



BOARD OF DIRECTORS

Hybrid

ZOOM LINK: Please click the link below to join the webinar:

<https://us06web.zoom.us/j/93443061917>

Or One tap mobile :

US: +16694449171,,93443061917#

January 25, 2023

5:00 p.m.

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

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

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

5. 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

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

6. REGULAR AGENDA

A. ELECTION OF OFFICERS

- 1) Oral Report
- 2) Board questions to staff
- 3) Public Comment
- 4) Nomination of Chair

- 5) Motion electing Chair
- 6) Nomination of Secretary
- 7) Motion electing Secretary
- 8) Nomination of Treasurer
- 9) Motion Electing Treasurer

B. CONSIDERATION OF ADOPTION OF CONFLICT OF INTEREST CODE

- 1) Oral Report by
- 2) Board questions to staff
- 3) Public Comment
- 4) Motion to approve Resolution of the Board of Directors of the Pajaro Valley Health Care District Adopting a Conflict of Interest Code Pursuant to the Political Reform Act Of 1974
- 5) Action by Board/Roll Call Vote

C. APPROVAL OF HOSPITAL CORPORATION BYLAWS REVISION

- 1) Board questions to staff
- 2) Public Comment
- 3) Motion to approve Budget
- 4) Action by Board/Roll Call Vote

7. ADJOURNMENT

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

- 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

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

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



From: Steven Salyer, CEO
Subject: Adopt Conflict of Interest Code Pursuant to the Political Reform Act of 1974
Meeting Date: January 25, 2023

Recommended Action

Adopt a Resolution adopting a Conflict of Interest Code pursuant to the Political Reform Act of 1974 for the District.

Executive Summary

The Political Reform Act (the "Act") requires all state and local government agencies to adopt and promulgate a conflict of interest code establishing the rules for reporting personal assets and the prohibition from making or participating in the making of any decisions that may affect any personal assets. A conflict of interest code must specifically designate all agency positions, except for those listed in Gov. Code § 87200, that make or participate in the making of agency decisions which may foreseeably have an effect on any financial interest of that person, and assign specific types of personal assets to be disclosed that may be affected by the exercise of powers and duties of that position.

Attached is a copy of the proposed Conflict of Interest Code ("Code"). This Code incorporates FPPC Regulation 18730 by reference as the provisions with an Appendix attached designating positions that make or participate in making decisions of the agency and assigned appropriate disclosure categories in Exhibit "A," and list the disclosure categories in Exhibit B, as well as declare those primary positions that specifically manage public investments. This is commonly referred to as the FPPC Standard Code.

Financial Impact

None

Attachments:

1. Resolution
 - a. Conflict of Interest Code (Attachment to Resolution)
 - b. Explanation of Designation (Attachment to Code)

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
PAJARO VALLEY HEALTH CARE DISTRICT
ADOPTING A CONFLICT OF INTEREST CODE
PURSUANT TO THE POLITICAL REFORM ACT OF 1974**

WHEREAS, the State of California enacted the Political Reform Act of 1974, Government Code Section 81000 et seq. (the "Act"), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Pajaro Valley Health Care District (the "District") and requires all public agencies to adopt and promulgate a conflict of interest code; and

WHEREAS, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which could result in the District being restrained or prevented from acting in cases where the provisions of the Act may have been violated; and

WHEREAS, notice of the time and place of a public meeting on, of consideration by the Board of Directors of, the proposed Code was provided each affected designated position and publicly posted by the District, establishing a 45-day comment period in compliance with Title 2, California Code of Regulations, Section 18750; and

WHEREAS, a public meeting was held upon the proposed Code at a regular meeting of the Board of Directors on January 25, 2023, at which all present were given an opportunity to be heard on the proposed Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Pajaro Valley Health Care District as follows:

Section 1. The Board of Directors does hereby adopt the proposed Conflict of Interest Code, a copy of which is attached hereto and shall be on file with the Executive Assistant of the District, and available to the public for inspection and copying during regular business hours.

Section 2. The Conflict of Interest Code shall be submitted to the Fair Political Practices Commission ("FPPC") for approval and said Code shall become effective 30 days after the FPPC approves the proposed Conflict of Interest Code.

Section 3. All previously adopted conflict of interest codes are hereby rescinded.

PASSED AND ADOPTED this 25th day of January, 2023, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Chair, Board of Directors
Pajaro Valley Health Care District

ATTEST:

Secretary, Board of Directors
Pajaro Valley Health Care District

CONFLICT OF INTEREST CODE
PAJARO VALLEY HEALTH CARE DISTRICT

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict-of-interest code of the **Pajaro Valley Health Care District**.

Individuals holding designated positions shall file their statements of economic interests with the **District**, which will make the statements available for public inspection and reproduction. (Gov. Code Sec. 81008.)

Appendix – Part A

DESIGNATED POSITIONS

<u>Position</u>	<u>Disclosure Categories</u>
District Board Member	1, 2
Chief Executive Officer	1, 2
Chief Financial Officer	1, 2
District Legal Counsel	1, 2
Consultants/New Position	*

*Consultants/New Positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitations:

The Chief Executive Officer may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant’s or new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Sec. 81008.)

Appendix – Part B

DISCLOSURE CATEGORIES

CATEGORY 1. An individual holding a designated position in this category shall disclose:

Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources that provide services, supplies, materials, machinery, or equipment of the type to be utilized by the District.

CATEGORY 2. An individual holding a designated position in this category shall disclose:

Interests in real property within the boundaries of the District that are used by the District or are of the type that could be acquired by the District as well as real property within two miles of the property used or the potential site.

January 25, 2023

PAJARO VALLEY HEALTH CARE DISTRICT

EXPLANATION OF DESIGNATION OF POSITIONS AND THE ASSIGNMENT OF DISCLOSURE REQUIREMENTS

Pursuant to Government Code sections 87300 and 87303, as well as 2 California Code of Regulations section 18750.1, the Pajaro Valley Health Care District (the "District") has proposed its initial Conflict of Interest Code (the "Code"). The Code must designate those employees, members, officers, and consultants who make or participate in the making of decisions which may foreseeably have a material effect on a financial interest and are therefore, subject to the disclosure and disqualification requirements of the Code.

The Code must also set forth Disclosure Categories to be assigned to the designated positions requiring individuals holding each position to disclose personal interests that may be affected by the exercise of the individual's duties.

