



## **BOARD OF DIRECTORS**

### **SPECIAL MEETING AGENDA**

Virtual/Teleconference

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

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

**December 28, 2022**

**6:00 p.m. approximately**

(Immediately following the Pajaro Valley Health Care District  
Hospital Corporation Board Meeting)

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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. 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 NOVEMBER 30, 2022**

**5. REGULAR AGENDA**

**A. APPROVAL OF POST AFFILIATION PROJECT BOARD MEMBERS RECOMMENDED BY PROJECT AFFILIATION AD HOC COMMITTEE & STAFF**

- 1) Oral Report by June Ponce, Dir of Marketing, Growth & Outreach
- 2) Board questions to staff
- 3) Public Comment

- 4) Motion to approve post affiliation project board members recommended by the Project Affiliation Ad Hoc Committee & Staff
- 5) Action by Board/Roll Call Vote

**B. CONSIDERATION OF APPROVAL OF 2023 BUDGET**

- 1) Oral Report by Julie Peterson, CFO
- 2) Board questions to staff
- 3) Public Comment
- 4) Motion to approve 2023 Budget
- 5) Action by Board/Roll Call Vote

**C. CONSIDERATION OF ADOPTION OF BYLAWS FOR THE PAJARO VALLEY HEALTH CARE DISTRICT**

- 1) Oral Report
- 2) Board questions to staff
- 3) Public Comment
- 4) Motion to approve Bylaws for the Pajaro Valley Health Care District
- 5) Action by Board/Roll Call Vote

**6. 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

75 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.

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:** December 28, 2022

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**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



**Executive Sponsor:** Steven Salyer, CEO

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

**Meeting Date:** December 28, 2022

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**Recommended Actions:**

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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



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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**

**SPECIAL MEETING MINUTES**

**November 30, 2022**

**6:46 p.m.**

Meeting was held in a virtual format

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

Directors Gabriel-Cox, Nájera, Nuñez, and Chair Friel were present. Director Pimentel was absent.

**2. CONSIDERATION OF LATE ADDITIONS TO THE AGENDA (None)**

**3. PUBLIC COMMENT (None)**

**4. INFORMATIONAL ITEMS (None)**

**5. CONSENT AGENDA**

**ACTION ON CONSENT AGENDA**

a) Board questions to staff (None)

b) Public Comment (None)

c) **MOTION:** Director Nájera made a motion to approve the Consent Agenda, seconded by Director Gabriel-Cox, and carried by the following vote:

d) **Action by Board/Roll Call Vote**

AYES: Gabriel-Cox, Nájera, Nuñez, Friel

NOES: None

ABSENT: Pimentel

**A. RESOLUTION NO. 16-2022**

**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 NOVEMBER 16, 2022**

**6. REGULAR AGENDA**

**A. APPROVAL OF PROJECT-DISTRICT MEMORANDUM OF UNDERSTANDING WITH PAJARO VALLEY HEALTHCARE DISTRICT PROJECT & NEW POST AFFILIATION PROJECT BOARD MEMBERS**

**a) Report was given by June Ponce, Dir of Marketing, Growth & Outreach**

**b) Board questions to staff**

Ponce, in answering Director Nuñez' question about new name for the foundation, said that there was no discussion about the name yet and should allow the new board with community members to select a new name. She also explained that it could be a DBA since there were existing contracts.

CEO Salyer said that the new board would be making decisions regarding name change.

Director Nuñez asked about the timeline of the Communications Plan. Ponce said that the plan was to have a press release in the beginning of January.

District Counsel Caughman asked for authority for staff to work with the Counsel to make small changes to the Communication Plan if needed.

District Counsel Caughman answered questions from Director Gabriel-Cox regarding resignation of current board members and the seat of the CEO to the board.

Director Gabriel-Cox expressed her concerns in approving candidates with just a short bio and asked if there was time for further conversation or to invite the candidates to a meeting.

Director Nuñez asked if the decision could be split to approve the memorandum of understanding and postpone the appointment.

**c) Public Comment**

Dr. Gallagher said he shared the concern about the appointment process.

**d) MOTION:** Director Gabriel-Cox made a motion to approve the Memorandum of Understanding with the Pajaro Valley Healthcare District Project, authorize staff to make modifications to the Communications Plan if needed, and postpone the post affiliation project board members

**e) Action by Board/Roll Call Vote**

AYES: Gabriel-Cox, Nájera, Nuñez, Friel  
NOES: None  
ABSENT: Pimentel

**7. ADJOURNMENT**

The meeting was adjourned at 7:21 p.m.

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

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



**From:** Project Affiliation Ad Hoc Committee and June Ponce  
**Subject:** Approval Post-Affiliation Project Board Members  
**Meeting Date:** December 28, 2022

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**Recommended Action**

Approval of the Post-Affiliation Project Board members recommended by the Project Affiliation Ad Hoc Committee and staff.

**Executive Summary**

The Memorandum of Understanding (“MOU”) which sets forth the terms of the affiliation between the Pajaro Valley Health Care District and the Pajaro Valley Health Care District Project was approved by the Board on November 30, 2022, with the Board intending to approve the slate of the initial post-affiliation Project Board members at a subsequent meeting. Since the November 30, 2022, board meeting, the Project Affiliation Ad Hoc Committee and staff have conducted interviews with potential applicants and reviewed their qualifications in light of the Core Qualifications recommended by staff. Based on these interviews, the Project Affiliation Ad Hoc Committee and Ms. Ponce are recommending the following five (5) proposed candidates for approval by the District Board.

Janet Heien  
Brent Dunton  
Irene Chavez  
Jennifer Dacquisto  
Steven Salyer

Information about each proposed candidate is attached hereto. The MOU has an affiliation effective date of January 1, 2023, with the Post Affiliation Project Board members taking their seats on the Project Board as of this date, or as soon thereafter as possible.

**Attachments:**

Information Regarding Proposed Post-Affiliation Project Board Members



**Pajaro Valley Healthcare District Project (Project)  
Prospective Post Affiliation Project Board Members  
December 2022**

*Janet Heien*

Janet Heien was born and raised in Watsonville, California and has lived in Santa Cruz County for over 35 years. She has been employed in agriculture and food processing during her career, most recently completing 22 years with Driscoll's as a Director of Human Resources before retiring. Her board service includes Cabrillo College Foundation, Workforce Investment Board of Santa Cruz County, and at the end of 2022 she will complete her 9th and final year on the board of the Community Foundation of Santa Cruz County. She has a personal commitment to improving the quality of life for people in the County. She sees Watsonville Community Hospital as an important piece in improving the healthcare and well-being for everyone in the Pajaro Valley.

