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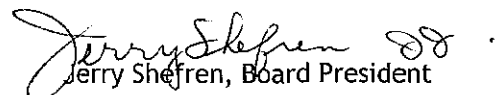
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A G E N D A
SEQUOIA HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING
4:30, Wednesday, August 6, 2014
Conference Room, 525 Veterans Boulevard, Redwood City, CA 94063

Director Faro will be participating via teleconference from 663 Holton Road, Talent, Oregon

1. Call To Order And Roll Call
2. Public Comment On Non-Agenda Items*
- ACTION 3. Consent Calendar - President Shefren
 - a. Approve June 4, 2014 Regular Meeting Minutes
 - b. Approve July 9, 2014 Special Meeting Minutes
 - c. Accept May and June 2014 Financial Statements
4. CEO/Staff Reports
 - a. CEO Report - Mr. Michelson
 - b. Healthy Schools - Ms. Kurtzman & Ms. Gabet
 - c. HeartSafe - Mr. Nielsen
5. New Business
 - a. Information Report On Sequoia Village - Mr. Croce of Peninsula Family Services
 - ACTION b. Consider Response to Grand Jury Report Of May 19, 2014 - Mr. Michelson
 - ACTION c. Consider Updated Conflict Of Interest Statement - Mr. Hudak
 - ACTION d. Consider Agreement With Mission Hospice For A Grant In The Minimum Amount Of \$1 Million - President Shefren
 - ACTION e. Consider Adopting Restated Policies And Procedures - President Shefren
 - f. Update On EBIDA Discussions With Dignity Health - President Shefren
6. Adjourn.

The Next Regular Meeting Of The Board Of Directors Of Sequoia Healthcare District Is Scheduled For 4:30 PM, Wednesday, October 1, 2014, District Conference Room, 525 Veterans Blvd., Redwood City, CA 94063


Jerry Shefren, Board President

*Public comment will be taken for each agenda item prior to the board's consideration on that item.

Any writings or documents provided to a majority of the Board of Directors regarding any item on this agenda will be made available for public inspection at the District office, 525 Veterans Blvd., Redwood City, CA, during normal business hours. Please telephone 650-421-2155 to arrange an appointment.

If you are an individual with a disability and need an accommodation to participate in this meeting, please contact Sequoia Healthcare District at least 48-hours in advance at 650-421-2155.

**MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT**

June 4, 2014

Conference Room, 525 Veterans Boulevard
Redwood City, CA 94063

Directors Present

Director Faro
Director Griffin
Director Hickey
Director Kane
Director Shefren

Directors Excused

Also Present

Mr. Michelson, CEO
Mr. Hudak, Legal Counsel
Ms. Johnson, Recorder

1. Call to Order

By: President Shefren
Time: 4:30pm

President Shefren announced that public comment will be heard on each agenda item.

2. Public Comment/Non-Agenda Items

President Shefren reported that he attended the annual ACHD meeting in Pasadena. Worthwhile discussions regarding the complications about governing the state of California, collaborative partnerships and social media.

Director Faro reported he also attended the conference and found the social media presentation and the presentation on governance and one of the main roles of a board member is to support his or her organization.

Director Kane attended the conference and also found the social media presentation to be very worthwhile.

Mindy Shelton, Wellness Coordinator of Belmont-Redwood Shores School District provided updated information about their financial contribution to health and wellness which is significantly more than previously reported. Ms. Kurtzman stated she will provide an addendum to their original proposal.

3.a. - 3.c. Consent Calendar

Director Hickey asked that item 3.c be removed from the Consent Calendar.

Motion: To approve the remaining items 3.a (April 2, 2014 minutes), 3.b. (May 6, 2014 Study Session minutes) and 3.d (March and April 2014 financial statements).

By: President Shefren Kane

Seconded by: Director Hickey

Vote: 5-0

Motion Passed

Director Hickey asked President Shefren if at the May 6th special meeting, President Shefren had relayed Director Hickey's position on several of the agenda items that Director Hickey had emailed to him. President Shefren replied he had not.

Motion: To approve item 3.c (May 6, 2014 minutes).

By: Director Faro

Seconded by: Director Kane

Vote: 5-0

Motion Passed

4. CEO & Staff Reports

CEO Report: Mr. Michelson stated that in addition to Legislative Days, he also attended the annual ACHD conference at which he was a presenter on the District's grants program.

Healthy Schools: Ms. Kurtzman said in addition to her report in the packet, she is currently working on updating MOUs with each school district partner. She invited the Board to attend an Open House on June 20 between 11:00-2:00 at which checks will be presented to both Community and Healthy Schools grant recipients.

The HeartSafe program: Mr. Nielsen reported that Sequoia High School has presented its Purple Patriot Award to the District. Additionally, he and Director Griffin attended an all day cardio screening in San Diego of over 800 high school students with a total of 9 students identified with severe risk for cardiac arrest.

5.a. Resolution 14-3 Determining Date and Adopting Provisions for the 2014 Sequoia Healthcare District General Election

Motion: To waive reading the resolution.

By: Director Faro

Seconded by: Director Kane

Vote: 5-0

Motion Passed

Motion: To adopt Resolution 14-3.

By: Director Faro

Seconded by: Director Kane

Director Hickey asked that the maker of the motion amend the resolution to allow new candidates to have their statements paid for by the District. Counsel informed the Board that such discrimination would be in violation of the election code.

Vote: 5-0

Motion Passed

5.b. Consider Commitment to Adopt ACHD and SDLF Transparency Guidelines

Mr. Michelson reported that the District has been taking steps to become an ACHD Transparent District which requires conforming to specific ACHD's criteria and it is his recommendation that we do so.

Motion: That Sequoia Healthcare District will make changes to policies and processes to become an ACHD Transparent District.

By: President Shefren

Seconded by: Director Kane

Vote: 5-0

Motion Passed

Mr. Michelson discussed the May 19, 2014 Grand Jury report which evaluated all 26 special district's within the county and which suggested similar guidelines as outlined by the Special District Leadership Foundation (SDLF) to become a Transparent District under their guidelines.

Motion: That Sequoia Healthcare District staff are directed to prepare a response to the May 19, 2014 Grand Jury report and initiate steps to comply with all of its recommendations.

By: President Shefren

Seconded by: Director Griffin

Vote: 5-0

Motion Passed

5.c. Nursing Program Update

Mr. Michelson introduced Ms. Sheri Sassarini and Dr. Mary Ann Van Dam with Canada College and SFSU respectively. Ms. Sassarini reported that all 40 of cohort 9 graduated with a large percentage of honors. Cohort 10 will consist of 32 students. Ms. Sassarini discussed changes being made to next year's curriculum and efforts to strengthen the alumni association to improve tracking of students and where they are working.

5.d. Consider a Pledge of Up to \$2 Million Towards Mission Hospice's Capital Campaign for a Hospice House

President Shefren asked if there was public comment on this item. There was none.

Mr. Wilson reported that they have launched a \$15 million capital campaign to build a hospice house within the boundaries of Sequoia Healthcare District. Mission Hospice is requesting a one time investment of up to \$2 million that will be secured to property or building assets. They are hoping to begin construction in 2015-16.

President Shefren noted this is the third or fourth time Mission Hospice has presented information and plans to the Board and it is now time to decide whether or not to financially support the project.

Motion: To provide a minimum of \$1 million investment secured by tangible assets acceptable to the Board to provide capital funding of an inpatient hospice house within the District boundaries. This funding support would be available for two years and if not used within that time must be reapproved by the Board.

By: President Shefren

Seconded by: Director Faro

After discussion regarding various methods to secure the District's potential investment, President Shefren amended his motion:

Motion: It is the intent of the Sequoia Healthcare District Board to provide a minimum of a \$1 million investment in an inpatient hospice with further research as necessary by District counsel and further approval by the Board at a future meeting.

By: President Shefren

Seconded by: Director Kane

Vote: 4-1 with Director Hickey opposed.

Motion Passed

5.d. Consider Adoption of Proposed Budget for Fiscal Year Ending June 30, 2015

Major differences between the 2014-15 and 2013-14 budgets are tax revenue is projected to increase by \$350,000; no EBIDA share is expected from Sequoia Hospital; election fees are budgeted at \$200,000.

Motion: To modify the budget to increase grants and program expense to a total of \$9.5 million for fiscal year ending June 30, 2015.

By: Director Faro

Seconded by: Director Kane

Vote: 4-1 with Director Hickey opposed

Motion Passed

**5.f Appointment of an Ad Hoc Committee for the Purpose of Entering into
Discussions with Sequoia Hospital and Dignity Health Regarding the
2007 Transfer Agreement and Authorizing an Expenditure Not to Exceed \$50,000
to Engage Consultants to Assist Committee**

President Shefren noted that the Transfer Agreement has been discussed at several meetings and he would now like the Board to consider starting discussions with Sequoia Hospital and Dignity Health as partners to initiate a process to make the agreement work for both sides.

Motion: The President will appoint an ad hoc committee to meet with Sequoia Hospital Administration and Dignity Health to discuss the performance of the Transfer Agreement entered into by the District in 2007.

By: President Shefren

Seconded by: Director Faro

Vote: 5-0

Motion Passed

Motion: The Board authorizes as necessary hiring appropriate consultants to assist that ad hoc committee with their discussions not to exceed \$50,000.

By: President Shefren

Seconded by: Director Faro

Vote: 5-0

Motion Passed

6. Adjourn

Motion: At 6:10 adjourn meeting.

By: Director Griffin

Seconded by: Director Faro

Vote: 5-0

Motion Passed

The next regular meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 4:30 PM, Wednesday, August 6, 2014, District Conference Room, 525 Veterans Blvd., Redwood City, CA.

Respectfully Submitted,

Kathleen Kane, Secretary

**MINUTES OF SPECIAL MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT**

July 9, 2014

Conference Room, 525 Veterans Boulevard
Redwood City, CA 94063

Directors Present

Director Griffin
Director Hickey
Director Kane
Director Shefren

Directors Excused

Director Faro

Also Present

Mr. Michelson, CEO
Mr. Hudak, Legal Counsel
Ms. Johnson, Recorder

1. Call to Order

By: President Shefren
Time: 10:00 AM

2. Public Comment/Non-Agenda Items

President Shefren asked if there was public comment. There was none.

3. CONSIDER ADDITIONAL CONSTRUCTION COSTS FOR CLASSROOM PROJECT

Mr. Michelson reported that Redwood City now requires that remodel projects be inspected for ADA compliance prior to building permits being issued. An ADA consultant recently completed an assessment of the District's offices and presented a lengthy list of recommended corrections. In order to obtain the building permit and move forward with the classroom construction, a minimum of \$14,000, or 20% of the \$70,000 project approved by the Board, would have to be spent toward ADA compliance. To complete all of the recommendations would cost an estimated \$50,000.

Motion: To approve \$14,000 which is 20% of the construction project budget toward ADA improvements.

By: President Shefren

Seconded by: Director Griffin

Vote: 3-1 with Director Hickey opposed.

Motion Passed

4. Adjourn

Motion: At 10:15 adjourn meeting.

By: President Shefren

Seconded by: Director Kane

Vote: 4-0

Motion Passed

The next regular meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 4:30 PM, Wednesday, August 6, 2014, District Conference Room, 525 Veterans Blvd., Redwood City, CA.