Below is an explanation of the specific designations, their disclosure requirements and the requirements of the Disclosure Categories created.

"OFFICIALS WHO MANAGE PUBLIC INVESTMENTS"

The District has delineated those primary officials determined to fall under the definition of "Officials Who Manage Public Investments" as required by the Fair Political Practices Commission (the "FPPC"). The Code does not establish disclosure requirements for these officials as specified in Gov. Code Section 87200.

The positions meeting the definition of "Officials Who Manage Public Investments" have full disclosure requirements under Section 8720 and are as follows:

Members, Board of Directors and their Alternates: The Board is the primary body responsible for "formulating or approving investment policies," a pivotal component of the management of public funds. [§18700.3]. Therefore, it has been determined that the Members of the Board of Directors and their Alternates meet the definition of "officials who manage public investments." Pursuant to Section 18700.3, these officials are subject to the conflict-of-interest provisions of the Political Reform Act (the "Act") and have full disclosure responsibilities.

Chief of Executive Director: The Executive Director is the primary Officer responsible to and who works with the Board in "formulating or approving investment policies," and "approving or establishing guidelines" for asset allocations. This position is also the primary Officer responsible for "directing" and/or "approving" investment transactions and requirements. These are all the critical elements in the management of public funds. [§18700.3]. Therefore, it has been determined that this Officer meets the definition of "officials who manage public investments." Pursuant to Section

18730(b)(3), this official is subject to the conflict of interest provisions of the Act and has full disclosure responsibilities.

Chief Financial Officer. The Chief Financial Officer is an Officer responsible to and who works with the Board in "formulating or approving investment policies," and "approving or establishing guidelines" for asset allocations. This position is an Officer responsible for "directing" and/or "approving" investment transactions and requirements. These are all the critical elements in the management of public funds. [§18700.3]. Therefore, it has been determined that this Officer meets the definition of "officials who manage public investments." Pursuant to Section 18730(b)(3), this official is subject to the conflict of interest provisions of the Act and has full disclosure responsibilities.

Investment Consultant: This generic position has been added to cover contracting with consultants that specifically advise in portfolio development and investments, or fall under other elements of the definition of the "management of investments."

“DESIGNATED POSITIONS”

The District's list of Designated Positions specifically enumerates all positions within the District which make or participate in the making of District decisions which may foreseeably have a material effect on that position's financial interests.

Disclosure Categories have been assigned to the Designated Positions on a narrow basis in relation to their official duties with the District to prevent requiring over disclosure.

Positions that, by virtue of their positions, are involved in all facets of District operations have been assigned Categories 1 and 2 indicating "full disclosure" requirements. Likewise, positions having narrower involvement and/or responsibilities with the District have been assigned more limiting disclosure requirements based on the duties of the position. (See Explanation of Types of Disclosure Categories, below.)

Currently, the District has very few positions creating its structure.

General Counsel - 1, 2

Added with full disclosure. This position is involved in a broad range of District decisions too numerous and varied to narrow.

Consultants and New Positions

Consultants is a generic designated position to cover any contracted positions not specifically designated meeting the definition of Consultant under the Political Reform Act and required to file disclosure statements because they may make, participate in making or influence decisions, as defined.

New Positions covers any newly created positions for interim filing requirements pending amendment of the Code.

Consultants and New Positions have specific language appended to them indicating that these positions have full disclosure responsibilities unless specifically narrowed or waived, in writing, by the Executive Director, based on their duties and placed on file with the District's Filing Officer. Identification of New Positions and Consultants will be done on FPPC Forms 804 and 805, respectively, and place on file with the District's Filing Officer.

EXPLANATION OF DISCLOSURE CATEGORIES

Disclosure Categories identify the types of investments, business entities, sources of income, including gifts, loans and travel payments, or real property which the Designated Employee must disclose for each disclosure category to which he or she is assigned.

The District cannot require a Designated Position to over-disclose. Disclosure Categories must be designed and assigned **depending on the duties and responsibilities of the position held**. Therefore, five Disclosure Categories have been designed to be assigned to the various designated positions listed in Part "A" of the Appendix to the proposed Code. This list of Disclosure Categories provides flexibility in the application of the various Categories to the different designated positions but are narrow enough so as not to require over-disclosure by a Designated Position or Consultant.

ASSIGNMENT OF DISCLOSURE CATEGORIES:

Category 1 requires the disclosure of reportable investments, business positions, and sources of income in the jurisdiction of the District.

Category 2 requires the disclosure of reportable interests in all real property (not including personal residence) located in the jurisdiction of the District (or within 2 miles thereof).

The assignment of Categories 1 and 2 means the Designated Position has full disclosure requirements of reportable interests that own real property, are located in, do business in or have done business in the District's jurisdiction in the past two years of filing a statement. These Categories are usually assigned to General Counsel, and other very broad decision-makers whose responsibilities are too broad to be narrowed and warrant full disclosure. These are also the disclosure requirements provided Consultants, as defined, and New Positions if not narrowed in writing as described above, in Forms 804 and 805.

District Board Memo

From: Steven Salyer, CEO

Subject: Approval of Amended and Restated Bylaws for Pajaro Valley Health Care District Hospital Corporation

Meeting Date: January 25, 2023

Recommended Actions

Consider the Approval of the Amended and Restated Bylaws for the Pajaro Valley Health Care District Hospital Corporation (PVHCDHC”).

Executive Summary

Watsonville Community Hospital is operated by the nonprofit, PVHCDHC, on behalf of the District. On May 5, 2022, the District, as the sole member of PVHCDHC, approved the Bylaws for the PVHCDHC in order to establish the rules and regulations for the exercise of its powers and duties. The Bylaws were approved before the transition of the Hospital to ownership by the Pajaro Valley Health Care District and operation by PVHCDHC which occurred on August 31, 2022. After 4 months of operation, management is now recommending that the composition of the committees as set forth in the bylaws be modified somewhat to ensure a broader spectrum of representation on the committees. The committees will include board members, executives, directors, physicians and front line employees. In addition, since the entire board has responsibility for credentialing, the Board Credentialing Committee was removed as was the Audit Committee whose tasks will instead be performed on an ad hoc basis as needed. The Amended and Restated Bylaws need final approval by the District, as the sole member of PVHCDHC, in addition to approval by the PVHCDHC Board.

