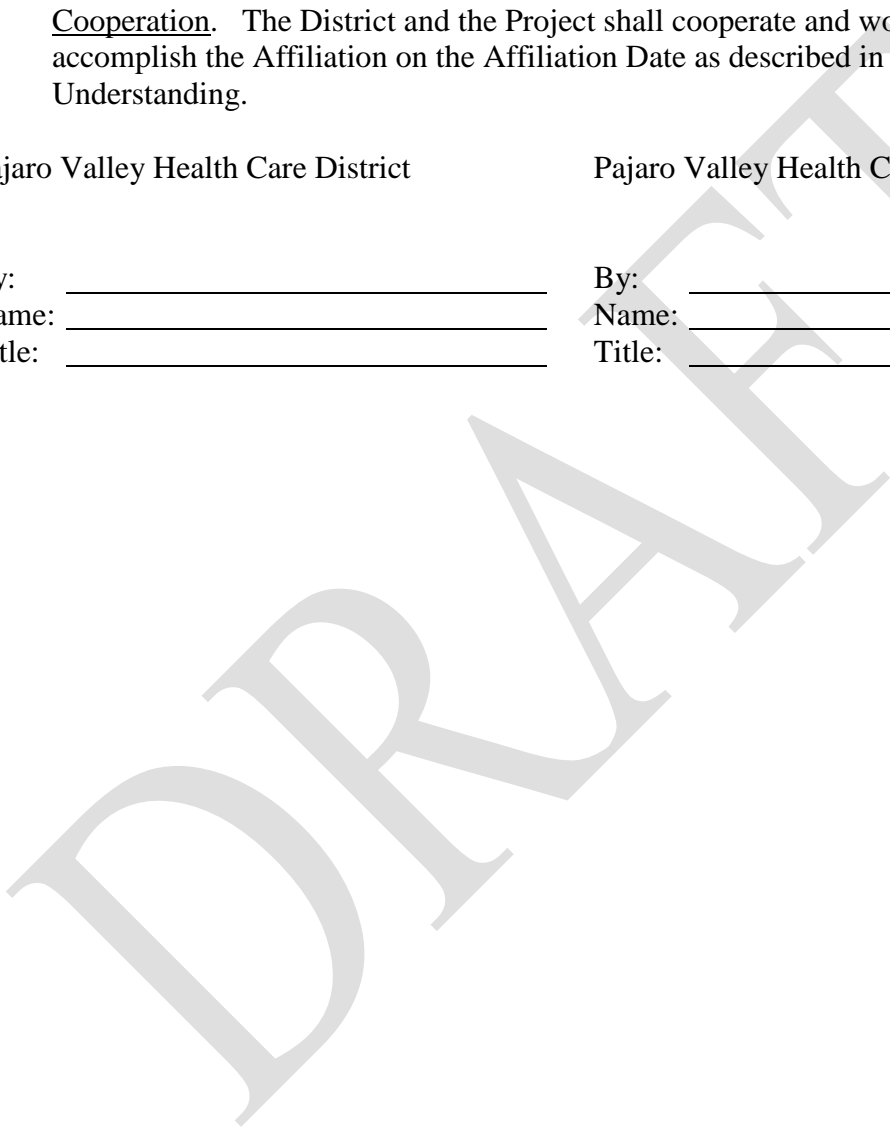
7. Cooperation. The District and the Project shall cooperate and work together to accomplish the Affiliation on the Affiliation Date as described in this Memorandum of Understanding.

Pajaro Valley Health Care District

Pajaro Valley Health Care District Project

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



Attachment One  
Communications Plan

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Attachment Two  
Amendment to Bylaws

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Attachment Three

Appointment of First Post-Affiliation Directors

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**AMENDED AND RESTATED BYLAWS OF  
PAJARO VALLEY HEALTHCARE DISTRICT PROJECT**

**A California Nonprofit Public Benefit Corporation**

ARTICLE I EXEMPT PURPOSES

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law (the “Law”) for charitable purposes.