Respectfully Submitted,

Kathleen Kane, Secretary

SEQUOIA HEALTHCARE DISTRICT
Balance Sheet

Agenda Item No. 3.c
Board of Directors Meeting
8/6/14

	July	August	September	October	November	December	January	February	March	April	May	June
ASSETS												
Current Assets												
Cash (WF+MMA)	\$ 1,178,273.77	\$ 2,778,833.59	\$ 2,179,314.22	\$ 1,779,741.38	\$ 2,280,141.37	\$ 4,880,813.23	\$ 1,681,703.09	\$ 1,431,982.83	\$ 1,232,247.18	\$ 3,332,718.23	\$ 3,333,425.93	\$ 2,484,028.41
Cash (WF)	247,688.23	43,489.47	77,458.67	240,885.27	467,635.17	174,014.89	763,674.68	107,393.41	85,875.01	253,224.62	895,372.60	136,578.30
Cash from Investments	748,711.70	748,711.70	748,711.70	748,711.70	748,711.70	748,711.70	748,711.70	748,711.70	748,711.70	748,711.70	748,711.70	748,711.70
Cash Equivalents	14,237,091.51	11,223,661.51	11,260,463.51	11,282,038.51	11,298,743.51	11,279,648.51	11,311,387.51	11,393,947.51	11,309,764.51	11,336,653.51	11,368,159.51	11,378,327.51
J. Gabet Reimbursement									830.77	646.15	461.53	276.91
Accounts Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	194,931.34
Total Current Assets	16,411,765.21	14,794,696.27	14,265,948.10	14,051,376.86	14,795,231.75	17,083,188.33	14,505,476.98	13,682,035.45	13,373,429.17	15,671,954.21	16,346,131.27	14,942,854.17
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	118,995.00
Total Other Assets												118,995.00
Property, Plant & Equipment												
Land	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00
Land Improvements	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05
Buildings	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30
Building Improvements	513,129.57	513,129.57	513,129.57	513,129.57	513,129.57	513,129.57	513,129.57	513,129.57	513,129.57	513,129.57	513,129.57	513,129.57
Tenant Improvements	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29
Improvements-Classroom	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,859.28	6,984.28
Equipment	60,169.05	60,169.05	60,169.05	60,169.05	60,169.05	60,169.05	60,169.05	60,169.05	68,615.18	68,615.18	68,615.18	68,615.18
Furniture	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91
Accumulated Depreciation	(1,585,644.62)	(1,592,039.28)	(1,598,433.94)	(1,604,828.60)	(1,611,223.26)	(1,617,617.92)	(1,624,012.58)	(1,630,407.24)	(1,636,801.90)	(1,643,196.56)	(1,649,591.22)	(1,655,985.88)
Net Property/Plant/Equipment	763,494.55	757,099.89	750,705.23	744,310.57	737,915.91	731,521.25	725,126.59	718,731.93	720,783.40	714,388.74	713,853.36	708,583.70
Total Assets	17,175,259.76	15,551,796.16	15,016,653.33	14,795,687.43	15,533,147.66	17,814,709.58	15,230,603.57	14,400,767.38	14,094,212.57	16,386,342.95	17,059,984.63	15,770,432.87
LIABILITIES & FUND BALANCE												
Current Liabilities												
Accounts Payable	\$ 3,750.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 24,063.12
Deposit Payable	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00
Grants Payable	1,817,418.96	1,473,384.96	1,473,384.96	1,473,384.96	1,473,384.96	794,801.96	204,801.96	149,801.96	149,801.96	55,258.00	0.00	1,482,403.60
Accrued Payroll	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,199.61
Total Current Liabilities	1,824,333.96	1,476,549.96	1,476,549.96	1,476,549.96	1,476,549.96	797,966.96	207,966.96	152,966.96	152,966.96	58,423.00	3,165.00	1,523,831.33
Fund Balances												
Invested in Capital Assets	766,724.21	766,724.21	766,724.21	766,724.21	766,724.21	766,724.21	766,724.21	766,724.21	766,724.21	766,724.21	766,724.21	766,724.21
Fund Balance	16,670,942.38	16,670,942.38	16,670,942.38	16,670,942.38	16,670,942.38	16,670,942.38	16,670,942.38	16,670,942.38	16,670,942.38	16,670,942.38	16,670,942.38	16,670,942.38
Net Surplus/Loss	(2,086,740.79)	(3,362,420.39)	(3,897,563.22)	(4,118,529.12)	(3,381,068.89)	(420,923.97)	(2,415,029.98)	(3,189,866.17)	(3,496,420.98)	(1,109,746.64)	(380,846.96)	(3,191,065.05)
Total Fund Balance	15,350,925.80	14,075,246.20	13,540,103.37	13,319,137.47	14,056,597.70	17,016,742.62	15,022,636.61	14,247,800.42	13,941,245.61	16,327,919.95	17,056,819.63	14,246,601.54
Total Liabilities & Fund Balance	17,175,259.76	15,551,796.16	15,016,653.33	14,795,687.43	15,533,147.66	17,814,709.58	15,230,603.57	14,400,767.38	14,094,212.57	16,386,342.95	17,059,984.63	15,770,432.87

SEQUOIA HEALTHCARE DISTRICT
Income Statements

Agenda Item No.3.c
Board of Directors Meeting
8/6/14

	July	August	September	October	November	December	January	February	March	April	May	June	Year to Date	Budget 13-14
INCOME														
Rental Income	3,422.94	3,559.86	3,559.86	3,559.86	3,559.86	3,559.86	3,559.86	3,559.86	3,559.86	3,559.86	3,559.86	3,559.86	42,581.40	42,700.00
Tax Revenue	9,599.00	0.00	6,907.63	14,492.95	859,450.80	3,790,804.81	683,573.45	0.00	38,561.54	2,910,242.53	756,917.76	317,269.58	9,387,820.05	8,900,000.00
Investment Income	34,307.00	(13,430.00)	36,802.00	21,575.00	16,705.00	(19,095.00)	31,739.00	82,560.00	(88,183.00)	30,889.00	31,506.00	10,168.00	175,543.00	150,000.00
ROI-Sequoia Hospital EBIDA	0.00	0.00	0.00	127,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	127,000.00	0.00
Interest Income	574.56	569.44	481.78	428.63	404.98	677.92	896.97	284.84	265.79	475.74	711.73	608.26	6,380.64	7,600.00
Pension Income	0.00	0.00	0.00	0.00	0.00	2,800,000.00	0.00	0.00	0.00	0.00	0.00	0.00	2,800,000.00	2,800,000.00
Total Income	47,903.50	(9,300.70)	47,751.27	167,056.44	880,120.64	6,575,947.59	719,769.28	86,404.70	(45,795.81)	2,945,167.13	792,695.35	331,605.70	12,539,325.09	11,900,300.00
EXPENSES														
Administrative Expenses														
Admin. Expense	239.18	573.56	781.38	588.69	707.75	443.49	530.38	771.78	1,845.07	2,367.35	595.48	843.64	10,287.75	12,000.00
Admin. Payroll	12,737.46	24,701.76	16,277.27	16,277.26	16,277.26	16,277.26	25,936.98	25,804.32	17,652.91	17,652.84	17,652.82	25,436.33	232,684.47	228,000.00
Board Health Insurance	3,336.75	6,936.75	3,336.75	6,132.39	3,336.75	3,966.15	2,701.44	2,124.26	6,654.93	5,565.69	6,654.93	16,252.23	66,999.02	75,000.00
Employee Health Insurance	1,569.20	3,635.35	3,282.90	2,422.65	3,358.42	3,282.90	4,432.01	5,128.04	4,859.26	2,826.95	4,943.42	3,183.12	42,924.22	48,000.00
Employee Retirement Benefit	1,026.95	2,073.66	1,402.96	1,402.96	1,402.96	1,402.96	2,097.06	1,740.39	1,352.99	1,343.20	1,309.97	1,988.09	18,544.15	17,000.00
Investment Fees	0.00	0.00	0.00	12,396.99	3,750.00	0.00	7,850.13	3,750.00	0.00	7,860.71	3,750.00	11,622.20	50,980.03	65,000.00
Office Supplies/Equip Maint	125.36	499.12	572.50	304.39	1,201.54	453.60	485.24	165.30	475.63	325.61	1,695.92	693.02	6,997.23	7,500.00
Accounting fees	0.00	1,405.40	0.00	0.00	0.00	17,000.00	0.00	0.00	0.00	0.00	0.00	0.00	18,405.40	17,000.00
Board Expense	0.00	0.00	0.00	0.00	27.94	46.15	150.00	576.78	225.00	1,062.90	828.96	3,716.97	6,634.70	8,000.00
Associations/Membership	0.00	7,500.00	0.00	0.00	0.00	0.00	0.00	0.00	300.00	0.00	0.00	0.00	7,800.00	10,300.00
Communications	31.71	0.00	162.20	320.10	24,870.45	140.54	238.42	182.03	0.00	167.90	677.85	245.75	27,036.95	25,000.00
Public Relations	4,200.00	4,200.00	4,200.00	4,200.00	5,250.00	5,967.50	0.00	0.00	0.00	262.50	0.00	0.00	28,280.00	50,000.00
Web Site/IT	5,515.00	865.00	500.00	2,647.50	878.17	11,832.95	1,980.00	2,515.64	6,922.50	2,975.50	4,069.61	3,303.75	44,005.62	22,000.00
Insurance/D&O	26,587.04	(2,004.75)	0.00	2,669.00	(2,754.75)	0.00	0.00	(2,640.75)	0.00	0.00	(2,754.75)	0.00	19,101.04	21,000.00
Election Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LAFCO fees	0.00	0.00	0.00	0.00	0.00	7,527.00	0.00	0.00	0.00	0.00	0.00	0.00	7,527.00	8,000.00
Legal Fees	0.00	89.00	1,648.50	0.00	624.00	535.00	1,805.71	734.00	5,449.00	1,864.00	2,065.50	9,070.00	23,884.71	25,000.00
Bank Fees	0.00	0.00	0.00	3.00	0.00	33.00	0.00	0.00	0.00	0.00	0.00	0.00	36.00	100.00
Total Admin. Expenses	55,368.65	50,474.85	32,164.46	49,364.93	58,930.49	68,908.50	48,207.37	40,851.79	45,737.29	44,275.15	41,489.71	76,355.10	612,128.29	638,900.00
Pension Plan Expense	0.00	0.00	0.00	0.00	0.00	2,800,000.00	0.00	0.00	0.00	0.00	0.00	0.00	2,800,000.00	2,800,000.00
Total Admin. With Pension Plan	55,368.65	50,474.85	32,164.46	49,364.93	58,930.49	2,868,908.50	48,207.37	40,851.79	45,737.29	44,275.15	41,489.71	76,355.10	3,412,128.29	3,438,900.00
Property Expenses														
Maintenance	2,160.10	2,546.57	737.50	2,314.16	1,434.23	1,210.83	3,699.50	4,207.50	662.60	2,944.97	1,947.52	10,763.10	34,628.58	25,000.00
Utilities	1,188.69	2,499.73	2,606.64	2,096.46	1,630.11	3,717.91	1,181.54	1,918.14	2,081.26	2,227.35	1,277.77	4,651.87	27,077.47	20,000.00
Property Insurance	1,844.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,844.32	2,000.00
Depreciation	6,394.66	6,394.66	6,394.66	6,394.66	6,394.66	6,394.66	6,394.66	6,394.66	6,394.66	6,394.66	6,394.66	6,394.66	76,735.92	85,000.00
Total Property Expenses	11,587.77	11,440.96	9,738.80	10,805.28	9,459.00	11,323.40	11,275.70	12,520.30	9,138.52	11,566.98	9,619.95	21,809.63	140,286.29	132,000.00

