

Bylaws

Purpose: To establish such rules and regulations not inconsistent with governing laws and regulations, that in the opinion of the Board of Directors are appropriate to provide for the exercise of its authority, duties and responsibilities to the institution, for the protection of assets and the quality of services the District provides to its patients and constituents.

I. **Article I: Definitions**

- A. "Hospital(s)" means Palomar Medical Center Escondido, 2185 Citracado Parkway, Escondido, California, Palomar Medical Center Downtown Escondido, 555 East Valley Parkway, Escondido, California, and Palomar Medical Center Poway, 15615 Pomerado Road, Poway, California.
- B. "Board" means the Board of Directors of the District.
- C. "Brown Act" means the Ralph M. Brown Act, which is found at California Government Code §§ 54950 – 54963 and California Health and Safety Code §§ 32106 and 32155 H&SC 32106 and 32155?
- D. "District" means Palomar Health.
- E. "Medical Staff(s)" or "Staff(s)" means the organized medical staff of Palomar Medical Centers Escondido, Downtown Escondido and Poway and/or the organized medical staff of other District facilities, as indicated.
- F. "Facility" or "Facilities" means a Hospital or the Hospitals, Home Health, Skilled Nursing Facilities, or any other health care facility or facilities operated by the District.
- G. "Practitioner" includes, but not limited to a physician (i.e., M.D. or D.O.), dentist (D.D.S. or D.M.D.), Advanced Practice Provider (N.P. or P.A.), psychologist, or podiatrist (D.P.M.) who is duly licensed in the State of California to practice within the scope of said license.

II. **Article II: Organization, Powers and Purposes**

- A. **Organization.** The District is a political subdivision of the State of California organized under the Division 23 of the Health and Safety Code ("Local Health Care District Law").
- B. **Purposes and Powers.** The District is organized for the purposes described in the Local Health Care District Law and shall have and may exercise such powers in the furtherance of its purposes as are now or may hereafter be set forth in the Local Health Care District Law and any other applicable statutes, rules or regulations of the State of California.
- C. **Bylaws, Policies and Procedures**
 - 1. The Board has the power to adopt, amend, and promulgate District Bylaws, Policies, and Procedures as appropriate. The Board Governance Committee shall review the District Bylaws at least annually and as necessary and following each review shall provide to the Board a report of its activities.
- D. **Dissolution.** Any proposal to dissolve the district shall be subject to confirmation by the voters of the district in accordance with Government Code section 56654.

III. **Article III: Offices**

- A. **Principal Office.** The principal office of the District is currently located at 456 East Grand Avenue, Escondido, California, 92025.
- B. **Other Offices.** Branch or subordinate offices may be established at any time by the Board at any place or places within the boundaries of the District.

IV. **Article IV: Board**

- A. **General Powers.** The Board is the governing body of the District. All District powers shall be exercised by or under the direction of the Board. The Board is authorized to make appropriate delegations of its powers and authority to officers and employees. It is the responsibility of the Board, functioning collectively, to govern the institution. To that end the

Board will oversee the development of policies, processes, and procedures that enable to organization to fulfill its mission and vision in an effective and ethical manner. The Board will collaborate with the CEO in the creation of these policies, processes and procedures and oversee their implementation.

1. Board Member Position Description: Each individual Member is accountable to the Board and to the institution and acts only as a part of the Board. Each individual Member works within the structure of the Board towards the establishment and oversight of the implementation of policies and monitoring of the organization's performance with respect to strategic direction, financial stewardship, quality outcomes and leadership of the Healthcare District.
2. Members of the Board of Directors will exercise authority with respect to the District and its affairs only when acting as part of the Board of Directors and only during Board of Directors meetings or meetings of authorized committees of the Board of Directors. An exception is the Chair of the Board of Directors who will collaborate and meet with the District's Chief Executive Officer regularly and as needed regarding issues regarding the Business of the District, including but not limited to, future Board meetings and their agendas. Members of the Board of Directors are not authorized to independently exercise management authority with respect to the District or its affairs except as expressly delegated by the Board.
3. Individual Board Member requests for records and institutional information shall be made in accordance with the Board Policy regarding record and information requests.

B. Specific Responsibilities:

1. Regularly review and where appropriate, update, the mission and vision statements that guide the District and its system affiliates ("system"), and enable it to meet the needs of its citizens in accordance with its Charter.
2. On an at least annual basis, the Board Quality Review Committee will prepare and the Board will review and approve a system-wide quality assurance plan. The Quality Assurance Plan will enable to Board to oversee the effectiveness of the organization in meeting targets of performance that address the Health, well-being and safety of those served.
3. Direct the Medical Staff(s) to independently and regularly report to the Board regarding the Quality and Safety of clinical care provided with the system's facilities and programs.
4. Direct the Medical Staff(s) in conjunction with the Administrative Leadership to establish policies and processes that provide for and facilitate the Board's ability to oversee the delivery of safe and effective care in the system's facilities and programs.
5. Direct the Medical Staff(s) to establish and implement policies processes that enable the Board to oversee and review the competency of Medical and Allied Health staff are assured on behalf of the citizens of the District.
6. Review and approve all financial policies, plans and programs for the system and enhance the preservation of the organization's assets and resources on behalf of the District.
7. Review and approve and update as needed a comprehensive strategic plan, consistent with the organization's mission and vision that aligns the system's financial, human resources, facilities, technology and quality plans.
8. Advocate on behalf of the Healthcare District's policies, programs and plans within the community served and with other constituency groups.
9. Recruit, employ and evaluate the performance of the Chief Executive Officer in accordance with goals and objectives established for the CEO by the Board with both short and long term considerations.
10. Establish and implement ethical policies that minimize conflicts of interest and ensure compliance with governmental, regulatory and other agency standards, laws and principles relative to excellent stewardship of the Public Healthcare District.

