

BYLAWS
OF
MARIN HEALTHCARE DISTRICT

Adopted: December 14, 1982
Amended: January 14, 1986
Amended: August 31, 1993
Amended: April 15, 1997
Amended: June 15, 1999
Amended: May 14, 2002
Amended: February 11, 2003
Amended: September 14, 2004
Amended: May 11, 2010
Amended: January 8, 2013
Amended: February 10, 2015
Amended: August 11, 2015

ARTICLE I

GENERAL PROVISIONS

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

The District will assume the role of sole corporate member of MGH Corporation effective June 30, 2010 and will thereupon enter into a relationship with MGH Corporation based on the parent / affiliate relationship established by corporate membership and new Bylaws to be adopted by MGH Corporation. The Healthcare District is therefore committed to fulfilling its role with regard to MGH both as corporate parent and facility owner. It is the policy of the District, however, to confer no authority or powers of the District inherent in the District's public agency status to MGH Corporation, and the District retains all those powers and authorities granted to the District by the State by reason of its status as a political subdivision of the State of California. The District is committed to exercise its oversight authority as both corporate parent and facility owner (Lessor) consistent with the best interests of the healthcare needs of the residents of the District and consistent with the need for long term successful operations of MGH and other healthcare pursuits of the District.

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

- (a) To enhance the provision of quality health care in the communities served by the District.
- (b) To be a strong advocate of the public for quality and reasonably priced health care.
- (c) To provide a forum for discussion of health care issues affecting communities served by the District.
- (d) To fulfill the role set forth for District oversight in the Bylaws of Marin General Hospital Corporation, including approval of major transactions, board appointments, and oversight of established performance goals for the Hospital.
- (e) To monitor compliance with facility and related obligations of MGH Corporation under the Lease of 1985 and amendments thereto, including pursuit by the District and MGH Corporation of seismic compliance plans and implementation.
- (f) To be an advocate for healthcare needs and interests of the residents of the District and to support community based healthcare and wellness services in the District.

Section 3. Profit or Gain. The District shall conduct its affairs, insofar as possible, on a self-supporting basis. No part of any net earnings of the District shall inure to the benefit of or be distributed to any individual under any guise whatever, nor shall any District assets be distributed to any person on dissolution of the District. Should a net gain be realized from operations during any particular period, it may be used by the Board for any purpose consistent with the District Law and other public agency laws applicable to the District.

Section 4. Offices. The principal office of the District shall be at 100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904. Other offices may be established at any time by the Board within the District's boundaries.

ARTICLE II

GOVERNING BOARD

Section 1. Directors. The District shall be governed by a Board of Directors (the "Board") consisting of five (5) elected or appointed persons who are registered voters residing in the District. (Each member of the Board is referred to herein as a "Director".)

Section 2. Powers. The powers of the District are set forth by the District Law. The powers of the District shall be vested in the Board, which shall have and exercise complete charge, control, and management of the property, affairs, and funds of the District, fill vacancies among its officers and its members for unexpired terms, and do and perform all acts and functions not inconsistent with these Bylaws, the provisions of the District Law and other laws applicable to public agencies. Specifically, the Board shall exercise the following powers:

- (a) Establish by resolution or motion substantive and procedural policies regarding the affairs of the District in accordance with the best interests of the communities served by the District.

- (b) Establish policies and procedures consistent with the oversight role of corporate member and facility owner with regard to MGH based on the Lease and MGH Corporation Bylaws.
- (c) Enter into contracts and agreements with respect to the affairs of the District as approved by the Board of Directors or its management.
- (d) To pursue and enter into contracts for the provision of management services to healthcare providers and organizations within or outside the District in order to enhance the overall provision of healthcare services to the residents of the District.
- (e) Effectuate the purpose of the District to enhance the provision of quality health care in the communities served by the District by, among other efforts, working with public and private entities (including the provision of financial assistance where feasible).
- (f) Identify and seek to respond to health care needs and enhance service quality in communities served by the District, and where feasible, respond to substantive needs by advocating for their support or remediation by health care providers and agencies.
- (g) Exercise all other powers now or hereinafter set forth in and given to it by the District Law and other public agency laws applicable to the District.
- (h) Seek legislative, agency and consumer support for non profit and public healthcare services, enhanced public accountability and shared responsibility requirements for all healthcare providers; better defined and professional requirements for quality standards and oversight in the provision of healthcare services.

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

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

ARTICLE III

MEETINGS OF DIRECTORS

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

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

the Brown Act.

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

Section 4. Conduct and Rules. All meetings of the Board shall be conducted in accordance with the Brown Act, the District Law, other laws governing the conduct of meetings by public agencies, and rules established from time to time by resolution of the Board. Sturgis, The Standard Code of Parliamentary Procedure, Third Edition ("Sturgis") shall be the guide on all points not specified in these Bylaws or in the rules adopted by the Board under this Section.

ARTICLE IV

OFFICERS

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

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

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

- (a) Preside over all the meetings of the Board.
- (b) Be responsible for coordination and liaison with Marin General Hospital, community groups and public agencies, and residents served by the District.
- (c) Be responsible as the Board's liaison with the District's executive officer and Management for the implementation of Board direction and policies, and for input sought by the District executive officer and Management into the proper implementation of Board direction and policies.
- (d) Signs as Chair, contracts, conveyances and other instruments in writing and checks on the funds of the District as the Board shall authorize or direct the Chair to sign.
- (e) Be responsible for coordination and liaison with District legal counsel, auditors and consultants when direct Board oversight of matters pertaining to such consultants is appropriate.