SEQUOIA HEALTHCARE DISTRICT
Income Statements

Agenda Item No.3.c
Board of Directors Meeting
8/6/14

	July	August	September	October	November	December	January	February	March	April	May	June	Year to Date	Budget 13-14
Grant Expenses														
Grant Admin Expenses	76.93	100.00	600.00	500.00	632.06	315.93	0.00	0.00	681.56	396.18	234.69	3,468.87	7,006.22	6,000.00
Grant Admin Payroll	3,267.86	7,026.03	5,547.80	5,547.82	5,547.82	5,547.82	8,735.50	7,478.00	5,884.01	5,884.18	5,884.18	7,985.58	74,336.60	59,000.00
Children's Health Initiative	675,000.00	0.00	0.00	0.00	0.00	0.00	675,000.00	0.00	0.00	0.00	0.00	0.00	1,350,000.00	1,350,000.00
SFSU Nursing Program	0.00	0.00	500,000.00	0.00	0.00	500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00	1,000,000.00
Samaritan House Grant	153,174.00	0.00	0.00	153,174.00	0.00	0.00	153,174.00	0.00	0.00	153,173.00	0.00	0.00	612,695.00	612,700.00
Other Grants	4,500.00	1,300.00	0.00	1,500.00	0.00	1,500.00	0.00	2,200.00	500.00	3,000.00	1,250.00	1,002.20	16,752.20	20,000.00
Sequoia Hospital Foundation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(11,500.00)	0.00	(11,500.00)	0.00
San Mateo Medical Ctr. So County	0.00	0.00	0.00	0.00	0.00	0.00	250,000.00	0.00	0.00	0.00	0.00	750,000.00	1,000,000.00	1,000,000.00
Ravenswood-Belle Haven Clinic	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250,000.00	0.00	0.00	0.00	250,000.00	500,000.00	500,000.00
Community Grants Program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(25,000.00)	1,350,000.00	1,325,000.00	1,340,000.00
Chronic Disease Management	641.19	429.28	3,408.92	2,540.11	2,525.95	2,347.39	484.55	4,216.14	0.00	881.80	3,626.68	2,815.00	23,917.01	20,000.00
Total Grant Expenses W/O Rebuild	836,659.98	8,855.31	509,556.72	163,261.93	8,705.83	509,711.14	1,087,394.05	263,894.14	7,065.57	163,335.16	(25,504.45)	2,365,271.65	5,898,207.03	5,907,700.00
Program Expenses														
HeartSafe Admin Expense	15,000.00	76.70	77.71	201.03	123.82	189.82	603.61	776.61	832.01	2,066.07	474.65	194.65	20,616.68	17,000.00
HeartSafe Payroll	3,302.15	6,604.42	4,402.95	4,402.94	4,402.94	4,402.94	6,853.70	4,486.05	4,797.94	4,425.00	4,534.60	6,154.09	58,769.72	28,000.00
HeartSafe Training & Equipment	118.64	126.63	727.12	244.86	0.00	2,000.00	0.00	559.93	3,315.88	128.36	7,288.06	1,301.04	15,810.52	55,000.00
School Health Admin	41.93	415.29	1,133.52	5,013.05	25,310.51	9,109.83	4,388.27	2,782.18	3,115.12	12,585.70	372.50	14,505.02	78,772.92	87,000.00
School Health Payroll	7,915.17	15,678.24	10,092.82	10,092.82	10,092.82	10,092.82	15,543.76	10,168.39	7,892.41	8,001.95	6,998.11	10,078.30	122,647.61	131,500.00
Gabet salary expense adjust								(830.77)	184.62	184.62	184.62	184.62	(276.91)	
School Health Grants	204,650.00	172,706.50	15,000.00	144,462.50	25,808.00	200,064.22	239,608.83	525,201.50	179,695.03	311,923.80	18,337.92	645,969.69	2,683,427.99	2,611,500.00
Total Program Expenses	231,027.89	195,607.78	31,434.12	164,417.20	65,738.09	225,859.63	266,998.17	543,974.66	198,817.62	339,315.50	38,190.46	678,387.41	2,979,768.53	2,930,000.00
Total Expenses Without Rebuild	1,134,644.29	266,378.90	582,894.10	387,849.34	142,833.41	3,615,802.67	1,413,875.29	861,240.89	260,759.00	558,492.79	63,795.67	3,141,823.79	12,430,390.14	12,408,600.00
Net Surplus/Loss Without Rebuild	(1,086,740.79)	(275,679.60)	(535,142.83)	(220,792.90)	737,287.23	2,960,144.92	(694,106.01)	(774,836.19)	(306,554.81)	2,386,674.34	728,899.68	(2,810,218.09)	108,934.95	(508,300.00)
A one time grant of \$4.3 million approved 2/3/10 for the rebuild of the South County Health Center will be paid from District reserves & is not included in the operating budget														
San Mateo Medical Ctr. Rebuild	1,000,000.00	1,000,000.00	0.00	0.00	0.00	0.00	1,300,000.00	0.00	0.00	0.00	0.00		3,300,000.00	0.00
Total Expenses With Rebuild	2,134,644.29	1,266,378.90	582,894.10	387,849.34	142,833.41	3,615,802.67	2,713,875.29	861,240.89	260,759.00	558,492.79	63,795.67	3,141,823.79	15,730,390.14	0.00
Net Surplus/Loss After Rebuild	(2,086,740.79)	(1,275,679.60)	(535,142.83)	(220,792.90)	737,287.23	2,960,144.92	(1,994,106.01)	(774,836.19)	(306,554.81)	2,386,674.34	728,899.68	(2,810,218.09)	(3,191,065.05)	0.00

Financial Analysis 2014 vs. 2013

Income

1. Tax income was up \$694,000
2. Investment income was up \$106,000
3. EBIDA was down \$1,987,000

Expenses

1. Investment fees were down \$23,000
2. No election costs
3. No Smart Program support
4. No Sequoia Hospital Foundation grants
5. Support for SMMC down \$1,000,000
6. HeartSafe program expenses down \$70,000

Net : up \$48,000 from \$69,500 to \$108,000

CEO Report : August 2014- Lee Michelson

Dine-Out for Meals on Wheels: We will be hosting a VIP kick-off event on Tuesday September 9th from 5-6 pm. Don Horsley will co-host. Invitees include area political, business and civic leaders. This year's Dine-Out fundraiser will take place on Tuesday, October 14 at more than 40 local restaurants.

Peninsula Family Services: The District will be recognized at PFS's Rooftop event on Thursday September 18th. We will also be featured in their upcoming annual report.

St. Anthony's Event: I have been asked to be the emcee of St. Anthony's special event being held on Thursday October 16th.

Annual Report: The annual report will be written and distributed in early October. We will be using a new less expensive distribution program that will allow us to reach all households in the District. Our goal is to produce and distribute for a total cost of around \$15,000.

Classroom and ADA construction: We are hoping to receive the official go-ahead to begin construction on the classroom and have it completed by the end of September. We are contemplating having it available for use by November 1st.

Pension Plan: The meeting of the District Hospital Pension Program was held on July 23rd. At this time there is about \$60 million in invested assets. Approximately 50% of the eligible participants have drawn their pension.

Oral Health Coalition: I am now the Chairman of this county-wide committee which is made up of about 40 members including representatives from San Mateo County Health Department, Apple Tree Dental, Ravenswood, Samaritan House, First 5 and several other organizations including the local dental societies.

Sequoia Hospital Grants: I am again serving on this grants committee led by Marie Violet. About \$100,000 in community grants will be awarded.



Healthy Schools Initiative

Sequoia Healthcare District

Agenda Item No. 4. B.

Board of Directors Meeting

Date 8-6-14

Activity Summary for June- July 2014

Reported by Pamela Kurtzman

I. Highlights

June brought the close of another school year for all of our Healthy Schools partners and with that, much of my time was spent on wrapping up the various budgets for the 2013-14 funding cycle and finalizing agreements and action plans for FY 2014-15. Some contracts are still awaiting signatures as the summer vacations slow the progress of things to a near halt.

July has been spent reviewing final reports from both Community grants and Healthy Schools grant recipients. A brief update on the status of the grants is below. A much more thorough report will be provided in October as several pieces of missing data still must be obtained.

II. HSI and CC Grants

2014-15 Grantees- HSI and CC Grants

- Signed grant agreements were received by all new grant recipients along with Scope of work Change Forms where needed.
- On June 20th we hosted an Open House here at the SHD Offices where we provided refreshments and delivered grant checks to our 2014-15 grant recipients. It was a nice event and well-attended.

2013-14 Grants- Final Reports

Final Reports for the 2013-14 grants cycle were received from all but two grantees at the time of this report.

We are constantly striving to improve our grant making strategies as well as to be sure to develop our reporting templates to effectively ask clear, concise, and meaningful questions that will serve as a basis for determining progress for individual grants and the grants program as a whole.

Our analysis of the performance of our grantees has been based on both qualitative data such as observations and client stories provided by the grantee, as well quantitative data such as numbers served and units of service delivered. However, due to the variations in the types of programs offered by our grantees, populations served, service type, and so on, it is challenging to ask questions that result in consistent reporting of their data. It is also especially challenging, at this point, to compare performance outcomes against each non-profit.

As I've gone through each report to extract specific quantitative information, particularly around units of service delivered, I find many holes and inconsistencies in the information being provided and must contact each grantee to get a full explanation. Therefore, I am unable to present a complete picture of the performance outcomes of our grantees at this time and will provide a thorough report at the October Board meeting.

III. A few highlights from our School District Partners:

There is minimal activity to report on schools during the months of June and July, however a couple of noteworthy items to report include:

- All MOU's with each of our school district partners have been updated to reflect the proposal and budget approved by the SHD Board on May 6 and have been sent for signatures. To date, 4 of the 8 MOU's have been signed and returned to SHD.
- It appears that all 4 school districts where we have recently expanded our partnerships have identified their part-time Wellness Coordinators who will begin their work in the Fall. Three of them are current staff with the school districts they represent and one was recruited from outside the school district.
- 10 teachers have been trained in TM at Redwood High School through the Quiet Time Program this summer. This will be followed by 30 high-need students being trained in the Fall.

IV. Healthy Kids

- I attended the Healthy Kids Advisory meeting on July 19. Staff with the Health Plan of San Mateo County has been monitoring both the enrollment and funding needs for the Children's Health Initiative and they report a steady dip in enrollment over the past 18 months for all age groups, including those age 0-5. They are in close dialogue with First 5 staff regarding their current contract and the implications of the enrollment dip and first 5's funding constraints. We will be in close contact with HPSMC staff as they complete their analysis of year-end spending and enrollment for FY 13-14 and how that might impact their future funding need and our financial giving.

V. Web and Social Media

- The Healthy Schools Initiative and grants pages of the website have been updated and much improved since Gwen began working with us on a regular basis. We have posted fresh and relevant information about all our grantees and the programs we support including links to each website. This goes a long way in communicating the kinds of impact our granting makes within our community. We also showcase one non-profit each month, providing stories and data which demonstrate their work and effect on our residents and stakeholders.
- Jennifer has also done a terrific job at keeping the PE+ information updated and interesting.



VI.

Reported by Jennifer Gabet

Highlights:

- In 2013-14, PE+ served 5467 youth in 184 classrooms in 10 schools. 2 coordinators; 38 coaches.
- Evaluation data for 2013-14 was completed and is being analyzed. Full report due August 2014.
- Preliminary pre-post fitness data on children grades 1-5 participating in PE+ shows improvements in running, sit-ups, and push-ups.
- Completed satisfaction survey of principals and teachers. 93% response rate from teachers. 89% of teachers are very satisfied/satisfied with the program and 87% of teachers replied that students look forward to PE to a great extent. Currently using information from the survey to make changes to the curriculum and coach training for 2014-15.
- All PE+ schools have contributed financially, based on a sliding scale contribution model, for the 2014-15 school year. Total contribution = \$133,861. Finalized budget.
- PE+ partner PCC leveraged SHD funding to expand services to RCSD Summer Learning Program and start PE+ Summer Camp.
- Conducted end of year site visits, took photos for web.
- Collaborated with Gwen on web/social media.

Selected comments from satisfaction survey (posted on website):

- "The PE+ coaches are amazing and very inspiring and motivating. They do a fantastic job with students who have special needs and have taken the time to get to know these students on an individual basis. We are very lucky to have this group of PE teachers at our school." -K-2 teacher
- Our PE coaches are exemplary. We are grateful for a wonderful Physical Education program at our school. Our students love PE." -3-5 grade teacher
- I cannot say enough about your program. I would rather that my kids had PE than any other elective because not only does it get out the energy but it also focuses their minds. And they get to learn about how their body operates. Thank you so much for a wonderful program!" -K-2 teacher



PE+ Head Coach assists with taste test event (A-Z salad bar); PE+ Coordinator gives instructions; PE+ Head Coach receives thank you cards and good-bye hugs from students on last day of school. PE+ Head Coach leads parachute activity at field day event.

HeartSafe Program

Activity Summary for June and July 2014

HeartSafe Region Task Force Meetings

Attend and participate in regional planning and support.

