

TENTH RESTATEMENT OF BYLAWS
OF
MARIN GENERAL HOSPITAL,
a California nonprofit public benefit corporation

*Includes Revisions effective June 30, 2010, and amendments
of August 5, 2010, November 3, 2011, September 5, 2013, December 5, 2013, March 6, 2014,
December 4, 2014, and May 3, 2016*

TENTH RESTATEMENT OF BYLAWS

OF

MARIN GENERAL HOSPITAL,
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, Marin General Hospital (“MGH”), a nonprofit public benefit corporation organized under the laws of the State of California.

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

ARTICLE II
PURPOSES

This Corporation was formed for the purposes set forth in its Articles of Incorporation.¹ The property of the Corporation 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.

¹ As of the date of the adoption of this Tenth Restatement of Bylaws, Paragraph B of Article SECOND of the articles of incorporation provides as follows:

B. The primary purposes of this corporation are:

1. To establish, equip and maintain one or more nonprofit hospitals, medical centers, institutions or other places for the reception and care of the sick, injured and disabled, with permanent facilities that include inpatient beds and medical services; to provide diagnosis and treatment for patients; and to provide associated services, outpatient care and home care in furtherance of this corporation's charitable purposes;

2. To promote and carry on educational activities related to the care of the sick, injured and disabled, or to the promotion of health;

3. To promote and carry out scientific research related to the care of the sick, injured and disabled; and

4. To promote or carry out such other activities as may be deemed advisable for the betterment of the general health of the community served.

ARTICLE III
MEMBERSHIP

3.1 General Member. There shall be one member of this Corporation who shall be the Marin Healthcare District, a political subdivision of the State of California (the “General Member”). The General Member, and only the General 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 General Member shall also include, without limitation, the following: the limitation on liabilities described in Section 3.3 of these Bylaws; the right to reject selection of all of the members of the Board of this Corporation, subject to Sections 4.4 (g) of these Bylaws; and the exercise of all of the rights set forth in Articles X and XI of these Bylaws. The General Member may not be expelled or suspended as the General Member without its consent. Any reference in these Bylaws to the “member,” “Member,” “general member,” “General Member,” “corporate member,” or “Corporate Member” of this Corporation, or any similar such reference, shall mean the Marin Healthcare District, a political subdivision of the State of California. By reason of the rights or status of the General Member herein, there has been no express or implied delegation of any public agency authority from the General Member to this Corporation.

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

3.3 Liabilities and Assessments. The General Member shall not be liable for the debts of this Corporation. The Board of this Corporation shall have no power to levy and collect assessments on the General 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 this Corporation shall be vested in a Board of Directors (the “Board”). Specifically, the Board of Directors shall be empowered as follows:

- (a) To control and be responsible for the overall governance of MGH, including the provision of management and planning.
- (b) To make and enforce all rules and regulations necessary for the administration, governance, protection and maintenance of MGH and other facilities under its jurisdiction and to ensure compliance with all applicable laws.
- (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 Hospital, and affiliated entities, as specified herein and consistent with Board of Directors' Policies.
- (d) To periodically review and develop a strategic plan for the Hospital.
- (e) To determine policies and approve procedures for the overall operation and affairs of the Hospital and its facilities according to the best interests of the public health and to assure the maintenance of quality patient care.
- (f) To evaluate the performance of the Hospital in relation to its vision, mission and goals.
- (g) To provide for coordination and integration among the Hospital's leaders to establish policy, maintain quality care and patient safety, and provide for necessary resources.
- (h) To be ultimately accountable for the safety and quality of care, treatment and services.
- (i) To review and approve annual operating and capital budgets as may be further specified herein and within financial policies adopted by the Board.
- (j) 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 the Corporation, to be exercised in accordance with that delegation.
- (k) To implement Compliance Program oversight consistent with 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.

(l) To adopt operational policies designed to promote the responsible use of healthcare resources while striving for the best outcomes for quality, services and costs.

(m) 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.

4.2 Number. The Board shall, until changed by amendment to these Bylaws, consist of a maximum of thirteen (13) members and no less than nine (9) voting members.

4.3 Composition of the Board.

(a) Community Directors. Six to ten of the members of the Board shall be persons who reside or have their principal place of business in Marin County (the “Community Directors”).

(b) Physician Directors. Two members of the Board shall be licensed physicians who are active members in good standing of the Medical Staff. In addition to his or her representative status as set forth in Section 7.1 below, at the discretion of the Board, the Chief of the Medical Staff may be designated an ex officio non-voting member of the Board.

(c) Chief Executive Officer. The Chief Executive Officer of the Corporation shall serve ex officio as a voting member of the Board.

4.4 Nomination and Selection of the Board.

(a) Nominating Committee. The Board shall establish, as a standing committee, a Nominating committee to identify and present candidates to the Board for selection by the Board to the Board (“**Nominating Committee**”). If the Nominating Committee becomes other than a standing committee, the Board shall establish the Nominating Committee whenever a vacancy on the Board exists, or at least ninety (90) days prior to the expiration of the term of any Community Director or Physician Director. The members of the Nominating Committee shall serve at the discretion of the Board. Potential Director names can be submitted at any time to the Committee by the General Member, its officers and directors, the Board and its officers, self nominations, or other community resources solicited by the Board or the Committee. The Committee shall evaluate candidates based on qualifications and criteria set forth in Section 4.4 (e) below.

(b) Nomination of Physician Directors. For the nomination of the Physician Directors, the MGH Medical Staff shall propose nominees to the Nominating Committee. For each vacant position the Medical Staff shall propose to the Nominating Committee at least three (3) physicians. The Nominating Committee shall select a physician nominee from the candidates forwarded by the Medical Staff, or from other nominees, and present the candidate to

the Board.

(c) Exclusion from Nominations. Persons who serve on the Nominating Committee shall not be nominated by that committee for a Director position.

(d) Exclusion from Vote. If a nominee is currently a Director, that Director shall not vote or be present for the vote regarding any of the nominees (including him or herself), and shall not be included for purposes of counting the total number of Directors eligible to vote for the election of Directors, but shall be counted for purposes of a quorum.

(e) Qualifications and Criteria. Directors shall be experienced and successful in professional, organizational, and community activities, and shall be selected for their willingness and ability to participate effectively in fulfilling the Board's responsibilities and working with existing Directors. Directors shall demonstrate dedication to MGH and professional and functional expertise in identified skill mix needs of the Board. Directors shall, in addition, meet criteria adopted by the General Member, which criteria are attached hereto and incorporated into these Bylaws as Attachment A. Potential Directors will be vetted by the Nominating Committee for ability to comply with the Board's Conflict of Interest Policy.

(f) Board Selection. The Nominating Committee shall advance candidates and supporting information to the Board one month or more in advance of a regular Board meeting. Unscheduled appointments will be considered as candidates are identified and presented to the Board at a regular meeting. The Board shall select candidates so advanced by a two-thirds vote of members voting. Board members so re-appointed shall assume Board membership upon commencement of their new term. New Board candidates selected by the Board shall be submitted to the General Member for approval. Candidates approved after submission to the General Member shall assume Board membership.

(g) General Member Right to Reject. The Board shall select new members based upon its nominating and Nominating Committee process outlined in Section 4.4 (a) through (f) above. The Nominating Committee shall, prior to making its selection, seek in good faith the input of the General Member through its officers regarding candidates under its consideration. The Nominating Committee shall also maintain a dialogue with the General Member through its officers during the nomination process. Once such a selection has been made by the Board following the Nominating Committee process, the Board shall notify the General Member of its selection at least 20 days prior to a scheduled General Member Board meeting, and the General Member shall have two meeting cycles after the candidate's submission to approve or reject the Corporation's selection. The General Member may interview the candidate submitted by the Board. Failure of the General Member to act on a candidate within one meeting cycle of the candidate's submission shall be deemed approval. If such selection is rejected, then the Board shall select another candidate, and the notification and acceptance/rejection process shall be repeated.

If the second candidate is also rejected, and the minimum Board membership cannot be

maintained without General Member approval of a new Board member, then the Board shall forward two selections to the General Member and the General Member shall approve one such selection. If the General Member fails within one meeting cycle to approve one such selection, then the parties shall submit the matter to binding arbitration by one arbitrator in Marin County, California, in accordance with the commercial arbitration rules of the American Arbitration Association. The standard for the arbitrator shall be whether the Corporation reasonably followed the criteria established herein. If the arbitrator determines that the Corporation did reasonably follow the criteria, and the arbitrator determines that only one of the two candidates meets these criteria, that person shall be deemed the new Director. If both are held by the arbitrator to meet the criteria, then the first one selected of those who meet the standard shall be the new Director. If neither are held by the arbitrator to have met the standard, both shall be considered rejected and the process outlined above shall commence again (i.e., two rights to reject, followed by arbitration).