Background/Analysis

The Hospital is operated by a nonprofit corporation which is governed by a set of bylaws which sets forth the responsibilities of the Board of Directors, the conduct of business, selection of officers, the establishment and composition of committees and a number of other topics. The Bylaws are largely based on those used by similar organizations that have a similar governance structure. The District, as the sole member of the nonprofit, has the right of final approval of any changes to the Bylaws. This document as presented could act as the final version of the Amended and Restated 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 Amended and Restated Bylaws. Once approved by the PVHCDHC Board, the Bylaws need final approval by the District, as the sole member of PVHCDHC.

Financial Impact

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

Attachment:

- A. Redline of Amended and Restated Bylaws of the Pajaro Valley Health Care District Hospital Corporation

AMENDED AND RESTATED BYLAWS

OF

**Pajaro Valley Health Care District Hospital Corporation,
a California nonprofit public benefit corporation**

ARTICLE I

NAME AND PRINCIPAL OFFICE

1.1. **Name.** The name of the Corporation shall be as listed in the Articles of Incorporation, namely, Pajaro Valley Health Care District Hospital Corporation (“PVHCDH”), a nonprofit public benefit corporation organized under the laws of the State of California.

1.2. **Principal Office and Place of Business.** PVHCDH shall have and continuously maintain a registered office in Santa Cruz County and may have other offices within the State of California, as the Board may from time to time determine.

ARTICLE II

PURPOSES

PVHCDH was formed for the purposes set forth in its Articles of Incorporation. The property of PVHCDH is irrevocably dedicated to public, charitable, educational and hospital purposes which meet the requirements of Section 501(c)(3) of the Internal Revenue Code and Sections 23701 and 214 of the California Revenue and Taxation Code.

ARTICLE III

MEMBERSHIP

3.1. **Member.** There shall be one member of PVHCDH who shall be the Pajaro Valley Health Care District, a political subdivision of the State of California (the “Member”). The Member, and only the Member, shall be entitled to exercise fully all rights and privileges of members of nonprofit corporations under the California Nonprofit Public Benefit Corporation Law, and all other applicable laws. The rights and powers of the Member shall also include, without limitation, the following: the limitation on liabilities described in Section 3.3 of these Bylaws; the right to dissolve PVHCDH upon a majority vote in favor of dissolution; and the exercise of all of the rights set forth in Article X and XI of these Bylaws. The Member may not be expelled or suspended as the Member without its consent. Any reference in these Bylaws to the “member,” “Member” or any similar such reference, shall mean the Pajaro Valley Health Care District, a political subdivision of the State of California.

3.2. Exercise of Membership Rights. The Member shall exercise its membership rights through its own Board of Directors. Subject to the provisions of the Member's own bylaws, and except as otherwise provided in these Bylaws, the Board of Directors of the Member may, by resolution, authorize a person or committee of persons to exercise its vote on any matter to come before the membership of PVHCDH. In addition, the Member may exercise its membership rights at any regular or special meeting of the Board of Directors of the Member. The functions required by law or by these Bylaws to be performed at the annual membership meeting or any regular or special meeting of the members of PVHCDH may be performed at any regular or special meeting of the Member's own Board of Directors.

3.3. Liabilities and Assessments. The Member shall not be liable for the debts of PVHCDH. The Board of PVHCDH shall have no power to levy and collect assessments on the Member. The provisions of this paragraph cannot be amended in any manner.

ARTICLE IV BOARD OF DIRECTORS

4.1. Responsibility. Except as otherwise provided by the Articles of Incorporation or by these Bylaws, the management of the affairs of PVHCDH shall be vested in a Board of Directors (the "Board") composed of the persons described in Section 4.2 of these Bylaws (the "Directors" and each a "Director"). Specifically, the Board of Directors shall be empowered as follows:

(a) To control and be responsible for the overall governance of Watsonville Community Hospital, including the provision of management and planning.

(b) To implement Compliance Program oversight consistent with Watsonville Community Hospital wide compliance programs and procedures, including, responsibility for an effective Compliance Program and adoption of related policies, review of routine and special Compliance reports on a regular basis, appropriate delegation of implementation to senior management, and Board training on Compliance Program oversight and implementation.

(c) To appoint a Chief Executive Officer and to define the powers and duties of such appointee, and to delegate to such person overall responsibility for operations of the Watsonville Community Hospital, and affiliated entities, as specified herein and consistent with Board of Directors' Policies.

(d) To determine policies and approve procedures for the overall operation and affairs of Watsonville Community Hospital and its facilities according to the best interests of the public health and to assure the maintenance of quality patient care.

(e) To evaluate the performance of Watsonville Community Hospital in relation to its vision, mission and goals.

(f) To provide for coordination and integration among Watsonville Community Hospital's leaders to establish policy, maintain quality care and patient safety, and provide for necessary resources.

(g) To be ultimately accountable for the safety and quality of care, treatment and services at Watsonville Community Hospital.

(h) To review and approve annual operating and multi-year capital budgets.

(i) To assure through implementation of appropriate processes that all individuals who provide patient care services, but who are not subject to the Medical Staff privilege delineation process, are competent to provide such services, and receive reports of quality assurance information regarding competency of care providers not subject to the privilege delineation process.

(j) To oversee the Medical Staff and the quality of professional services as described in Article VII and Article VIII of these Bylaws.

(k) To establish, maintain and support, through the Chief Executive Officer and the Medical Staff and its designated committees, a comprehensive, hospital-wide program for quality assessment and improvement, to receive reports of performance improvement information on a regular basis from the Medical Staff, and to assure that all aspects of the program are performed appropriately and that administrative assistance is available to the Medical Staff.

(l) To oversee programs for continuing medical education for Medical Staff members, and appropriate in-service education programs for hospital employees, for the purpose of maintaining and improving clinical and employee performance.

(m) To make recommendations to the Chief Executive Officer regarding the kinds and quality of service to be made available at Watsonville Community Hospital.

(n) To review and consult with the Chief Executive Officer concerning the long-range plan for Watsonville Community Hospital.

(o) To consult directly with the Chief of Staff or his/her designee, or through a subcommittee by the Board to include the Chief of Staff, on no less than two occasions per year, on matters including but not limited to: the scope and complexity of hospital services offered, specific patient populations served by Watsonville Community Hospital and any issues of patient safety and quality of care; promptly addressing any urgent request for consultation presented by the Chief of Staff or his/her designee.

(p) To assist in the accreditation process, including participation in the summation conference, and assist in maintaining compliance with current accreditation standards

set by The Joint Commission, in conjunction with the Chief Executive Officer and the Medical Staff.