*Brent Dunton*

Brent Dunton has a 19- year career in finance and banking. He currently works at Santa Cruz County Bank as the Vice President and Business Banking Officer. Mr. Dunton has been an active community volunteer who has served on the boards of the American Red Cross, Kennolyn Camp Foundation, and is a past President of the Aptos Chamber of Commerce and the Soquel Parent Education Nursery School. He is a board member of Santa Cruz Sunrise Rotary and served on the United Way of Santa Cruz Allocations panel for numerous years. As a Director of the Sunrise Rotary, he helped coordinate a three-day bike ride, and helped raised over half a million dollars under his leadership in the last two years. Mr. Dunton was also an influential ambassador in supporting the campaign to save Watsonville Community Hospital.

*Irene Chavez*

Irene Chavez is the Senior Vice President and Area Manager for San Jose/Santa Cruz Kaiser Health Plan where she leads the hospital operations, Health Plan Operations and Community benefits covering over 260,000 members from San Jose, Gilroy, and Santa Cruz County. She has worked for several health systems including Tenet Healthcare, Providence Memorial, and a physician joint-venture health system - El Paso Specialty Hospital. She was President of a Health Plan specializing in self-funded employer and carrier structured entities. She has mentored individuals and teams working closely to enhance their success. Irene serves on the Silicon Valley Leadership Group, Healthier Kids Foundation Board, and the California Hospital Association Board. In 2018 San Jose Chamber of Commerce recognized Irene Chavez as Businesswoman of the Year.

*Jennifer Dacquisto*

Jennifer is the President and Market Executive for Bank of America, Monterey Bay Market. In this role she is responsible for business integration and collaboration across the bank's eight lines of business to deliver one company, drive responsible growth,

strengthen our communities, and improve the financial lives of our clients. Jennifer also leads the development and execution of the market's strategic plan, oversight of the bank's local philanthropic contributions and management of Bank of America community sponsorships. Additionally, Jennifer oversees Bank of America's Environmental, Social and Governance work in the Region. ESG is integrated into Bank of America's business units and reflects how we build and maintain trust and credibility as a company that people want to work for, invest in and do business with. Jennifer serves on the Board of Directors for Digital NEST. She is also on the Advisory Council for the Institute for Innovation and Economic Development at California State University Monterey Bay. Jennifer works closely with community partners including Monterey Peninsula College, Hartnell Community College, Habitat for Humanity, Boys and Girls Clubs of Monterey County, Natividad Medical Foundation, Monterey Bay Aquarium, Food Bank of Monterey County, Second Harvest Food Bank in Santa Cruz, Santa Cruz Office of Education and First Tee – Monterey County. Additionally, she is an active member of HOLA (Hispanic Organization for Leadership and Advancement) of Monterey Bay, a member of LEAD (Leadership, Education, Advancement and Development) for Women and an LGBTQ Pride Ally.

*Steven Salyer*

Steven is an accomplished and innovative healthcare executive with experience running complex hospital operations as both a CEO and COO, including trauma, cardiac, cancer and surgical services. Before beginning his career in healthcare, Steven served as a Captain in the United States Marine Corps for five years, both in peacetime and in combat support operations in Iraq. Steven has a Bachelor of Science degree from East Tennessee State University and a master's degree in business administration from New York Institute of Technology. He holds certificates in Lean/Six Sigma, Theory of Constraints, and executive leadership, as well as Marine Corps officer leadership training. Steven has a strong history of increasing patient, employee, and physician satisfaction, establishing cultures of excellence, recruiting new physicians, and improving both quality and financial metrics. His leadership is an asset to Watsonville Community Hospital. Steven is an engaged member of the Watsonville community and thrives in delivering quality and personalized care for our community.



**Executive Sponsor:** Julie Peterson, CFO  
**Agenda Item:** Approval of 2023 Budget Approval  
**Meeting Date:** December 28, 2022

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**Recommended Actions:**

Recommend approval of the 2023 Budget to the Pajaro Valley Health Care District Hospital Corporation Board of Directors.

**Executive Summary**

The Pajaro Valley Health Care District Hospital Corporation has created an Operating Budget for the 2023 calendar year. This item asks the Board to approve the 2023 Budget with a provision that the Hospital staff will present quarterly revisions as necessary.

**Background**

Each year the Hospital creates an annual budget. After concluding with the Bankruptcy proceedings and the sale of the hospital to new ownership as of September 1, 2022, the hospital is preparing a summary level budget for the calendar year 2023. There are many initiatives in the plan and hospital leadership feels it is in the best interest of the corporation to prepare quarterly updates of the budget during the calendar year 2023. The District is the legal provider of care provided by Coastal Health Partners. The Hospital performance is combined with the District performance, which includes the Coastal Health Partners medical group.

**Analysis**

A summary level budget was prepared using calendar year 2022 October YTD actuals and key performance metrics to build a base budget for 2023. Volume assumptions and inflationary factors were layered onto the base budget. Initiatives were created to quantify the improvement actions at the Hospital as well as incremental expenses being added.

The District budget was prepared using the calendar year 2022 October YTD actuals. Volumes are assumed flat and inflationary factors were layered onto the base budget. Payer contracting estimates were added in for 2023.

**Financial Impact**

The Hospital's projected EBITDA loss for 2022 is (\$21,153,446). The initiatives provide for \$29,820,655 improvement. The projected EBITDA for 2023 is \$3,378,979.

The District projected EBITDA loss for 2023 is (\$6,659,983). The combined EBITDA loss is budgeted at (\$3,432,498).

**Attachment(s)**

1. Pajaro Valley Healthcare District 2023 Budget

**Pajaro Valley Health Care District**  
**2023 Budget**  
**As of December 2022**

	<b>PROJECTED</b>	<b>BUDGET</b>
	<b>2022</b>	<b>2023</b>
<b>Clinic Revenue</b>		
Outpatient Revenue	5,827,808	5,827,808
Deductions From Revenue	3,385,191	3,228,200
<b>Net Patient Revenue before Bad Debt</b>	<b>2,442,617</b>	<b>2,599,608</b>
Provision for Bad Debt	27,626	29,402
<b>Collectible Patient Revenue</b>	<b>2,414,991</b>	<b>2,570,206</b>
Other Revenue	254,498	232,551
<b>Net Revenue</b>	<b>2,669,489</b>	<b>2,802,757</b>
<b>Clinic Operating Expenses</b>		
Physician Salaries & Wages	2,768,545	2,469,238
Physician Benefits	423,787	389,311
Non-Physician Salaries and Wages	552,198	568,764
Non-Physician Benefits	285,990	294,570
Supplies	78,947	81,315
Medical Spec Fees	152,719	157,301
Purchased Services	278,182	286,527
Physician Recruiting	-	-
Lease Cost and Rent	224,229	230,956
Repairs & Maintenance	1,380	1,421
Marketing	-	50,000
Utilities	14,233	14,660
Other Operating Exp	45,274	46,632
Prop Taxes & Ins	113,409	114,543
<b>Total Operating Expenses (Clinic)</b>	<b>4,938,893</b>	<b>4,705,238</b>
<b>EBITDA Clinic/1206(b)</b>	<b>(2,269,404)</b>	<b>(1,902,480)</b>
Depreciation & Amortization	19,470	19,470
<b>Net Income/Loss from Clinic Operations</b>	<b>(2,288,874)</b>	<b>(1,921,950)</b>
<b>District Operating Expenses</b>		
Salaries and Wages	184,082	-
Benefits	95,330	-
Purchased Services (Legal, Insurance and Accounting)	21,812	120,000
Rents (Capture as Interest)	1,257,834	3,773,503
Property Insurance (MPT)	257,836	864,000
<b>Total Operating Expenses</b>	<b>1,816,894</b>	<b>4,757,503</b>
<b>EBITDA District</b>	<b>(1,816,894)</b>	<b>(4,757,503)</b>
Depreciation & Amortization	376,778	1,140,000
<b>Net Income/(Loss)</b>	<b>(2,193,672)</b>	<b>(5,897,503)</b>
<b>Combined EBITDA</b>	<b>(4,086,298)</b>	<b>(6,659,983)</b>