11. Annually evaluate the Board's performance and the individual performance of each Board member to continually enhance the effective stewardship of the system.
 12. Perform other duties as may be assigned or directed by the Board.
- C. **Board Duties.** Members of the Board of Directors shall have the following duties:
1. **Duty of Care.** Directors shall exercise proper diligence in their decision making process by acting in good faith in a manner that they reasonably believe is in the best interest of the District, and with the level of care that an ordinarily prudent person would exercise in like circumstance.
 2. **Duty of Loyalty.** Directors shall discharge their duties unselfishly, in a manner designed to benefit only the District and not the Directors personally or politically, and shall disclose to the full Board of Directors situations that they believe may present a potential for conflict with the purposes of the District.
 3. **Duty of Obedience.** Directors shall be faithful to the underlying purposes and mission of the District.
 4. If it is determined, by a majority vote of the Board of Directors in office at that time, that a Director has violated any of his or her duties to the detriment of the District, such Director is subject to sanctions according to the procedures set forth in Article V herein.
- D. **Number and Qualification.**
1. The Board shall consist of seven (7) members who are elected or appointed in accordance with the Local Healthcare District Law of the State of California, and other applicable law, each of whom shall be a registered voter residing within the District. The member of the Board of Directors elected to represent a District zone must be a resident of the zone from which he or she is elected for thirty (30) days preceding the date of the election and must be a registered voter in that zone. Termination of residency in a zone by a member of the Board of Directors shall create an immediate vacancy for that zone unless a substitute residence within the zone is established within thirty (30) days after the termination of residency.
- E. **Conflicts of Interests.** The Board shall endeavor to eliminate from its decision-making processes financial or other interests possessed by its members that conflict with the District's interests. Board members and other persons who are "Designated Employees," as defined in the District's current [Conflict of Interest Code](#) as it may be amended from time to time, shall, to the best of their ability, adhere to the provisions of said Code and any and all laws and regulations relating to conflicts of interests, including but not limited to the Government Code and Health and Safety Code.
- F. **Election and Term of Office.** Palomar Health District Board members are elected by Zones within the District. At the November 2020 General Election, three members of the Palomar Health District Board of Directors shall be elected on a by-zone basis from the three Even numbered, single-member zones (specifically, Zones 2, 4, and 6, as such zones may be amended), and every four years thereafter. At the General Election in November 2022, four members of the Palomar Health Board of Directors shall be elected from the four odd-numbered, single-member zones (specifically, Zones 1, 3, 5, and 7, as such zones may be amended), and every four years thereafter.
- G. **Orientation and Training.** An orientation consisting of materials and programs shall be provided to each newly seated Board Member which familiarizes them with his or her duties and responsibilities, including good governance practices, mandatory Sexual Harassment Prevention and Civility training, the Brown Act, Ethics training (AB 1234 training), and the Palomar Health Code of Conduct.
1. Board members are required to complete all applicable training that is mandated by Federal, State and local law.
 2. Board members are expected to participate in the entire Board orientation process and additional ongoing training. Individual Board members who do not fulfill this participation expectation will be subject to the provisions of the Board Sanction Policy and may be censured and/or subject to sanctions in accordance with such Policy.

- H. **Self-Evaluation of Board.** The Board shall evaluate its own collective performance, the performance of its individual Board members and the performance of its officers on an annual or other periodic basis.
 - 1. The Board Performance Internal Review shall be conducted in accordance with Board Performance Internal Review Policy.
 - 2. Individual Board members are expected to participate in the Board assessment or self-assessment process. Members who fail to do so will be subject to provisions of the Board Sanction Policy and may be subject to censure or sanctions in accordance to such Policy.
 - I. **Evaluation of CEO.** Individual Board Members shall participate in evaluation of CEO performed by the Board on an annual basis. This evaluation will be performed in accordance with Board CEO Review Policy.
 - J. **Vacancies.** Vacancies on the Board shall be filled in accordance with the applicable provisions of the Government Code.
 - K. **Resignation or Removal.** Any Board member may resign effective upon giving written notice to the Chairperson or the Secretary of the Board, unless the notice specifies a later time for the effectiveness of such resignation. Pursuant to California Health and Safety Code 32100.2, the term of any member of the Board shall expire if the member is absent from three consecutive regular Board meetings or from three of any five consecutive regular meetings of the Board and if the Board by resolution declares that a vacancy exists on the Board. All or any of the members of the Board may be recalled at any time by the voters following the recall procedure set forth in Division 16 of the Election Code.
 - L. **Liability Insurance.** The District shall procure and maintain appropriate policies of insurance (which may include self-insurance) to the extent permitted by law.
 - M. **Indemnification of Directors and Officers.** Members of the Board and officers shall be indemnified to the full extent permitted by law against all claims, liabilities and expenses incurred as a result of an action by the Board, except in the instance of willful misconduct in performance of duties as a director or officer.
 - N. **Compensation.** Board compensation will conform to current legal limitations and District Policy. Board members must participate in required Ethics training prescribed by Government Code section 53232 et seq. in order to be eligible for compensation.
 - O. **Health and Welfare Benefits.** Notwithstanding Section IV, L, "Compensation" above, the Board may provide health and welfare benefits, pursuant to Government Code §53200 et seq., for the benefit of its elected and former members and their dependents, or permit its elected and former members and their dependents to participate in District programs for such benefits, in accordance with all applicable laws and regulations and current District policy.
 - P. **Travel and Incidental Expenses Reimbursement.** Each member of the Board shall be reimbursed for his or her actual necessary traveling and incidental expenses incurred in the performance of official business of the District as approved by the Board and in accordance with District Policy pursuant to Government Code sections 53232.2 and 53232.3 and Health and Safety Code 32103. Such reimbursement, if approved by the Board, shall not constitute "compensation" for purposes of Section IV, L, "Compensation" above.
- V. **Article V: Determination of and Sanctions for Misconduct in Office**
- A. The Board shall establish a Board Sanction Policy to address individual Board member misconduct or malfeasance in office. Such Policy will be reviewed annually. The Policy will describe the process to be utilized by the Board in circumstances where an Individual Board Member has been determined by a super majority of the Board to have violated their duties to the detriment of the District, violated the provisions of the Bylaws or any Board Policy. The Board Sanction Policy will be consistent with the meaning of Government Code section 3060.
- VI. **Article VI: Board Officers**