(q) To assist the Chief Executive Officer in establishing medical record policies respecting composition, retention, confidentiality and other aspects of recordkeeping, maintaining confidentiality with respect to the records and affairs of Watsonville Community Hospital, except as disclosure is authorized or required by law.

(r) To approve bylaws for Watsonville Community Hospital auxiliary organizations or for any other similar organizations.

(s) To conduct an annual evaluation of its own activities and performance and an annual evaluation of the Chief Executive Officer and to implement programs to improve such activities and performance.

(t) To perform any other functions designated in these Bylaws but not specifically referred to in this Section and to do any and all other act and things necessary to carry out the provisions of these Bylaws or of the provisions of the California Nonprofit Public Benefit Corporation Law.

All powers of the Board of Directors, which are not otherwise restricted by law, agreement, or herein, may be delegated by an employment agreement, policies, and by direction of the Board to the Chief Executive Officer or to others employed or engaged by or with responsibilities to PVHCDH, to be exercised in accordance with that delegation

4.2. Number, Designation, Term, Removal of Directors. The number of Directors shall be five (5) and shall be comprised of the five (5) publicly elected Directors of the Board of the Member. Directors who no longer serve on the Member's Board of Directors shall be automatically removed as Directors of PVHCDH.

4.3. Voting Rights. Each Director shall be entitled to one vote on all matters before the Board. There shall be no voting by proxy.

4.4. Organizational Meeting. As soon as reasonably possible after each January 1, the Board of Directors shall meet for the purposes of organizing the Board, the election of officers, and the transaction of such other business as may come before the meeting. The initial Board of Directors shall meet for such purposes as soon as reasonably possible after such Board is first constituted.

4.5. Regular Meetings. The Board shall hold meetings at least monthly at such time and place as the Board shall from time to time determine.

4.6. Special Meetings. Special meetings of the Board for any purpose or purposes shall be called by the Secretary upon the request of the Chair, the Chief Executive Officer or any two (2) Directors.

4.7. Notice and Conduct of Meetings; Brown Act. Notice of meetings and meeting agendas shall be in conformance with the California Ralph M. Brown Act, and meetings of the Board shall be conducted consistent with the Brown Act.

4.8. Quorum. A majority of the members of the Board then serving shall constitute a quorum at any meeting of the Board provided that the minimum number of members of the Board which may constitute a quorum shall be three (3). The act of a majority of the voting power present at any meeting at which a quorum is present shall be considered the act of the Board.

4.9. Place. The Board shall hold its meetings at the principal office of the Member, or such other place as the Chair or the Directors requesting the meeting may designate.

4.10. Telephonic Meetings. Members of the Board may participate in a meeting through use of a conference telephone or similar communications equipment, consistent with Brown Act requirements.

4.11. Interested Directors. Not more than forty-nine percent (49%) of the persons serving on the Board at any time may be interested persons. An "interested person" is (i) any person being compensated, directly or indirectly, by PVHCDH for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise (excluding any reasonable compensation paid to a director for serving in such capacity); and (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, mother-in-law, or father-in-law of any such person. However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by PVHCDH.

4.12. Conflict of Interest Policy. The Board shall develop and adhere to a conflict of interest policy that incorporates the provisions of Section 5233 of the California Nonprofit Corporation Law. The initial Conflicts Policy shall be that adopted by the Member prior to adoption of these Bylaws. PVHCDH's Conflicts Policy shall be consistent with laws and regulations applicable to California special districts.

4.13. Self-Dealing. Prior to conducting a business session at a meeting of the Board, Board members shall disclose and discuss their individual conflicts or potential conflicts and that of other members of the Board. Actual conflicts shall be subject to resolution pursuant to the Conflicts Policy, applicable federal and state non-profit corporation laws and conflict of interest laws related to public agencies including, but not limited to, Gov't Code 1090 and the Political Reform Act. In the exercise of voting rights by members of the Board, no individual shall vote on any issue, motion or resolution which directly or indirectly inures to his or her benefit financially

or with respect to which he or she has any other conflict of interest, except that such individual may be counted in order to qualify a quorum and, except as the Board may otherwise direct, may participate in the discussion of such an issue, motion or resolution if he or she first discloses the nature of his or her interest and such discussion is allowed under conflict of interest laws applicable to public agencies. Board members shall adhere to the Conflict of Interest Policy enacted pursuant to section 4.12 of these Bylaws.

4.14. Access to Board Records and Reports. Upon request, officers of the Member shall have access to Watsonville Community Hospital documents for review (but not possession) that have been reviewed by the Board of Directors. Such review shall be subject to the officer executing an agreement to maintain the confidentiality (no disclosure beyond officers and Board members of the Member) of information reviewed. Documents that are protected by legal privileges and confidentiality (e.g., personnel, peer review, legal, vendor contractual confidentiality), those containing pending competitive business transaction information, and physician agreements, shall not be subject to review. Subject to the execution of an agreement to maintain confidentiality, Board member and Board selected candidate conflict disclosure filings shall be available for review at PVHCDH's offices only to the chief executive or designated legal counsel of the Member upon request.

4.15. Bylaws Review. Consistent with regulatory and industry standards, the Board shall periodically conduct a review of these Bylaws in order to update and improve them. At least every two (2) years, commencing in January 2024, the Board shall seek the input of the Member in connection with such a review.

ARTICLE V OFFICERS

5.1. Officers of this Corporation. The officers of PVHCDH shall be a Chair, a Vice Chair, a Chief Executive Officer, a Secretary, and a Treasurer (which office shall be separate from PVHCDH's Chief Financial Officer). No officer may hold more than one office at a time, with the exception of cases in which there is a vacancy in the office due to death, resignation, removal, disqualification or otherwise of a director pursuant to Section 4.2 above in which case more than one office may be held by a single director until the vacancy on the Member Board had been filled.

5.2. Officers Elected by the Board. The Chair, Vice Chair, Treasurer, and Secretary shall be elected annually by the Board at its organizational meeting. Nominations shall be submitted in advance of the selection by a nominating committee appointed by the Board. Each officer elected by the Board shall hold office at the pleasure of the Board and until his or her successor shall be elected and qualified to serve. A vacancy in any office because of death, resignation, removal, disqualification or otherwise of a director, may be filled by the Board for the unexpired term at any meeting of the Board.