2022 includes a full year of clinic operations and District operations from 9/1/22 - 12/31/22



**From:** Steven Salyer, CEO

**Subject:** Adoption of Bylaws for the Pajaro Valley Health Care District

**Meeting Date:** December 28, 2022

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### **Recommended Actions**

Consider and adopt Bylaws for the Pajaro Valley Health Care District.

### **Executive Summary**

Staff recommends that the Board adopt Bylaws for the District in order to establish rules and regulations for the exercise of its powers and duties.

### **Background/Analysis**

The District is a public agency that is subject to the mandates set forth in the Health and Safety Code. For example, the Health and Safety Code sets forth the powers and duties of the Board, establishes election procedures, and regulates specific aspects of the Board's public meetings. However, state law leaves many procedural and "business-oriented" items to the discretion of the Board. Although it is not legally required, many Boards find it helpful to adopt Bylaws that govern the conduct of Board business such as the designation and duties of officers and committees, the scheduling and handling of meetings, and a variety of other topics.

The attached draft Bylaws are largely modeled after the Bylaws of the Salinas Valley Memorial Healthcare System and create a Finance Committee, Audit Committee and a Building and Facilities Committee. This document could act as the final version of the Bylaws if it meets with the Board's approval, or it could be subject to revision after discussion and direction to staff. Currently, staff recommends that the Board consider adoption of the attached Bylaws.

### **Financial Impact**

There is no financial impact to the District associated with the adoption of the Bylaws.

### **Attachments:**

1. Bylaws of the Pajaro Valley Health Care District – Edited as proposed
2. Bylaws of the Pajaro Valley Health Care District – Original proposed

# **BYLAWS OF THE PAJARO VALLEY HEALTH CARE DISTRICT**

Adopted: \_\_\_\_\_2022

## ARTICLE I

### GENERAL PROVISIONS

Section 1. The District. The Pajaro Valley Health Care District (the "District") is a local healthcare district formed February 4, 2022, via State legislative action and it is subject to the provisions of the Local Health Care District Law (Health and Safety Code, Division 23; the "District Law"), including specific provisions related to the District that are located at Health and Safety Code Section 32498.5 et seq., for the purpose of operating the Watsonville Community Hospital, located at 75 Nielson St., Watsonville, California.

In furtherance of its mission, the District has formed a nonprofit public benefit corporation, the Pajaro Valley Health Care District Hospital Corporation (the "Hospital"), of which it is the sole corporate member, and has entered into a relationship with the Hospital based on the parent/affiliate relationship established by corporate membership and the Bylaws adopted by the Hospital for the operation of the Watsonville Community Hospital. The District is therefore committed to fulfilling its role with regard to the Hospital both as corporate parent and as the co-lessee of the property on which the Watsonville Community Hospital facility is located as well as providing such other healthcare services in the community as the Board may determine from time to time. It is the policy of the District, however, to confer no authority or powers of the District inherent in the District's public agency status to the Hospital, and the District retains all those powers and authorities granted to the District by the State by reason of its status as a political subdivision of the State of California. The District is committed to exercise its oversight authority as both corporate parent and facility co-lessee consistent with the best interests of the healthcare needs of the residents of the District and consistent with the need for long term successful operations of Watsonville Community Hospital and other healthcare pursuits of the District.

Section 2. Purposes. The purposes of the District shall be:

- (a) To enhance the provision of quality health care in the communities served by the District.
- (b) To be a strong advocate of the public for quality and reasonably priced health care.
- (c) To provide a forum for discussion of health care issues affecting communities served by the District.
- (d) To fulfill the role set forth for District oversight in the Bylaws of the Hospital, including approval of major transactions and board appointments.
- (e) To monitor compliance with facility and related obligations of the Hospital.
- (f) To be an advocate for healthcare needs and interests of the residents of the District and to support community based healthcare and wellness services in the District.

Section 3. Profit or Gain. The District shall conduct its affairs, insofar as possible, on a self-supporting basis. No part of any net earnings of the District shall inure to the benefit of or be distributed to any individual under any guise whatever, nor shall any District assets be distributed to any person on dissolution of the District. Should a net gain be realized from



operations during any particular period, it may be used by the Board for any purpose consistent with the District Law and other public agency laws applicable to the District.

Section 4. Offices. The principal office of the District shall be at Watsonville Community Hospital, 75 Nielson St., Watsonville, CA 95076. Other offices may be established at any time by the Board within the District's boundaries.

## ARTICLE II

### GOVERNING BOARD

Section 1. Directors. The District shall be governed by a Board of Directors (the "Board") consisting of five (5) elected or appointed persons who are registered voters residing in the District. (Each member of the Board is referred to herein as a "Director".) The initial Board was appointed by the Board of Supervisors of Santa Cruz County pursuant to Health & Safety Code Section 32100.

Section 2. Zones. Pursuant to Health and Safety Code Section 32498.6, within five years from the date of its first meeting, the Board is required to adopt a resolution to divide the district into zones and number the zones consecutively. The zones shall be effective for the next district election after the resolution of the Board for which there is time to implement the zones and elections within the zones.

Section 3. Powers. The powers of the District are set forth in the District Law. The powers of the District shall be vested in the Board, which shall have and exercise complete charge, control, and management of the property, affairs, and funds of the District, fill vacancies among its officers and its members for unexpired terms, and do and perform all acts and functions not inconsistent with these Bylaws, the provisions of the District Law and other laws applicable to public agencies. Specifically, the Board shall exercise the following powers:

- (a) Establish by resolution or motion substantive and procedural policies regarding the affairs of the District in accordance with the best interests of the communities served by the District.
- (b) Establish policies and procedures consistent with its oversight role as corporate member of the Hospital.
- (c) Enter into contracts and agreements with respect to the affairs of the District as approved by the Board of Directors or its management.
- (d) To pursue and enter into contracts for the provision of management services to healthcare providers and organizations within or outside the District in order to enhance the overall provision of healthcare services to the residents of the District.
- (e) Effectuate the purpose of the District to enhance the provision of quality health care in the communities served by the District by, among other efforts, working with public and private entities (including the provision of financial assistance where feasible).