- A. **Chairperson.** The Board shall elect one of its members as Chairperson at an organizational regular meeting. In the event of a vacancy in the office of Chairperson, the Board may elect a new Chairperson. The Chairperson shall be the Principal Officer of the Board and shall preside at all meetings of the Board. The Chairperson shall appoint all Board committee members and committee chairpersons, and shall perform all duties incident to the office and such other duties as may be prescribed by the Board from time to time, to include:
1. Presiding over all meetings of the Board
 2. Recognizing members entitled to the floor.
 3. Stating and putting to vote all questions which are regularly moved, or necessarily arise in the course of the proceedings, and to announce the result of the vote.
 4. Protecting the assembly from annoyance from irrelevant or improper motions through appropriate rules of order.
 5. Assisting in the expediting of business in all ways compatible with the rights of the collective Board and its individual members, and deciding all questions of order.
 6. Informing the assembly, when necessary, or when referred to for the purpose, on a point of order or practice pertinent to pending business.
 7. Authenticating all the acts, orders, and proceedings of the assembly declaring its will and in all things obeying its commands.
 8. Coordinating with the District's CEO and Management for the implementation of Board direction and policies.
 9. Coordinating with District's CEO and Administrative Management for the implementation of Board direction and policies.
 10. Designating and directing members of the Board to undertake special responsibilities and to report to the Chair on those activities as directed.
 11. Appointing members of standing authorized ad-hoc committees with formal notification to the Board in a timely fashion and no later than the next meeting of the Board.
 12. Representing the Board at official functions when necessary.
 13. Serving as spokesperson for the Board regarding Board actions.
 14. Provide regular updates to the Board regarding major activities within the District, utilizing administrative support and in conjunction with the CEO as appropriate.
 15. Counseling individual Board members in conjunction with other Board Members and/or the Chair of the Governance committee at the discretion of the Chair.
 16. Implement processes designed to facilitate the collective awareness of the Board regarding major activities within the district so that all individual Board Members are provided the opportunity to be equally informed.
- B. **Vice Chairperson.** The Board shall elect one of its members as Vice Chairperson at an organizational meeting. In the absence of the Chairperson, the Vice Chairperson shall perform the duties of the Chairperson.
- C. **Secretary.** The Board shall elect one of its members Secretary at an organizational meeting. The Secretary shall provide for review and approval of minutes of all meetings of the Board. The Secretary shall give or cause to be given appropriate notices in accordance with these bylaws or as required by law and shall act as custodian of District records and reports and of the District's seal.
- D. **Treasurer.** The Board shall elect one of its members Treasurer at an organizational meeting. The Treasurer shall oversee the safekeeping and disbursement of the funds in the treasury of the District. The Treasurer shall be the chairperson of the Finance Committee. The Treasurer shall have express authority to delegate his or her duties to the Chief Financial Officer of the District.
- E. **Tenure.** Each officer described above shall serve a one-year term, commencing on the first day of January after the organizational meeting at which he or she is elected to the position.

Each officer shall hold office until the end of the one-year term, or until a successor is elected, unless he or she shall sooner, resign or be removed from office.

- F. **Removal.** An officer described above may be removed from office by the affirmative vote of four members of the Board not counting the affected Board member. In addition, an officer described above will automatically be removed from office when his or her successor is elected and is sworn in as a Board member.
- G. **President and Chief Executive Officer.** The Board shall select and employ a President and Chief Executive Officer who shall report to the Board. The President and Chief Executive Officer shall have sufficient education, training, and experience to fulfill his or her responsibilities, which shall include but not be limited to overseeing and managing the day-to-day operations of the District, the District facilities, and implementing the strategic mission and vision of the District as directed by the Board. The Board shall be responsible for developing, maintaining and periodically updating a detailed job description for the President and CEO, which job description shall set forth the specific duties and requirements of the position in compliance with California Code of Regulation Section 79777. All other District employees shall be direct reports of the CEO or his/her subordinates with the exception of the Compliance Officer who shall have the ability to report independently and directly to the Board at their discretion or at the request of the Board Chair.
- H. **Subordinate Officers.** The President and Chief Executive Officer may select and employ such other officers as the District may require, each of whom shall hold office for such period, have such authority, and perform such duties as the President and Chief Executive Officer, in consultation with the Board may from time to time determine.