5.3. Resignation or Removal. Any officer of the Board may resign at any time or be removed by the vote of the Board.

5.4. Vacancies in Office. A vacancy in any office because of death, resignation, removal, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments.

5.5. Chair. The Chair of the Board shall preside at all meetings of the Board. Unless the signature of the Chief Executive Officer is required by law, the Chair of the Board shall possess the same power as the Chief Executive Officer to sign all certificates, contracts, or other instruments of PVHCDH when he or she is so authorized by the Board. The Chair of the Board shall exercise and perform such other powers and duties as may be prescribed by the Board from time to time. The Chair of the Board shall serve as the Board's liaison to the Chief Executive Officer.

5.6. Vice Chair. In the absence of the Chair of the Board or in the event of the Chair's disability, inability, or refusal to act, the Vice Chair of the Board shall perform all of the duties of the Chair and in so acting shall have all of the powers of the Chair. The Vice Chair shall have such other powers and perform such other duties as may be prescribed from time to time by the Board or by the Chair.

5.7. Chief Executive Officer.

(a) Appointment and Removal. The Chief Executive Officer of PVHCDH shall be engaged by the Board and shall serve at the pleasure of the Board, which may terminate the services of the Chief Executive Officer of PVHCDH subject to any employment agreement.

(b) Responsibilities and Authority. The Chief Executive Officer shall be the general manager, administrator and Chief Executive Officer of PVHCDH. The Chief Executive Officer shall be given the necessary authority and responsibility to operate PVHCDH in all of its activities, including without limitation, quality of services, safety matters, cost effectiveness and economic performance, subject to the following: with respect to safety and quality of care, treatment and services, policy development, program planning, employee and community relations, the Chief Executive Officer shall be subject to such policies as may be adopted and such orders as may be issued by the Board of PVHCDH or by any of its committees to which the Board has delegated the power for such action; with respect to program execution and overall management performance, the Chief Executive Officer shall be subject to the authority of and shall report to the Board. The Chief Executive Officer shall act as the duly authorized representative of the Board of PVHCDH in all matters in which the Board has not formally designated some other person to so act.

5.8. Treasurer. The Treasurer of PVHCDH shall keep and maintain or cause to be kept and maintained adequate and correct account of the properties and business transactions of

PVHCDH, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any Board member. The Treasurer shall be charged with safeguarding the assets of PVHCDH and he or she shall sign financial documents on behalf of PVHCDH in accordance with the established policies of PVHCDH. He or she shall have such other powers and perform such other duties as may be prescribed by the Board from time-to-time. The Treasurer may fulfill these responsibilities and perform his or her duties through appropriate delegation, with Board oversight, to individuals or firms charged with the financial management of PVHCDH.

5.9. Secretary. The Secretary shall keep or cause to be kept a book of minutes at the principal office or at such other place as the Board may order of all meetings of the Board with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those present at the Board meetings, and the proceedings thereof. The Secretary shall give or cause to be given notice of all the meetings of the Board required by these Bylaws or by law to be given, and the Secretary shall keep the seal of PVHCDH in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board from time to time.

ARTICLE VI COMMITTEES

6.1. Establishment of Committees. PVHCDH shall have the standing committees set forth in Section 6.5 of these Bylaws, and such other standing committees or special committees as may be established by the Board from time to time in accordance with these Bylaws.

6.2. Composition of Committees. Unless otherwise stated, standing committees shall not be limited to members of the Board, but consistent with California Nonprofit Corporation Law shall include at least two (2) members of the Board. Special committees and any subcommittees of any standing committee or special committee that may be established from time to time shall not be limited to members of the Board but may, by direction of the Board, include any number of persons the majority of whom need not be Directors. The Chair of the Board shall recommend committee members and Chairs of the committees to the Board, subject to the approval of the Board. The Board shall create committees as deemed necessary. Member's interests in appointment to certain committees shall be considered by the Chair. The Board may appoint alternate members of any committee who shall act on behalf of any committee member who is absent from a committee meeting. The Board or the committee may select other persons, whether or not members of the Board, to attend meetings of the committee and to participate in the discussion and activities of the committee; provided, however, that such additional persons attending the committee meeting shall not be entitled to vote and shall participate only at the discretion of the committee.

6.3. Powers; Restrictions and Limitations.

(a) Standing Committees. Subject to the duty of the Board to exercise ultimate direction over the activities and affairs of PVHCDH, the Board may delegate to any standing committee the power, subject to applicable law, to manage or direct any activity of PVHCDH. In addition to powers so delegated and the general duties of the standing committees described in the provisions of these Bylaws, the standing committees shall undertake duties or specific tasks assigned by the Board, or the Chair of the Board of Directors, and shall consider matters requested by other committees or the Chief Executive Officer of PVHCDH.

(b) Special Committees. The Board may authorize any special committee to carry out certain specified functions or responsibilities, or to provide such advice and recommendation as the Board shall require, but no special committee shall have the authority to determine PVHCDH policy or otherwise exercise any powers of the Board with respect to the business and affairs of the PVHCDH. Internal conflicts concerning Medical Staff affairs shall be referred to a special committee created and appointed by the Chair of the Board on an as needed basis for resolution.

(c) Subcommittees. The Board or any standing or special committee may authorize any subcommittee to carry out certain specified functions or responsibilities, or to provide such advice and recommendation as the Board or any such committee shall require, but no subcommittee shall have the authority to determine PVHCDH policy or otherwise exercise any powers of the Board with respect to the business and affairs of PVHCDH.

6.4. Meetings and Actions of Committees.

(a) Meetings. Meetings and actions of any standing committee, special committee or subcommittee shall be governed by, and held and taken in accordance with, the provisions of these Bylaws concerning meetings of the Board, including, but not limited to Section 4.7, with such changes in the content of these Bylaws as are necessary to substitute the committee or subcommittee and its members for the Board and its members, except a quorum of a committee shall be a majority of the voting members of the committee. The time for regular meetings of any committee or subcommittee may be determined either by direction of the Board or by direction of such committee or subcommittee. Special meetings of any committee or subcommittee may also be called by direction of the Board. Notice of special meetings of any committee or subcommittee shall also be given to any and all alternate members, who shall have the right to attend such meetings, subject to the discretion of the committee or subcommittee. Minutes shall be kept of meetings of any committees and subcommittees and shall be filed with the corporate records. The Board may adopt rules for the governing of any committee or subcommittee not inconsistent with the provisions of these Bylaws.