AED Placements In-Progress (application stage, site visits, etc.)

- Community Overcoming Relationship Abuse - CORA

Maintenance of Existing Units (new batteries, electrodes, etc.)

- Riekes Center
- Redwood City Parks and Rec – Hoover Pool*
- Foster City Police (3 AED units)*

AED / CPR Trainings – Over 200 trained!

- St. Matthias Church
- Riekes Center
- CORA (two classes)
- Redwood City Rotary
- Pacific Athletic Club
- Menlo Park School District Health Fair

AED / CPR Scheduled Trainings

- Menlo Atherton High School Freshman Class
- Peninsula Volunteers
- Adaptive Physical Education (Veterans Memorial Senior Center)

Two More Defibrillator Saves!

I am happy to report that there have been two more defibrillator saves with SHCD AEDs. Both saves were in the City of Foster City. Here is a quick summary of the events:

- 1) Foster City PD was dispatched to a medical call on a bay hiking trail. The patrol officer arrived on scene and found an unconscious male on the ground with bystanders attempting to render aid. He grabbed the SHCD AED from his car and

*Indicates paid for by that organization

began to render aid to the male, including delivering two shocks to the patient before the fire department arrived on scene.

- 2) While at a city event at a local park a male patient collapsed in sudden cardiac arrest. An off-duty Redwood City Fire Deputy Chief was on scene. CPR was started immediately and 9-1-1 was called. Foster City Police arrived on scene quickly. The SHCD AED was placed on patient by an officer and two shocks were delivered. Patient regained a pulse and spontaneous respiration on scene.

Photographs

Below is a photograph from the 2014 San Mateo County Emergency Medical Services Awards. Our friends Steve Salici and Emil Picci, both from the Woodside Fire Protection District, were honored for their work with the Sequoia Healthcare District in the area of mass CPR trainings in our high schools.

The Sequoia Healthcare District was recognized and thanked.



St. Matthias Church



Menlo Park School District Health Fair.

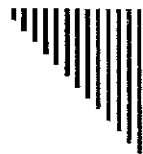
Training in conjunction with our Nursing Program students.





Villages Of San Mateo County

Helping Members Age In Community



Population Age 65+ Is Growing In San Mateo County

- 2013: 107,000 people age 65+ years
- 2030: 158,000 people age 65+ years

48 percent increase in those age 65+ years

"By 2030, nearly one in four San Mateo
Country residents will be over the age of 65"

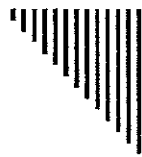


Older Adults: Aging In Place

- Goal for many: Live independently at home; don't relocate to retirement or assisted living facility
- Challenge: Lack of services such as transportation & home maintenance

"People want to stay living in their homes if they have a choice"

3



The Village Model: Neighbors Helping Neighbors

- Grass-roots effort, started by local citizens
- Coordinated web of volunteer support & reduced-cost professional services

"It's a new paradigm in how people can age in the community . . . people's #1 desire is to live at home"

4



Where Do Village Members Live?

- ☐ In their own homes!
- ☐ Within the service delivery area of their Village

Can be homeowners, renters, seniors sharing housing or living with relatives

5



Who Starts A Village?

- ☐ Neighbors decide they want to develop a Village to serve their community
- ☐ The first Village – Beacon Hill Village – launched in Boston in 2001
- ☐ Currently over 135 Villages are operating in the US; another 150+ in development

6



How Villages Work

- ☐ Do not duplicate existing services
- ☐ “One stop shop” for information about free & low-cost local services
- ☐ Help their members navigate & take full advantage of available services

Volunteers key to workings of a Village

7



Village Services Can Include

- ☐ Transport . . . To doctor offices & grocery shopping
- ☐ Accompany . . . To medical appts
- ☐ Perform . . . Light home maintenance
- ☐ Drop by . . . For friendly visits
- ☐ Assist . . . During post-surgery periods

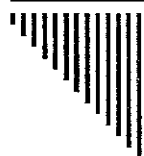
8



Referral Services

- Local, screened vendors provide more extensive home repairs:
 - Plumbing, electrical & roofing repairs
 - Painting, gardening & gutter services
 - Negotiate discounts of 20-40%
- Licensed health care services

9



Who Runs, Pays For A Village?

- Members elect the governing council & determine their programs & services
- Funding from affordable membership fees, grants & individual donations

“We – the members – decide what we need & want, & then we help create it”

10



Peninsula Family Services As Hub For San Mateo

- Acts as the nonprofit hub for the San Mateo County spoke Villages
- Serves as catalyst, coach, marketer, advocate & partnership developer
- Provides administrative, HR, financial & development services

11



Advantages To The Hub & Spoke Model

- Provides economies of scale (staffing & expenses)
- Promotes efficient resource sharing
- Increases fundraising & leverage in negotiating key strategic partnerships

“A village provides a new model, one that involves volunteering & community engagement”

12



Hub & Spoke Model: More Advantages

- ❑ Standardizes record keeping, grant tracking & data collection
- ❑ More attractive to potential funders
- ❑ Eliminates the need for each spoke Village to form own nonprofit

Villages can focus on delivering services

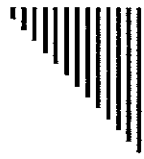
13



We'd Like You To Get Involved

- ❑ Volunteers at work in parts of SM County developing neighborhood Villages
- ❑ If you want to have a Village, please email info@sanmateovillages.org
- ❑ We'll help you find a volunteer task that's perfect for your skills, interests & time

14



The Village Model: Neighbors Helping Neighbors

- Fostering affordable, interdependent & intergenerational aging in community
- Want to develop a Village in your neighborhood? We can help you!
- Check out sanmateovillages.org

15



Questions?

What would you like to know about the San Mateo County Village effort?

“We want to be active & take care of ourselves and each other . . . rather than be taken care of”

16

**SEQUOIA HEALTHCARE DISTRICT BOARD OF DIRECTORS RESPONSE TO
2014 SAN MATEO COUNTY CIVIL GRAND JURY APPROVED BY SEQUOIA HEALTHCARE
DISTRICT BOARD OF DIRECTORS ON AUGUST 6, 2014**

GRAND JURY FINDINGS/DISTRICT RESPONSES

- F1. Some districts are misinformed about the relative affordability of professionally created websites.
Response: Sequoia Healthcare District is well-informed of the affordability and has utilized the services of professionals to design the District's website. We have no knowledge whether or not other special districts are informed or misinformed.
- F2. Special districts lack trained in-house staff to regularly update website information.
Response: Sequoia Healthcare District contracts with a professional consultant who is responsible for updating our website. She is supervised by the District CEO who reviews the website daily.
- F3. Privacy concerns of Boards of Directors or Commissioners result in a lack of readily accessible contact information.
Response: The Sequoia Healthcare District Board embraces transparency and contact information for each Board member is featured on our website.
- F4. Not all special districts recognize the benefits of transparency delivered through district websites.
Response: Sequoia Healthcare District embraces this concept and our website reflects that position.
- F5. No County independent special district has completed the District of Distinction Program offered by Special Districts Leadership Foundation (SDLF).
Response: Sequoia Healthcare District has not completed this program nor have we been asked to complete this program. However, Sequoia Healthcare District is working to obtain certification through the Association of California Healthcare Districts, which includes several requirements for transparency.
- F6. No independent special district in the County has yet earned the SDLF transparency Certificate of Excellence.

Response: Sequoia Healthcare District has not earned this certificate nor have we been informed of this opportunity.

- F7. Only 2 of 23 independent special districts in the County have achieved SDLF Recognition in Special District Governance.

Response: Sequoia Healthcare District has not achieved this recognition nor have we ever been informed of the process for achieving such recognition.

- F8. No general manager or top management official of any County independent special district has received SDLF's Special District Administrator Certification.

Response: No Sequoia Healthcare District executive has achieved this certificate nor has anyone been invited to participate in a program that might lead to such certification.

GRAND JURY RECOMMENDATIONS/DISTRICT RESPONSES

- R1. Each independent special district's website will conform to the accepted criteria listed in the SDLF's Transparency checklist on or before May 15, 2015.

Response: Sequoia Healthcare District agrees with this recommendation and will comply by that date.

- R2. By December 31, 2014 independent special districts will consult with professional website developers if in-house staff is incapable of creating and/or managing their website as described above.

Response: Sequoia Healthcare District is in compliance. The District's website consultant has the capability to perform these tasks.

- R3. Each District will take the necessary steps to keep its website current.

Response: Sequoia Healthcare District is in compliance with this recommendation. Sequoia Healthcare District's website is current and kept current at all times.

- R4. Districts will complete the District of Distinction program offered by SDLF by June 30, 2015.

Response: Sequoia Healthcare District agrees with this recommendation and will complete this program by June 30, 2015.

- R5. Districts will seek to attain the SDLF Transparency Certificate of Excellence by June 30, 2015.

Response: Sequoia Healthcare District agrees with this recommendation and will seek to attain this certificate by June 30, 2015.

- R6. Districts currently lacking staff or Board members who have achieved the SDLF's Recognition in Special District Governance will seek the training available under this program by June 30, 2015.

Response: Sequoia Healthcare District agrees with this recommendation and staff and/or Board will complete the training offered through this program by June 30, 2015.

- R7. District administrators will seek the SDLF Special District Administrator Certification.

Response: Sequoia Healthcare District agrees with this recommendation and the CEO will seek certification.

UPDATED CONFLICT OF INTEREST STATEMENT TO BE PROVIDED UNDER SEPARATE COVER

GRANT AGREEMENT

This Grant Agreement (this "Agreement") is entered into by and between Sequoia Healthcare District (the "District") and Mission Hospice of San Mateo County, a California corporation ("Mission Hospice") and is based on the following:

- A. The District is a public entity serving designated areas in the southern part of San Mateo County. The District provides or arranges for health care services within the District.
- B. Mission Hospice provides hospice and similar services within San Mateo County. Many of the individuals served by Mission Hospice reside within the District.
- C. Mission Hospice desires to acquire, construct, and improve a new facility dedicated to hospice care within San Mateo County. Mission Hospice has embarked on a capital campaign to raise funding for the new facility that, along with construction financing, would allow the new facility to be built. Mission Hospice expects that the new facility would provide services to a substantial number of District residents.
- D. At its Board of Directors meeting on June 4, 2014, the District pledged a grant to Mission Hospice in the minimum amount of \$1 million. The grant will be funded if and when Mission Hospice is in contract to acquire a suitable property. The pledge is for a period of two years and, if not funded within that time, is subject to re-approval by the District's Board.
- E. It is the policy of the District's Board of Directors that capital grants be secured so that, if the purpose of the grant is no longer fulfilled, the grant money is returned to the District to be used for other healthcare purposes.

Now, therefore, for good and valuable consideration, the parties agree as follows:

AGREEMENT

- 1. Funding of Grant. Mission Hospice shall be entitled to draw on the grant funding when it is in contract to purchase an appropriate property for a permanent hospice facility. Grant funding shall be paid into escrow and returned to the District if escrow does not close.
- 2. Obligation to Return Grant Funds. Mission Hospice shall use the grant funds solely for the acquisition and improvement of real property for use as a hospice facility and related services (the "Property"). In the event that the Property is sold, transferred, subject to foreclosure, or used primarily for a purpose other than hospice services, Mission Hospice shall return all of the grant funds received from the District. The Property may be leased to a third party, provided that the lessee continues to provide primarily hospice services.
- 3. Security. Mission Hospice's obligations under this Agreement shall be secured by a deed of trust recorded against the Property. The deed of trust shall be recorded at close of

escrow and shall be in first priority position, or may be subordinated to a deed of trust securing an institutional loan in accordance with Section 4 below.

4. Subordination. The District's deed of trust may be subordinated to a deed of trust securing a loan from an institutional lender, made on commercially reasonable terms, in the maximum principal amount of \$8,000,000, made for the purpose of acquiring and/or improving the Property. Subordination may occur at close of escrow or subsequently, if financing is obtained at a later date.