ARTICLE II OFFICES

Section 1. Principal Office. The principal office of the corporation for the transaction of the business of the corporation shall be fixed and located at such place within the State of California as the Board of Directors (the “Board”) shall determine. By resolution, the Board is granted full power and authority to change such principal office from one location to another.

Section 2. Other Offices. Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE III NO MEMBERS

The corporation shall have no members within the meaning of Section 5056 of the Law. Any action which otherwise would require approval of the members shall require approval only of the Board.

ARTICLE IV DIRECTORS

Section 1. Powers. Subject to the limitations of the corporation’s Articles of Incorporation (the “Articles”), these Bylaws, the powers reserved to the “~~Designators~~Designator” (as defined below) and the Law, the activities and affairs of the corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the corporation to any person or persons, a management company, or committees 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. Subject to the same limitations, the Board shall have all powers permitted to or conferred by Law on the board of directors of a nonprofit public benefit corporation.

Section 2. Number of Directors. The ~~initial~~ number of directors shall ~~be three (3), consisting of the directors designated pursuant to Section 3, below.~~ consist of a maximum of fifteen (15) members and no less than five (5) members with the exact number to be fixed within these limits by approval of the Board of Directors or the Designator in the manner provided in these Bylaws.



~~Section 3. Selection of Directors by Designators. Designators shall select the directors in accordance with this Section 3. The Director of the Santa Cruz County Health Services Agency shall be a designator and shall designate one (1) director. The Chief Executive Officer of Salud Para La Gente shall be a designator and shall designate one (1) director. The City Manager of the City of Watsonville, California shall be a designator and shall designate one (1) director. The three (3) designators, acting by unanimous vote, shall be entitled to designate up to six (6) additional directors. Each designator may be referred to as a "Designator" and all three designators collectively may be referred to as the "Designators."~~ The Board shall establish, as a board committee, a nominating committee to identify and present candidates to the Board for selection by the Board ("Nominating Committee"). The members of the Nominating Committee shall serve at the discretion of the Board. Potential Director candidate names can be submitted at any time to the Nominating Committee by the Designator (as defined in Section 4 below), the Board and its officers, self-nominations or other community resources solicited by the Board or the Nominating Committee. The Nominating Committee shall advance candidates and supporting information to the Board for consideration at a regular or special Board meeting. The Board shall select candidates so advanced by a two-thirds vote of the members of the Board, subject to final approval by the Designator as set forth in Section 4 below. The Chief Executive Officer ("CEO") of Watsonville Community Hospital shall have the right to select one (1) board member, who shall be subject to the approval rights of the Designator as set forth in Article IV Section 4 below.

Section 4. Designator Right to Approve. The Pajaro Valley Health Care District shall be the "Designator" under these Bylaws. Once a selection has been made by the Board following the process set forth in Section 3 above, the Board shall notify the Designator at least 30 days prior to the Designator's next regularly scheduled board meeting. The Designator may interview the candidate submitted by the Board. The Designator shall have sixty (60) days, to approve or reject the candidate. If the Designator fails to act, the candidate shall be deemed to be automatically rejected. If the Designator rejects the candidate, the Board shall select another candidate and the notification and acceptance/rejection process shall be repeated.

~~Section 4. Designation and~~ Section 5. Term of Office. ~~At each annual meeting of the Board, directors shall be designated by the Designators as provided in ARTICLE IV. Section 3 above above to~~ Directors shall hold office for a term of three (3) years, but directors may be designated by the Designators at any time in a writing delivered to the Board. Terms may be staggered, including by establishing one- or two- or three-year terms for initial directors as may be determined by the Designator. Directors may succeed themselves in office.

~~Section 5. Section 6.~~ Resignation. Any director may resign effective upon giving written notice to the Chair, the President, the Secretary, or the Board, unless the notice specifies a later time for the effectiveness of such resignation; provided, however, that a director may not resign without permission of the Attorney General in a case where the corporation would be left without a duly elected director in charge of its affairs. If the resignation is effective at a future time, a successor may be elected before such time, to take office when the resignation becomes effective.