VII. Article VII: Board Meetings

- A. **Board Meeting.** A meeting of the Board is any congregation of a majority of the members of the Board at the same time and place to hear, discuss or deliberate upon any item that is within the subject matter jurisdiction of the Board. A meeting is also the use of direct communication, personal intermediaries or technological devices that is employed by a majority of the members of the Board to develop a collective concurrence as to action to be made on an item by the members of the Board. Notwithstanding, a majority (four or more members) of the Board may communicate directly or through technological devices for the purpose of calling a special meeting. If such a meeting is properly called for by a majority of the Board, the Board Chair, in conjunction with administrative support shall facilitate the process of scheduling and properly noticing the special meeting in a timely manner. without undue delay and in such a way so as to allow for the attendance of as many Board members as is practically possible.
- B. **Open to The Public.** Meetings of the Board shall be open to the public, except as otherwise provided in applicable laws or regulations, including but not limited to the Brown Act and the Local Health Care District Law.
 - 1. Members of the public shall be afforded an opportunity to provide input to District processes and Board meetings to the extent permitted under applicable laws, including but not limited to the Brown Act and the Local Health Care District Law.
- C. **Quorum.** A majority of the voting members of the Board shall constitute a quorum for the transaction of business at any Board Meeting except as otherwise required by law
- D. **Manner of Acting.** The act of a majority of the members of the Board present at a meeting at which a quorum is present shall be the act of the Board. No act taken at a meeting at which less than a quorum was present shall be valid. The Board may follow Robert's Rules of Order as guidance when taking action and obtaining information.
- E. **Disrupted Meetings.** In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible, and order cannot be restored by the removal of individuals who were willfully interrupting the meeting, the Board Chair may order the meeting room closed and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to

attend any session held pursuant to this section. The Board Chair may establish a procedure for readmitting an individual or individuals not responsible for willfully disrupting the orderly conduct of the meeting.

- F. **Medical Staff Representation.** With the exception of closed sessions at which such representation is not requested by the Board, the Medical Staff of each Facility shall have the right of representation at all meetings of the Board, by and through the Chief of Staff, or designee, of each Medical Staff, who shall have the right of attendance, the right to participate in Board discussions and deliberations, but who shall not have the right to vote.
- G. **Regular Meetings.**
 - 1. The Board shall hold an annual organizational meeting on or around December, during which the Board shall elect its officers for the next calendar year. One member shall be elected as Chairperson, one as Vice Chairperson, one as Secretary, and one as Treasurer.
 - 2. At the annual organizational meeting, the Board shall pass a resolution stating the dates, times and places of the Board's regular monthly meetings for the following calendar year. The Board may later change the date, time, or location of a meeting upon resolution made at a regular Board meeting.
 - 3. Notice, including the meeting's agenda, shall be provided in accordance with Government Code §54954.2(a)(1) at least 72 hours prior to the beginning of regular meetings.
 - 4. The 72-hour requirement can be waived, and items can be added to regular meetings if any of the following criteria are met:
 - a. During the meeting, a majority of the Board determines that there is an emergency as defined by Government Code § 54956.5 which would give rise to the ability to call an emergency meeting as described in Section V, I, "Emergency Meetings" or
 - b. If at least two thirds of the Board members are present, and by a vote of at least two thirds of those Board members present, the Board determines there is a need to take immediate action, and the need for action came to the attention of the District after the agenda was posted.
 - c. If less than two thirds of the Board members are present, and by a unanimous vote of those Board members present, the Board determines there is a need to take immediate action, and the need for action came to the attention of the District after the agenda was posted.
 - d. The item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item and at the prior meeting the item was continued to the meeting at which action is being taken, as allowed by Government Code §54954.2.
- H. **Special Meetings.** A special meeting may be called at any time by the Chairperson, or by a majority of Board members, by delivering at least 24 hours' written notice as required by Government Code §54956. Written notice may be dispensed with as to any Board member who at or prior to the time the meeting convenes files with the Secretary a written waiver of notice. Such written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes.
- I. **Emergency Meetings.**
 - 1. In the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, such as a work stoppage, crippling activity, or another activity that severely impairs public health, safety, or both, as determined by a majority of the Board members, the Board may hold an emergency meeting without complying with either or both the 24-hour notice or posting requirements, provided it complies with the requirements defined in Government Code §54956.5.

2. The minutes of an emergency meeting, a list of persons who the Chairperson, or his or her designee notified or attempted to notify, a copy of the roll call vote and any actions taken at the meeting shall be publicly posted for a minimum of ten days as soon possible after the meeting.