5. Duration. This obligation to return grant funds in Section 2 above shall be in effect for a period of twenty (20) years, beginning on the date that Mission Hospice first draws on the grant (the "Effective Date"). During the first five years following the Effective Date, the obligation to return the grant funds shall be for the full amount of the grant. Thereafter, the amount of grant funds to be returned shall be reduced by one-fifteenth (1/15th) each year. If the Property is not sold, transferred or leased within the meaning of Section 2 within twenty (20) years after the Effective Date, Mission Hospice shall have no further obligation to return grant funds and the District's deed of trust shall be reconveyed.

6. Reporting. Mission Hospice shall provide an annual report to the District indicating the number of individuals served and the number of District residents served during the past year, together with such additional information as the District may reasonably request.

7. Miscellaneous Provisions.

a. This Agreement shall be binding upon and shall inure to the benefit of the parties' successors and assigns.

b. This Agreement may be modified only by a writing signed by authorized representatives of the parties.

c. The parties shall execute any additional documents that are reasonably necessary to effectuate the purposes of this Agreement.

d. Should any dispute arise under or concerning this Agreement, the parties shall submit the dispute to mediation conducted by the Judicial Arbitration and Mediation Service ("JAMS"). In the event that mediation is not successful, any litigation to interpret or enforce the terms of this Agreement shall be filed in San Mateo County.

e. In the event that substantially all of the grant funding has not been drawn on by Mission Hospice by June 30, 2016, the grant shall lapse and this Agreement shall terminate unless extended by the District's Board of Directors.

So Agreed:

Date: _____

SEQUOIA HEALTHCARE DISTRICT

By: _____

Its: _____

Date: _____

MISSION HOSPICE OF SAN MATEO
COUNTY

By: _____

Its: _____

POLICIES AND PROCEDURES Date 8-6-14
SEQUOIA HEALTHCARE DISTRICT
Restated August 6, 2014

- POLICY NO. 1 MISSION AND VISION**
- POLICY NO. 2 BASIS OF AUTHORITY; ROLE OF DIRECTORS**
- POLICY NO. 3 TERM OF OFFICE**
- POLICY NO. 4 OFFICERS OF THE DISTRICT**
- POLICY NO. 5 COMMITTEES OF THE BOARD; PUBLIC INFORMATION
LIAISON; AUDITORS**
- POLICY NO. 6 BOARD MEETINGS: LOCATION, TIME, DATE, AND QUORUM**
- POLICY NO. 7 ATTENDANCE AT MEETINGS**
- POLICY NO. 8 AGENDA**
- POLICY NO. 9 TOPICS FOR DISCUSSION AT BOARD MEETINGS**
- POLICY NO. 10 CONDUCT OF MEETINGS**
- POLICY NO. 11 MINUTES**
- POLICY NO. 12 CONFLICT OF INTEREST AND ETHICS**
- POLICY NO. 13 APPOINTMENTS TO THE DISTRICT BOARD**
- POLICY NO. 14 CONDUCT RELATED TO ELECTIONS**
- POLICY NO. 15 REMUNERATION AND REIMBURSEMENT**
- POLICY NO. 16 MEMBERSHIP IN ASSOCIATIONS; TRAINING & EDUCATIONAL
CONFERENCES**
- POLICY NO. 17 AUTHORITY AND RESPONSIBILITY OF THE CHIEF EXECUTIVE
OFFICER; CONTRACTS AND BIDDING**
- POLICY NO. 18 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER**
- POLICY NO. 19 PUBLIC RECORD REQUESTS**
- POLICY NO. 20 REVIEW OF ADMINISTRATIVE DECISIONS**
- POLICY NO. 21 DEFINITIONS OF, AMENDMENTS TO, AND SUSPENSION OF
POLICIES & PROCEDURES**
- POLICY NO. 22 AMORTIZATION OF CAPITAL ASSETS; INVESTMENTS**
- POLICY NO. 23 REQUESTS FOR PUBLIC FUNDS, COMMUNITY GRANTS AND
SPONSORSHIPS**
- POLICY NO. 24 SOCIAL MEDIA**
- POLICY NO. 25 RESERVES**

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These policies and procedures are adopted pursuant to the Ralph M. Brown Act and Section 32104 of the California Health and Safety Code, which provides as follows: "The board of directors shall provide for the time and place of holding its regular meetings and the manner of calling the same, and shall establish rules for its proceedings and may adopt such rules and regulations not inconsistent with law as may be necessary for the exercise of the powers conferred and the performance of the duties imposed upon the board."

POLICY NO. 1 MISSION AND VISION

1.1 Sequoia Healthcare District's mission is to improve the health of the District residents by enhancing access to care and promoting wellness. (effective April 2, 2014)

1.2 Sequoia Healthcare District's strategic vision is to improve the health of our community through responsible stewardship of District taxpayer dollars. (effective April 2, 2014)

POLICY NO. 2 BASIS OF AUTHORITY; ROLE OF DIRECTORS

2.1 The Board of Directors is the governing body of the District. Apart from his or her normal function as a part of this governing body, a Director has no individual authority. Directors do not have authority to commit the District to any policy, act, or expenditure, unless the Board of Directors takes specific action to grant such authority as to a given matter.

2.2 Directors do not represent any fractional segment of the community, but are, rather, a part of the body that represents and acts for the community as a whole.

2.3 The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission. Routine matters concerning the operational aspects of the District are to be delegated to the Chief Executive Officer of the District.

2.4 Individual Directors shall not instruct District staff, District legal counsel, or District consultants, advisors, vendors, or contractors, but shall work through the Board President or the Board as a whole. However, the chairperson of any Board Ad Hoc committee shall be authorized to work with District staff and receive information and support from District staff with respect to matters within the Ad Hoc committee's jurisdiction.

2.5 Directors have a fiduciary duty to act in good faith and for the benefit of the District.

2.6 When requesting information from staff or making public records requests, Directors are encouraged to identify their specific issue of concern rather than making broad requests that require significant amounts of staff time and hinder staff's ability to devote the time necessary to the business of running the District. Any request by an individual Director for substantive information and/or research from District staff or advisors (other than a request for existing records), the response to which will require the use of material District staff time or resources, shall be submitted in writing (which includes email) through the Board President, who shall decide whether or not it is in the District's best interests to expend District resources in such a fashion and, for approved requests, shall advise staff regarding the appropriate level of resources to be devoted to the matter. If an individual Director's request is denied by the Board President, the request shall, if the individual Director wishes, be placed on the agenda of the next meeting of the Board (for which an agenda has not yet been posted). If a majority of the Directors approve the request for information and/or research, the Chief Executive Officer shall respond to the individual Director's request for substantive information and/or research. Requests for existing District records shall be governed by the Public Records Act.

2.7 Directors make a significant commitment to their Board service, normally 10-20 hours per month. Directors are expected to become and stay current on District affairs and projects. Directors are encouraged to serve on District Ad Hoc committees, represent the District at community events, visit the facilities of grant recipients, attend intergovernmental meetings at which health care issues are discussed and decided, become familiar with District financial reports, and carefully review all materials in advance of Board meetings. Official representation of the District at community events and visits to facilities should be coordinated through the Chief Executive Officer to ensure compliance with the Brown Act.

POLICY NO. 3 TERM OF OFFICE

3.1 The term of office of an elected Director begins at noon on the first Friday in December pursuant to California Elections Code Section 10554. The oath of office of an elected Director is taken and filed at the time the Director, as a candidate, files his or her declaration of candidacy.

3.2 The term of office of an appointed Director begins effective upon appointment and upon taking the oath of office. The Director shall be sworn in by an official authorized to administer the oath of office.

3.3 Officials authorized by law to administer the oath of office include every county officer and the officer's deputies (Government Code §24057), every executive and judicial officer and every member of the legislature (Government Code §1225), and the elections official (Elections Code §10265). Executive officers include persons who fill offices created by or under the authority of the Local Healthcare District Law. (Government Code §1001).

POLICY NO. 4 OFFICERS OF THE DISTRICT

4.1 The District officers shall be President, Vice President, and Secretary/Treasurer.

4.2 The President shall conduct the meetings of the Board and lead the Board and the District in fulfilling the District's mission. The President shall appoint Ad Hoc committees and shall appoint individual Board members to specific tasks.

4.3 The Vice President shall conduct the meetings of the Board in the absence of the President and shall assist the President in leading the Board and the District.

4.4 The Secretary/Treasurer shall execute those documents required by law of the secretary or treasurer with respect to the minutes and other records of the District. The Secretary/Treasurer shall be the Board's liaison with the District's auditors and financial consultants and shall be available to staff as necessary with respect to such matters.

4.5 The term of office for each District officer shall be two years; provided, however, that if an officer leaves office mid-term for any reason, his or her replacement shall serve the balance of the original two-year term. The replacement of an officer, for any reason, shall be determined by a vote of the Directors at the next Board meeting.

**POLICY NO. 5 COMMITTEES OF THE BOARD; PUBLIC INFORMATION LIAISON;
AUDITORS**

5.1 There shall be no standing committees of the Board.

5.2 The President of the Board shall appoint such Ad Hoc committees as may be deemed necessary or advisable by the President or by the Board. The duties of an Ad Hoc committee shall be outlined at the time of appointment, and the committee shall be deemed dissolved when its final report has been made.

5.3 The Chief Executive Officer shall serve as the Public Information Liaison to promote effective communications with the local community consistent with the mission of the District, as set by the Board.

5.4 For purposes of fiduciary oversight, the District may contract for audit services with the same or different firms every three years as determined by the Board.

5.5 The due date for completion of the District's annual audit shall be the December 31st of the fiscal year that is the subject of the audit.

POLICY NO. 6 BOARD MEETINGS: LOCATION, TIME, DATE, AND QUORUM

6.1 It is the policy of Sequoia Healthcare District and its Board of Directors that all meetings shall be conducted in accordance with the Ralph M. Brown Act, Government Code 54950 et seq. and such additional requirements as are set forth in Policies and Procedures Nos. 6, 7, 8, 9, and 10. The Board of Directors encourages public participation at its meetings. To facilitate communication, the Board will ensure that agendas are posted on the District's website in addition to other legal requirements. Each agenda shall include a time for public comment on non-agenda items as well as comment on each agenda item when called.

6.2 Meetings of the Board of Directors shall be held at the District's office located at 525 Veterans Boulevard, Redwood City, CA 94063 except as otherwise set forth in Government Code Section 54954(b) or (e) and Section 54953(b)(3) or successor provision. If any Director is attending a meeting by teleconference, the teleconference location shall be accessible to the public, which shall be provided an opportunity to address the Board directly. If a meeting includes any Director's attendance by teleconference, at least a majority of the Directors shall participate in the meeting from locations within the boundaries of the District although it is not required that the majority all be at the same location within the District.

6.3 Section 32106 of the California Health and Safety Code provides that "A majority of the members of the board shall constitute a quorum for the transaction of business." The definition in policy 21.3 shall apply to this provision.

6.4 Regular meetings of the Board shall be scheduled for 4:30 p.m. and shall begin at that time or as soon thereafter as a quorum is present.

6.5 The regular meetings of the Board shall be held on the first Wednesday of even-numbered months, i.e., February, April, June, August, October, and December.

6.6 The annual organizational meeting of the Board shall be the Board's regular meeting in February or an earlier meeting, if called. At that meeting officers shall be elected, and the District Chief Executive Officer shall report on the state of the District report.

6.7 The fiscal year budget (July 1 – June 30) will be presented no later than the June meeting.

6.8 Emergency meetings of the Board may be called by the Board President or by a majority of the Directors at a time and for the purpose(s) specified in the call of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities. Emergency meetings of the Board may be called by the Board President or by a majority of the Board at a time and for the purpose(s) specified in the call 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. An *emergency situation* is "a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the members of the legislative body" or "a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring a legislative body to provide one-hour notice before holding an emergency meeting...may endanger the public health, safety, or both, as determined by a

majority of the members of the legislative body.” The provisions of the Ralph M. Brown Act applicable to emergency meetings shall be followed.

6.9 Additional special meetings or study sessions can be called by the President of the Board as necessary to conduct business of the District.