4.5 Term. Directors, other than the CEO and Chief of Staff (if an ex officio member), shall serve four year terms. Director’s terms shall be considered commenced in January of the calendar year of appointment. Directors can serve, if reappointed, a maximum of three terms. If Board membership is less than 11 members upon the expiration of a Director’s third term, the Board may appoint the Director to an additional one year term, up to a maximum of three such extensions. No Director may serve more than 15 years or be appointed to a term that would result in service of more than 15 years. Notwithstanding the foregoing, to promote staggered incumbent terms, the Directors first seated in 2010, or Directors replacing members first seated in 2010, shall by a rotation determined by the Board prior to the expiration of their terms in 2018, each serve successive terms according to the following schedule:

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
CEO		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
General Director:	1					•				▲				•					
	2					•				▲				•					
	3					•				•	▲				•				
	4					•				•	▲				•				
	5					•				•		▲				•			
	6					•				•		▲				•			
	7					•				•			▲				•		
	8					•				•			▲				•		
	9					•				•				▲				•	
	10					•				•				▲				•	
	11		▲					•			•				▲				•
	12		▲					•			•				▲				•

• = Reconfirmation
▲ = New Director Appointment (Seats 11 and 12 to commence terms in actual year of appointment)

To maintain staggered incumbent terms after 2018 consistent with the above chart’s established seat terms, and upon the recommendation of the Nominating Committee, new Directors, other than the CEO, appointed to serve initial terms or to fill vacancies created prior to expiration of

the former Director's term, shall be appointed to hold office for an initial term designated by the Board at the time of appointment of 1 to 4 years. At the time of appointment the Board shall also designate whether the new Director may serve, if re-appointed, 1 to 3 additional three year terms; however, no Director shall be eligible for, or appointed to, a new term that would cause the Director to serve more than 15 consecutive years. Former Directors are eligible for new appointments to the Board after having left the Board for at least two full years.

4.6 Vacancies. Any vacancy occurring on the Board of this Corporation shall be filled if it would render the Board with less than 9 members. The Board shall elect whether to declare a vacancy and fill vacancies when at least 9 members remain on the Board. Vacancies shall be filled by the nominating process provided in Section 4.4 and with terms as provided in Section 4.5.

4.7 Removal. Upon the majority vote of the remaining members of the Board, the Board may declare vacant the office of any Director who has: been declared of unsound mind by a final order of court; been convicted of a felony or a crime of moral turpitude; been found by a final order or judgment of any court to have breached any duty of a director under these Bylaws, the Articles of Incorporation or the California Corporations Code; failed to attend meetings according to attendance requirements established by the Board, or for such other cause, including but not limited to: (1) repeated and continuing conduct disruptive to the operation of the Board, which in the opinion of the majority of the remaining members of the Board renders such director unable or unfit to properly discharge his or her duties and responsibilities to this Corporation; (2) failure to comply with the Board's Conflict of Interest or Fiduciary Policies, failure to continue to meet ongoing Director qualifications (e.g., moves residence and/or business out of the community); or (3) as authorized or permitted by applicable non-profit corporation law.

The General Member may remove a Director for (1) violation of the Board's Conflict of Interest Policy and failure of the Board to enforce compliance with the Policy; (2) a conviction for a felony or crime of moral turpitude and failure of the Board to remove the Director; (3) failure of a Director to vacate a board seat after expiration of his or her term without eligibility for re-appointment and failure of the Board to remove the Director, and (4) upon termination or expiration of that certain Lease entered into between the Corporation and the General Member commencing December 2, 2015. The Corporation shall notify the General Member within five business days of the Corporation's becoming aware that a Director has or may have violated the Board's Conflict of Interest Policy, has been convicted of a felony or crime of moral turpitude, or has or may have failed to vacate a Board seat after expiration of his or her term without eligibility for re-appointment. Except as provided in Article XI, Performance Metrics and Core Services Policy, Section 11.1 (c), and Article XIV (General Member Remedies Upon Violation of Certain Bylaws Provisions), there are no other grounds for General Member removal of a Director. Prior to exercising its Director removal rights under this Section 4.7, the General Member must notify the Board Chairperson, or Vice Chairperson if the concern relates to the Chairperson, at least forty-five (45) days in advance of considering action. The Chair of the General Member will initiate a special Ad Hoc Committee comprised of two General Member Board Directors and the MGH Board Chairperson plus additional MGH Board Directors as deemed necessary by the MGH Board Chairperson. The Ad Hoc Committee will be responsible to evaluate the concerns (i.e., suggested grounds for potential removal) and relevant Director situation. The Ad Hoc Committee will recommend action to the

General Member if necessary. The Ad Hoc Committee will encourage the MGH Board to convene and take appropriate actions, if necessary, prior to making any recommendations to the General Member.

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

4.9 Organizational Meeting. As soon as reasonably possible after the Marin Healthcare District becomes the General Member, 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.

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

4.11 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.

4.12 Notice of Meetings. Notice of the time and place of any meeting shall be delivered personally, communicated by telephone or electronic mail, or sent to each director by first-class mail, charges prepaid, addressed to the director either at his or her address as it is shown on the records or if it is not so shown or is not readily ascertainable, to the place where the principal office of the Corporation is located. If sent by mail, such notice shall be mailed at least four (4) days prior to the meeting.

4.13 Quorum. A majority of the voting members of the Board then serving shall constitute a quorum at any meeting of the Board provided that the minimum number of voting members of the Board which may constitute a quorum shall be seven (7). The act of the majority of the voting power present at any meeting at which a quorum is present shall be considered the act of the Board.

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

4.15 Validation of Transactions. The transactions of the Board of Directors at any meeting, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each director entitled to vote at the meeting for that purpose not present signs a written waiver of notice, a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

4.16 Action Without Meeting. Any action required or permitted to be taken by the Board under the provisions of the California Corporations Code, the Articles of Incorporation, or these Bylaws may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such action by written consent shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors. Any certificate or other document filed on behalf of the Corporation relating to an action taken by the Board without a meeting shall state that the action was taken by a unanimous written consent of the Board without a meeting, and that the Bylaws of this Corporation authorize its directors to so act.

4.17 Quorum Initially Present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors if any action is approved by at least a majority of the required quorum for such meeting, or such greater number as is required by the California Corporations Code, the Articles of Incorporation or these Bylaws.

4.18 Telephonic Meetings. Members of the Board may participate in a meeting through use of a conference telephone or similar communications equipment, so long as each director participating in such meeting can simultaneously hear all other directors so participating. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting.

4.19 Public Input Session. At all of its regular meetings the Board shall conduct a session to be open to the public. The Board shall set guidelines for such sessions and shall generally conduct them for the purpose of conveying updates on Hospital affairs and performance to the community, and for receiving input from the community on matters pertaining to MGH and Marin healthcare. In conjunction with periodic reporting requirements set forth in Article 11 [Performance Metrics] herein and other General Member forums held for General Member and public input, upon request by the General Member the Hospital leadership (among Board, Management, and Medical Staff) shall attend an annual public forum for a general report on MGH performance, programs and services, with an opportunity for public input on these and other topics concerning the healthcare needs of the communities served by this Corporation.

4.20 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 by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise (excluding any reasonable compensation paid to a Director 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 the Corporation.

4.21 Hospital Board Director Review and Re-confirmation. In addition to periodic full Board evaluations, the Board shall review Directors annually and in connection with Nominating Committee consideration of re-appointments. All Directors will be reviewed on an annual basis by

the Chairperson and / or the Executive Committee. The purpose of the review is to reconfirm commitment and capacity to continue to serve on the Board including evaluation of participation, preparation, fitness to serve, conformance to fiduciary, confidentiality and conflict of interest policies, Board Member criteria (Attachment A) and other requirements. The review may also identify any personal development or education needs for the upcoming year. Prior to the end of a Director's four-year term, the Executive Committee must review the Director's performance, continued qualifications and commitment to serve, and discuss any issues directly with the Director.

4.22 Conflict of Interest Policy. The Board shall develop and adhere to a conflict of interest policy that incorporates the provisions of Section 5233 of California Nonprofit Corporation Law. The initial Conflicts Policy shall be that adopted by the General Member prior to adoption of these Bylaws.

4.23 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 and applicable federal and state non-profit corporation laws. 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. Board members shall adhere to the Conflict of Interest Policy enacted pursuant to Section 4.22 of these Bylaws, and the Fiduciary Policy developed and implemented by the Board.

4.24 Access to Board Records and Reports. Upon request, officers of the General Member shall have access to 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 of the General 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 the Corporation's offices only to the chief executive or designated legal counsel of the General Member upon request.

4.25 Bylaw 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 years, commencing in June 2011, the Board shall seek the input of the General Member in connection with such a review.

ARTICLE V
OFFICERS

5.1 Officers of this Corporation. The officers of the Corporation shall be a Chair, a Vice Chair of the Board, a Chief Executive Officer, a Secretary, and a Treasurer (which office shall be separate from the Corporation's Chief Financial Officer). No officer may hold more than one office at a time.

5.2 Officers Elected by the Board. The Chair of the Board, Vice Chair of the Board, Treasurer, and the Secretary shall be elected annually by the Board at its organizational meeting. Nominations shall be submitted in advance of the selection by the Nominating Committee. 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, 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 as follows: (a) any officer elected pursuant to Section 5.2 may be removed by the vote of the Board; and (b) any officer appointed by the Chief Executive Officer may be removed by the Chief Executive Officer.

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 this Corporation when he 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 this Corporation 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 this Corporation subject to any employment agreement.

(b) Responsibilities and Authority. The Chief Executive Officer shall be the general manager, administrator and Chief Executive Officer of this Corporation. The Chief Executive Officer shall be given the necessary authority and responsibility to operate this Corporation 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 this Corporation 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 this Corporation in all matters in which the Board has not formally designated some other person to so act.

5.8. Treasurer. The Treasurer of this Corporation shall keep and maintain or cause to be kept and maintained adequate and correct account of the properties and business transactions of the corporation, 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 the corporation and he or she shall sign financial documents on behalf of the corporation in accordance with the established policies of the corporation. 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 the Corporation.