VIII. Article VIII: Board Committees

- A. **Appointment.** Standing committees are established by the Board and shall be advisory in nature unless otherwise specifically authorized to act by the Board. Members of all committees, whether standing or special (ad hoc) shall be appointed by the Chairperson of the Board.
 1. A standing committee of the Board is any commission, committee, board or other body, whether permanent or temporary, which is created by formal action of the Board and has continuing subject matter jurisdiction and/or a meeting schedule fixed by charter, ordinance, resolution, or formal action of the Board. Actions of committees shall be advisory in nature with recommendations being made to the Board.
 2. Special or ad hoc committees are appointed by the Chair of the Board and shall exist for a single, limited purpose with no continuing subject matter or jurisdiction. Special or advisory committees shall be advisory in nature and shall make recommendation to the Board. The committee shall be considered disbanded upon conclusion of the purpose for which it was appointed.
- B. **Standing Committees.** There shall be the following standing committees of the Board: Finance; Governance; Audit and Compliance; Human Resources; Strategic and Facilities; Community Relations; and Quality Review. Standing committees will be treated as the Board with respect to Article V of these bylaws. All provisions in Article V that apply to Board members shall apply to members of any standing committee.
 1. Finance Committee.
 - a. Chairperson. The Board Treasurer may serve as the Chairperson of the Board Finance Committee.
 - b. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.
 - c. The Finance Committee shall consist of six voting members, three members of the Board, the President and Chief Executive Officer, and the Chief of Staff from each hospital. There shall be three alternate Committee members:
 - i. One alternate shall be a member of the Board, also appointed by the Chairperson of the Board, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Board Committee member: if the Board Member First Alternate is also not available another Board Member may attend as a voting member with Board Chair approval.
 - ii. The second and third alternate Committee members shall be the Chiefs of Staff Elect from each hospital, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for their respective Chief of Staff.
 - d. Non-Voting Membership. The Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer, the Controller, the Chief Nursing Officer Palomar Medical Centers Escondido and Downtown Escondido, and the Chief Nursing Officer Palomar Medical Center Poway.
 - e. Duties. Provide oversight to determine and facilitate the financial viability of the organization through the effective establishment of sound policies and development of a system of controls to safeguard the preservation and use of assets and resources. The duties of the Committee shall include but are not limited to:
 - i. Review and approve annual and long-range operating cash, operational and capital budgets for the District and its system affiliates ("System").

- ii. Develop and maintain sound understanding of the services of the District's revenues and expenses and its economic environment.
 - iii. Approve methods of financing major capital asset renovations, replacements and additions.
 - iv. Review financial reports and operating statistics on a regular basis to provide organizational oversight regarding the appropriateness of actions in response to operating trends in achievement of financial goals.
 - v. Evaluate and approve financial plans for new business ventures, programs, and services and establish criteria to measure their ongoing viability.
 - vi. Develop communications in order to enhance the understanding of other members in regard to financial matters of the system.
 - vii. Review the preliminary, annual operating budgets for the District and Facilities and other entities;
 - viii. Review and recommend to the Board the final, annual, operating budgets;
 - ix. Review annually those policies and procedures within its purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing or creation of new policies and procedures; and
 - x. Perform such other duties as may be assigned by the Board.
2. Audit and Compliance Committee.
1. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.
 2. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend and enjoy voting rights only in the absence of a voting Committee member. If the Board alternate is also not available another Board Member may attend as a voting member with Board Chair approval.
 3. Non-Voting Membership. The President and Chief Executive Officer, the Chief Legal Officer, the Compliance Manager, and a physician appointee. Any District executive, representative or director will attend as an invited guest.
- a. Duties. Determine and establish that appropriate review mechanisms and management of the District's assets and resources are in place and that the organization complies with all applicable state and federal regulations relative to the audit and financial stewardship of the District. The duties of the Committee shall include but are not limited to:
- i. Routinely review the system of internal controls for the organization.
 - ii. Recommend a qualified audit firm to complete independent financial audits of the system and review reports, management letters and recommendations from the firm to assure compliance with recognized audit principles and standards.
 - iii. Keep up with trends in the field of health care audit and compliance to help educate other Board members on the latest trends in the industry.
 - iv. Approve and review the effectiveness and overall audit scope including but not limited to financial statements, external/internal audits, compliance, internal controls and reporting responsibilities.
 - v. Recommend to the Board the approval of the organization's annual audit reports.

- vi. Review annually those policies within its purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing or creation of new policies.
- vii. Assess and monitor the independent status of the outside independent auditors.
- viii. Direct special investigations for the Board.

2. Governance Committee.

- a. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.
- b. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend and enjoy voting rights only in the absence of a voting Committee member. If the Board Member First Alternate is also not available another may attend as a voting member with Board Chair approval.
- c. Non-Voting Membership. The President and Chief Executive Officer, the Chief Legal Officer, the Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer and the Director of Clinical Operations Improvement.
- d. Duties. Oversee, establish and monitor the effective and efficient management of the governmental processes of the Board. The duties of the Committee shall include but are not limited to:
 - i. Make an annual, comprehensive review of the District bylaws, policies and procedures and receive reports regarding same, and elicit recommendations on such issues from management; and the Board.
 - ii. Provide guidance to the CEO in the development of education and orientation programs that enhance member understanding of Board stewardships, health care, issues and management of the system.
 - iii. Assist in development and completion of an annual Board self-assessment and where appropriate make recommendations to enhance governance of the organization by its members.
 - iv. Review and where appropriate make recommendations to the Board on pending or existing state and federal legislation that could affect the direction of the District and Board member responsibilities.
 - v. Annually review the boundaries of the District to ensure compliance with its charter in the completion of health care stewardship responsibilities.
 - vi. Review such other issues associated with Palomar Health and/or Board governance and its effectiveness, including but not limited to Board member orientation and continuing education.
 - vii. Advise the Board on the appropriate structure and operations of all committees of the Board, including committee member qualifications.
 - viii. Monitor developments, trends and best practices in corporate governance, and propose such actions to the Board.
 - ix. Perform such other duties as may be assigned by the Board.