6.10 Regular and special meetings (including adjourned regular and adjourned special meetings) may be adjourned to a future date and time. If, after a meeting has been convened, the number of Directors present drops below the number required for a quorum, no further action may be taken except that less than a quorum of the Board shall adjourn the meeting to a future date and time or to the next regular meeting. If no Directors are present, the clerk of the Board shall adjourn the meeting to a future date and time and shall give notice of the adjournment in the same manner as for special meetings. The subsequent meeting is known as an “adjourned regular meeting” or “adjourned special meeting.” A notice of the adjournment, including the future date and time of the adjourned meeting, shall be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of the adjournment. If the date of the adjourned meeting is within five (5) days of the original meeting, no new agenda need be posted (so long as the adjourned meeting is limited to the original agenda). If the date of the adjourned meeting is more than five (5) days from the original meeting, a new agenda must be prepared and posted.

6.11 District staff shall insure that appropriate information, including Board packets, is available for the audience at meetings of the Board of Directors and that physical facilities for meetings are functional and appropriate. Board packets shall be posted on the District’s web site at same time as the packets are sent to the Directors.

POLICY NO. 7 ATTENDANCE AT MEETINGS

7.1 Directors shall attend all regular and special meetings of the Board unless there is good cause for absence. Good cause for absence includes, but is not necessarily limited to, illness, accident, vacation, business or family commitments or other unavoidable personal matters. It is recognized that the timing of business and family commitments, since they involve additional people and outside factors, cannot always be controlled. However, to the extent reasonable, Directors are expected to make good faith efforts to schedule vacation, business, and personal commitments at times that will not conflict with the schedule of regular Board meetings.

7.2 Section 32100.2 of the California Health and Safety Code provides as follows:

“Notwithstanding any other provision of law, the term of any member of the board of directors shall expire if he or she is absent from three consecutive regular meetings, or from three of any five consecutive meetings of the board and the board by resolution declares that a vacancy exists on the board.”

7.3 As set forth in the Brown Act in Government Code Section 54953, Directors may attend a meeting by teleconference.

POLICY NO. 8 AGENDA

8.1 The District's Chief Executive Officer, in consultation with the President of the Board of Directors, shall develop the agenda for each meeting of the Board of Directors. The ultimate authority for determining the agenda shall rest with the Board President.

8.2 Any Director or member of the public may request that a matter directly related to District business be placed on the agenda of a regular meeting of the Board of Directors. The request must be in writing and submitted to the Chief Executive Officer and Board President, together with supporting documents and information, if any, at least two weeks prior to the date of the meeting. It shall be up to the discretion of the Board President, as set forth in Policy No. 8.1, whether to place the requested item on the agenda.

8.3 Each regular meeting agenda shall include an item for discussion of future agenda topics. During the discussion, a Director may request that one item be placed on the agenda of a future meeting so long as the item is within the subject matter jurisdiction of the District and the item complies with Policy No. 9. The Board members shall not engage in a substantive discussion of the item being proposed. If the request is supported by at least one other Director, the item shall be placed on the agenda for the next regular Board meeting. If a Director makes a request under this Policy No. 8.3 and the request is not supported, the Director shall not make a request for the same or substantially similar item for a period of one year.

8.4 The agenda for each Board meeting shall be posted as required by the Brown Act, which requires, among other things, that the agenda be posted "in a location that is freely accessible to members of the public." (California Government Code Sections 54954.2(a) and 54956) For Sequoia Healthcare District, that shall mean that the agenda shall be posted in the following location(s): outside the front entrance to the District's Offices at 525 Veterans Avenue, Redwood City, California and on the District's website.

8.5 For any meeting in which teleconferencing is to be used, the Brown Act also requires the District to "post agendas at all teleconference locations." (California Government Code Section 54953(b)((3)) If the teleconference location is a private home, the agenda shall be posted on the front door, if that is freely accessible to the public, and otherwise at the point where the private driveway to the home meets the nearest public street. If the teleconference location is in a hospital, hotel, or other commercial establishment, the agenda shall be posted where notices of meetings or other events are commonly posted, if there is such a place, and otherwise in a location on the premises where the public commonly gathers or passes and where the notice can be read. If the teleconference location is elsewhere, the agenda shall be posted in the location most accessible to the public. The notice and agenda of the meeting shall identify each teleconference location and the agenda shall be posted at all teleconference locations for the required length of time (at least 72 hours before a regular meeting, at least 24 hours before a special meeting, and as otherwise required for an emergency meeting).

POLICY NO. 9 TOPICS FOR DISCUSSION AT BOARD MEETINGS

9.1 For *regular* meetings, “No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcements, or make a brief report on his or her own activities.” California Government Code Section 54954.2(a).

9.2 However, the Board may take action on items of business not appearing on the posted agenda if (1) a majority of the Directors (meaning a majority of the directors present [in person or otherwise] and voting aye or no, except as may otherwise be required by law) determines that an emergency exists as defined in the Brown Act, (2) if at least two-thirds of the Directors present at the meeting (or, if fewer than two-thirds of the Board is present, all if the Directors present) determine that there is a need to take immediate action and that need came to the attention of the District after the agenda was posted, or (3) the item was posted for a prior meeting of the Board occurring no more than five calendar days earlier and the item was continued to the present meeting. California Government Code Section 54954.2(b).

9.3 For *special* meetings, “No other business [other than the business listed in the call and notice of the special meeting] shall be considered...by the legislative body.” California Government Code Section 54956.

9.4 “Every agenda for *regular* meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body’s consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda [except that the Board may adopt reasonable regulations such as limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker].” (Italics added.) California Government Code Section 54954.3.

9.5 “Every notice for a *special* meeting shall provide an opportunity for members of the public to directly address the legislative body concerning any item that has been described in the notice for the meeting before or during consideration of that item.” (Italics added.) California Government Code Section 54954.3.

9.6 Proposed resolutions, regulations, and policies shall be brought before the Board for discussion and action.

9.7 Proposed contracts shall be brought before the Board as set forth in Policy No. 17.

9.8 Each agenda for a regular and special meeting shall include an item for public comment on non-agenda items. Board members may offer such public comment as well as members of the public. Because such matters have not been noticed to the public, Board members may not engage in a substantive discussion of matters raised during public comment. However, the Board may direct staff to follow up on or verify information provided during public comment.

9.9 Actions within the scope of the authority of the Chief Executive Officer are not required to be brought before the Board.

POLICY NO. 10 CONDUCT OF MEETINGS

10.1 The Board prefers a flexible form of meeting under the procedures set forth in this policy and not under the formalized rules of *Robert's Rules of Order*. However, if procedural questions arise that are not covered by these Policies and Procedures they will be resolved by legal counsel at the meeting. A majority of the Board can overrule legal counsel's recommendation.

10.2 Any Director may make a motion to suspend the rules. This motion is debatable and requires a two-thirds vote of the members present to pass. The effect of the motion is to allow the Board to suspend a particular rule in the Policies and Procedures for a particular purpose. The motion shall specify which rule is to be suspended and for what purpose.

10.3 The President of the Board of Directors shall preside at all Board meetings at which he or she is present. The President shall have the same rights as the other Board members in voting, introducing or seconding motions and resolutions, and participating in discussions.

10.4 In the absence of the President, the Vice President of the Board of Directors shall perform the President's duties and have the President's rights. If both the President and Vice President are absent, the Secretary/Treasurer shall perform the President's duties and have the President's rights.

10.5 The President shall call the meeting to order at the time set on the agenda or as soon thereafter as a quorum is present. The meeting may continue only so long as a quorum is present.

10.6 The minutes from the prior meeting(s) shall be offered for approval as part of the Consent Calendar. Any Board member wishing to offer an amendment or correction to the minutes shall request that the minutes and financials be removed from the Consent Calendar for discussion and separate voting. If any correction is offered, the suggested correction shall be discussed and the voted upon by the Board. Corrections approved by a majority of the Directors shall be made to the minutes. Following discussion and voting on any correction, the President shall ask if there are any further corrections and, if none, shall state that the minutes are approved as corrected.

10.7 Ordinarily, items on the agenda will be considered in the order set forth in the agenda. However, the President may alter the order of items on the agenda, as the President deems necessary for the good of the meeting.

10.8 When necessary in order to complete consideration of the entire agenda in a timely fashion and to allow all interested persons an opportunity to speak, the President may limit the total time to be devoted to an item on the agenda and may limit the time allowed for each person to speak on such item. Public comment on non-agenda items may be limited to three minutes per speaker. The Board President shall announce any applicable time limits at the start of the meeting or when the particular item is introduced.

10.9 If a Director believes procedures are not being followed or are not adequate, he or she may raise a point of order, not requiring a second. The President shall rule on the point of order. If the ruling is not satisfactory to the Director who raised the point of order, the President shall

put the question to the Board and the ruling shall be approved or disapproved by a majority of the Directors

10.10 Any Director desiring to speak shall address the President and, upon recognition by the President, may address the subject under discussion.

10.11 Any Director, including the President, may make or second a motion. If a motion is made by one Director and seconded by another Director, the President shall restate the motion if necessary for clarity and then call for discussion. After full discussion, including any public comment on the motion, the President shall call for the vote.

10.12 If the public in attendance has had an opportunity to comment on a motion, and each Director has had an opportunity to comment, then any Director may move to bring the question to a vote immediately. This motion to call the question is not debatable. If the motion to call the question is seconded by another Director and approved by a majority of the Directors, then the main motion is voted upon without further discussion. If the motion to call the question is not seconded or does not pass, discussion on the main motion may resume.

10.13 After a motion has been made and seconded, a secondary motion concerning the main motion may be made and considered as follows:

Motion to Amend. A main motion may be amended before it is voted on, either by the consent of the Directors who moved and seconded or by a new motion and second.

Motion to Postpone. A main motion may be postponed to a certain time, by a motion to postpone, which is then seconded and approved by a majority of the Directors.

Motion to Table. A main motion may be indefinitely tabled before it is voted upon, by motion made to table, which is then seconded and approved by a majority of the Directors.

Motion to Refer to Committee. A main motion may be referred to a Board Ad Hoc committee for further study and recommendation, by a motion to refer to committee, which is then seconded and approved by a vote of the Directors.

10.14 Any Director who voted in favor of a motion that passed may make a motion to reconsider. Any other Director may second the motion to reconsider (regardless of how or whether the seconding Director voted on the original motion). However, a motion to reconsider may be made only at the same meeting at which the original motion was voted upon. A motion to reconsider requires approval by a majority of the Directors. If the motion to reconsider passes, the effect is that the original motion is back on the floor and must be considered again by the Board.

10.15 No action may be taken by secret ballot. (Government Code Section 54953(c))

10.16 All votes taken during a teleconferenced meeting shall be by roll call. (Government Code Section 54953(b)(2))

10.17 Votes taken on resolutions shall be by roll call.

10.18 Directors shall at all times during Board meetings conduct themselves with courtesy and respect to each other, to staff, and to members of the public.

10.19 Directors are free to question and discuss items on the agenda. Comments on an agenda item should be confined to that item and should be concise and avoid repetition.

10.20 Individual Directors have the right to disagree with ideas and opinions.

10.21 Directors shall observe all applicable conflict of interest rules (see Policy No. 12). In the event that the District is contemplating entering into a contract to which Government Code Section 1090 may apply, no such action shall be taken until it has been determined that the proposed action does not violate Section 1090.

10.22 A majority vote is a vote of more than 50%. Thus, for example, a 3-2 vote produces a majority, but a 2-2 vote does not. If only a quorum (three Directors) is in attendance, an item can be approved by a vote of 2 – 1 or 2 – 0 unless there is a statutory requirement for a 2/3 or 4/5 vote of the entire Board, as, for example, under California Government Code Sections 53790 and 53792 (which require a 4/5 vote of all Directors to expend public funds in excess of budget limitations to “meet a national or local emergency created by war, military, naval, or air attack, or sabotage, or to provide for adequate national or local defense”) or under California Government Code Section 54954.2(b)(2) (which is described in policy 9.2). An abstention does not count as a vote for or against.