~~Section 6. Section 7.~~ Removal. Any director may be removed with or without cause by the Designator ~~who designated him or her, or, in the case of additional directors, the~~

~~Designators by unanimous vote~~, at any time, in a writing delivered by ~~such~~the Designator ~~or Designators~~ to the Board and to the director.

~~Section 7.~~ Section 8. Vacancies. Any vacancies shall be filled by the ~~Designator of such vacant Board seat, except that in the case of additional directors, by unanimous vote of the Designators~~ Nominating Committee and approved by the Designator as set forth in Sections 3 and 4 above, with the exception that if there is a vacancy in the one (1) Board member selected by the CEO under Article IV, Section 3, the CEO shall select a replacement, subject to the approval rights of the Designator as set forth in Article IV Section 4 above. Unless earlier removed, each director so designated shall hold office until the term of his or her predecessor and until his or her successor has been designated.

A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation, or removal of any director. The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, is convicted of a felony, or is found by a final order of judgment of any court to have breached a duty to the corporation arising under Chapter 2, Article 3, of the Law.

~~Section 8.~~ Section 9. Interested Directors. Not more than 49% of the persons serving on the Board at any time may be interested persons. An “interested person” is (1) any person being compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; and (2) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law of any such person. Notwithstanding the foregoing, any violation of the provisions of this Section shall not affect the validity or enforceability of any transaction entered into by the corporation.

~~Section 9.~~ Section 10. Place of Meeting. Regular or special meetings of the Board shall be held at any place within the County of Santa Cruz which has been designated from time to time by the Board. In the absence of such designation, regular meetings shall be held at the principal office of the corporation.

~~Section 10.~~ Section 11. Regular Meetings. Regular meetings of the Board shall be held without call or notice on such dates and at such times as may be fixed by the Board. Such regular meetings shall include an annual meeting to elect directors then up for election, and to conduct all other business as may properly come before the Board. The annual meeting shall take place at such time and place as determined by resolution of the Board.

~~Section 11.~~ Section 12. Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the President, the Secretary, ~~a~~the Designator, or any two (2) directors.

Special meetings of the Board shall be held upon four days’ written notice by first-class mail or 48 hours’ notice delivered (i) personally (which may be oral or written), (ii) by telephone, including a voice messaging system, or (iii) by “electronic transmission by the corporation” (as defined below). Written notice shall be addressed or delivered to each director at his or her physical or email address, as applicable, as it is shown upon the records of the

corporation, or as may have been given to the corporation by the director for purposes of notice, or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. "Electronic transmission by the corporation" means a communication (a) delivered by (1) facsimile or email when directed to the facsimile number or email address, respectively, for that recipient on record with the corporation, (2) posting on an electronic message board or network which the corporation has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof, or (3) other means of electronic communication, (b) to a recipient who has provided an unrevoked consent to the use of those means of transmission for communications under or pursuant to the Law, and (c) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by electronic means by the person giving the notice to the recipient, as the case may be. Oral notice shall be deemed to have been given at the time it is communicated to the recipient, including by telephone voice messaging system.

~~Section 12.~~ Section 13. Waiver of Notice. Notice of a meeting need not be given to any director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

~~Section 13.~~ Section 14. Quorum. A majority of the directors then in office constitutes a quorum of the Board for the transaction of business, except to adjourn as provided in ~~ARTICLE~~Article IV. Section ~~15~~16. All matters shall be decided by the vote of a majority of directors present at a meeting duly held at which a quorum is present, and every such act or decision shall be the act of the Board, unless a greater number is required by Law, the Articles or these Bylaws. Without limiting the foregoing, the actions listed in Section ~~18~~19(a) through ~~Error!~~ **Reference source not found.**19(e) shall require the vote of a majority of all directors then in office in order to be effective. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

~~Section 14.~~ Section 15. Participation in Meetings by Conference Telephone. Members of the Board may participate in any meeting through use of conference telephone, electronic video screen equipment or similar communication equipment, so long as all the directors participating in the meeting can hear one another. All such participating directors shall be deemed to be present in person at such meeting.