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 this Corporation 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. The Corporation 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 (e.g., the Executive Committee), 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 (other than

ex officio members). 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 attend only at the discretion of the committee. The Chair and the CEO of the Corporation shall each serve ex officio as voting members on each standing committee, unless specifically excluded or otherwise specifically made members of the committee by these Bylaws or by appointment.

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 the Corporation, the Board may delegate to any standing committee the power, subject to applicable law, to manage or direct any activity of the Corporation. 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, the Chair, or the Executive Committee of the Board of Directors, and shall consider matters requested by other committees or the CEO of the Corporation.

(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 Corporation policy or otherwise exercise any powers of the Board with respect to the business and affairs of the Corporation.

(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 Corporation policy or otherwise exercise any powers of the Board with respect to the business and affairs of the Corporation.

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, 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 (ex officio members shall not count toward the designated number of members of the Committee):

(a) Executive Committee. The Executive Committee shall consist of five (5) voting members of the Board: (1) the Chair of the Board, (2) the Vice Chair, (3) the Treasurer, (4) the Secretary, and (5) the CEO of the Corporation. The Executive Committee shall, subject to the Articles, these Bylaws, applicable law, and the ultimate authority of the Board, exercise the power of the Board to transact all the regular business of the Corporation when there is a urgent situation if the Chair of the Board, the Corporation CEO, or any two Board members, believe that it would be in the best interests of the Corporation for the Executive Committee to meet in order to resolve the issue prior to the next Board meeting. The Chair of the Board or the Corporation CEO shall call upon the Executive Committee for advice and recommendations on matters of major importance, including matters they intend to take to the full Board. This Committee shall oversee the following for the Corporation: revisions to the Articles and Bylaws of the Corporation; governance policies addressing the Board of Directors and its committees; business and compliance review of executive officer compensation and benefits including any performance or incentive based compensation (no member of this Committee who is either a member of the Medical Staff or an “interested director” [defined in Section 4.20] shall participate in executive compensation matters); Board development and education; the Board of Directors’ periodic self-evaluations (which shall include assessment of resolution of safety and quality issues), the performance of the Board and its committees; and establishment of Board and committee performance goals. Internal conflicts concerning Medical Staff affairs shall be referred to the Executive Committee on an as needed basis for resolution. Consistent with requirements of these Bylaws and any applicable Hospital policies and procedures, the Executive

Committee is delegated authority to take action on behalf of the Board in circumstances in which it is not reasonably practicable to obtain full Board approval before action is needed upon contracts or transactions subject to Board approval under applicable conflicts laws and regulations and the Board Conflicts of Interest Policy. Committee action on conflicts matters shall be subject to Board ratification at its next meeting following the action.

(b) Finance Committee. The Finance Committee shall consist of a minimum of two (2) voting Board members, with up to eight (8) persons. The Finance Committee shall include the Treasurer (if not otherwise appointed as a voting member of the Finance Committee). The Finance Committee shall oversee all financial matters for the Corporation including operating and capital budgets, borrowings and capital planning, audits, material contracts and leases, business plan development and implementation, and facilities and equipment.

(c) Strategic Planning and Marketing Committee. This Strategic Planning and Marketing Committee shall consist of a minimum of two (2) voting Board members, with up to nine (9) persons. The Committee shall include at least one physician as a member. The Strategic Planning and Marketing Committee shall oversee marketing and strategic planning, integration of the Corporation operations and facilities, service changes or adjustments, physician development, facility planning, and strategic alliances and ventures. The Committee shall oversee development and implementation of the Corporation's community benefit programs and shall seek input into its work from the General Member. The Committee shall also facilitate coordination of its community benefit programs with similar programs undertaken by the General Member.

(d) Nominating Committee. The Nominating Committee shall consist of a minimum of two (2) Board members, with up to four (4) persons. In addition to nominating new Board members and existing members for new terms, the Committee shall recommend individuals for appointment by the Board to vacant positions on standing or special committees. By the December Board meeting of each year, the Committee shall nominate members to fill Board officer positions with new terms commencing the following January.

(e) Human Resources Committee. The Human Resources Committee shall consist of a minimum of two (2) voting Board members, with up to four (4) persons. The Human Resources 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).

(f) Quality and Patient Safety Committee. The Quality and Patient Safety Committee shall consist of a minimum of two (2) voting Board members, with up to nine (9) persons. The Committee will be assisted in its work by the CEO (a voting ex officio member), the CNO (Chief Nursing Officer), the Safety Officer, and the Medical Staff as needed. The Quality and Patient Safety Committee shall include at a minimum: two (2) physician Board Members. Non-voting, ex officio members shall include: the Chief of Staff (if not a physician Board Member), Chief Medical Officer and the CNO. 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) Review and recommend to the Board on its oversight of all applications for appointment and reappointment to the Medical Staff, including privileges to be granted (except applications for temporary appointments and privileges which have been granted by the CEO pursuant to applicable procedures).
- (4) 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:
 - completed applications for initial staff appointment, initial staff category assignment, initial department/divisional affiliation, membership prerogatives and initial clinical privileges;
 - completed applications for reappointment of medical staff, staff category, clinical privileges;
 - establishment of categories of Allied Health Professionals permitted to practice at the hospital, the appointment and reappointment of Allied Health Professionals and privileges granted to Allied Health Professionals.
- (5) Provide a system for resolving conflicts that could adversely affect safety or quality of care among individuals working within the hospital environment.
- (6) Ensure that adequate resources are allocated for maintaining safety and quality care, treatment and services.
- (7) Analyze findings and recommendations from the 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.
- (8) Assess the effectiveness and results of the quality review, utilization review, performance improvement, and risk management programs.

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

(g) Audit Committee. This Committee shall consist of a minimum of two voting Board members and not more than five (5) members as determined by the Board. The CEO shall not be a member of this Committee. The Committee shall be guided by the Committee's Charter as approved or further amended by the Board of Directors.

This Committee shall oversee effective functioning of the Corporation's financial auditors, including approving their engagement by the General Member and fee, their qualifications and independence, adequacy of the Corporation's internal control systems, and provide oversight of the integrity of financial statements and reports. The Committee shall further assume such powers and responsibilities as specifically assigned or delegated from time to time by the Board of Directors, either directly or through development or amendment of the Committee's Charter.

The Committee shall meet at least once during each fiscal quarter, or more frequently as circumstances dictate and as necessary to fulfill the Committee's responsibilities and duties.

(h) Board Credentialing Committee. Consistent with requirements of these Bylaws and applicable Hospital policies and procedures, and consistent with procedures for the appointment and reappointment of Medical Staff members based on Joint Commission accreditation standards, the Board of Directors delegates authority to take action on behalf of the Board on such appointments or reappointments to a standing committee of the Board, designated the Board Credentialing Committee. The Committee shall consist only of Board members and have at least two voting members of the Board who are also members of the Quality and Patient Safety Committee. The Chair and Vice Chair of the Committee shall be the Chair and Vice Chair of the Quality and Patient Safety Committee.

Applications for appointments, reappointments and the granting of clinical privileges are eligible for such review by the Committee, except that applications in the following circumstances are not eligible for expedited processing:

- (i) incomplete applications (which shall not be processed in any event); and
- (ii) applications as to which the Medical Executive Committee has made a final recommendation that is adverse or has limitations.

Applications showing any of the following circumstances shall be evaluated on a case-by-case basis and may be processed on an expedited basis only where, in the judgment of the Board Credentialing Committee, they do not present facts indicating any potential threat to patient safety:

- (1) a current challenge or successful past challenge to licensure or registration;
- (2) an involuntary termination of medical staff membership at another hospital;
- (3) an involuntary termination, limitation, reduction, denial, or loss of clinical privileges at any other hospital or other entity; or
- (4) an unusual pattern of, or an excessive number of, professional liability actions resulting in a final judgment against the applicant.

In assessing whether expedited processing is appropriate for applications presenting facts in conformance with Items 1 - 4 above, the Board Credentialing Committee may take into account the time that has elapsed since the circumstances occurred, the frequency of such circumstances, and the severity of such circumstances, as well as other relevant information. Applications not so eligible shall be reviewed by the full Board. Any decision reached by the Committee to appoint shall be effective immediately and shall be forwarded to the Board for ratification at its next meeting.

[To be reconstituted as a subcommittee of Finance. New subcommittee status to be established per 6.4(b) above]

6.6 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.

6.7 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 MEDICAL STAFF

7.1 Organization. The Board of Directors shall appoint the Medical Staff which derives its authority from the Board of Directors and which shall function in accordance with Medical Staff Bylaws, Rules and Regulations and policies that have been approved by the Medical Staff and Board of Directors. The Medical Staff shall be represented before the Board of Directors by the Chief of Staff or his/her designee and shall be afforded full access to the Board through the Board's regular meetings and committees described herein. Medical Staff membership shall be composed of physicians, dentists, podiatrists, clinical psychologists and other practitioners granted practice privileges in Marin General Hospital. Proposed bylaws, rules and regulations may be recommended by the Medical Staff, but only those approved by the Board of Directors and consistent with these Bylaws shall become effective. The Medical Staff shall be self-governing with respect to professional work performed in the Hospital and shall be responsible to the Board of Directors for the quality, treatment, and services rendered to Hospital's patients. It shall be organized into departments and divisions as may be deemed necessary. Only members of the Medical Staff shall

admit patients to the Hospital; except that the Chief Executive Officer, on recommendations of those officers and individuals specified in the Medical Staff bylaws, shall have authority to grant temporary privileges to a physician, dentist, podiatrist, clinical psychologist or other practitioner who is not a member of the Staff under conditions specified in Staff bylaws.