(f) Identify and seek to respond to health care needs and enhance service quality in communities served by the District, and where feasible, respond to substantive needs by advocating for their support or remediation by health care providers and agencies.

(g) Exercise all other powers now or hereinafter set forth in and given to it by the District Law and other public agency laws applicable to the District.

(h) Seek legislative, agency and consumer support for non-profit and public healthcare services, enhanced public accountability and shared responsibility requirements for all healthcare providers, and better-defined professional requirements for quality standards and oversight in the provision of healthcare services.

Section 3. Compensation. The Board of Directors authorizes payment to members of the Board amounts not to exceed the maximum allowed by Health and Safety Code Section 32103, as amended, or as may otherwise be authorized by California law, per month and per Board or Board committee meeting, as compensation to each member of the Board attending such meetings. Members of the Board shall be allowed and paid actual and necessary traveling and incidental expenses incurred in the performance of official business in accordance with policies as may be established by the Board.

Section 4. Communications by Directors. Board members, when speaking, writing or otherwise communicating publicly, shall identify whether or not such communication is their own opinion or represents the position of the Board.

### ARTICLE III

#### MEETINGS OF DIRECTORS

Section 1. Regular Meetings. The Board shall hold regular meetings at designated locations within the District at regular times as may be designated by the Board or the Chair. Meetings of the Board shall take place no less than quarterly. Notice for all Regular Meetings shall be provided in accordance with the requirements of the Ralph M. Brown Act, Government Code Section 54950 et seq. ("the Brown Act").

Section 2. Special Meetings. Special Meetings may be called at any time by the Chair of the Board, or by a majority of Directors. Notice for all Special Meetings shall be provided in accordance with the requirements of the Brown Act.

Section 3. Quorum. At Regular and Special Meetings of the Board, a quorum shall be a majority of the members of the Board. At any meeting of the Board, a majority of the Directors present, though less than a quorum, may adjourn or adjourn to meet again at a stated time and place.

Section 4. Conduct and Rules. All meetings of the Board shall be conducted in accordance with the Brown Act, the District Law, other laws governing the conduct of meetings by public agencies, and rules established from time to time by resolution of the Board. The most recent published edition of Rosenberg's Rules of Order shall be the guide on all points not specified in these Bylaws or in the rules adopted by the Board under this Section.

## ARTICLE IV

### OFFICERS

Section 1. Officers. The officers of the District Board shall be a Chair, Secretary and Treasurer, all of whom shall be Directors. The officers shall be elected by the Board annually as the first order of business at the first January Regular Meeting of the District Board. Each officer shall serve for a term of one (1) year, or until the next election of officers, whichever is later. Officers shall not hold the same office for more than two (2) consecutive years. The Board may adopt policies and procedures designating one or more of its officers to sign checks drawn on the funds of the District, and to execute in the name of the District all contracts and conveyances and any other written instruments.

Section 2. Resignation or Removal. An officer may resign at any time or may be removed by a majority vote of the Board at any Regular or Special meeting. In the event of a resignation or removal of an officer, the Board may appoint a successor to serve the balance of that officer's unexpired term.

Section 3. Chair of the Board. The Chair shall:

- (a) Preside over all the meetings of the Board.
- (b) Be responsible for coordination and liaison with Watsonville Community Hospital, community groups and public agencies, and residents served by the District.
- (c) Be responsible as the Board's liaison with the District's chief executive officer and the Hospital for the implementation of Board direction and policies, and for input sought by the District's chief executive officer and the Hospital into the proper implementation of Board direction and policies.
- (d) Sign as Chair, contracts, conveyances and other instruments in writing and checks on the funds of the District as the Board shall authorize or direct the Chair to sign.
- (e) Be responsible for coordination and liaison with District legal counsel, auditors and consultants when direct Board oversight of matters pertaining to such consultants is appropriate.
- (f) Designate members of the Board to undertake special responsibilities and to report to the Chair on those activities as directed.
- (g) Coordinate with the District chief executive officer on issues such as:
  - (i) Utilization of legal counsel and conduct of legal affairs.
  - (ii) Preparation of Board agendas and meeting planning consistent with Board policies.
  - (iii) Service as an alternate, or appointment of another Board member as an alternate, at committee meetings, if able, upon the absence of a Committee member.
- (h) Perform other duties as pertain to the office as prescribed by the Board.
- (i) Appoint members of standing and formal ad hoc committees subject to prior or subsequent confirmation or ratification by the Board.
- (j) Represent the Board at official functions when necessary, serve as a spokesperson for

the Board regarding board actions, and keep the Board promptly informed of these occasions.

Section 4. Secretary. The Secretary of the Board shall:

- (a) Perform the duties of the Chair in the Chair's absence or inability to serve.
- (b) Be responsible for administrative oversight of all correspondence, financial records, reports, and minutes of every Board meeting, and to ensure that same are properly kept and maintained at the District Office.
- (c) Be responsible for overseeing that all resolutions of the Board are properly recorded and are maintained at the District Office, separately from the Board minutes.
- (d) Be responsible for overseeing the timely distribution of all notices required by law or by these Bylaws.
- (e) Be responsible for overseeing that the seal of the District is in safekeeping at the District Office and is used under the direction of the Board.
- (f) Perform other duties as pertain to the office as are prescribed by the Board.

In the event of the absence, inability, refusal or neglect of the Secretary to carry out any of these duties, the duties shall be carried out by any other Director as directed by the Chair or the Board.

Section 5. Treasurer. The Treasurer of the Board shall:

- (a) Ensure that the CEO has assigned staff to keep correct and accurate accounts of the property and financial records and transactions of the District, including, but not limited to, any services provided by the District in any District established clinics.
- (b) Perform such other duties incident to the officer of Treasurer as may be needed or as assigned by the Chair.

Section 6. Executive Assistant. The Executive Assistant to the District chief executive officer, or their designee, shall assist the Secretary in performing the Secretary's duties and shall perform other administrative duties on behalf of the Board.

## ARTICLE V

### BOARD COMMITTEES

Section 1. General Provisions.

- (a) Committees of the Board shall be standing or ad hoc. The committee members and chair shall be appointed by the Chair, subject to the approval or ratification of the Board.

Standing Committee appointments and Board approval shall be made at the Regular Meeting following the election of the Chair of the Board.

(b) All committees shall be advisory to the Board unless otherwise specified by the Board, whose purpose and progress shall be periodically reviewed by the Board.

(c) Each Committee, Standing or Ad Hoc, shall be assigned two (2) District Directors, one of whom shall be the committee chair. Non-District Board Directors (“Community Members”) may be appointed as advisory members of the committee, and they will serve without a vote. Community Members may be recommended to the District Board Chair by the Committee Chair, or any other source within the District or Hospital organizations, or the community. Proposed Community Members shall be residents of the District, and shall be interviewed by the Board or Committee Chair, or both, and shall submit a curriculum vitae for Board review. The Board will act upon the recommendation for appointment coming from the Board Chair for a term subject to annual renewal when Committee appointments are approved as provided in Section 1(a) above. Upon appointment and upon any annual renewal of appointment, Community Members shall submit a Conflict of Interest Disclosure Statement to the District. The Board Chair shall be an ex officio member of Standing Committees, but may vote only if an actual member of the committee.