- (f) Designate members of the Board to undertake special responsibilities and to report to the Chair on those activities as directed.
- (g) Coordinate with the District executive officer:
 - a. Utilization of legal counsel and conduct of legal affairs.
 - b. Preparation of Board agendas and meeting planning consistent with Board policies.
 - c. Serve as an alternate at committee meetings, if able, upon the excused absence of a Committee member, and
- (h) Perform other duties as pertain to the office as prescribed by the Board.
- (i) Appoint members of standing and formal ad hoc committees subject to confirmation by the Board.
- (j) Represent the Board at official functions when necessary, serve as a spokesperson for the Board regarding board actions, and keep the Board promptly informed of these occasions.

Section 4. Vice Chair. In the absence or inability of the Chair to serve, the Vice Chair shall perform the duties of the Chair, and shall perform other duties as pertain to the office as are prescribed by the Board.

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

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

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

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

ARTICLE V

BOARD COMMITTEES

Section 1. General Provisions.

- (a) Committees of the Board shall be standing or ad hoc. The committee members and chair shall be appointed by the Chair, subject to the approval of the Board. Standing Committee appointments and Board approval shall be made at the February Regular Meeting of each calendar year.
- (b) All committees shall be advisory to the Board unless otherwise specified by the Board, whose purpose and progress shall be reviewed by the Board at the December regular meeting of the Board.
- (c) Each Committee, Standing or Ad Hoc, shall be assigned two (2) District Directors, one of whom shall be the committee chair. Up to three non-District Board Directors, (“Community Members”) may be appointed as advisory members of the committee, and they will serve without a vote. Community Members may be recommended to the District Board Chair by the Committee Chair, or any other source within the District or MGH organizations, or the community. Proposed Community Members shall be residents of the District, and shall be interviewed by the Board or Committee Chair, or both, and shall submit a curriculum vitae for Board review. The Board will act upon the recommendation for appointment coming from the Board Chair for a term subject to annual renewal when Committee appointments are approved as provided in Section 1 (a) above. Upon appointment and upon any annual renewal of appointment, Community Members shall submit a Conflict of Interest Disclosure Statement to the District. The Board Chair shall be an ex officio member of Standing Committees, but may vote only if an actual member of the committee.
- (d) Each District Director member of a committee shall be entitled to vote on the committee.
- (e) In the event a District Director member of a committee cannot attend a committee meeting, the Chair may designate another District Director as a voting substitute.
- (f) The committees shall be assisted by staff and consultants to the District in the manner set forth by policies and procedures of the Board.

Section 2. Standing Committees.

- (a) Standing Committees of the Board are the following: (i) Finance and Audit and (ii) Lease and Building. Standing Committees shall hold meetings at times as agreed by committee members or as directed by the Board, but no less than quarterly.
- (b) At a Standing Committee meeting a quorum shall be one of the two District Board committee members, and a record of the proceedings shall be kept, but no action may be taken. There shall be a Standing Committee meeting agenda and packet, which shall be prepared in advance and distributed to Committee members.

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

- (a) Finance. With the advice and counsel of the District executive officer and District

financial officer:

1. Oversee the financial management and budget of the District.
2. Oversee in coordination with MGH Corporation, consistent with the District's role as corporate member and Lessor, the planning and implementation of financing programs related to facility and campus capital improvements and construction projects, with recommendations on same as appropriate to the Board.
3. Review and recommend to the Board policies and procedures in the areas of finance, fiscal controls, investments and insurance programs.
4. Review attorney and other consultant fees by project on a quarterly basis.
5. Draft an annual budget at the end of each fiscal year for presentation to the Board. Each February, review the budget and recommend adjustments to the Board.
6. Monitor financial statements and actual-to-budget income and expenditures on a quarterly basis.
7. Monitor and review financial reports forwarded to the District by MGH Corporation.

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

1. Review and recommend to the Board policies and procedures relating to the audit.
2. Recommend to the Board an independent auditor to audit the books, and accounts of the District on an annual basis. Review the scope and coverage of the audit as expressed in the engagement letter with the auditing firm.
3. Recommend to the Board a change in auditors and oversee the selection process.
4. Review the completed audit when received recommendation concerning the audit to the Board.
5. Review current GASB 34 policies annually and consider appropriate audit policies and procedures as needed, and report upon the Committee's findings and recommendations to the Board.
6. Undertake the conduct of audit responsibilities assigned to the District by MGH Corporation with implementation recommendations to the District Board of Directors.

(c) Perform other duties assigned by the Board.

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

- (a) Oversee the compliance of all agreements related to District assets, including but not limited to the Lease and related agreements entered into between the District and MGH Corporation.
- (b) Monitor the activities and reports of MGH Corporation consistent with the District's role as corporate member and Lessor of the Hospital, and make recommendations to the Board as appropriate.
- (c) Recommend to the Board any action the Committee deems necessary or advisable to ensure that the District's oversight role and responsibilities as corporate member and under the Lease are fulfilled.
- (d) Oversee the District's performance, in coordination with MGH Corporation, of facility and campus design, planning, and construction projects.
- (e) Perform other duties assigned by the Board.

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

ARTICLE VI

MANAGEMENT AND ADMINISTRATION OF THE DISTRICT

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

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

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

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

ARTICLE VII

REVIEW AND AMENDMENT OF BYLAWS

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

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

ARTICLE VIII

INDEMNIFICATION

Section 1. Indemnification. The District shall, to the maximum extent permitted by and in accordance with the California Government Code, defend and indemnify each of its Directors, officers, and employees against expenses, judgments, fines, compromises, settlements and other amounts actually and reasonably incurred in connection with any claim or action against an employee arising out of an act or omission occurring within the

scope of his/her role or employment for the District. For purposes of this Article VII, an "employee" of the District shall have the same meaning as set forth in Government Code Section 810.2, or any successor statute thereof, and includes, without limitation, any person who is or was a director, officer, employee of the District.

Adopted by the Board of Directors on August 11, 2015