(b) Subcommittee membership. Subject to Board approval, each standing or special committee may establish such subcommittees as it deems necessary, the members of which

need not be members of the Board. The Chair of the parent committee shall recommend to the Board formation of any subcommittee and shall nominate initial membership and the proposed chair of any new subcommittee to the Board for approval. Thereafter, the Chair of a subcommittee shall recommend to the Chair of the parent committee annual appointments or reappointments to the subcommittee, or recommend individuals to fill vacancies. The Chair of the parent committee shall have discretion to accept or reject such recommendations, and shall submit nominations for annual subcommittee membership (including appointment of the subcommittee chair), or nominations to fill vacancies on subcommittees, to the Board of Directors for approval.

6.5. Establishment of Standing Committees. Standing Committees of the Board of Directors as established and appointed pursuant to these Bylaws shall be as follows:

(a) Finance Committee. The Finance Committee shall consist of two (2) Board members, with up to ten (10) persons, including, the Board Treasurer, two (2) senior executives; two (2) hospital directors or managers, two (2) physicians with medical staff privileges at Watsonville Community Hospital and two (2) hospital front line staff. The Finance Committee shall oversee all financial matters for PVHCDH including operating and capital budgets, borrowings and capital planning, audits, material contracts and leases, business plan development and implementation, and facilities and equipment.

(b) Strategic Planning and Marketing Committee. The Strategic Planning and Marketing Committee shall consist of two (2) Board members, with up to ten (10) persons including two (2) senior executives; two (2) hospital directors or managers, two (2) physicians with medical staff privileges at Watsonville Community Hospital and two (2) hospital front line staff. The Strategic Planning and Marketing Committee shall oversee marketing and strategic planning, integration of PVHCDH operations and facilities, service changes or adjustments, physician development, facility planning, and strategic alliances and ventures. The Committee shall oversee development and implementation of PVHCDH's community benefit programs and shall seek input into its work from the Member. The Committee shall also facilitate coordination of its community benefit programs with similar programs undertaken by the Member.

(c) Employee Engagement Committee. The Employee Engagement Committee shall consist of two (2) Board members, with up to ten (10) persons, including, two (2) senior executives; two (2) hospital directors or managers, two (2) physicians with medical staff privileges at Watsonville Community Hospital and two (2) hospital front line staff. The Employee Engagement Committee shall consider human resource issues and policies as warranted and shall review and recommend for Board approval employee compensation, pension and benefits programs (other than executive officer level).

(d) Quality and Patient Safety Committee. The Quality and Patient Safety Committee shall consist of two (2) Board members with up to ten (10) persons, including, two (2) senior executives; two (2) hospital directors or managers, two (2) physicians with medical staff

privileges at Watsonville Community Hospital and two (2) hospital front line staff. The Committee will be assisted in its work by the Chief Executive Officer, the CNO (Chief Nursing Officer), the Safety Officer, and the Medical Staff as needed and requested by the Committee. The Quality and Patient Safety Committee shall oversee effective functioning of activities related to: provision of quality patient care, patient and staff safety, performance improvement, risk management, regulatory and accreditation standards, and strategic direction for quality expenditures. The Quality and Patient Safety Committee shall forward Quality Reports and recommendations to the Board of Directors. This Committee shall also be responsible for developing and implementing the Board's annual action plan for resolution of safety and quality issues. In addition, the Committee shall:

(1) Analyze data regarding safety and quality of care, treatment and services and establish priorities for performance improvement.

(2) Oversee the Medical Staff's fulfillment of its responsibilities in accordance with the Medical Staff Bylaws, applicable law and regulation, and accreditation standards.

(3) Ensure that recommendations from the Medical Executive Committee and Medical Staff are made in accordance with the standards and requirements of the Medical Staff Bylaws, Rules and Regulations with regard to:

(i) completed applications for initial staff appointment, initial staff category assignment, initial department/divisional affiliation, membership prerogatives and initial clinical privileges;

(ii) completed applications for reappointment of medical staff, staff category, clinical privileges;

(iii) establishment of categories of Allied Health Professionals permitted to practice at Watsonville Community Hospital, the appointment and reappointment of Allied Health Professionals and privileges granted to Allied Health Professionals.

(4) Provide a system for resolving conflicts that could adversely affect safety or quality of care among individuals working within the hospital environment.

(5) Ensure that adequate resources are allocated for maintaining safety and quality care, treatment and services.

(6) Analyze findings and recommendations from the Watsonville Community Hospital's administrative review and evaluation activities, including system or process failures and actions taken to improve safety, both proactively and in response to actual occurrences.

(7) Assess the effectiveness and results of the quality review, utilization review, performance improvement, and risk management programs.

(8) Perform such other duties concerning safety and quality of care matters as may be necessary.

6.6. Ad Hoc Committees. Ad hoc committees may be appointed by the Chair with the approval of the Board of Directors for special limited projects for such specific tasks as circumstances warrant e.g. ad hoc audit committee. Ad hoc committees shall comply with the Brown Act and no ad hoc committee so appointed shall have any power or authority to commit the Board of Directors or Corporation in any manner, but may make recommendations to the Board of Directors.

6.7. Vacancies. Vacancies in any committee shall be filled for the unexpired portion of the term in the same manner as provided in the case of original appointment.

6.8. Expenditures. Except as expressly delegated, any expenditure of corporate funds by a committee or any commitment by a committee to expend corporate funds shall require prior approval of the Board.

ARTICLE VII **CREDENTIALLED PRACTITIONERS**

7.1. Medical Staff Appointments and Clinical Privileges

(a) The Board shall appoint a Medical Staff and see that they are organized into a responsible administrative unit and adopt such bylaws and rules and regulations for government of their practice in Watsonville Community Hospital as the Board deems to be to the greatest benefit of patients within Watsonville Community Hospital. In the case of the individual patients, those appointed to the Medical Staff shall have full authority and responsibility for the care of patients subject only to such limitations as the Board may formally impose and to the bylaws and rules and regulations for the Medical Staff as adopted by the Board. The Medical Staff shall adhere to the highest ethical principles of the medical profession.

(b) All applications for appointment to the Medical Staff shall be in writing and addressed to the Medical Staff Office in such form as determined by Watsonville Community Hospital and more specifically described in the Medical Staff Bylaws. The application shall be complete and with required information relating to education, licensure, practice, previous hospital experience, professional liability coverage and any history relative to licensure, malpractice experience and/or hospital privileges.