7.2 Authority Delegated to Staff. The Medical Staff shall be responsible for providing appropriate professional care to the Hospital's patients. Each member of the Medical Staff shall have appropriate authority and responsibility for the care of his or her patients, subject to such limitations as are contained in these Bylaws and in the Bylaws and Rules and Regulations of the Medical Staff, and subject, further, to any limitations attached to his or her appointment.

7.3 Appointments. The Board of Directors, after considering recommendations of the Medical Staff, shall appoint to the Staff, in numbers consistent with the physical capacity of the Hospital's facilities, physicians, dentists, podiatrists, clinical psychologists and other practitioners who meet the qualifications for membership set forth in the bylaws of the Medical Staff. The Board of Directors shall delegate to the Medical Staff the responsibility and authority to investigate and evaluate all matters relating to Medical Staff membership status, clinical privileges, and corrective action, except as provided in this Section 7.3 and Section 7.6. The Medical Staff shall adopt and forward to the Board, or committee of the Board, specific written recommendations, with appropriate supporting documentation, that will allow the Board of Directors to take informed action. When the Board of Directors does not concur with a Medical staff recommendation, the matter shall be processed in accordance with the Medical Staff Bylaws and applicable law before the Board renders a final decision. The Board of Directors shall act on recommendations of the Medical Staff within the period of time specified in the Medical Staff Bylaws or Rules and Regulations, or if no time is specified, then within a reasonable period of time. However, at all times the final authority for appointment to membership on the Medical Staff of the Hospital remains the sole responsibility and authority of the Board of Directors. All appointments to the Medical Staff shall be for a maximum of two (2) years, renewable by the Board. All procedures for the appointment and reappointment of Medical Staff shall comply with the standards of the Joint Commission.

7.4 No Discrimination. No person applying for professional staff membership or privileges shall be discriminated against based on sex, race, color, religion, ancestry or national origin. Likewise, there shall be no discrimination based on such additional criteria as may be prescribed by statute, regulation or case law.

7.5 Medical Staff Appeal to the Board. There shall be a process for appealing to the Board a decision of the Medical Staff Judicial Review Committee regarding an applicant or member of the Medical Staff. This process shall be described in the Medical Staff bylaws.

7.6 Initiation of Corrective Action and Suspension. Where in the best interests of patient safety, quality of care, or the Hospital staff, and after consultation with the Chief of Staff, the Board of Directors shall have the authority to take any action that it deems appropriate with respect to any individual applying for or appointed to the Medical Staff or who is seeking or exercising

clinical privileges or the right to practice in the Hospital. Action taken by the Board of Directors in such matters shall follow the procedures for corrective action outlined in the Medical Staff Bylaws, Rules and Regulations. The Board shall notify the Medical Staff executive Committee immediately of any such action.

The Chief Executive Officer may summarily suspend or restrict clinical privileges of any Medical Staff member where failure to take action may result in imminent danger to the health of any individual and when no person authorized to take such action by the Medical Staff is available, provided that the Chief Executive Officer has made reasonable documented attempts to contact the person or persons so authorized.

7.7 Medical Care and Its Evaluation. Members of the Medical Staff shall be responsible for the medical supervision of each hospital patient, and in the exercise of that responsibility, each shall observe all the ethical principles of his or her profession. The Medical Staff shall conduct a continuing review and appraisal of the quality of professional care rendered in the Hospital, and shall be accountable to the Board for conducting activities that contribute to the preservation and improvement of quality patient care and safety in the Hospital. Adequate and complete medical records shall be prepared and maintained for all patients and such records shall be an indispensable part of such review and appraisal. The Chief Executive Officer shall provide the Medical Staff with necessary assistance to facilitate regular comprehensive peer analysis of the clinical practice and to facilitate utilization review activities within the Hospital.

7.8 Chief of Staff. The Chief of Staff shall be medical advisor to the Board and the Chief Executive Officer. He or she shall be responsible for the proper functioning of the medical organization of the Hospital and shall maintain effective supervision over medical work in all departments and divisions. The Chief of Staff shall be an *ex officio* member or a member of all Medical Staff committees and boards, and shall perform such other duties as may be required by these bylaws, the Medical Staff bylaws, or the Board.

7.9 Medical Staff Meetings. The Medical Staff shall hold periodic meetings in accordance with the minimum meeting requirements of the Joint Commission.

7.10. Hospital Professional Contracts. Physicians, dentists, podiatrists and clinical psychologists employed by or under contract to the Hospital shall be duly appointed and qualified members of the Medical Staff and the final decision regarding their selection, renewal, or termination, consistent with Medical Staff Bylaws, shall reside with the Board of Directors. Medical Staff membership may not be made contingent on the continuation of a contract; however, the exercise of clinical privileges which involve the use of Hospital equipment and facilities may be limited to holders of an exclusive contract.

ARTICLE VIII
THE VOLUNTEER SERVICES

8.1 Organization. Auxiliary and other hospital service organizations may be formed in Marin General 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 the Hospital and its patients. Periodic and annual reports shall be made to the Board covering its activities by each organization.

8.2 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 the Hospital which might impose a liability on the Hospital or any affiliated entity without prior approval of the Board, nor undertake any activity on Hospital premises without the approval of the Chief Executive Officer.

Funds collected or otherwise acquired on behalf of the Hospital or by any activities purporting to assist the 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 IX
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 the Hospital. The Board retains the right to rescind any such approval or delegation.

ARTICLE X
ACTIONS REQUIRING GENERAL MEMBER APPROVAL

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

(a) Any corporate merger, consolidation, reorganization, or dissolution of this Corporation that would change the General Member's status as sole corporate member or owner of the land and assets leased by this Corporation.

(b) Any transaction requiring the consent or approval of the General Member pursuant to the lease of the MGH campus and facilities by the General Member to this Corporation, commencing December 2, 2015, as it has been or may be amended ("the lease"). No provision in

these Bylaws shall be construed as altering or limiting any approvals or consents required of the General Member pursuant to the lease.

(c) Any material transfer by sale, lease, debt or encumbrance, or other disposition, of any of the assets of the Corporation, real or personal, outside the ordinary course of hospital business. Notwithstanding the foregoing the following will not require the prior approval of the General Member:

(i) any transaction amounting to a transfer of less than ten percent (10%) of the assets of the Corporation (approximately \$ 27million at December 31, 2015 as of the month immediately preceding the transaction, to another legal entity in connection with an affiliation or joint venture investment or service operation off the MGH campus.

(ii) a financing transaction, including, but not limited to, debt financing or borrowings, equity financings, capitalized leases and installment contracts, expected to amount in total principal value to less than ten percent (10%) of net patient services revenue (approximately \$34 million in 2015), as of the month immediately preceding the transaction.

(iii) the General Member shall in its discretion consider extending the above threshold requirements based on additional percentages of total assets or patient revenue, and any such allowance shall comply with applicable California laws or regulations governing transfers of assets of a healthcare district (e.g., Health & Safety Code Section 32121 (p)).

(d) In addition to thresholds for approvals required for individual transactions described in subsection (c) above, approval of the General Member shall be required for any transaction which, on a proforma basis, would cause the Corporation to be in violation of any financial loan or bond covenant, as they exist at the time of the transaction, or that would cause the Corporation's Debt to Capitalization Ratio to exceed 50%.

(e) Any transactions with long-term (more than three-year) land or facility impacts (e.g., new construction or renovation) requiring General Member approval pursuant to the lease or costing the equivalent of ten percent (10%) or more of MGH then existing total assets (approximately \$ 27 million at December 31, 2015).

(f) Any long-term campus development plan that restricts future land use options or requires regulatory changes to land use permits/designations will require General Member approval.

(g) Any transaction that causes or is anticipated to cause a downgrade in bond rating by a standard rating agency requires General Member approval regardless of size of the transaction.

(h) The General Member shall retain an independent audit firm consistent with standard industry financial practice on behalf of the Corporation. The audit firm will then provide services to MGH management and its Board as overseen by the MGH Board Audit subcommittee. Final audit reports will be presented to the General Member (subject to public review), the Board and

management of MGH.

(i) Contracting with an unrelated third party for all, or substantially all (50 percent or greater), of the management of the assets or operations of this Corporation or any subsidiary or affiliate entity.

(j) Amendment or restatement of the Articles of Incorporation.

(k) Bylaw approvals as may be required by Article XIII of these Bylaws.

(l) Any changes to the Mission Statement of the Corporation for MGH.

(m) Any changes to the corporate dissolution rights (initiation of dissolution and disposition of assets) of the General Member.

(n) Approval of individuals for Board membership.

10.2 Record of Approval or Disapproval. The General Member's approval or disapproval of matters described in Section 10.1 shall be recorded in or filed with the minutes of this Corporation.

ARTICLE XI PERFORMANCE METRICS AND CORE SERVICES POLICY

11.1. Performance Metrics and Core Services Policy.

(a) Terms of Policy. In coordination with the General Member, the Corporation has established the Performance Metrics and Core Services Policy, the terms of which are attached to these Bylaws as Attachment B and incorporated into and made a part of these Bylaws.

(b) Tier 1 Metrics Mandatory Performance. These metrics have defined levels of minimum performance targets for MGH. Specific metrics are defined based on current industry standards or laws and regulations; specifically, The Joint Commission, California Department of Health Services, IRS Tax Code, and Center for Medicare and Medicaid Services. If changes to a specific metric cause it to cease to function as a reasonable performance requirement, the metric will be discontinued and the process in subsection (c) below to establish a new metric will be initiated.

