

BYLAWS
OF
MARIN HEALTHCARE DISTRICT

Adopted: December 14, 1982
Amended: January 14, 1986
Amended: August 31, 1993
Amended: April 15, 1997
Amended: June 15, 1999
Amended: May 14, 2002
Amended: February 11, 2003
Amended: September 14, 2004

ARTICLE I

GENERAL PROVISIONS

Section 1. The District. Marin Healthcare District (the "District") is a local healthcare district organized December 9, 1946, under the provisions of the Local Healthcare District Law (Health and Safety Code, Division 32; the "District Law"). Under the terms of the District Law, as amended from time to time, the District has established and owns Marin General Hospital (the "Hospital"), located at 250 Bon Air Road, San Rafael (Greenbrae), Marin County, California. The Hospital has been leased (the "Lease") to Marin General Hospital ("MGH Corporation"), a nonprofit public benefit corporation, for a term of thirty (30) years ending November 30, 2015.

It shall be a policy of the District to comply fully with the provisions of the Health & Safety Code, including without limitation section 32125(a), which provides as follows:

The board of directors shall be responsible for the operation of all health care facilities owned or leased by the district, according to the best interests of the public health and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of health care facilities under their management and all property belonging thereto and may prescribe the terms upon which patients may be admitted thereto.

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 monitor the lease to ensure the optimum operation of the Hospital for the benefit of the communities served by the District.
- (e) To do any and all other acts and things which are appropriate for the provision of quality health care in the communities served by the District.
- (f) To achieve the highest quality of medical, psychiatric and trauma care at Marin General Hospital through oversight of such care.
- (g) To be an advocate for District Hospitals (i.e. elected District Board control).

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 1100 South Eliseo, Suite 4, Greenbrae, CA 94904. 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".)

Section 2. Powers. The powers of the District are set forth by 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 substantive and procedural policies regarding the affairs of the District in accordance with the best interests of the communities served by the District.
- (b) Monitor the activities of MGH Corporation (or other designates) as operator of the Hospital.
- (c) Enter into contracts and agreements with respect to the affairs of the District, including contracts for management services and for other activities approved by the Board.
- (d) 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).
- (e) 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.
- (f) Monitor and guard the integrity and quality of health care services provided at the Hospital.
- (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 Hospitals, enhanced public accountability requirements for all hospitals; better defined and professional requirements for hospital Quality Assurance Review Board panels.

Section 3. Compensation. Members of the Board shall serve without compensation, except that each Director shall be allowed and paid actual 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 monthly meetings at the Hospital or other designated location within the District on the second (2nd) Tuesday of each month, or at other regular times and place as may be designated by the Board or the Chair. 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, 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. Sturgis, The Standard Code of Parliamentary Procedure, Third Edition ("Sturgis") 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 shall be a Chair, a Vice Chair, and a Secretary. The Chair, Vice Chair and the Secretary shall be Directors. The officers shall be elected by the Board annually as the first order of business at the December Regular Meeting of the Board. Each officer shall serve for a term of one (1) year. Officers shall not hold the same office for more than two (2) consecutive years; provided, however, that if at its regular December meeting, the Board determines by a majority vote that because of special circumstances, including, without limitation, the existence of material litigation to which the District is a party, a restructuring of the District, or a change in the operational control of Marin General Hospital, it would be in the best interests of the District to maintain continuity in the Chair and/or Vice Chair, the term of either or both such officers may be extended to the next annual meeting for the election of Board officers. 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 Marin General Hospital, community groups and public agencies, and residents served by the District.
- (c) Be responsible for the ongoing administrative affairs of the District, including without limitation supervision of financial matters, correspondence and administrative activities of the District.
- (d) Signs 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.
- (f) Designate members of the Board to undertake special responsibilities and to report to the Chair on those activities not less than quarterly.
- (g) Coordinate with the District's legal counsel:
 - a. Except for requests for legal services by a committee or the secretary, receive all requests from Board members for the preparation of legal opinions, legal memoranda, contracts, corporate documents, or other legal work for legal counsel so as to eliminate duplication of same before submitting to legal counsel;
 - b. Prepare Board agendas with vice chair, with the assistance of legal counsel if necessary instruct legal counsel to prepare memoranda which are necessary to hold closed session meetings, Board Resolutions and other material pertinent to Board meetings as required;
 - c. Serve as an alternate at committee meetings, if able, upon the excused absence of a Committee member, and
 - d. Invite legal counsel to attend District meetings and Committee meetings, as required.
- (h) Perform other duties as pertain to the office as prescribed by the Board.
- (i) Appoint members of standing and ad hoc committees.
- (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. Vice Chair. In the absence or inability of the Chair to serve, the Vice Chair shall perform the duties of the Chair, and shall perform other duties as pertain to the office as are prescribed by the Board.