(c) At its next regular meeting after receipt of a completed application and a recommendation from the Medical Staff concerning an applicant for Medical Staff appointment, the Board shall act in the matter unless further investigation requires that action be postponed to a later meeting, as provided in the following paragraph.

(d) At any time in its consideration of such recommendation, the Board may, in its absolute discretion, defer final determination by referring the matter to a committee of its choice for further consideration (any such referral shall state the reasons therefor, shall set a time limit within which a subsequent recommendation to the Board shall be made, and may include a directive that an additional meeting be conducted to clarify issues which are in doubt). At its next regular meeting after receipt of such subsequent recommendation, the Board shall act in the matter.

(e) Appointments to the Medical Staff shall not exceed two (2) years, renewable by the Board before the end of the appointment upon formal application.

(f) The Board shall delegate to the Medical Staff the responsibility and authority to investigate and evaluate all matters relating to Medical Staff and AHP membership status, clinical privileges and corrective action, and shall require that the Medical Staff adopt and forward to it specific written recommendations with appropriate supporting documentation that will allow the Board to take informed action. Such delegation, however, does not relieve the Board of its responsibilities in appointing members of the Medical Staff and overseeing the appointment and delineation of functions, responsibilities and prerogatives of AHPs.

(g) Final action on all Medical Staff matters shall be taken by the Board after considering the Medical Staff recommendation, except that the Board shall act on its own initiative if the Medical Staff fails to adopt and submit recommendations within the time periods required by the Medical Staff Bylaws. Board action without a staff recommendation shall be based on the same kind of documented investigation and evaluation of current ability, judgment and character as is required for Medical Staff recommendations.

(h) The Chief Executive Officer shall make available to each applicant for staff membership a copy of the Medical Staff Bylaws, including the Medical Staff Rules and Regulations and Fair Hearing Plan. The applicant shall sign a statement on the application form declaring that he/she has received and reviewed those documents and that he/she specifically agrees:

(1) to obligate himself/herself, as an appointee to the Medical Staff, to provide continuous care and supervision as needed to all hospital patients for whom he/she has responsibility;

(2) to abide by all such bylaws, policies and directives of Watsonville Community Hospital and its Medical Staff as shall be in force during the time he/she is appointed to the Medical Staff of Watsonville Community Hospital; and

(3) to accept committee assignments and such other duties and responsibilities as shall be assigned to him/her by the Board and the Medical Staff.

No appointment or reappointment shall take effect until such a statement has been signed by the individual concerned.

(i) The terms and conditions of membership status and clinical privileges and the procedure to be followed in acting on same, shall be as specified in the Medical Staff Bylaws or as more specifically defined in the notice of individual appointment.

(j) The Board shall make final decisions on all requests for corrective action, and shall otherwise participate in the corrective action process as described in the Medical Staff Bylaws.

(k) No aspect of membership status nor specific clinical privileges shall be limited or denied to a practitioner on the basis of race, color, sex, national origin or disability, or on the basis of any other criterion unrelated to quality patient care at Watsonville Community Hospital, to professional qualifications, to the hospital's purposes, needs and capabilities, or to community needs. Members of the Medical Staff who also have hospital administrative responsibilities shall be required to meet the same requirements and qualifications for membership on the Medical Staff as do practitioners who do not have an administrative relationship to Watsonville Community Hospital.

(l) All administrative relationships with members of the Medical Staff and others who are not members of the Medical Staff shall be reduced to written agreement between the individual practitioner and Watsonville Community Hospital. These administrative relationships may be terminated by the CEO following the same procedures utilized for other hospital employees unless the written agreement provides another method of termination. Should the written agreement provision for termination conflict with the general procedures utilized for other employees, the written agreement shall control.

7.2. Medical Staff Governance

(a) The Board shall adopt bylaws and rules and regulations establishing the organization and government of the Medical Staff. The bylaws and rules and regulations shall be developed by the Medical Staff, but shall be effective only upon approval by the Board. The power of the Board to adopt or amend Medical Staff Bylaws and Rules and Regulations shall be conditioned upon the Medical Staff's failure to keep current, update or make

necessary modifications to its bylaws in a manner that will allow for the maximum possible achievement of the purposes and objectives of the Medical Staff.

(b) The Board retains the right to rescind any authority or procedures delegated to the Medical Staff, and to recommend amendment or replacement of the Medical Staff Bylaws as necessary for the operation of Watsonville Community Hospital.

(c) The Medical Staff shall review and revise all Medical Staff Rules and Regulations, and, as applicable, departmental policies and procedures, when warranted, provided that such review shall occur at least every two (2) years. The Medical Staff shall recommend changes in such policies and procedures for approval by the Board.

7.3. Categories of Staff Membership

The Medical Staff shall be organized into categories as outlined in the Medical Staff Bylaws. The prerogatives and responsibilities of each staff category shall be outlined in the Medical Staff Bylaws.

7.4. Allied Health Professionals (“AHP”)

(a) The Board may approve specific clinical privileges for individuals who are not part of the Medical Staff, but who may render patient care services within Watsonville Community Hospital setting.

(b) Each member of the AHP shall be assigned and made accountable to the appropriate clinical section of the Medical Staff, although such assignment will not constitute membership on the Medical Staff.

(c) All applications for appointment to AHP status shall be in writing and addressed to the Chief Executive Officer on such forms as determined by Watsonville Community Hospital. The application shall be processed in the same manner as Medical Staff applications.

(d) The terms and conditions of AHP status, and of the exercise of clinical privileges, shall be as specified in the appropriate section of Medical Staff Bylaws or as more specifically defined in the notice of individual appointment. AHPs shall not be entitled to the procedures set forth in the Fair Hearing Plan. They shall, however, be entitled to an appearance before a Medical Staff committee designated within the Medical Staff Bylaws, as well as a written appeal to the Board in the event of an adverse action.

ARTICLE VIII
MEDICAL CARE EVALUATION

8.1. Board Responsibility for the Quality of Professional Services

After considering the recommendations of the Medical Staff and the other health care professionals providing patient care services, the Board shall implement specific review and evaluation activities to assess, preserve and improve the overall quality and efficiency of patient care in Watsonville Community Hospital. The Board, through the Chief Executive Officer, shall provide whatever administrative assistance is reasonably necessary to support and facilitate activities contributing to continuous quality assessment and improvement.