(d) Each District Director member of a committee shall be entitled to vote on the committee.

(e) In the event a District Director member of a committee cannot attend a committee meeting, the Chair may designate another District Director as a voting substitute.

(f) The committees shall be assisted by staff and consultants to the District in the manner set forth by policies and procedures of the Board.

## Section 2. Standing Committees.

(a) Standing Committees of the Board are the following: (i) Finance Committee; (ii) Audit Committee; and (iii) Building and Facilities. Standing Committees shall hold meetings at times as agreed by committee members or as directed by the Board, but no less than quarterly.

(b) At a Standing Committee meeting a quorum shall be two of the two District Board committee members. If only one District Board committee member is present, a record of the proceedings shall be kept, but no action may be taken. There shall be a Standing Committee meeting agenda and packet, which shall be prepared in advance and distributed to Committee members.

## Section 3. Finance Committee. The Finance Committee shall be responsible for performing the following functions:

(a) With the advice and counsel of the District chief executive officer and District financial officer:

(i) Oversee the financial management and budget of the District.

(ii) Oversee in coordination with the Hospital, consistent with the District's role as corporate member of the Hospital, owner of Watsonville Community Hospital and co-lessee of the facility, the planning and implementation of financing programs related to facility and campus capital improvements and construction projects, with recommendations on same as appropriate to the Board.

(iii) Review and recommend to the Board policies and procedures in the areas of finance, fiscal controls, investments and insurance programs.

(iv) Review attorney and other consultant fees by project on a quarterly basis.

(v) Draft an annual budget at the end of each fiscal year for presentation to the Board. Each February, review the budget and recommend adjustments to the Board.

(vi) Monitor financial statements and actual-to-budget income and expenditures on a quarterly basis.

(vii) Monitor and review financial reports forwarded to the District by the Hospital.

Section 4. Audit Committee. The Audit committee shall be responsible for performing the following functions:

(a) With the advice and counsel of the District chief executive officer and District financial officer:

(i) Review and recommend to the Board policies and procedures relating to the audit.

(ii) Recommend to the Board an independent auditor to audit the books and accounts of the District on an annual basis. Review the scope and coverage of the audit as expressed in the engagement letter with the auditing firm.

(iii) Recommend to the Board a change in auditors and oversee the selection process.

(iv) Review the completed and associated recommendations concerning the audit.

(v) Review current GASB 34 policies annually and consider appropriate audit policies and procedures as needed, and report upon the Committee's findings and recommendations to the Board.

(vi) Undertake the conduct of audit responsibilities assigned to the District by the Hospital with implementation recommendations to the District Board of Directors.

(b) Perform other duties assigned by the Board or Chair of the Board.

Section 5. Building and Facilities Committee. The Building and Facilities Committee shall be responsible for performing the following functions:

(a) Oversee the compliance of all agreements related to District assets.

- (b) Monitor the activities and reports of the Hospital consistent with the District's role as corporate member of the Hospital, co-lessee of the facility and owner of Watsonville Community Hospital, and make recommendations to the Board as appropriate.
- (c) Recommend to the Board any action the Committee deems necessary or advisable to ensure that the District's oversight role and responsibilities as corporate member, or under contractual arrangements with the Hospital or other organizations, are fulfilled.
- (d) Oversee the District's performance, in coordination with the Hospital, of facility and campus design, planning, and construction projects.
- (e) Recommend strategies including potential capital campaigns towards the acquisition of and retaining ownership of Hospital real property.
- (f) Recommend to the Board for Board adoption the use of any facilities including logistical consideration by the community or for the community's benefit.
- (g) Perform other duties assigned by the Board or the Chair of the Board.

Section 5. Ad Hoc Committees. Ad Hoc Committees may be established by the Chair, subject to the approval or ratification of the Board, for special, defined tasks. Each Ad Hoc Committee shall limit its activities to the accomplishment of the task for which it was established, and upon completion of that task, the Ad Hoc Committee shall be discharged by the Chair. The Chair shall determine the number of members for Ad Hoc Committees which shall include a maximum of two (2) District Board Directors. All Ad-Hoc Committees' purpose and progress shall be reviewed annually by the Board.

## ARTICLE VI

### MANAGEMENT AND ADMINISTRATION OF THE DISTRICT

Section 1. District Chief Executive Officer. The Board of Directors shall have the authority to employ (or otherwise engage) and discharge the District chief executive officer and shall specify the terms and conditions of the person's employment, or provide for such terms of engagement under a management arrangement with the Hospital or other management services company. The performance of the District chief executive officer will be evaluated on an annual basis by the Board of Directors based on performance criteria established from time to time by the Board of Directors. The District chief executive officer shall be responsible for the overall management of the District, and has the necessary and full authority to effect this responsibility subject to the Board's oversight and any policies and directives issued by the Board. The District chief executive officer is directly responsible to the Board of Directors for the management of the District and all of its departments and activities. The District chief executive officer is responsible for the retention, performance, and continued employment of the District's executive management.

Section 2. Qualifications and Additional Duties and Responsibilities. Qualifications, specific duties and responsibilities of the District chief executive officer shall be set forth in the appropriate policies and criteria established by the Board, directives of the Board, and any employment agreement with the District chief executive officer.

Section 3. Management Oversight. With the advice and counsel of the District chief executive officer and other appropriate managers and consultants, the Board shall:

- (a) Review, consider, adopt, and implement Board policies and procedures relating to the management of the District's role as corporate member of the Hospital.
- (b) Review, develop, and maintain Board policies and procedures relating to the overall governance and management of the affairs of the District.
- (c) Periodically review and develop new or revised bylaws, policies and procedures relating to compliance with the requirements of the state and federal governments, including District Law and the Brown Act.
- (d) Develop and maintain Board policies and procedures for District contracting, delegation of authority to management, and oversight of the performance of District management and consultants.
- (e) Review staff and staffing issues as needed and periodically conduct personnel reviews and communicate the outcome of such reviews to appropriate staff or pursuant to arrangements in place with the Hospital or other management services arrangements.

## ARTICLE VII

### REVIEW AND AMENDMENT OF BYLAWS

Section 1. Triennial Review. At intervals of not more than three (3) years, the Board shall review these Bylaws in their entirety to ensure that they comply with the District Law and other public agency laws applicable to the District, and in keeping with functions of the District Board.

Section 2. Amendment. These Bylaws may be amended by a majority of the Board at any Regular or Special Meeting of the Board, provided a full statement of each proposed amendment shall have been sent to each Director not less than seven (7) days prior to the meeting. These Bylaws may be amended by unanimous vote of the entire Board at any Regular or Special Meeting of the Board, in which event the provision for seven (7) days' notice shall not apply.