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

- (b) Be responsible for seeing that all correspondence, financial records, reports, and minutes of every Board meeting 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 6. Executive Assistant. The Executive Assistant shall assist the Secretary in performing the Secretary's duties and shall perform other duties as the Board may direct. The Chair shall provide direct supervision of the Executive Assistant.

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 of the Board at the first regular meeting of each calendar year.
- (b) All committees shall be advisory to the Board unless otherwise specified by the Board, whose purpose and progress shall be reviewed by the Board at the December regular meeting of the Board.
- (c) Two (2) Directors shall be assigned to each committee, one of whom shall be the committee chair. The Chair shall be an ex officio member of Standing Committees.
- (d) Each member of a committee shall be entitled to vote on the committee.
- (e) In the event a member of a committee cannot attend a committee meeting, the Chair may designate a substitute; provided, however, that in the event the absent member is a Director, the substitute shall be a Director.
- (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) Management, Finance and Audit, and (ii) Lease and Building.

- (b) Standing Committees shall hold meetings at least once each quarter, and at other times as agreed by committee members or as directed by the Board.
- (c) At a Standing Committee meeting a quorum shall be one of the two members of the committee, and a record of proceedings shall be kept. There shall be an agenda for each Standing Committee meeting, which shall be prepared in advance and distributed to all Board members.

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

(a) Management:

- 1) Review and recommend to the Board policies and procedures relating to the overall management of the affairs of the District.
- 2) Review and recommend to the Board policies and procedures relating to compliance with the requirements of the state and federal governments, including District Law and the Brown Act.
- 3) Review and recommend to the Board policies and procedures for District contracts, and oversee and report to the Board on the performance of District contractors.
- 4) Review staff compensation and benefits annually in March and recommend salary adjustments to the Board for the budget meeting.
- 5) Review annually, in March, general and special counsel contracts and performance.

(b) Finance:

- 1) Oversee the financial management and budget of the District.
- 2) Review and recommend to the Board policies and procedures in the areas of finance, fiscal controls, investments and insurance programs.
- 3) Review attorney and other consultant fees by project on a quarterly basis.
- 4) 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.
- 5) Monitor financial statements and actual-to-budget income and expenditures on a quarterly basis.

(c) Audit:

- 1) Review and recommend to the Board policies and procedures relating to the audit.
- 2) 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.

- 3) Recommend to the Board a change in auditors at least every five years, and oversee the selection process.
- 4) Review the completed audit when received and report the Committee's recommendation concerning the audit to the Board.
- 5) Review current GASB 34 policies annually and recommend to the Board, an appropriate auditor as needed.

(d) Perform other duties assigned by the Board.

Section 4. Lease and Building Committee. The Lease and Building Committee shall be responsible for performing the following functions:

- (a) Oversee the compliance of all agreements related to District assets, including but not limited to the Lease and related agreements entered into between the District and MGH Corporation, and/or any other third party regarding the Hospital facilities and campus and any building facilities owned or operated by the District and/or MGH Corporation, its parent corporation, or its subsidiary corporations.
- (b) Monitor the activities of MGH Corporation, and the 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 interests under the Lease are protected.
- (d) Perform other duties assigned by the Board.

Section 5. Ad Hoc Committees. Ad Hoc Committees may be established by the Chair, subject to the approval 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 two (2) Directors. All Ad-Hoc Committees purpose and progress shall be reviewed annually by the Board at the March annual meeting.

ARTICLE VI

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 VII

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 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 his/her employment for the District. For purposes of this Article VII, 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, employee or servant of the District.

Adopted by the Board of Directors on September 14, 2004