(c) General Member Corrective Action on Tier 1 Performance Metrics.

(1) Phase 1 Indicator and Monitoring. All Tier 1 metrics (initial and new metrics) have a Phase 1 and Phase 2 "Indicator" assigned in the attached Performance Metrics and Core Services Policy. Within 10 days of this Corporation's Board or Management becoming aware of a Phase 1 indicator event, the General Member will be so notified. The Corporation will submit to the General Member within 20 days of identification of a Phase 1 event a Corrective Action Plan

(“CAP”), which shall at a minimum include:

- Background and current status underlying the indicator event.
- Corrective Action Plan steps underway and to be implemented.
- Timeframe for actions and completion of improvements and compliance.

The General Member will review and comment on the CAP and, if desired, create an oversight committee to monitor the implementation of the CAP with full cooperation by the Board and Management. The General Member will continue monitored oversight until performance meets requirements and no Phase 2 indicator has occurred. If performance is maintained in compliance for two ordinary cycles of performance the CAP and monitored oversight shall cease.

(2) Phase 2 Indicator and Corrective Action. All Tier 1 metrics (initial and new) have a Phase 2 trigger also assigned in the Policy. In addition, if three or more Tier 1 metrics have concurrently experienced Phase 1 indicators, this combined status will trigger a Phase 2 event. This Corporation’s Board or Management will inform the General Member immediately upon knowledge of a Phase 2 indicator event. Upon a Phase 2 indicator event the General Member may, at its option and upon its own determination of need and timeframe for action, take step including, but not limited to, the below. Nothing herein shall be construed to limit the General Member’s remedies or options where applicable under the lease.

(i) Upon evaluation of the issue, and upon the advice or assistance of consultants associated with the evaluation, the General Member may (at this Corporation’s expense) direct the Board and Management with respect to the management and operation of this Corporation and its operations. The Board and Management shall follow all such directives.

(ii) Upon evaluation of the issue, the General Member may direct the Board to terminate and replace the existing senior management of the Corporation with specific replacements, and/or it may determine to remove and replace members of the Board.

(iii) Upon evaluation of the issue, the General Member may reorganize the Corporation’s governance by unilateral amendment or repeal of these Bylaws and adoption of new, restated, or amended Bylaws for the Corporation. Such a reorganization may include implementing new Board membership or structures.

(d) Core Service Closure and Service Reduction Report Process. The Performance Metrics and Core Services Policy provides that maintenance of the scope of MGH OSHPD reported acute care clinical services (a “service”) are a Tier 1 metric. Prior to exercising the options available for corrective action pursuant to subsection (c) above, the General Member and the Board shall complete a MGH service closure review and shall only proceed with corrective action if service closure occurs and was not approved pursuant to this subsection (d) or approved by reason of an arbitration as provided herein. Service closure without such approval shall be considered a Phase 2 indicator. The Board and Management are committed to maintaining MGH with its scope of acute

care services. There are factors in the external environment including regulatory oversight requirements, patient volumes, medical practice and technology changes, payer reimbursement rates, and competition that may render it infeasible to maintain individual services. This Bylaw process anticipates a future need for the Board to evaluate services and determine the need to change the scope of services. Based on service admission volumes in 2010, should a service thereafter experience a sustained 50 percent reduction in volume for any non-cyclical/seasonal reason for a period of one fiscal quarter, the Corporation shall provide a report on this volume status to the General Member, including background information on the reasons for the volume reductions. If the same service volume reduction experience reaches 75 percent for a sustained period of one fiscal quarter, the Corporation shall report this status to the General Member and both shall conduct a joint leadership committee (Board chairs and executive staff) review of the circumstances, based on all available data, leading to the service reduction, and the joint leadership committee may make recommendations based on its review to the Board. The following shall constitute reasons for initiating a review with the General Member of possible discontinuation of an acute care service subject to Tier 1 maintenance:

- **Economic Infeasibility:** The direct revenues and expenses of the service result in a financial loss and MGH overall operations cannot sufficiently maintain the required subsidy without negatively impacting the hospital. This includes changes due to payer reimbursement rates and structure as well as service contracts or grant awards.
- **Low Volumes Resulting in Quality Risks:** The low volume of patients does not meet industry quality guidelines or provide sufficient clinical cases to ensure care providers maintain competency levels. This may be indicated by unsatisfactory service outcomes and/or quality level concerns, as well as compliance with standards.
- **Lack of Community Need:** Due to changes in medical treatments or availability from other providers, there is no unmet community need for the services in its absence at MGH.

If a service review is thereby merited, the following process will be followed:

- (1) The Board will review and discuss the clinical, utilization and economics of the service in detail to understand and consider the viability of attempts to ameliorate the issue. If unsuccessful, the Board may vote to proceed with the service discontinuation process.
- (2) The Board will notify the General Member of the plan to discontinue services at least 120 days prior to planned closure. The required regulatory bodies will also be notified at that time, or consistent with any appropriate notification requirement.
- (3) The General Member's Chair or ad hoc committee and the Board's Executive

Committee will meet to review the service situation. Any potential additional remedies available from the General Member will be discussed (e.g., bond or other public agency funding, conducting public agency and other provider coordination discussions). If no viable remedy to cure the original basis for discontinuation is found within 60 days, the General Member's Board will consider the plan for discontinuation.

- (4) At least 60 days prior to the proposed closing, the General Member must vote to approve the closure if this corporation demonstrates: 1) the service meets one of the three reasons for service discontinuation, and 2) no viable remedy has been identified.

(5) Upon General Member approval, the Board and MGH Management will proceed with the plan to close the service after a 60-day period to scale down operations. If the General Member disapproves closure because in its judgment this Corporation does not make the necessary showing in step 4 above, the service will be continued and no new closure process may be again initiated for a period of one year.

(6) Arbitration of disapproval: If the General Member disapproves closure because in its judgment this Corporation does not make the necessary showing in step 4 above, this Corporation may submit the General Member's decision to binding arbitration to determine whether or not it has made the necessary showing in step 4 above.

(i) Selection of Arbitrator. Unless the Corporation and General Member agree otherwise, the arbitrator shall be an independent, nationally recognized healthcare accounting, financial, or healthcare consultant or expert, or Judicial Arbitration and Mediation Services ("JAMS") arbitrator with experience in healthcare and healthcare-related accounting and financial matters. If they are unable to agree on an arbitrator, then either party may apply ex-parte to the Superior Court of Marin County to appoint the arbitrator. A copy of any ex parte application made pursuant to this Section shall be provided to the other party and at least three (3) business days prior to submission to the court.

(ii) Rules. Arbitration hearings shall be held in Marin County, California, pursuant to the then current provisions of the California Arbitration Act, §§ 1280 – 1294.2 of the California Code of Civil Procedure, or any successor statute(s) thereto. Discovery shall be allowed in accordance with California Code of Civil Procedure §1283.05, provided that all discovery shall be completed within thirty (30) days of appointment of the arbitrator. The decision of the arbitrator shall be final and conclusive upon all parties. Any arbitration pursuant to this provision shall be completed not later than one hundred twenty

(120) days from the appointment of the arbitrator and the arbitrator shall render his or her award within ten (10) days after completion of the arbitration.

(iii) Determination. The arbitrator shall determine whether or not the General Member is obligated to approve the termination of the service because this Corporation has demonstrated to the General Member, by a preponderance of the evidence and in accordance with the provisions and guidance of this Section 11.1 (d): 1) the service meets one of the three reasons for service discontinuation, and 2) no viable remedy has been identified. If the arbitrator so determines with respect to the service proposed for termination, the General Member shall be deemed to have approved such termination as of the date of the arbitrator's decision.

(iv) Binding Decision. The decision of the arbitrator shall be binding upon the parties and judgment upon the award may be entered or confirmed in any court of competent jurisdiction. As part of the decision, the arbitrator may award reasonable and necessary costs actually incurred by the General Member in connection with the arbitration if its determination prevails, including attorneys' and consultants' fees and its share of the arbitrator's fees, costs, and expenses, as well as any administration fees. This Corporation shall bear its own costs regardless of the outcome of the arbitration.

(e) Tier 2 Metrics Performance. These metrics do not have required minimum levels of performance but provide for General Member monitoring of MGH performance. These metrics focus on performance measures and improvement goals and related improvement plans. As set forth in the Policy, the Board and/or Management will report to the General Member pursuant to Section 11.2 on these metrics to provide information on performance and related improvement plans. The General Member will review these metrics, deliberate as it deems appropriate, and provide input to the Board. If MGH has continuous negative performance in specific areas, the General Member may initiate a special review committee as it deems appropriate to further study the issue and contribute to developing improvement plans for submission to the Board and management. Additional Tier 2 metrics, as they increase transparency of performance, should be considered for adoption with consideration given to expanding General Member information access, while avoiding overly onerous reporting. While there are a very large number of metrics that could be considered, additions should be based on a public policy and General Member information need basis.