## ARTICLE VIII

### INDEMNIFICATION

Section 1. Indemnification. The District shall, to the maximum extent permitted by and in accordance with the California Government Code, defend and indemnify each of its Directors, officers, and employees against expenses, judgments, fines, compromises, settlements and other amounts actually and reasonably incurred in connection with any claim or action against an employee arising out of an act or omission occurring within the scope of their role with or employment for the District. For purposes of this Article VIII, an "employee" of the District shall have the same meaning as set forth in Government Code Section 810.2, or any successor statute thereof, and includes, without limitation, any person who is or was a director, officer, or employee of the District.



Adopted by the Board of Directors on \_\_\_\_\_, 2022

Attachment 7A

# **BYLAWS OF THE PAJARO VALLEY HEALTH CARE DISTRICT**

Adopted: ~~August~~\_\_2022

## ARTICLE I

### GENERAL PROVISIONS

Section 1. The District. The Pajaro Valley Health Care District (the "District") is a local healthcare district formed February 4, 2022, via State legislative action and it is subject to the provisions of the Local Health Care District Law (Health and Safety Code, Division 23; the "District Law"), including specific provisions related to the District that are located at Health and Safety Code Section 32498.5 et seq., for the purpose of operating the Watsonville Community Hospital, located at 75 Nielson St., Watsonville, California.

In furtherance of its mission, the District has formed a nonprofit public benefit corporation, the Pajaro Valley Health Care District Hospital Corporation (the "Hospital"), of which it is the sole corporate member, and has entered into a relationship with the Hospital based on the parent/affiliate relationship established by corporate membership and the Bylaws adopted by the Hospital for the operation of the Watsonville Community Hospital. The District is therefore committed to fulfilling its role with regard to the Hospital both as corporate parent and as the ~~lessee~~co-lessee of the property on which the Watsonville Community Hospital facility is located as well as providing such other healthcare services in the community as the Board may determine from time to time. It is the policy of the District, however, to confer no authority or powers of the District inherent in the District's public agency status to the Hospital, and the District retains all those powers and authorities granted to the District by the State by reason of its status as a political subdivision of the State of California. The District is committed to exercise its oversight authority as both corporate parent and facility ~~lessee~~co-lessee consistent with the best interests of the healthcare needs of the residents of the District and consistent with the need for long term successful operations of Watsonville Community Hospital and other healthcare pursuits of the District.

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- (a) To enhance the provision of quality health care in the communities served by the District.
- (b) To be a strong advocate of the public for quality and reasonably priced health care.
- (c) To provide a forum for discussion of health care issues affecting communities served by the District.
- (d) To fulfill the role set forth for District oversight in the Bylaws of the Hospital, including approval of major transactions and board appointments.
- (e) To monitor compliance with facility and related obligations of the Hospital.
- (f) To be an advocate for healthcare needs and interests of the residents of the District and to support community based healthcare and wellness services in the District.

Section 3. Profit or Gain. The District shall conduct its affairs, insofar as possible, on a self-supporting basis. No part of any net earnings of the District shall inure to the benefit of or be distributed to any individual under any guise whatever, nor shall any District assets be distributed to any person on dissolution of the District. Should a net gain be realized from

operations during any particular period, it may be used by the Board for any purpose consistent with the District Law and other public agency laws applicable to the District.

Section 4. Offices. The principal office of the District shall be at Watsonville Community Hospital, 75 Nielson St., Watsonville, CA 95076. Other offices may be established at any time by the Board within the District's boundaries.

## ARTICLE II

### GOVERNING BOARD

Section 1. Directors. The District shall be governed by a Board of Directors (the "Board") consisting of five (5) elected or appointed persons who are registered voters residing in the District. (Each member of the Board is referred to herein as a "Director".) The initial Board was appointed by the Board of Supervisors of Santa Cruz County pursuant to Health & Safety Code Section 32100.

Section 2. Zones. Pursuant to Health and Safety Code Section 32498.6, within five years from the date of its first meeting, the Board is required to adopt a resolution to divide the district into zones and number the zones consecutively. The zones shall be effective for the next district election after the resolution of the Board for which there is time to implement the zones and elections within the zones.

Section 3. Powers. The powers of the District are set forth in the District Law. The powers of the District shall be vested in the Board, which shall have and exercise complete charge, control, and management of the property, affairs, and funds of the District, fill vacancies among its officers and its members for unexpired terms, and do and perform all acts and functions not inconsistent with these Bylaws, the provisions of the District Law and other laws applicable to public agencies. Specifically, the Board shall exercise the following powers:

- (a) Establish by resolution or motion substantive and procedural policies regarding the affairs of the District in accordance with the best interests of the communities served by the District.
- (b) Establish policies and procedures consistent with its oversight role as corporate member of the Hospital.
- (c) Enter into contracts and agreements with respect to the affairs of the District as approved by the Board of Directors or its management.
- (d) To pursue and enter into contracts for the provision of management services to healthcare providers and organizations within or outside the District in order to enhance the overall provision of healthcare services to the residents of the District.
- (e) Effectuate the purpose of the District to enhance the provision of quality health care in the communities served by the District by, among other efforts, working with public and private entities (including the provision of financial assistance where feasible).

(f) Identify and seek to respond to health care needs and enhance service quality in communities served by the District, and where feasible, respond to substantive needs by advocating for their support or remediation by health care providers and agencies.

(g) Exercise all other powers now or hereinafter set forth in and given to it by the District Law and other public agency laws applicable to the District.

(h) Seek legislative, agency and consumer support for non-profit and public healthcare services, enhanced public accountability and shared responsibility requirements for all healthcare providers, and better-defined professional requirements for quality standards and oversight in the provision of healthcare services.

Section 3. Compensation. The Board of Directors authorizes payment to members of the Board amounts not to exceed the maximum allowed by Health and Safety Code Section 32103, as amended, or as may otherwise be authorized by California law, per month and per Board or Board committee meeting, as compensation to each member of the Board attending such meetings. Members of the Board shall be allowed and paid actual and necessary traveling and incidental expenses incurred in the performance of official business in accordance with policies as may be established by the Board.

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### ARTICLE III

#### MEETINGS OF DIRECTORS

Section 1. Regular Meetings. The Board shall hold regular meetings at designated locations within the District at regular times as may be designated by the Board or the Chair. Meetings of the Board shall take place no less than quarterly. Notice for all Regular Meetings shall be provided in accordance with the requirements of the Ralph M. Brown Act, Government Code Section 54950 et seq. ("the Brown Act").

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Section 3. Quorum. At Regular and Special Meetings of the Board, a quorum shall be a majority of the members of the Board. At any meeting of the Board, a majority of the Directors present, though less than a quorum, may adjourn or adjourn to meet again at a stated time and place.