2. Human Resources Committee.

- a. Voting Membership. All recommendations must be ratified by the full Board prior to any action taken.
- b. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend Committee meetings and enjoy voting rights only in the absence of a voting Committee member.
- c. Non-Voting Membership. The President and Chief Executive Officer; the Vice President Human Resources; the Chief Nursing Officers Palomar Medical

- Centers Escondido, Escondido Downtown and Poway; Vice President Continuum Care; Legal Counsel.
- d. Duties. Help develop a workforce environment that effectively translates the District's mission and vision into reality on a daily basis. The duties of the Committee shall include but are not limited to:
 - i. Review and assess regular reports from administration on the education and development of staff, turnover, completion of performance appraisals, staffing plans, etc. to identify trends and needs and to ensure that governmental agency requirements are met.
 - ii. Review, understand and recommend Human Resource policies and compensation programs in order to provide an excellent work environment and stewardship of the workforce.
 - iii. Monitor labor relations program as established by the District and review/recommend changes (in conjunction with the District's Labor Attorney and Administration) to the Board when appropriate.
 - iv. Keep abreast of changes in Healthcare workforce issues and develop educational programs and communications for the Board to keep them up-to-date on challenges faced by the District.
 - v. Make recommendations to the President and Chief Executive Officer and the Board to improve communications among the Board, Medical Staffs, District employees and auxiliaries.
 - vi. Review annually those policies and procedures within its purview and report the results of such review to the Board. Such reports shall include recommendations to the Board regarding modification of existing or creation of new policies and procedures; and
 - vii. Review and make recommendations to the President and Chief Executive Officer and the Board regarding compensation, incentive, and benefit plans offered to District Officers and other employees
 - viii. Perform such other duties as may be assigned by the Board.
3. Strategic and Facilities Planning Committee.
 - a. Voting Membership. All recommendations must be ratified by the full Board prior to any action taken.
 - b. The Committee shall consist of six voting members: Three members of the Board, the President and Chief Executive Officer, and the Chief of Staff from each hospital. There shall be three alternate Committee members: The alternate Committee members for Chief of Staff shall be the Chiefs of Staff elect from each hospital, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for their respective Chief of Staff. If the Board Member First Alternate is also not available another may attend as a voting member with Board Chair approval.
 - i. The alternate(s) shall attend Committee meetings and enjoy voting rights only in the absence of a voting Committee member.
 - c. Non-Voting Membership. The Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer, the Chief Nursing Officer Palomar Medical Centers Escondido and Downtown Escondido, the Chief Nursing Officer Palomar Medical Center Poway, the Vice President Strategy and Business Development, the Vice President Supply Chain, Purchasing and Construction, Legal Counsel, the Vice President Human Resources, the Vice President Philanthropy, and a board member of the Palomar Health Foundation, recommended by the Foundation and approved by the Committee Chairperson. As needed, other appropriate relevant staff in facilities, planning and compliance may be requested to attend to facilitate the work of the Committee.

- d. Duties. The duties of the Committee shall include but are not limited to:
 - i. Regarding the Strategic Function: Review, assess and establish that the mission and vision of the Board are implemented in an effective and meaningful manner through the establishment and implementation of plans and programs that enhance the well-being of the citizens of the District.
 - I. Review and make recommendations to the Board regarding the District's short and long range strategic plans, master and facility plans, physician development plans and strategic collaborative relationships.
 - II. Review the development of new programs and system initiatives to ensure their direction is in accordance with the mission and vision of the organization and support the strategic plans of the District.
 - III. Monitor completion of annual goals in order to ensure their effective completion on behalf of the system.
 - IV. Recommend educational programs and enhance Board members understanding of trends in the local, State and National health care arena and issues affecting the system.
 - V. Review annually those policies within the Committee's purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing, or creation of new policies.
 - VI. Perform such other duties as may be assigned by the Board.
 - ii. Regarding the Facilities Function: Provide oversight for the development, expansion, modernization and replacement of the Health System facilities and grounds in order to promote the physical life of the assets belonging to the District; and to ensure the safety and well-being of those working in and being served in the facilities and on the grounds.
 - I. Approve the annual Facilities Development Plan and regularly review updates on implementation of plan;
 - II. Receive a biannual Environment of Care report;
 - III. Perform such other duties as may be assigned by the Board
 - IV. Advise the Finance Committee with respect to the need of adequate projects funding.
 - V. Ensure that the District is in compliance with governmental agency and accreditation requirements with respect to earthquake and disaster preparedness, fire and safety codes, environmental standards and physical security needs, etc.
 - VI. Provide oversight regarding the maintenance of facilities and grounds and implementation of improvement projects.
 - VII. Ensure that a long-term facility plan is developed and updated regularly.
 - VIII. Perform such other duties as may be assigned by the Board.
4. Quality Review Committee.
- a. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.
 - b. The Committee shall consist of five voting members, including three members of the Board and the Chairs of Medical Staff Quality Management Committees of Palomar Medical Center Escondido, Palomar Medical Center Downtown and Palomar Medical Center Poway. There shall be one Board Alternate who shall serve as voting member in absence of one or more of the Quality Review