(f) Adding Tier 1 or Tier 2 Metrics. This process is based on mutual agreement with the General Member. The Chair of the General Member's Board, or an ad hoc committee thereof, will work with the Executive Committee and CEO to identify and discuss potential new metrics. This process may occur at any time but no more frequently than annually. In the event of definitional or industry changes that result in discontinuation of a metric or rendering it unreasonable as a performance metric, this process will be initiated to develop a replacement metric. This work group will conduct joint development of the metric definition, target performance,

evaluation of current MGH performance, reporting frequency and phase-in period. The Board will consider, discuss and vote to approve or reject the metric addition based on a recommendation from the Executive Committee. If the Board approves the proposal, it will then advance to the General Member for consideration. Alternatively the General Member may submit the proposal to the Board for its approval. If the proposal is rejected, the Ad Hoc work group will further discuss and amend the proposal and seek Board adoption with changes. For proposals approved first by the Board, the General Member Board Chair will present the recommendation for metric addition and supporting detail to the General Member Board for consideration. The metric must be approved by both this Corporation's Board and the General Member Board. The maximum total new Tier 1 metrics is two per year, excluding any to replace metrics discontinued due to industry wide changes. Addition of Tier 1 metrics are limited to one metric in any one of the six metric topic areas each year. The guidelines for the minimum process for Tier 1 and 2 additions are defined as:

- A three month development process for consideration, development, and review of the metric(s).
- Upon adoption, a phase-in period with a monitoring period within 6 months; during this period performance on Tier 1 additions will not be required to meet the required minimum level.
- For Tier 1 additions, MGH performance will be required to be at or above target levels within 1 year of mutual adoption of the metric (s). This period may be shortened by mutual agreement of the General Member and the Board if the metric and performance level is at or near the target (example: if the metric has been a Tier 2 metric with regular performance history).

(g) Removing Tier 1 or Tier 2 Metrics. To remove Tier 1 metrics or Tier 2 metrics, the General Member's Chair or the Board's Chair may initiate the removal process by identifying the metrics for potential discontinuation. The General Member's Chair or an ad hoc committee, and the Board Executive Committee will review and discuss the metric considered for removal. If agreed that removal should be further considered, the General Member will be notified and will review relevant information and recommendations from the forgoing review process. The General Member will vote to either adopt the discontinuation or reject it and maintain the metric. Upon the General Member's determination, metrics removed from Tier 1 may continue to be monitored at a Tier 2 level. The removal process of a Tier 1 Metric should coincide with either a process to add a new metric or during the course of a prescribed reporting frequency.

11.2. Reporting Tier 1 and Tier 2 Metrics to the General Member. The Board will report to the General Member on Tier 1 and Tier 2 Performance Metrics according to the Policy schedule. The Board will provide a written submission to the General Member no less than three days prior to review in a public or closed session meeting, but no sooner than thirty days after the end of the reporting period. The CEO and Board Chair will present performance reports results and answer General Member Directors' questions on the reports. The General Member will be responsible for determining the scope and means of any public input on reported matters. The Board will provide

or report public data submitted by MGH to a public source at the time or before the public submission (e.g., OSHPD filings).

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 this Corporation.

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

12.3 Fiscal Year. The fiscal year of this Corporation 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

13.1 Board Amendments. These Bylaws may be amended at any regular meeting of the Board or at any special meeting called for that purpose. The General Member may repeal, amend, and adopt new bylaws as set forth in the corrective action provision of Section 11.1 (c).

13.2 Amendments Requiring General Member Approval. The following provisions of these Bylaws (Articles including all Subsections or individual Sections) may not be amended or effective unless and until approved by the General Member: Article III (General Member status), Sections 4.2 (Board number), 4.3 (Board composition), 4.4 and Attachment A (nomination and selection), 4.5 (term), 4.6 (vacancies), 4.7 (removal), 4.19 (partial open meetings), 4.21 (board evaluation), 4.22 (conflict of interest policy), 4.23 (Conflicts Disclosure), 4.24 (Access to records), 4.25 (Bylaw review), 6.5(c) (Strategic Planning Committee), Article X (Actions Requiring Member Approval), Article XI and Attachment B (Performance Metrics / Core Services Policy), Article XIII (amendment of bylaws) and Article XIV (General Member Remedies Upon Violation of Certain Bylaws Provisions).

13.3 Process for Amendment of Provisions Impacting General Member Rights.

Applicable amendment changes will be identified for review with the General Member, and the General Member so notified. The Board will create a special Bylaw Review Committee consisting of two Board members and two members of the General Member's Board of Directors, which Committee will be charged with reviewing the proposal and background need for the change. Upon Committee approval, the Bylaw change will be presented to this Corporation's Board for approval. Upon Board approval, the Committee shall present the amendment to the Board of the General Member for approval or rejection. The Board of the General Member will not vote on the amendment until it has held two public sessions on the proposal.

ARTICLE XIV
GENERAL MEMBER REMEDIES
UPON VIOLATION OF CERTAIN BYLAWS PROVISIONS

14.1 The Corporation shall notify the General Member in writing within five business days of its becoming aware that it has or may have violated Section 4.4(g), Section 10.1, or Section 13.2 of these Bylaws, which notice shall specifically describe the violation.

14.2 If the Board violates Section 4.4(g), Section 10.1, or Section 13.2 of these Bylaws, the General Member shall have, among other remedies that may be available to it under law or equity, the following remedies for such violation; provided, however, that the provisions of this Article XIV shall apply only to any such violations occurring after final adoption and approval of an amendment or restatement of these Bylaws incorporating this Article XIV in accordance with Article XIII:

(a) If the violation is an action that is capable of being voided, rescinded, or cured without subjecting the Corporation or the General Member to any material liability, the General Member may, within ninety (90) days after the Corporation has notified the General Member pursuant to Section 14.1 above of a violation or possible violation of any of Sections 4.4(g), 10.1, or 13.2 of these Bylaws, direct the Board by written notice to void, rescind and/or cure the violation, which voidance, rescission or cure the Board must be completed within a reasonable period of time after the date of the General Member's written notice, but in any event not to exceed thirty (30) days. If the violation or possible violation involves a deal or agreement with a third party, then the deadline for the General Member to notify the Corporation of its direction to rescind shall be thirty (30) days after the Corporation has notified the General Member pursuant to Section 14.1 above of a violation or possible violation, provided that such deadline shall be extended for up to an additional thirty (30) days if reasonably necessary to allow the General Member to investigate and evaluate the violation or possible violation and such extension will not preclude the Corporation from voiding, rescinding, or curing the violation without subjecting the Corporation or the General Member to any material liability. (By way of example, an extension for up to an additional thirty (30) days may be reasonably necessary if the General Member has not received all information that is appropriate and necessary for its Board of Directors to make an informed decision within such initial thirty (30) days period, or if the General Member's Board of Directors is unable to schedule a meeting

within the initial thirty (30) days period after it has received the information.) If the Board voids, rescinds and/or cures the violation within the required time period, or if the General Member fails to direct the Board to void, rescind and/or cure the violation before the applicable deadline (in which case the General Member will be deemed to have consented to the action, whether or not its constituted a violation), then the General Member shall have no further remedies with respect to such violation or possible violation. If the General Member directs the Board to remedy a curable violation and the Board fails to void, rescind and/or cure such violation within the period provided above, then the General Member shall have the additional remedy set forth in Section 14.2(b) below.

(b) If the violation is an action that is incapable of being voided, rescinded, or cured without subjecting the Corporation or the General Member to any material liability, or if the Board has failed to void, rescind and/or cure a curable violation within the time period allowed under Section 14.1(a) above, then the General Member may, in its discretion, remove any Director who either (1) voted in favor of the action that constituted the violation, and/or (2) voted to refuse to void, rescind or cure the violation after the General Member directed the Board to remedy same or abstained from such vote. Any Director so removed shall be replaced in accordance with Article IV.

14.3 Any dispute between the General Member, on the one hand, and the Corporation and/or the Board, on the other hand, with respect to any matter arising under this Article XIV, including, without limitation, as to whether (1) a Director qualifies to be a Director pursuant to Section 4.4(g) of these Bylaws, or (2) an event requires the approval of the General Member pursuant to Section 10.1 of these Bylaws, shall be resolved in accordance with the following provisions after a good faith attempt to resolve the dispute has been made by both parties, and either party determines the dispute is not capable of informal resolution.

(a) If either party determines that a dispute, other than a dispute involving a deal or agreement with a third party, is not capable of informal resolution, the party may initiate mediation of the dispute in accordance with the Commercial Arbitration Rules of the American Arbitration Association, except as modified by this Section 14.3, and the following rules and procedures:

(1) each party may commence mediation by giving written notice to the other party demanding arbitration;

(2) the mediation hearing shall commence within twenty (20) days after appointment of the mediator (“Mediator”); and

(3) the mediation will be conducted in Marin County, State of California. The Mediator will be registered with and appointed by the Judicial Arbitration and Mediation Service (“JAMS”) and will have not less than (10) years’ experience in the area of expertise on which the dispute is based. If the parties are unable to mutually agree upon a Mediator within ten (10) business days after the date of the mediation notice, each party will offer five Mediators to the other party, and then each party will strike out three Mediator names

such that two Mediator names remain per party, whereupon JAMS will appoint a Mediator from those four Mediator names. The potential mediators designated by each party shall each be located in California, shall not be an employee or former employee of either Party, and shall have at least ten (10) years' experience in the area of expertise on which the dispute is based. Mediation will consist of an informal, nonbinding conference or conferences between the parties and the mediator jointly, then in separate caucuses in which the mediator will seek to guide the parties to a resolution of the dispute. The mediation process will continue until such time as either party determines that the dispute is not capable of resolution by mediation. The fees of the mediator will be shared equally by the parties. The parties will each pay their own legal costs in connection with such mediation (including attorneys' fees) and the fees of the mediator designated by it to select the actual mediator (if applicable).

(4) Neither party may initiate mediation with respect to any dispute that involves a deal or agreement with a third party. For all such disputes, the parties shall arbitrate same in accordance with the expedited arbitration procedures set for below without first resorting to mediation of such dispute.