Section 4. Conduct and Rules. All meetings of the Board shall be conducted in accordance with the Brown Act, the District Law, other laws governing the conduct of meetings by public agencies, and rules established from time to time by resolution of the Board. The most recent published edition of Rosenberg's Rules of Order shall be the guide on all points not specified in these Bylaws or in the rules adopted by the Board under this Section.

## ARTICLE IV

### OFFICERS

Section 1. Officers. The officers of the District Board shall be a Chair, Secretary and Treasurer, all of whom shall be Directors. The officers shall be elected by the Board annually as the first order of business at the first January Regular Meeting of the District Board. Each officer shall serve for a term of one (1) year, or until the next election of officers, whichever is later. Officers shall not hold the same office for more than two (2) consecutive years. The Board may adopt policies and procedures designating one or more of its officers to sign checks drawn on the funds of the District, and to execute in the name of the District all contracts and conveyances and any other written instruments.

Section 2. Resignation or Removal. An officer may resign at any time or may be removed by a majority vote of the Board at any Regular or Special meeting. In the event of a resignation or removal of an officer, the Board may appoint a successor to serve the balance of that officer's unexpired term.

Section 3. Chair of the Board. The Chair shall:

- (a) Preside over all the meetings of the Board.
- (b) Be responsible for coordination and liaison with Watsonville Community Hospital, community groups and public agencies, and residents served by the District.
- (c) Be responsible as the Board's liaison with the District's chief executive officer and the Hospital for the implementation of Board direction and policies, and for input sought by the District's chief executive officer and the Hospital into the proper implementation of Board direction and policies.
- (d) Sign as Chair, contracts, conveyances and other instruments in writing and checks on the funds of the District as the Board shall authorize or direct the Chair to sign.
- (e) Be responsible for coordination and liaison with District legal counsel, auditors and consultants when direct Board oversight of matters pertaining to such consultants is appropriate.
- (f) Designate members of the Board to undertake special responsibilities and to report to the Chair on those activities as directed.
- (g) Coordinate with the District chief executive officer on issues such as:
  - (i) Utilization of legal counsel and conduct of legal affairs.
  - (ii) Preparation of Board agendas and meeting planning consistent with Board policies.
  - (iii) Service as an alternate, or appointment of another Board member as an alternate, at committee meetings, if able, upon the absence of a Committee member.
- (h) Perform other duties as pertain to the office as prescribed by the Board.
- (i) Appoint members of standing and formal ad hoc committees subject to prior or subsequent confirmation or ratification by the Board.
- (j) Represent the Board at official functions when necessary, serve as a spokesperson for

the Board regarding board actions, and keep the Board promptly informed of these occasions.

Section 4. Secretary. The Secretary of the Board shall:

- (a) Perform the duties of the Chair in the Chair's absence or inability to serve.
- (b) Be responsible for administrative oversight of all correspondence, financial records, reports, and minutes of every Board meeting, and to ensure that same are properly kept and maintained at the District Office.
- (c) Be responsible for overseeing that all resolutions of the Board are properly recorded and are maintained at the District Office, separately from the Board minutes.
- (d) Be responsible for overseeing the timely distribution of all notices required by law or by these Bylaws.
- (e) Be responsible for overseeing that the seal of the District is in safekeeping at the District Office and is used under the direction of the Board.
- (f) Perform other duties as pertain to the office as are prescribed by the Board.

In the event of the absence, inability, refusal or neglect of the Secretary to carry out any of these duties, the duties shall be carried out by any other Director as directed by the Chair or the Board.

Section 5. Treasurer. The Treasurer of the Board shall:

- (a) Ensure that the CEO has assigned staff to keep correct and accurate accounts of the property and financial records and transactions of the District, including, but not limited to, any services provided by the District in any District established clinics.
- (b) Perform such other duties incident to the officer of Treasurer as may be needed or as assigned by the Chair.

Section 6. Executive Assistant. The Executive Assistant to the District chief executive officer, or their designee, shall assist the Secretary in performing the Secretary's duties and shall perform other administrative duties on behalf of the Board.

## ARTICLE V

### BOARD COMMITTEES

Section 1. General Provisions.

~~(a)~~ (a) Committees of the Board shall be standing or ad hoc. The committee members and chair shall be appointed by the Chair, subject to the approval or ratification of the Board.

Standing Committee appointments and Board approval shall be made at the Regular Meeting following the election of the Chair of the Board.

~~(b)~~ (b) All committees shall be advisory to the Board unless otherwise specified by the Board, whose purpose and progress shall be periodically reviewed by the Board.

~~(c)~~ (c) Each Committee, Standing or Ad Hoc, shall be assigned two (2) District Directors, one of whom shall be the committee chair. ~~Up to three non-District~~ Non-District Board Directors, (“Community Members”) may be appointed as advisory members of the committee, and ~~they will serve without a vote.~~ Community Members may be recommended to the District Board Chair by the Committee Chair, or any other source within the District or Hospital organizations, or the community. Proposed Community Members shall be residents of the District, and shall be interviewed by the Board or Committee Chair, or both, and shall submit a curriculum vitae for Board review. The Board will act upon the recommendation for appointment coming from the Board Chair for a term subject to annual renewal when Committee appointments are approved as provided in Section 1(a) above. Upon appointment and upon any annual renewal of appointment, Community Members shall submit a Conflict of Interest Disclosure Statement to the District. The Board Chair shall be an ex officio member of Standing Committees, but may vote only if an actual member of the committee.

~~(d) Each District Director member of a committee shall be entitled to vote on the committee.~~

(d) Each District Director member of a committee shall be entitled to vote on the committee.

(e) In the event a District Director member of a committee cannot attend a committee meeting, the Chair may designate another District Director as a voting substitute.

(f) The committees shall be assisted by staff and consultants to the District in the manner set forth by policies and procedures of the Board.

Section 2. Standing Committees.

~~(a) Standing Committees of the Board are the following: (i) Finance and Audit and (ii)~~

(a) Standing Committees of the Board are the following: (i) Finance Committee; (ii) Audit Committee; and (iii) Building and Facilities. Standing Committees shall hold meetings at times as agreed by committee members or as directed by the Board, but no less than quarterly.

(b) At a Standing Committee meeting a quorum shall be two of the two District Board committee members. If only one District Board committee member is present, a record of the proceedings shall be kept, but no action may be taken. There shall be a Standing Committee meeting agenda and packet, which shall be prepared in advance and distributed to Committee members.