- Committee Board Members. If the Board Member First Alternate is also not available another Board Member may attend as a voting member with Board Chair approval.
- c. Non-Voting Membership. The President and Chief Executive Officer, Chief Operations Officer, Chief Medical Officer, the Chief Nursing Officers of Palomar Medical Center Escondido, Palomar Medical Center Downtown and Palomar Medical Center Poway, the Quality Medical Officer, the Sr. Director of Quality and Patient Safety, Chair or Co-Chairs of the Patient and Medication Safety Council and two members of the Patient Family Advisory Committee.
 - d. Duties. Ensure the quality of care rendered in the District's facilities is at the highest possible level when compared to national standards and that actions are taken on behalf of the Board to ensure the safety and well-being of the citizens served. The duties of the Committee shall include but are not limited to:
 - i. Regularly review and approve the systems annual and long-term quality assurance plans to ensure the identification, assessment and resolution of patient care issues.
 - ii. Review, assess and establish that the system is meeting regulatory and governmental requirements and standards pertaining to the delivery of quality medical clinical care in all of its facilities and programs.
 - iii. Monitor Institutional liability/Risk experience and ensure that proper systems are put into place to reduce exposure to loss.
 - iv. Review, assess and establish that credentials of Medical and Allied Health staff are reviewed and privileges granted and renewed on the basis of demonstrated professional competence and adherence to the bylaws and code of conduct set forth by the Medical Executive Committee of the Healthcare practitioners involved.
 - v. Provide oversight to the development and management of educational endeavors to improve staff performance and skills in the completion of their clinical care responsibilities.
 - vi. Regularly review and assess quality care reports, statistics and programs from Medical Staff and system departments to identify trends or clinical care issues and to recommend stewardship action where appropriate.
 - vii. Perform such other duties as may be assigned by the Board.
5. Community Relations Committee.
- a. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.
 - b. The Committee shall consist of five voting members, including three members of the Board and one alternate who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member, the President and Chief Executive Officer, and a Board member of the Palomar Health Foundation recommended by the Foundation and approved by the Committee Chairperson. If the Board Member First Alternate is also not available another board Member may attend as a voting member with Board Chair approval.
 - c. Non-Voting Membership. The Chief Operations Officer, the Vice President of Continuum Care, the Foundation Philanthropy Officer, the Director of Marketing, an RN representative, and two representatives of the Palomar Health Patient and Family Advisory Committee
 - d. Duties. Develop plans and programs that help to communicate the District's mission and vision to various constituents and related groups and to educate the public on Healthcare and wellness issues facing the citizens of the District. The duties of the Committee shall include but are not limited to:

- i. Review and make recommendations to the Board regarding the District's community relations and outreach activities, including marketing, community education and wellness activities.
 - ii. Review marketing procedures to ensure that they support the District's mission and goals. Such policies shall include market research, specific and marketing program planning and development, and internal and external communications. The Committee shall report its review of such policies to the Board on a regular basis.
 - iii. Serve as Board liaison to the Foundation and quarterly review, recommend and prioritize capital projects and contemplated funding requests to the Foundation's Board of Directors, and review annual reports from the Foundation regarding donations and projects funded during the previous year.
 - iv. Review annually those policies within the Committee's purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing, or creation of new, policies.
 - v. Advise the Board on issues relating to health care advisory councils and District grant procurements.
 - vi. Undertake planning regarding the District's community relations and outreach activities, including marketing, community education and wellness activities.
 - vii. Perform such other duties as may be assigned by the Board.
- B. **Special Committees.** Special or ad hoc committees may be appointed by the Chairperson who will then notify the Board for special tasks as circumstances warrant and upon completion of the task for which appointed, such special committee shall stand discharged. All recommendations must be ratified by the Board prior to any action taken.
- C. **Advisors.** A committee chairperson may invite individuals with expertise in a pertinent area to voluntarily work with and assist the committee. Such advisors shall not vote or be counted in determining the existence of a quorum and may be excluded from any committee session at the discretion of the committee chairperson.
- D. **Meetings and Notice.** Meetings of a committee may be called by the Chair of the Board, the chairperson of the committee, or a majority of the committee's voting members. The chairperson of the committee shall be responsible for contacting alternate committee members in the event their participation is needed for any given committee meeting.
- E. **Quorum.** A majority of the voting members of a committee shall constitute a quorum for the transaction of business at any meeting of such committee.
- F. **Manner of Acting.** The act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee so meeting. Each committee shall keep minutes of its proceedings and shall report to the Board. No act taken at a meeting at which less than a quorum was present shall be valid.
- G. **Tenure.** Each member of a committee described above shall serve a one-year term, commencing on the first day of January after the annual organizational meeting at which he or she is elected or appointed. Each committee member shall hold office until a successor is elected, unless he or she sooner resigns or is removed from office by the Board.

II. Article IX: Medical Staffs

A. **Organization.**

- 1. There shall be separate Medical Staff organizations for both Palomar Medical Center Escondido/Palomar Health Downtown Campus and for Palomar Medical Center Poway with appropriate officers and bylaws. The Medical Staff of each Hospital shall be self-governing with respect to the professional work performed in that Hospital. Membership in the respective Medical Staff organization shall be a prerequisite to the

exercise of clinical privileges in each Hospital, except as otherwise specifically provided in each Hospital's Medical Staff bylaws.