10.23 The President shall take appropriate actions to preserve order and decorum during Board meetings. The President may direct security to remove any person or persons who persist in making repeated personal or slanderous remarks or otherwise disrupting the meeting after being asked by the President to cease such behavior. In the event security is not available, the President may call the police for assistance or suspend the meeting.

10.24 “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 are willfully interrupting the meeting, [the presiding officer]...may order the room cleared 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. Nothing in this section shall prohibit the legislative body from establishing a procedure for readmitting an individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.” California Government Code Section 54957.9.

10.25 If approved by a majority vote of the Directors, the Board may terminate any meeting at any place in the agenda to any time and place specified in the order of adjournment when, in the opinion of the majority, adjournment is advisable. Examples of situations where adjournment might be appropriate include prolonged power failure, natural disaster, unexpected absence or sudden illness of persons necessary to consideration of an agenda item, extreme lateness of the hour, or other significant, unanticipated impediments to the continuation of the meeting.

10.26 The President may declare a short recess during any meeting.

10.27 Upon motion made, seconded, and approved by majority vote of the Board, the President shall adjourn the meeting.

POLICY NO. 11 MINUTES

11.1 The clerk of the Board of Directors shall prepare and keep minutes of all regular and special meetings of the Board.

11.2 The Secretary-Treasurer of the Board of Directors shall sign the minutes after their approval by the Board.

11.3 Copies of the draft minutes of the previous regular meeting and any meeting(s) held since the previous regular meeting of the Board shall be distributed to Directors as part of the information packet for the next regular meeting of the Board, at which time the Board shall consider approving the minutes as presented or with modifications. Once approved by the Board, the minutes shall be kept in the District's official files.

11.4 An audio tape recording of regular and special meetings of the Board of Directors shall be made for the purpose of preparing the written minutes. The tape recording shall be kept for one year after the date of the recorded meeting, after which time the tape recording shall be erased.

11.5 Motions and resolutions shall be recorded in the minutes as having passed or failed. Individual votes for and against and abstentions shall be recorded unless the action was unanimous. All resolutions adopted by the Board shall be numbered consecutively, starting new at the beginning of each calendar year.

11.6 Minutes shall be kept in action format. The following information shall be included in each meeting's minutes:

- Date, place and type (regular or special) of meeting.
- Directors present and absent by name.
- Call to order (including time).
- Names and addresses (if given) of public commentators, and topic commented on.
- Vote to approve minutes.
- Time and name of late arriving Directors.
- Time and name of early departing Directors.
- Names of Directors absent during any agenda item upon which action was taken.
- Board directives to staff.
- Information described in Policy No. 11.5.
- Statement of motions made.
- Names of Directors making and seconding motions.
- Action taken on each motion.
- Time of adjournment.

11.7 Unapproved minutes are "preliminary drafts...that are not retained by the public agency in the ordinary course of business." (Government Code Section 6254) Releasing copies of unapproved draft minutes could create confusion and misunderstanding because the Directors have not had an opportunity to review and, if necessary, correct the draft. Therefore, minutes shall not be released until they have been approved by the Board; provided, however, that draft

minutes, clearly identified as a draft on each page, shall be put on the District's website as part of the Director's packets as set forth in Policy No. 6.10.

POLICY NO. 12 CONFLICT OF INTEREST AND ETHICS

12.1 All Directors and employees shall be held to the highest ethical standards and shall not have conflicts of interest when making decisions, except when permitted or required by law. There are three basic sources of rules about conflicts of interest: The Political Reform Act (California Government Code Sections 87100 et seq.) and California Government Code Section 1090, both of which address financial conflicts of interest, and the common law prohibition against conflicts of interest which focuses on the impartiality of the decision-maker on any basis.

12.2 California Government Code Section 87100 provides that “No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest.”

12.3 California Government Code Section 1090 provides that “Members of the Legislature, state, county, district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by anybody or board of which they are members.”

12.4 The common law conflict of interest rule has been stated in various ways by the courts, including, “A public officer is impliedly bound to exercise the powers conferred on him with disinterested skill, zeal, and diligence and primarily for the benefit of the public.” *Noble v. City of Palo Alto* (1928) 89 Cal.App. 47, 51. Also, “Public officers are obligated...[by virtue of their office], to discharge their responsibilities with integrity and fidelity.” *Terry v. Bender* (1956) 143 Cal.App.2d 198.

12.5 Cal. Const., Art. XII, § 7 provides that “A transportation company may not grant free passes or discounts to anyone holding an office in this state; and the acceptance of a pass or discount by a public officer, other than a Public Utilities Commissioner, shall work a forfeiture of that office.” The California Attorney General has interpreted this prohibition to apply to elected and nonelected public officers but not to employees, to apply to domestic, foreign, and interstate carriers and to transportation received both inside and outside of California, and to apply whether the pass or discount was provided in connection with personal or public business. However, the Attorney General has ruled that with respect to airline upgrades, discounts, etc. granted to a person as a member of a larger group unrelated to his official status or the function of his or her office, the constitutional prohibition does not apply.

12.6 The Political Reform Act requires each Director to file a Form 700 Statement of Economic Interests upon assuming office, annually while in office, and upon leaving office. The Form 700 shall be completed and filed in compliance with the District’s Conflict of Interest Code and applicable state law. In signing the Form 700, a Director is certifying under penalty of perjury that the information is true and correct. It is the responsibility of each Director to review each schedule and its instructions carefully and to complete the Form 700 accurately and comprehensively. Any Director needing assistance may consult the Fair Political Practices Commission (“FPPC”) Technical Advice Office. According to the FPPC, it is inappropriate for District staff members or District counsel to answer substantive questions regarding completion of the Form 700.

12.7 The Board of Directors first adopted a Conflict of Interest Code in 1986 and the most recent version was adopted August 6, 2014. The Conflict of Interest Code designates the employees, consultants, and others who must file an annual statement of economic interest. Statements are filed with the County Clerk of San Mateo County and are available for inspection at that office.

12.8 Additional ethical standards and procedures for District employees are set forth in the Employee Handbook.

12.9 Decisions by the Board and District employees shall be consistent with the Vision Statement and Mission Statement, and the strategic plan adopted by the District.

POLICY NO. 13 APPOINTMENTS TO THE DISTRICT BOARD

13.1 When the Board is notified of a vacancy or upcoming vacancy on the District Board, the Board shall determine at a regular or special meeting whether to fill the vacancy by election or appointment. Policy Nos. 13.2 through 13.7 shall apply if the Board decides to fill the vacancy by appointment.

13.2 The person appointed shall be a registered voter residing in the District (required by law) and be experienced in healthcare and/or in local community matters and be committed to and have an understanding of the mission, vision, values, and corporate purpose of the District.

13.3 The District shall advertise and fill the vacancy according to the procedures set forth in applicable law (currently Health and Safety Code Section 32100 and Government Code Section 1780).

13.4 Notice of the vacancy shall be posted for at least 10 days in at least three conspicuous places in the District, including in the District's offices. The notice of vacancy shall also be posted on the District's website and published in one or more daily newspapers circulated in the District.

13.5 The Board shall appoint an Ad Hoc committee of two Board members to interview all applicants and bring a recommendation to the full Board for consideration. Board members (including members of the Ad Hoc committee) and the Chief Executive Officer of the District may submit to the Ad Hoc committee names of persons to be considered for the vacancy, and the Ad Hoc committee shall contact any such persons and invite them to apply.

13.6 Persons interested in the position shall submit a resume, a statement explaining their interest in the position, and an acknowledgement that they will be subject to the District's conflict of interest policy and will be required to file Statements of Economic Interests.

13.7 Per State Law, the Board shall appoint a replacement within 60 days after the later of the date on which the Board is notified of the vacancy or the date on which the vacancy becomes effective. If necessary, the Board shall call a special meeting to make the appointment within the 60-day deadline.

POLICY NO. 14 CONDUCT RELATED TO ELECTIONS

14.1 Sequoia Healthcare District has a five-member Board of Directors. Members must run for election and are elected by the residents of the District. Board members are expected to attend six regular Board meetings, occasional special meetings and usually participate on one or more ad hoc committee as assigned by the Board President. Board members do not receive cash for their service; however, the District does pay health insurance benefits of up to \$1,500 a month for member and family minus 10% to be paid by the member.

14.2 The term of an elected director is four years and there is no limit to the number of terms. Two positions are elected in November in the years evenly divisible by four and three positions are elected in November of the intervening even-numbered years.

14.3 Prospective Board members must be at least 18 years of age and must be District residents.

14.4 The candidate filing period for Statewide General Elections is set by law. All candidates running for office must file a Form 700 Statement of Economic Interest. Candidates must file their Form 700 at the Registration & Elections Division, Office of the Chief Elections Officer & Assessor-County Clerk-Recorder, 40 Tower road in San Mateo by the deadline for all candidate documents.

14.5 The cost of the candidate's policy statement is to be paid for by the candidate.

14.6 Interested parties can learn more at San Mateo County's website Shapethefuture.org.

14.7 By law, the District may not use public funds or resources to advocate for or against any ballot measure or candidate. Using public funds or resources in such a manner would be inherently unjust to the rights of taxpayers with differing views and further would create the possibility of incumbents taking advantage of their position to stay in office.

14.8 It is permissible, however, to use public funds for the dissemination of impartial educational information, to make a fair presentation of the facts to aid voters in making an informed judgment.

14.9 It is also permissible for the Board to go on record at a public meeting in favor of or opposed to a particular ballot measure. Any such action shall first be approved by two-thirds of the Directors present.

14.10 Directors shall not use any District resources, for example, photocopiers or paper supplies, or make any requests of staff to produce or disseminate any partisan campaign material to be used in support of or in opposition to any candidate for public office or any ballot measure.

14.11 During public meetings of the Board, individual Directors have a fiduciary duty to concentrate their attention on the meeting. They shall not hand out partisan campaign material supporting or opposing any candidate for public office or any ballot measure while the public Board meeting is in progress.

POLICY NO. 15 REMUNERATION AND REIMBURSEMENT

15.1 Directors shall receive no fee for attending meetings of the District Board of Directors.

15.2 The District shall pay the premiums for health care and dental insurance for the Directors and their spouses and dependents (or reimburse Directors for their payment of such premiums) up to \$1,200 per month, while Directors are on the District Board. Such payments shall cease effective at the end of the month the Director leaves the Board. Effective 7/1/2013 premiums for health care and dental insurance for newly elected Directors and their spouses is increased to a maximum of \$1,500 per month and Directors are required to reimburse the District for 10% of their premiums.

15.3 The District shall reimburse Directors for actual necessary traveling and incidental expenses incurred in the performance of official duties as Directors, subject to the requirements of these Policies and Procedures and the law.

15.4 The following types of occurrences qualify for reimbursement if attended in the performance of official duties as Directors of the board and if prior approval is obtained as set forth in Policy 16.2:

- a. Training workshops, seminars, and conferences.
- b. Educational workshops, seminars, and conferences.
- c. Meetings of or sponsored by ACHD (the Association of California Health Care Districts), by CSDA (the California Special Districts Association), and by other state or national organizations relevant to the purposes of the District.
- d. Meetings of local governmental entities and bodies and Ad Hoc committees thereof.
- e. Meetings of local nonprofit organizations.
- f. Meetings of community or civic groups or organizations.
- g. Meetings of advisory groups and Ad Hoc committees organized or conducted by District staff.
- h. Meetings with District consultants, advisors, and other professionals.
- i. Any other activity approved by the Board in advance of attendance, whether the request for attendance was initiated by the Board or by a Director.

15.5 Subject to Policies 15.7 and 15.8, reimbursement for travel, meals, lodging, and other expenses shall be made in accordance with Section 7.05 of the District's Employee Handbook, except as otherwise provided in Policy 16. **(An excerpt of Section 7.05 is attached at the end of these policies.)** The provisions of Policy 16.6 shall not be deemed to create any exception to this Policy 15.5.

15.6 Subject to Policy 15.5, if there is no Internal Revenue Service rate established for an expense and if such expense is not reimbursable under Policy 15.5, such expense shall not be reimbursed unless the District board approved such expense in a public meeting before the expense was incurred.