Section 3. Finance and Audit Committee. The Finance ~~and Audit~~ Committee shall be responsible for performing the following functions:



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(a) ~~Finance~~. With the advice and counsel of the District chief executive officer and District financial officer:

- (i) Oversee the financial management and budget of the District.
- (ii) Oversee in coordination with the Hospital, consistent with the District's role as corporate member of the Hospital, owner of Watsonville Community Hospital and ~~lessee~~co-lessee of the facility, the planning and implementation of financing programs related to facility and campus capital improvements and construction projects, with recommendations on same as appropriate to the Board.
- (iii) Review and recommend to the Board policies and procedures in the areas of finance, fiscal controls, investments and insurance programs.
- (iv) Review attorney and other consultant fees by project on a quarterly basis.
- (v) Draft an annual budget at the end of each fiscal year for presentation to the Board. Each February, review the budget and recommend adjustments to the Board.
- (vi) Monitor financial statements and actual-to-budget income and expenditures on a quarterly basis.
- (vii) Monitor and review financial reports forwarded to the District by the Hospital.

Section 4. Audit Committee. The Audit committee shall be responsible for performing the following functions:

~~(b) Audit~~. (a) With the advice and counsel of the District chief executive officer and District financial officer:

- ~~(i)~~(i) Review and recommend to the Board policies and procedures relating to the audit.
- ~~(ii)~~(ii) Recommend to the Board an independent auditor to audit the books and accounts of the District on an annual basis. Review the scope and coverage of the audit as expressed in the engagement letter with the auditing firm.
- ~~(iii)~~(iii) Recommend to the Board a change in auditors and oversee the selection process.
- ~~(iv)~~(iv) Review the completed and associated recommendations concerning the audit.
- ~~(v)~~(v) Review current GASB 34 policies annually and consider appropriate audit policies and procedures as needed, and report upon the Committee's findings and recommendations to the Board.
- ~~(vi)~~(vi) Undertake the conduct of audit responsibilities assigned to the District by the Hospital with implementation recommendations to the District Board of Directors.

(b) ~~(e)~~ Perform other duties assigned by the Board or Chair of the Board.

Section 45. Building and Facilities Committee. The Building and Facilities Committee shall be responsible for performing the following functions:

- (a) Oversee the compliance of all agreements related to District assets.
- (b) Monitor the activities and reports of the Hospital consistent with the District's role as corporate member of the Hospital, ~~lessee~~co-lessee of the facility and owner of Watsonville Community Hospital, and make recommendations to the Board as appropriate.
- (c) Recommend to the Board any action the Committee deems necessary or advisable to ensure that the District's oversight role and responsibilities as corporate member, or under contractual arrangements with the Hospital or other organizations, are fulfilled.
- (d) Oversee the District's performance, in coordination with the Hospital, of facility and campus design, planning, and construction projects.
- (e) Recommend strategies including potential capital campaigns towards the acquisition of and retaining ownership of Hospital real property.
- (f) ~~(e)~~ Recommend to the Board for Board adoption the ~~logistics of District sponsored community education forums on health related topics~~ use of any facilities including logistical consideration by the community or for the community's benefit.
- (g) ~~(f)~~ Perform other duties assigned by the Board or the Chair of the Board.

Section 5. Ad Hoc Committees. Ad Hoc Committees may be established by the Chair, subject to the approval or ratification of the Board, for special, defined tasks. Each Ad Hoc Committee shall limit its activities to the accomplishment of the task for which it was established, and upon completion of that task, the Ad Hoc Committee shall be discharged by the Chair. The Chair shall determine the number of members for Ad Hoc Committees which shall include a ~~minimum~~maximum of two (2) District Board Directors. All Ad-Hoc Committees' purpose and progress shall be reviewed annually by the Board.

## ARTICLE VI

### MANAGEMENT AND ADMINISTRATION OF THE DISTRICT

Section 1. District Chief Executive Officer. The Board of Directors shall have the authority to employ (or otherwise engage) and discharge the District chief executive officer and shall specify the terms and conditions of the person's employment, or provide for such terms of engagement under a management arrangement with the Hospital or other management services company. The performance of the District chief executive officer will be evaluated on an annual basis by the Board of Directors based on performance criteria established from time to time by the Board of Directors. The District chief executive officer shall be responsible for the overall management of the District, and has the necessary and full authority to effect this responsibility subject to the Board's oversight and any policies and directives issued by the Board. The District chief executive officer is directly responsible to the Board of Directors for the management of the District and all of its departments and activities. The District chief executive officer is responsible for the retention, performance, and continued employment of the District's executive management.

Section 2. Qualifications and Additional Duties and Responsibilities. Qualifications, specific duties and responsibilities of the District chief executive officer shall be set forth in the appropriate policies and criteria established by the Board, directives of the Board, and any

employment agreement with the District chief executive officer.

Section 3. Management Oversight. With the advice and counsel of the District chief executive officer and other appropriate managers and consultants, the Board shall:

- (a) Review, consider, adopt, and implement Board policies and procedures relating to the management of the District's role as corporate member of the Hospital.
- (b) Review, develop, and maintain Board policies and procedures relating to the overall governance and management of the affairs of the District.
- (c) Periodically review and develop new or revised bylaws, policies and procedures relating to compliance with the requirements of the state and federal governments, including District Law and the Brown Act.
- (d) Develop and maintain Board policies and procedures for District contracting, delegation of authority to management, and oversight of the performance of District management and consultants.
- (e) Review staff and staffing issues as needed and periodically conduct personnel reviews and communicate the outcome of such reviews to appropriate staff or pursuant to arrangements in place with the Hospital or other management services arrangements.

## ARTICLE VII

### REVIEW AND AMENDMENT OF BYLAWS

Section 1. Triennial Review. At intervals of not more than three (3) years, the Board shall review these Bylaws in their entirety to ensure that they comply with the District Law and other public agency laws applicable to the District, and in keeping with functions of the District Board.

Section 2. Amendment. These Bylaws may be amended by a majority of the Board at any Regular or Special Meeting of the Board, provided a full statement of each proposed amendment shall have been sent to each Director not less than seven (7) days prior to the meeting. These Bylaws may be amended by unanimous vote of the entire Board at any Regular or Special Meeting of the Board, in which event the provision for seven (7) days' notice shall not apply.

## ARTICLE VIII

### INDEMNIFICATION

Section 1. Indemnification. The District shall, to the maximum extent permitted by and in accordance with the California Government Code, defend and indemnify each of its Directors, officers, and employees against expenses, judgments, fines, compromises, settlements and other amounts actually and reasonably incurred in connection with any claim or action against an employee arising out of an act or omission occurring within the scope of their role with or employment for the District. For purposes of this Article VIII, an "employee" of the District shall have the same meaning as set forth in Government Code Section 810.2, or any successor statute thereof, and includes, without limitation, any person who is or was a director, officer, or employee of the District.

Attachment 7A

Adopted by the Board of Directors on ~~August~~ \_\_\_\_\_, 2022

<b>Summary report:</b>	
<b>Litera Compare for Word 11.3.0.46 Document comparison done on 11/9/2022 1:10:52 PM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original DMS:</b> iw://bbklaw-mobility.imatech.com/IMANAGE/40837139/1	
<b>Modified DMS:</b> iw://bbklaw-mobility.imatech.com/IMANAGE/40837139/3	
<b>Changes:</b>	
<u>Add</u>	30
<del>Delete</del>	47
<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>77</b>