2. District Facilities other than the Hospitals may also have professional personnel organized as a medical or professional staff, when deemed appropriate by the Board pursuant to applicable law and Joint Commission and/or other appropriate accreditation standards. The Board shall establish the rules and regulations applicable to any such staff and shall delegate such responsibilities, and perform such functions, as may be required by applicable law and Joint Commission and/or other appropriate accreditation standards. To the extent provided by such rules, regulations, laws and standards, the medical or professional staffs of such Facilities shall perform those functions specified in this Article VIII.
- B. **Medical Staff Bylaws.** Each Medical Staff organization shall propose and adopt by vote bylaws, rules and regulations for its internal governance which shall be subject to, and effective upon, Board approval, which shall not be unreasonably withheld. The bylaws, rules and regulations shall be periodically reviewed for consistency with Hospital policy and applicable legal and other requirements. The bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the Medical Staffs by the Board. The bylaws, rules and regulations shall state the purpose, functions and organization of the Medical Staffs and shall set forth the policies by which the Medical Staffs exercise and account for their delegated authority and responsibilities. The bylaws, rules and regulations shall also establish mechanisms for the selection by the Medical Staff of its officers, departmental chairpersons and committees.
- C. **Medical Staff Membership and Clinical Privileges.**
1. Membership on the Medical Staffs shall be restricted to Practitioners who are competent in their respective fields, worthy in character and in professional ethics, and who are currently licensed by the State of California. The bylaws of the Medical Staffs may provide for additional qualifications for membership and privileges, as appropriate.
 2. While retaining its ultimate authority to independently investigate and/or evaluate Medical Staff matters, the Board hereby recognizes the duty and responsibility of the Medical Staffs to carry out Medical Staff activities, including the investigation and evaluation of all matters relating to Medical Staff membership, clinical privileges and corrective action. The Medical Staffs shall forward to the Board specific written recommendations, with appropriate supporting documentation that will allow the Board to take informed action, related to at least the following:
 - a. Medical Staff structure and organization;
 - b. The process used to review credentials and to delineate individual clinical privileges;
 - c. Appointing and reappointing Medical Staff members, and restricting, reducing, suspending, terminating and revoking Medical Staff membership;
 - d. Granting, modifying, restricting, reducing, suspending, terminating and revoking clinical privileges;
 - e. Matters relating to professional competency;
 - f. The process by which Medical Staff membership may be terminated; and
 - g. The process for fair hearing procedures.
 3. Final action on all matters relating to Medical Staff membership, clinical privileges and corrective action shall be taken by the Board after considering the Medical Staff recommendations. The Board shall utilize the advice of the Medical Staff in granting and defining the scope of clinical privileges to individuals, commensurate with their qualifications, experience, and present capabilities. If the Board does not concur with the Medical Staff recommendation relative to Medical Staff appointment, reappointment or termination of appointment and granting or curtailment of clinical privileges, there shall be a review of the recommendation by a conference of two

Board members and two members of the relevant Medical Staff, before the Board renders a final decision.

4. No applicant shall be denied Medical Staff membership and/or clinical privileges on the basis of sex, race, creed, color, or national origin, or on the basis of any other criterion lacking professional justification. The Hospitals shall not discriminate with respect to employment, staff privileges or the provision of professional services against a licensed clinical psychologist within the scope of his or her licensure, or against a physician, dentist or podiatrist on the basis of whether the physician or podiatrist holds an M.D., D.O., D.D.S., D.M.D. or D.P.M. degree. Wherever staffing requirements for a service mandate that the physician responsible for the service be certified or eligible for certification by an appropriate American medical board, such position may be filled by an osteopathic physician who is certified or eligible for certification by the equivalent appropriate American Osteopathic Board.

D. Performance Improvement.

1. The Medical Staffs shall meet at regular intervals to review and analyze their clinical experience, in order to assess, preserve and improve the overall quality and efficiency of patient care in the Hospitals and other District Facilities, as applicable. The medical records of patients shall be the basis for such review and analysis. The Medical Staffs shall identify and implement an appropriate response to findings. The Board shall further require mechanisms to assure that patients with the same health problems are receiving a consistent level of care. Such performance improvement activities shall be regularly reported to the Board.
2. The Medical Staffs shall provide recommendations to the Board as necessary regarding the organization of the Medical Staffs' performance improvement activities as well as the processes designed for conducting, evaluating and revising such activities. The Board shall take appropriate action based on such recommendations.
3. The Board hereby recognizes the duty and responsibility of the Medical Staffs to carry out these performance improvement activities. The Board, through the President and Chief Executive Officer, shall provide whatever administrative assistance is reasonably necessary to support and facilitate such performance improvement activities.

E. Medical Records. A complete and accurate medical record shall be prepared and maintained for each patient.

F. Terms and Conditions. The terms and conditions of Medical Staff membership, and of the exercise of clinical privileges, shall be as specified in the Hospitals' Medical Staff bylaws.

G. Procedure. The procedure to be followed by the Medical Staff and the Board in acting on matters of membership status, clinical privileges, and corrective action, shall be specified in the applicable Medical Staff bylaws.

H. Appellate Review. Any adverse action taken by the Board with respect to a Practitioner's Staff status or clinical privileges, shall, except under circumstances for which specific provision is made in the Medical Staff bylaws, be subject to the practitioner's right to an appellate review in accordance with procedures set forth in the bylaws of the Medical Staffs.

III. Article X: Claims and Judicial Remedies

A. Claims. The District is subject to Division 3.6 of Title 1 of the California Government Code, pertaining to claims against public entities. The Chief Executive Officer, or his or her designee, is authorized to perform those functions of the Board specified in Part 3 of that Division, including the allowance, compromise or settlement of any claims where the amount to be paid from the District's treasury does not exceed \$50,000.

IV. Article XI: Amendment

- A. These bylaws may be amended or repealed by vote of at least four members of the Board at any Board meeting. Such amendments or repeal shall be effective immediately, except as otherwise indicated by the Board.