8.2. Medical Records

In order to facilitate the Medical Staff's review and appraisal of the quality and efficiency of the medical care rendered in Watsonville Community Hospital, the Board will assure that the Medical Staff will have access to the services of the Medical Records Department and to any other administrative or technical assistance deemed appropriate.

8.3. Professional Accountability to the Board

The Medical Staff and the other health care professional staff providing patient care services shall conduct, and be accountable to the Board for conducting, activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided in Watsonville Community Hospital. These activities shall include these functions:

- (a) Providing effective mechanisms to monitor and evaluate the quality of patient care and the clinical performance of individuals with delineated clinical privileges within Watsonville Community Hospital;
- (b) Ongoing review, evaluation and monitoring of patient care practices through a systematic process of overall quality assessment and improvement;
- (c) Delineation of clinical privileges for Medical Staff members, commensurate with individual credentials and demonstrated ability and judgment, and assignment of patient care responsibilities to other health care professionals consistent with individual qualification and demonstrated ability;
- (d) Establishing a process designed to assure that all individuals responsible for the assessment, treatment, or care of patients are competent in the following, as appropriate to the ages of the patients served:

(1) the ability to obtain information and interpret information in terms of patient needs;

(2) a knowledge of cognitive, physical and emotional growth and development in the particular age group treated; and

(3) an understanding of the range of treatment needed by the patients.

(e) Providing continuing professional education, shaped primarily by the needs identified through the review and evaluation activities;

(f) Reviewing utilization of the hospital's resources to provide for their allocation to patients in need of them;

(g) Reviewing the competency of care providers who are not subject to the Medical Staff privilege delineation process; and reporting to the governing body of findings with regard to such care providers;

(h) Establishing a process to support the efficient flow of patients, such as a plan concerning the care of admitted patients who are in temporary bed locations; and

(i) Such other measures as the Board may, after receiving and considering the advice of the Medical Staff, the other professional services, and the CEO, deem necessary for the preservation and improvement of the quality and efficiency of patient care.

8.4. Documentation

The Board shall consider and act upon the findings and recommendations from the required review, evaluation, and monitoring activities. All findings and recommendations shall be in writing, signed by the persons responsible for conducting the review activities, and supported and accompanied by documentation upon which the Board can take informed action.

ARTICLE IX THE VOLUNTEER SERVICES

9.1. Organization. Auxiliary and other hospital service organizations may be formed in Watsonville Community Hospital. The formation, constitution, bylaws, and operating procedure of such organizations shall be subject to approval and control by the Board of Directors. Each such organization shall cooperate with the Board and Chief Executive Officer in the best interests of Watsonville Community Hospital and its patients. Periodic and annual reports shall be made to the Board covering its activities by each organization.

9.2. Funds and Fund Raising. No volunteer service organization may undertake any fund raising or other project in the name of or for the benefit of Watsonville Community Hospital which might impose a liability on Watsonville Community Hospital or any affiliated entity without prior approval of the Board, nor undertake any activity on Watsonville Community Hospital premises without the approval of the Chief Executive Officer.

Funds collected or otherwise acquired on behalf of Watsonville Community Hospital or by any activities purporting to assist Watsonville Community Hospital or its patients, shall be reported to and be subject to control by the Board. No funds, other than operating funds, shall be disbursed without prior approval of the Board.

ARTICLE X RESERVED HOSPITAL BOARD AUTHORITY

No approvals granted and no assignment, referral, or delegation of authority by the Board of Directors to hospital management, the Medical Staff, volunteer service organizations, or anyone else shall preclude the Board from exercising the authority required to meet its responsibility for the conduct of Watsonville Community Hospital. The Board retains the right to rescind any such approval or delegation.

ARTICLE XI ACTIONS REQUIRING MEMBER APPROVAL

11.1. Approval or Action Requirement. Notwithstanding anything in these Bylaws to the contrary, neither the Board nor any officer or employee of PVHCDH may take any of the following actions, or approve a subsidiary or an affiliate taking any of the following actions, without the prior approval of the Member:

(a) Any merger, consolidation, reorganization, or dissolution of PVHCDH that would change the Member's status as sole member or owner of the assets operated by PVHCDH.

(b) Any transfer by sale, lease, debt or encumbrance, or other disposition, of any of the assets of PVHCDH, real or personal, outside the ordinary course of Watsonville Community Hospital business.

(c) Any transaction that, on a proforma basis, would cause PVHCDH to be in violation of any financial loan or bond covenant, as they exist at the time of the transaction, or that would cause PVHCDH's Debt to Capitalization Ratio to exceed 50%.

(d) Any Watsonville Community Hospital campus development plan that restricts future land use options or requires regulatory changes to land use permits/designations.

- (e) Any transaction that causes or is anticipated to cause a downgrade in Member or PVHCDH'S bond rating by a standard rating agency.
- (f) Amendment or restatement of the Articles of Incorporation.
- (g) Amendment or restatement of these Bylaws.
- (h) Any changes to the Mission Statement of the Watsonville Community Hospital.
- (i) Appointment of independent auditors.

11.2. Record of Approval or Disapproval. The Member's approval or disapproval of matters described in Section 11.1 of these Bylaws shall be recorded in or filed with the minutes of this Corporation.

ARTICLE XII GENERAL PROVISIONS

12.1. Compensation of Board Members. The members of the Board shall receive no compensation as such, except that they may be reimbursed from time to time for all expenses incurred on behalf of PVHCDH.

12.2. Indemnification. PVHCDH shall indemnify any Director, officer, employee or agent of PVHCDH for liability incurred by such person in the exercise of his or her duties with respect to PVHCDH to the extent permitted by Section 5238 of the California Corporations Code or any successor statute.

12.3. Fiscal Year. The fiscal year of PVHCDH shall end on December 31 of each year.

12.4. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular and the term "person" includes both a legal entity and a natural person.

ARTICLE XIII AMENDMENTS

These Bylaws may only be amended or restated by the Member.

SECRETARY'S CERTIFICATE

I certify that I am the Secretary of Pajaro Valley Health Care District Hospital Corporation, a California nonprofit public benefit corporation, and that the attached Bylaws of Pajaro Valley Health Care District Hospital Corporation are the current bylaws of this Corporation adopted by the Board of Directors of Pajaro Valley Health Care District Hospital Corporation, and approved by the Member, the Pajaro Valley Health Care District.

Dated: _____, 2022

_____, Secretary