~~Section 15.~~ Section 16. Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any Board meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors

if the time and place is fixed at the meeting adjourned, except that if the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the reconvened meeting to the directors who were not present at the time of adjournment.

~~Section 16.~~ Section 17. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board. Directors may consent, vote, or otherwise take action under this Section ~~15~~17 by a signed document transmitted by mail, messenger, courier, email, facsimile, or any other reasonable method satisfactory to the Chair (if any) or the President.

~~Section 17.~~ Section 18. Rights of Inspection. Every director shall have the absolute right at any reasonable time to inspect and copy any and all books, records, and documents of every kind of the corporation, and to inspect the physical properties of the corporation.

~~Section 18.~~ Section 19. Board Committees. The Board may designate and appoint one or more committees, each consisting of at least two (2) directors and no non-directors and delegate to such committees any of the authority of the Board except with respect to:

- (a) The filling of vacancies on the Board or in any committee;
- (b) The amendment or repeal of bylaws or the adoption of new bylaws;
- (c) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (d) The appointment of committees of the Board or the members thereof; or
- (e) The approval of any self-dealing transaction, as defined in Section 5233(a) of the Law, except as provided in Section 5233(d)(3) of the Law;

Any such committee must be established and the members thereof appointed, by resolution adopted by a majority of the number of directors then in office, and such committee may be designated by any name the Board shall specify. The Board may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of this Article applicable to meeting and actions of the Board. Minutes shall be kept of each meeting of each committee.

~~Section 19.~~ Section 20. Advisory Committees. The Board may, by resolution adopted by a majority of the directors then in office, create one or more advisory committees to serve at the pleasure of the Board. Each advisory committee shall have at least one (1) director as a member at all times. Other appointments to such advisory committees need not, but may, be directors. The Board shall appoint and discharge advisory committee members at will.

All actions and recommendations of an advisory committee shall require ratification by the Board before being given effect.

~~Section 20.~~ Section 21. Compensation. The corporation shall not pay any compensation to directors for services rendered to the corporation as directors, except that directors may be reimbursed for expenses incurred in the performance of their duties to the corporation, in reasonable amounts as approved by the Board. Nothing shall preclude any director from serving the corporation in any other capacity and receiving reasonable compensation for such services.

## ARTICLE V OFFICERS

Section 1. Required Officers. The officers of the corporation shall be a President, a Secretary, and a Treasurer, each of whom shall be chosen by and hold office at the pleasure of the Board. Any number of offices required or permitted by this Article may be held by the same person, except that the Secretary and Treasurer may not serve concurrently as President or Chair of the Board.

Section 2. Permitted Officers. The Board may choose one or more additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, a Chief Operating Officer and such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board at its pleasure may from time to time determine.

Section 3. Election of Officers. The officers shall be elected by the Board at the annual meeting, or at any regular or special meeting of the Board, and may succeed themselves in office. Each person elected as an officer shall continue in office until the next annual election of officers or until his successor shall have been duly elected and qualified or until his earlier death, resignation or removal in accordance with these Bylaws. Vacancies of officers caused by death, resignation, removal or increase in the number of officers may be filled by the Board at a regular or special meeting.

Section 4. Removal of Officers. Any officer may be removed at any time with or without cause and with or without notice by the affirmative vote of the Board.

Section 5. Chair of the Board. The Chair of the Board shall be a director and shall govern at all meetings of the Board. The Chair of the Board shall have the right to appoint himself or herself to any Board Committee or advisory committee, and to serve as Chair thereof.

Section 6. President. Subject to the discretion and control of the Board, the President shall be the Chief Executive Officer of the corporation and shall have general supervision, direction and control over the affairs and property of the corporation and over its several officers, and shall have such other powers and perform such other duties as may be delegated by the Board from time to time.