(b) If either party reasonably determines that a dispute subject to mediation is not capable of resolution by mediation, the party shall notify the other party in writing of such determination (the "Mediation Termination Notice"). If a party has given a Mediation Termination Notice, or if the dispute involves a deal or agreement with a third party, then either party may require, by written notice to the other party (the "Arbitration Notice"), that such dispute be submitted to final and binding arbitration in Marin County, California, administered by an independent arbitrator (the "Arbitrator"). The Arbitrator will be registered with and appointed by the Judicial Arbitration and Mediation Service ("JAMS") and will have not less than (10) years' experience in the area of expertise on which the dispute is based. For a dispute that does not involve a deal or agreement with a third party, if the parties are unable to mutually agree upon an Arbitrator within ten (10) business days after the date of the Arbitration Notice, each party will offer five (5) Arbitrators to the other party, and then each party will strike out three (3) Arbitrator names such that two (2) Arbitrator names remain per party, whereupon JAMS will appoint an Arbitrator from those four (4) Arbitrator names. For a dispute that involves a deal or agreement with a third party, if the parties are unable to mutually agree upon an Arbitrator within five (5) business days after the date of the Arbitration Notice, each party will name two (2) Arbitrators by no later than one (1) day after the expiration of the five (5) business day period, whereupon JAMS will appoint an Arbitrator from those four (4) Arbitrator names. All arbitrations hereunder shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association, except that any dispute involving a deal or agreement with a third party shall be conducted using AAA's expedited arbitration rules, as modified by this Section 14.3.

(c) The Arbitration Notice will be in writing, with a copy to the other party, and in no event will it be made after the date that is thirty (30) days after a party has provided a Mediation Termination Notice (for disputes that do not involve a deal or agreement with a third party), or for disputes that involve a deal or agreement with a third party, three (3) business days after either party declares the that dispute is not capable of informal resolution. The parties may

apply to the Arbitrator for relevant discovery consistent with the Federal Rules of Civil Procedure, which the Arbitrator is authorized to order, deny and/or enforce in the Arbitrator's reasonable judgment; provided, however, that the Arbitrator will expedite discovery in any dispute involving a third party deal or agreement in such a manner so as to preserve as much as possible the capability of the action being voided, rescinded, or cured without subjecting the Corporation or the General Member to any material liability. A party may request that the Arbitrator's award include findings of fact and conclusions of law.

(d) For disputes that do not involve a deal or agreement with a third party, the arbitration will be held within thirty (30) days after the delivery of the Arbitration Notice unless the parties mutually agree to a later date. For disputes that involve a deal or agreement with a third party, the arbitration will be held as soon as reasonably practicable after the delivery of the Arbitration Notice, unless the parties mutually agree to a later date. The arbitration will conclude within two (2) business days unless the parties mutually agree to a longer period. For disputes that do not involve a deal or agreement with a third party, the decision of the Arbitrator will be delivered within thirty (30) days after conclusion of the arbitration. For disputes that involve a deal or agreement with a third party, the decision of the Arbitrator will be delivered as soon as reasonably practicable after conclusion of the arbitration, but in any event within five (5) business days after conclusion of the arbitration.

(e) The Arbitrator will have no authority to vary or ignore the terms of these Bylaws and will be bound by controlling law. All proceedings, awards and decisions under any arbitrations proceedings shall be strictly private and confidential except as required by applicable law or as necessary to enforce any such decision.

(f) The decision of the arbitrator shall be binding upon the parties and judgment upon the award may be entered or confirmed in any court of competent jurisdiction. As part of the decision, the arbitrator may award reasonable and necessary costs actually incurred by the General Member in connection with the arbitration if its determination prevails, including attorneys' and consultants' fees and its share of the arbitrator's fees, costs, and expenses, as well as any administration fees. This Corporation shall bear its own costs regardless of the outcome of the arbitration.

(g) The parties agree that the existence and substance of any dispute subject to this Article XIV and the of any related dispute resolution proceedings hereunder, or any other information regarding any such dispute, are to remain totally and completely confidential and are not to be revealed or disclosed to any person or party whatsoever, except: (i) with the consent of the other party; (ii) as may be disclosed to a party's attorneys, present and future Board members, or other representatives that are involved in such party's activities with respect to the dispute; or (iii) as may be required by applicable law. Notwithstanding the above, the Parties understand that General Member is subject to the California Public Records Act ("**PRA**") as set forth at California Government Code Section 6250, et seq. Given General Member's obligations under the PRA, Corporation understands that from time to time records related to matters arising under this Article XIV may be subject to production as required by PRA, but that any release of records will be in accordance with the PRA and other applicable federal and state laws and

regulations protecting personal, private, confidential or proprietary information. The General Member agrees to cooperate with Corporation in responding to PRA requests. Such cooperation includes, if a third party submits a request to the General Member pursuant to the PRA requesting confidential information, that the General Member will (i) notify the Corporation of such request within five (5) days after the General Member's receipt of such request, and (ii) the Corporation, at its cost, may seek to enjoin the examination of any specific public record requested by a third-party to the extent such record contains confidential information protected under this subsection (g).

SECRETARY'S CERTIFICATE

I certify that I am the Secretary of Marin General Hospital, a California nonprofit public benefit corporation, and that the attached Tenth Restatement of Bylaws of Marin General Hospital are the current bylaws of this Corporation containing all the amendments as adopted by the Board of Directors of Marin General Hospital, and, as applicable, approved by the General Member, the Marin Healthcare District, through those amendments adopted May 3, 2016.

Dated: Sept 28, , 2016



Mara Perez, PhD, Secretary

ATTACHMENT A

Marin General Hospital Corporation Board Member Criteria

The prospective Board member must be considered on the basis of his or her ability to commit to the Marin General Hospital Mission and Values.

Mission: We build a healthier community through education and access to quality health care.

Values:

- Excellence in Performance • Honesty & Integrity • Caring & Compassion
- Local Control/Access to Care • Stewardship of Resources
- Mutual Respect & Teamwork

Board Operating Philosophy: Policy Level Role of Board
Community Thinking Emphasis

General Criteria:

- Commitment to Mission, Values and Board Operating Philosophy
- Ability to be a public and visible representative and spokesperson for the organization
- Ability to function at a policy level and distinguish between the roles of the Board and Management
- Ability to participate effectively in policy deliberations, articulating one's own views while respecting the views of others
- Skill in group process and group decision making
- Willingness to take risks and/or support group decisions, even when not in full agreement
- Lack of actual or legal conflicts of interest
- Ability and willingness to commit time for meetings, reading and special events
- Reflective of the communities we serve

Experience in Board Responsibility

- Strategic planning
- Facilities / Construction Oversight
- Finance oversight
- Quality assessment
- CEO appointment/evaluation
- Community relations
- Board organization, procedures, self-evaluation

Leadership

- Listening to diverse points of view and needs
- Articulating a vision on how the group can achieve its goals
- Fostering a sense of commitment and satisfaction among others in pursuing goals
- Helping the board as a group achieve its goals

Expectations

- Develops an understanding of a Community Hospital Operations
- Develops an understanding of Healthcare Reimbursement
- Develops an understanding of Medical Staff Organization and Development
- Develops an understanding of Quality Assessment and Performance Improvement

ADDITIONAL CONSIDERATIONS FOR POTENTIAL CANDIDATES

1. Potential legal or actual Conflicts of interest
 - Competing business
 - Business with Hospital
2. Holding/running for political office
 - Sensitive area for not-for-profit organizations
 - Devotion is to the patient base, not to a cause, political group, or to a constituency
3. Contribute to the diversity of the Board
4. Time commitment is critical / Attendance record will be noted
5. Balance between those involved in the community and those with corporate experience
6. Past experience working with corporate and not-for-profit Board governance
7. Capacity to be a Chair of the Board and/or Chair of standing Board Committees

8. Previous/current participants in related organizations
 - Hospital Foundations
 - Community Health Organizations
 - Advisory Groups
 - Medical Staff Experience
 - Physician Organization Experience
9. Objective Selection Criteria
 - Past Board/governance experience
 - Professional/personal achievements
 - Team Player
10. Ability to represent healthcare consumers

(Representative Skill Mix For Board)

Major Areas of MGH Oversight	Skills/Experience Needed
Building Programs	Financial Strategic, related experience
Joint Ventures / Physician & Other Provider	Financial, business marketing, legal
Quality/Patient Safety	Clinical, Business, Statistical, Computers
Information Technology	Computer, High Tech, Business
Physician Integration and Physician Partnerships	Physician relationships, business, strategic planning, marketing
Highly Regulated Industry	Legal, other regulated industries
260 Million Dollar Organization	Corporate CEO, Finance CFO, Marketing SVP, Strategic Planning SVP, business, healthcare provider
Large Employee Base	Corporate CEO, Corporate HR, Legal, clinical, provider
Public / Community Relations	Public Service Business, Community Services Organization, Publishing, public relations, government service
Philanthropy	Fundraising, charitable organizations

ATTACHMENT B

PERFORMANCE METRICS AND CORE SERVICES POLICY

I. TIER 1 PERFORMANCE METRICS

In accordance with Tier 1 Performance Metrics requirements, the Board is required to meet each of the following minimum level requirements:

(A) Quality, Safety and Compliance

1. The Board must maintain Marin General Hospital's Joint Commission accreditation, or if deficiencies are found, correct them within six months.
2. The Board must maintain Marin General Hospital's Medicare certification for quality of care and reimbursement eligibility.
3. The Board must maintain Marin General Hospital's California Department of Public Health Acute Care License.
4. The Board must maintain Marin General Hospital's plan for compliance with SB 1953.
5. The Board must report on all Tier 2 Metrics at least annually.
6. The Board must implement a Biennial Quality Performance Improvement Plan for Marin General Hospital.
7. The Board must include quality improvement metrics as part of the CEO and Senior Executive Bonus Structure for Marin General Hospital.