Section 7. Secretary. The Secretary shall be the custodian of the seal of the corporation and of the books and records and files thereof. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a minute book of all meetings of the Board and its committees. The Secretary shall also keep, or cause to be kept, at

the principal office in the State of California the original or a copy of the Articles of Incorporation and Bylaws of the corporation, as amended to date. The Secretary shall give, or cause to be given, notice of all meetings of the Board and any committee thereof required by these Bylaws or by law to be given, and shall have such other powers and perform such other duties as may be delegated by the Board.

Section 8. Chief Operating Officer. If any, the Chief Operating Officer shall be responsible for managing the day to day operations of the corporation subject to the supervision and oversight of the President.

Section 9. 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, without limitation, accounts of its assets, liabilities, receipts and disbursements, and shall send or cause to be sent to the directors of the corporation such financial statements and reports as are by law or these Bylaws required to be sent to them. Treasurer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the corporation and such depositaries 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 President or the directors, whenever requested, an account of all transactions and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be delegated by the Board.

Section 10. Compensation. The Board shall decide all matters relating to the compensation of any officer. No salaried officer serving on the Board shall be permitted to vote on his or her own compensation as an officer.

#### ARTICLE VI INDEMNIFICATION OF AGENTS OF THE CORPORATION: LIABILITY INSURANCE

Section 1. The corporation shall indemnify any person who was or is a party or 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 Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in a charitable trust) by reason of the fact that such person is or was an Agent, 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 such person did not act in good faith and in a manner which such person reasonably believed to be in the best interests of the corporation, or that such person had reasonable cause to believe that such person's conduct was unlawful.

Section 2. 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 or brought under Section 5233 of the Law, or brought by the Attorney General or

a person granted relator status by the Attorney General for breach of duty relating to assets held in a charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an Agent, 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, except that no indemnification shall be made under this Section 2: (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 duties 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 circumstances of the case, such person is fairly and reasonably entitled to indemnity for the Expenses which 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 which is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

Section 3. To the extent that an Agent of the corporation has been successful on the merits in defense of any Proceeding referred to in Section 1 or Section 2 hereof or in defense of any claim, issue or matter therein, the Agent shall be indemnified against expenses actually and reasonably incurred by the Agent in connection therewith.

Section 4. Except as provided in Section 3 hereof any indemnification under this Article VI 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 Section 1 or Section 2 hereof by: (i) a majority vote of a quorum consisting of directors who are not parties to such Proceeding; or (ii) 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.

Section 5. 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 Article VI.

Section 6. No indemnification or advance shall be made under this Article VI except as provided in Section 3 or clause (ii) of Section 4, in any circumstance where it appears: (i) that it would be inconsistent with a provision of the Articles of Incorporation of the corporation, these Bylaws, 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.

Section 7. The corporation shall have power to purchase and maintain insurance on behalf of any Agent 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 Article VI; provided, however that the corporation shall have no power to purchase and maintain such insurance to indemnify any Agent for a violation of Section 5233 of the Law.

Section 8. For the purposes of this Article VI, (i) “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 which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation; (ii) “Attorney General” means the Attorney General of the State of California; (iii) “Expenses” includes without limitation, attorneys’ fees and any expenses of establishing a right to indemnification under Section 3 or clause (ii) of Section 4; and (iv) “Proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative.

## ARTICLE VII REPORTS

Section 1. Annual Report. No later than one hundred twenty (120) days after the close of the corporation’s fiscal year, the corporation shall furnish to all of the directors a report containing the following information in reasonable detail:

1. The assets and liabilities, including the trust funds, of the corporation as of the end of the preceding fiscal year.
2. The principal changes in assets and liabilities, including trust funds, during the preceding fiscal year.
3. The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the preceding fiscal year.
4. The expenses or disbursements of the corporation, for both general and restricted purposes, during the preceding fiscal year.
5. With respect to the preceding fiscal year, (a) any transaction(s) involving both (i) the corporation and either a director or officer of the corporation (or its parent or subsidiary) and (ii) more than \$50,000; or (b) any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the corporation.

The report required by this Article VII, Section 1 shall be accompanied by any report thereon of independent accountants, or if there is no such report, by the certificate of an authorized officer of the corporation that such reports were prepared without audit from the books and records of the corporation.

Section 2. Regular Reporting to Designator of Budget and Fundraising Efforts. On an annual basis, at the same time as the annual report is provided as set forth in Article VII, Section 1 above, the corporation will provide to Designator its annual, Board approved, budget. In



addition, on periodic basis, to align with the Designator's quarterly board meetings, the corporation shall provide a report to the Designator that shall include the following information: (1) the corporation's current fundraising goals and projects; (2) the funds and/or pledges received by the corporation as of the date of the report; and (3) the funds and/or pledges anticipated to be received by the corporation before the next regularly scheduled report.

## ARTICLE VIII OTHER PROVISIONS

Section 1. Inspection of Articles and Bylaws. The corporation shall keep in its principal office in the State of California the original copy of its Articles of Incorporation and of these Bylaws, as amended to date, which shall be open to inspection by the directors and such other persons as required by law, at all reasonable times during office hours.

Section 2. Endorsement of Documents: Contracts. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other instrument in writing and any assignment or endorsement thereof executed or entered into between the corporation and any other person, when signed by the Chair of the Board, the President, or any Vice President and the Secretary or any Assistant Secretary of the corporation, shall be valid and binding on the corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board, but, unless so authorized by the Board, no such person or persons shall have any power or authority to bind the corporation by any contract or engagement to pledge its credit or to render it liable for any purpose or amount.

Section 3. Representation of Shares of Other Corporations. The President or any other officer or officers authorized by the Board or the President are each authorized to vote, represent, and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the corporation. The authority herein granted may be exercised either by any such officer in person or by any person authorized so to do by proxy or power of attorney duly executed by said officer.

Section 4. Loans to Directors and Officers. The corporation shall not make any loan of money or property to or guarantee the obligation of any director or officer, unless approved by the Attorney General; provided, however, that the corporation may advance money to a director or officer of the corporation or of its parent or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such director or officer, provided that in the absence of such advance, such director or officer would be entitled to be reimbursed for such expenses by the corporation, its parent, or any subsidiary. The provisions of this Section 4 do not apply to (1) the payment of premiums in whole or in part by the corporation on a life insurance policy of a director or officer so long as repayment to the corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value; or (2) a loan of money to or for the benefit of an officer in circumstances where it is necessary, in the judgment of the Board, to provide financing for the purchase of the principal residence of the officer in order to secure the services or continued services of the officer and the loan is secured by real property located in the state of California.

Section 5. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in Part 1 of the California Nonprofit Corporation Law and in the Law shall govern the construction of these Bylaws. Section references refer to sections in such Article unless otherwise noted.

Section 6. Amendments. Subject to the advance written consent of the ~~three~~ DesignatorsDesignator, these Bylaws may be amended, restated or repealed by the affirmative vote of a majority of the number of directors then in office.

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**CERTIFICATE OF SECRETARY**

THIS IS TO CERTIFY: That I am the duly elected, qualified, and acting Secretary of Pajaro Valley Healthcare District Project, a California nonprofit public benefit corporation, and that the foregoing Amended and Restated Bylaws were duly adopted as the Bylaws of such corporation ~~by the Incorporator thereof as of August 16, 2021~~ as of \_\_\_\_\_, 2022.

Dated: ~~August 18~~ \_\_\_\_\_, ~~2021~~ 2022.

\_\_\_\_\_  
Name: ~~Matt~~  
~~Huffaker~~  
Secretary

DRAFT

<b>Summary report:</b>	
<b>Litera Compare for Word 11.3.0.46 Document comparison done on 11/11/2022 9:44:48 AM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original DMS:</b> iw://bbklaw-mobility.imanage.work/IMANAGE/40798794/1	
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<b>Changes:</b>	
<u>Add</u>	46
<del>Delete</del>	43
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>89</b>