(B) Patient Satisfaction, and Services

The Board will report on Marin General Hospital's HCAHPS Results Quarterly.

(C) Community Commitment

1. In coordination with the General Member, the Board must publish the results of its triennial community needs assessment conducted with other regional providers pursuant to SB 697 (1994) to assess Marin General Hospital's performance at meeting community health care needs and its planning for meeting those needs.
2. The Board must provide community care benefits at a sufficient level to maintain Marin General Hospital's non-profit tax exempt status.

(D) Physicians & Employees

The Board must report on all Tier 2 "Physician & Employee" Metrics at least annually.

(E) Volumes and Service Array

1. The Board must maintain Marin General Hospital's Scope of Acute Care Services as reported to OSHPD.

2. The Board must maintain Marin General Hospital's services required by Exhibit G to the Loan Agreement between the General Member and Marin County, dated October 2008, as long as the Exhibit commitments are in effect.

(F) Finances

1. The Board must maintain a positive operating cash-flow (operating EBITDA) for Marin General Hospital after an initial phase in period of two fiscal years, and then effective as a performance metric after July 1, 2012, with performance during the phase in period monitored as if a Tier 2 metric.

2. The Board must maintain revenue covenants related to any financing agreements or arrangements applicable to the financial operations of Marin General Hospital.

II. TIER 2 PERFORMANCE METRICS

In accordance with Tier 2 Performance Metrics requirements, the General Member shall monitor and the Board shall provide necessary reports to the General Member on the following metrics:

(A) Quality, Safety & Compliance

The Board will report on efforts to advance clinical quality efforts, including performance metrics in areas of primary organizational focus in Marin General Hospital's Performance Improvement Plan (including Clinical Quality Reporting metrics and Service Line Quality Improvement Goals as developed, e.g., readmission rates, patient falls, "never events," process of care measures, adverse drug effects, CABSIs, preventive care programs).

(B) Patient Satisfaction, & Services

1. The Board will report on ten HCAHPS survey rating metrics to the General Member, including overall rating, recommendation willingness, nurse and physician communication, responsiveness of staff, pain management, medication explanations, cleanliness, room quietness, post-discharge instruction.

2. The Board will report external awards and recognition.

(C) Community Commitment

1. The Board will report all of Marin General Hospital's cash and in-kind contributions to other organizations.

2. The Board will report on Marin General Hospital's Charity Care.

3. The Board will maintain a Community Health Improvement Activities Summary to provide the General Member, providing a summary of programs and participation in community health and education activities.

4. The Board will report the level of reinvestment in Marin General Hospital, covering investment of excess operating margin at MGH in community services, and covering funding of facility upgrades and seismic compliance.

5. The Board will report on the facility's "green building" status based on generally accepted industry environmental impact factors.

(D) Physicians & Employees

1. The Board will provide a report on new recruited physicians by specialty and active number of physicians on staff at Marin General Hospital.
2. The Board will provide a summary of the results of the Annual Physician and Employee Survey at Marin General Hospital.
3. The Board will analyze and provide information regarding nursing turnover rate, nursing vacancy rate, and net nursing staff change at Marin General Hospital.

(E) Volumes & Service Array

1. The Board will develop a strategic plan for Marin General Hospital and review the plan and its performance with the General Member.
2. The Board will report on the status of Marin General Hospital's market share and Management responses.
3. The Board will report on key patient and service volume metrics, including admissions, patient days, inpatient and outpatient surgeries, emergency visits.
4. The Board will report on current Emergency services diversion statistics.

(F) Finances

1. The Board will provide the audited financial statements.
2. The Board will report on its performance with regard to industry standard bond rating metrics, e.g., current ratio, leverage ratios, days cash on hand, reserve funding.
3. The Board will provide copies of Marin General Hospital's annual tax return (form 990) upon completion to General Member.

III. TIER 1 & TIER 2 REPORTING REQUIREMENTS AND PROCESS

The Board will report to the General Member on Tier 1 and Tier 2 Performance Metrics according to the following frequency schedule, except where specific reporting times are called for, e.g., biennial Performance Quality Improvement Plans. The CEO, or his/her designees, shall attend General Member meetings addressing these reports.

(A) Quality, Safety & Compliance

The Board will report on Tier 1 and Tier 2 performance metrics pertaining to Quality, Safety, & Compliance at least annually.

(B) Patient Satisfaction & Services

The Board will report on Tier 1 and Tier 2 performance metrics pertaining to Patient Satisfaction & Services at least annually.

(C) Community Commitment

The Board will report on Tier 1 and Tier 2 performance metrics pertaining to Community Commitment at least annually.

(D) Physicians & Employees

The Board will report on Tier 1 and Tier 2 performance metrics pertaining to Physicians & Employees at least annually.

(E) Volumes & Service Array

The Board will report on Tier 1 and Tier 2 performance metrics pertaining to Volumes & Service Array at least quarterly.

(F) Finances

The Board will report on Tier 1 and Tier 2 performance metrics pertaining to Finances at least quarterly.

IV. TIER 1 PERFORMANCE METRICS CORRECTIVE ACTION INDICATORS

(A) Community Commitment: Publish results of a MGH triennial community survey (SB 697) to assess performance meeting community health care needs.

Phase 1 Indicator: Must be published within 15 days of regular reporting schedule (e.g. 30 days after quarter end for quarterly).

Phase 2 Indicator: Must be published within 30 days of regular reporting schedule.

(B) Community Commitment: MGH must continue to provide benefits sufficient to maintain tax exemption.

Phase 1 Indicator: MGH receives notice of intent to remove tax-exempt status.

Phase 2 Indicator: Revocation of non-profit tax-exempt status.

(C) Physicians & Employees: Report on all Tier 2 metrics at least annually.

Phase 1 Indicator: Must be published within 15 days of regular reporting schedule.

Phase 2 Indicator: Must be published within 30 days of regular reporting schedule.

(D) Patient Satisfaction & Services: Report Hospital Consumer Assessment of Healthcare Providers and Systems Survey (HCAHPS) results quarterly.

Phase 1 Indicator: Must be published within 15 days of regular reporting schedule.

Phase 2 Indicator: Must be published within 30 days of regular reporting schedule.

(E) Quality, Safety & Compliance: Maintain Joint Commission accreditation.

Phase 1 Indicator: Provisional Accreditation Status is issued by The Joint Commission.

Phase 2 Indicator: An Adverse Decision – The Joint Commission is considering and given notice of Conditional Accreditation or Preliminary Denial of Accreditation Status.

(F) Quality, Safety & Compliance: Maintain Medicare Certification.

Phase 1 Indicator: Statement of Deficiencies is issued by CMS based on survey.

Phase 2 Indicator: Rejection of Plan of Correction and publication of public notice of decertification or other removal from Medicare program.

(G) Quality, Safety & Compliance: Maintain State (OSHPD) Acute Care License.

Phase 1 Indicator: Statement of Deficiencies / Notice of adverse survey and pending potential revocation of acute care license by State.

Phase 2 Indicator: Rejection of Plan of Correction and notice from State of intent to complete procedure or proceeding for revocation of license.

(H) Quality, Safety & Compliance: Maintain plan for SB 1953 compliance.

Phase 1 Indicator: An OSHPD intermediate deadline is missed.

Phase 2 Indicator: Plan is denied by OSHPD or fails to meet regulatory requirements and is not accepted by statutory or regulatory deadline.

(I) Quality, Safety & Compliance: Include Quality Improvement metrics as part of bonus structure for the CEO and Senior Executives.

Phase 1 Indicator: Change to bonus structure eliminates quality improvement metrics; MGH has 30 days to correct omission.

Phase 2 Indicator: Not included in bonus structure.

(J) Quality, Safety & Compliance: Implement Biennial Quality Performance Improvement Plan.

Phase 1 Indicator: Must be published within 15 days of regular reporting schedule.

Phase 2 Indicator: Must be published within 30 days of regular reporting schedule.

(K) Quality, Safety & Compliance: Report on all Tier 2 Metrics at least annually.

Phase 1 Indicator: Must be published within 15 days of regular reporting schedule.

Phase 2 Indicator: Must be published within 30 days of regular reporting schedule.

(L) Volumes & Service Array: Maintain OSHPD Defined Scope of Acute Care Services.

Phase 1 Indicator: OSHPD annual filing indicates an unapproved change in scope of services.

Phase 2 Indicator: MGH action to end service or actual non-provision of service.

(L) Volumes & Service Array: Maintain current MGH services as required by Exhibit G to the County Loan Agreement .

Phase 1 Indicator: OSHPD annual filing indicates an unapproved change in scope of services.

Phase 2 Indicator: MGH action to end service or actual non-provision of service.

(M) Finances: Maintain positive operating cash flow (Operating EBITDA).

Phase 1 Indicator: Fiscal year-end decline in operating income and total cash flow reduction of 50% from previous year.

Phase 2 Indicator: Fiscal year-end negative operating cash flow.

(N) Finances: Maintain all financial covenants related to debt financing arrangements.

Phase 1 Indicator: Fiscal year-end declining trend on majority of covenant metrics.

Phase 2 Indicator: Receives notice of potential action related to covenant default.