15.7 No expense shall be reimbursed except pursuant to an expense report meeting the requirements of this Policy and submitted by the Director to (and received by) District staff, within four weeks after the final date of the occurrence in connection with which the expense was incurred. The expense report shall document that the expenses meet the requirements of Policies 15 and 16 and shall include receipts for all expenses for which reimbursement is being requested.

15.8 No reimbursement shall be paid unless, at the next regular meeting of the board following the occurrence for which the expense report was submitted, the Director submitting the expense report makes a brief report on the occurrence attended. If the Director is not in attendance at such next regular board meeting, a written report submitted by the Director and read aloud by staff or another Director shall suffice as the required brief report.

POLICY NO. 16 MEMBERSHIP IN ASSOCIATIONS; TRAINING & EDUCATIONAL CONFERENCES

16.1 The Board of Directors shall hold membership in such national, state, and local associations as are applicable to the functions of the District and deemed appropriate by the Board and shall approve, either as part of the budget or otherwise, the payment of any membership fees or dues for these organizations.

16.2 Directors are encouraged to attend educational or professional conferences, seminars, workshops, sessions, and meetings ("Professional Events"), including those of the organizations described in Policy No. 16.1, if such attendance will further the purposes of the District. If any Director wishes the District to pay, or to reimburse the Director, for the costs of attending a Professional Event (tuition, travel, lodging, and meals), the Director shall obtain the approval of the President of the Board of Directors before incurring the costs. The President shall approve the request if the President believes that attendance is appropriate based on the criteria set forth in this Policy No. 16.

16.3 Junkets (defined as a tour or journey for pleasure at public expense) will not be permitted.

16.4 Staff shall assist Directors, as they request, in making arrangements to attend a Professional Event approved by the President of the Board. All reimbursement requests and all bills for such Professional Events shall be submitted to staff, together with validated receipts.

16.5 Directors shall use all reasonable efforts to minimize the costs of tuition, transportation, meals, and lodging related to attending a Professional Event approved by the President of the Board by doing the following:

- a. Making reservations sufficiently in advance, when possible, to obtain discounted tuition, airfares, and hotel rates.
- b. Utilizing accommodations recommended by the event sponsor in order to obtain discounted rates or accommodations in the mid-range of quality and cost.
- c. Traveling with other Directors, where feasible and economically beneficial.
- d. Using shuttles, rather than taxis, where available and safe.

16.6 A Director shall not attend a conference or training event for which there is an expense to the District, if the event occurs after the Director has announced his or her pending resignation or after an election in which it was determined that the Director will not retain his or her seat on the Board.

16.7 Upon returning from a Professional Event for which there was an expense to the District, a Director shall make a report during the next regular meeting of the Board, in compliance with policy 15.8, explaining the purposes and nature of the Professional Event and how the District benefited by the Director's attendance at the Professional Event.

POLICY NO. 17 AUTHORITY AND, RESPONSIBILITY OF THE CHIEF EXECUTIVE OFFICER; CONTRACTS AND BIDDING

17.1 Comments or inquiries concerning the District from residents, property owners, staff, consultants, and advisors of the District shall be referred to the Chief Executive Officer. Safety concerns or hazards relative to the District shall also be referred to the Chief Executive Officer.

17.2 Contracts that do not require public bidding shall be let upon the authorization set forth below.

Amount of
Contract

In the approved budget

\$1 - \$24,999

Chief Executive Officer may authorize

\$25,000-up

Chief Executive Officer may authorize with President's approval

Amount of
Contract

Not in the approved budget

\$1 - \$5,000

Chief Executive Officer may authorize

Over \$5,000

Requires approval of the Board

17.3 Contracts that require public bidding shall be taken to the full Board for discussion and action.

17.4 The District shall comply with the requirements of California Health and Safety Code Section 32132, which sets forth the bidding requirements applicable to Sequoia Healthcare District. The general rule is that "the board of directors shall let any contract involving an expenditure of more than twenty-five thousand dollars (\$25,000) for labor, materials and supplies to be furnished, sold, or leased to the district, or any contract involving an expenditure of more than twenty-five thousand dollars (\$25,000) for work to be done, to the lowest responsible bidder" except that competitive bidding rules do not apply to "medical or surgical equipment or supplies, to professional services, or to electronic data processing and telecommunications goods and services" and do not apply to "change orders that do not materially change the scope of the work...and if each individual change order does not total more than 5 percent of the contract."

17.5 As clarified in numerous decisions by various courts, the professional services to which the bidding rules do not apply include those of persons who are highly and technically skilled in their science or profession; persons with a peculiar skill or ability, such as attorney at law, architect, engineer, or artist; and persons whose work requires taste, skill, and technical learning and ability of a rare kind.

POLICY NO. 18 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

18.1 The Chief Executive Officer of Sequoia Healthcare District (the “District”) is the principal representative of District, and the person responsible for the efficient operation of the District. Therefore, it is the desire of the District to provide a fair yet reasonable and not excessive compensation for the Chief Executive Officer.

18.2 The annual process for determining compensation is as follows: The District full board shall evaluate the Chief Executive Officer on his/her performance, and ask for his/her input on matters of performance and compensation.

18.3 A Compensation Ad Hoc Committee, appointed by the Board President will research and obtain information to make a recommendation to the full board for the compensation (salary and benefits) of the Chief Executive Officer based on a review of comparability data. For example, the Compensation Ad Hoc committee will secure data that documents compensation levels and benefits for similarly qualified individuals in comparable positions at similar organizations. This data may include the following:

1. Salary and benefit compensation studies by independent sources;
2. Written job offers for positions at similar organizations;
3. Documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
4. Information obtained from the IRS Form 990 filings of similar organizations.

18.4 To approve the compensation for the Chief Executive Officer the board must document how it reached its decisions, including the data on which it relied, in minutes of the meeting during which the compensation was approved. Documentation will include:

- a) A description of the compensation and benefits and the date it was approved;
- b) The members of the board who were present during the discussion about compensation and benefits, and the results of the vote;
- c) A description of the comparability data relied upon and how the data was obtained; and
- d) Any actions taken (such as abstaining from discussion and vote) with respect to consideration of the compensation by anyone who is otherwise a member of the board but who had a conflict of interest with respect to the decision on the compensation and benefits.

18.5 No member of the Compensation Ad Hoc committee will be a staff member, the relative of a staff member, or have any relationship with staff that could present a conflict of interest.

POLICY NO. 19 PUBLIC RECORDS REQUESTS

19.1 Requests for public records shall be subject to the California Public Records Act (California Government Code Sections 6250 et seq.) and shall be handled according to the provisions of that act.

19.2 The District may charge a reasonable fee for copying records provided by the requesting party. The charge shall be \$0.15 per page for normal size pages and shall be adjusted for odd sized pages or copies that require special handling. The Chief Executive Officer or designee may waive the charge for incidental copies, not exceeding 10 pages, that require minimal handling. There shall be no charge for copies of documents provided as part of a public meeting.

19.3 If the request is expected to involve a significant amount of copies and effort, District staff may make an estimate of the cost. District staff may then ask the requesting party to confirm that the proposed charge and delivery time are acceptable and to signify acceptance in a reasonable manner (written approval, email, etc.). District staff may require a deposit of the estimated cost before making copies. Once the requesting party has agreed to the estimated cost and delivery date, District staff will have the copies made and will deliver the copies when full payment is received.

19.4 If a person requests to inspect certain documents, District staff will provide such an opportunity within a reasonable period of time after the request. The document inspection may, at District staff's discretion, be conducted under the supervision of a District employee. No documents may be removed, copied or tampered with in any way, without the District staff's permission. All copying requests will follow the procedures outlined in policies 19.1, 19.2 and 19.3.

POLICY NO. 20 REVIEW OF ADMINISTRATIVE DECISIONS

20.1 Section 1094.6 of the California Code of Civil Procedure shall govern any appeal of an administrative decision of the Board of Directors pursuant to Section 1094.5 of the California Code of Civil Procedure.

**POLICY NO. 21 DEFINITIONS OF, AMENDMENTS TO, AND SUSPENSION OF
POLICIES & PROCEDURES**

21.1 By motion made, seconded, and approved by a majority of the Directors, the Board may amend or temporarily suspend these policies and procedures in whole or in part.

21.2 The word “majority” in policies 2, 6, 9, 10, 21 and 24 shall mean a majority of the Directors present at the meeting and voting aye or no. “Present at the meeting” shall include all Directors present in person and all Directors legally present by telephone or other allowed method.

21.3 For purposes of policy 6, the word “majority” shall be deemed to mean a “majority” of the Directors then in office, except as may otherwise be required by law.”

POLICY NO. 22 AMORTIZATION OF CAPITAL ASSETS; INVESTMENTS

22.1 Capital assets of \$5,000 or more shall be depreciated on the straight-line basis over the asset's estimated useful life or the lease term as follows:

Major Land and Building Improvements	15-20 years
Equipment and Furniture	3 – 5 years
Leasehold Improvements	Life of Lease
Improvements to Common Areas	3 – 5 years

22.2 The District's investments shall conform to all applicable law and regulation. As allowed by the same, the following policies shall apply:

1. U.S. Treasuries
2. U.S. Agencies – Federal Home Loan Bank, Federal Home Loan Mortgage Corp., Federal National Mortgage Association, Student Loan Marketing Association, Government National Mortgage Association and Federal Farm Credit Bank
3. Bankers Acceptances – Up to 40% of District's surplus money can be invested in Bankers Acceptances
4. Certificates of Deposit – Up to 30% of District's surplus money can be invested in Certificates of Deposit
5. Asset-Backed Securities – Exposure not to exceed 20% of portfolio; issuers must be rated 'AA' or better by Moody's or S&P
6. Commercial Paper – Exposure not to exceed 15% of portfolio and issuers' Short-term rating must be at least A1/P1
7. Medium Term Notes (Corporate Bonds) – Exposure limited to 30% of portfolio; issuers must be rated 'A' or better by Moody's or S&P; companies must be within the United States
8. Municipals – California only

General

- A. 20% maximum exposure per issuer (except U.S. Treasuries and Governments)
- B. 30% maximum per industry (except U.S. Treasuries, Governments and LAIF)
- C. Weighted average portfolio maturity of 5 years or less*
- D. 40% of portfolio can have a maturity (average life) of greater than 5 years*

E. Benchmark - Local Agency Investment Fund (LAIF)

* Adopted 8/7/00

POLICY NO. 23 REQUESTS FOR PUBLIC FUNDS, COMMUNITY GRANTS AND SPONSORSHIP

23.1 Under the law, Sequoia Healthcare District may provide assistance to health care programs, services, facilities, and activities at any location within or without the District for the benefit of the District and the people served by the District and to nonprofit provider groups and clinics functioning in the community in order to provide for adequate health services to communities served by the District. (California Health and Safety Code Sections 32121(j) and 32126.5)

23.2 A community's health needs are served not only by traditional acute care hospitals, but also by a broad array of other health-related programs and initiatives. These include local health and wellness programs, community-based clinics, health provider educational programs, and other programs and organizations that promote physical, emotional and psychological well-being.

23.3 As allowed by the District's financial condition, the District shall have a Community Grants program to address identified community healthcare needs as envisioned by the Mission Statement and the strategic plan. In conjunction with setting the District's annual budget each year, the District shall determine whether to fund the Community Grants program for that budget year and, if so, in what amount. District staff shall administer the program with the District Board of Directors making the final decision regarding grant recipients. The Board President shall appoint an ad hoc Community Grants Committee to review grant applications and make recommendations to the Board. The Grants Committee shall include two Board members, District staff, and community members who shall serve without compensation. Information regarding the availability of the Community Grants and the application process shall be posted on the District's website and publicized appropriately so that eligible programs may make timely applications.

Requests for emergency or interim funding that fall outside the normal Community Grants application cycle may be presented to the Board after review by the Board President and Chief Executive Officer.

23.4 Requests for major program funding (in excess of \$100,000) and capital investments shall be made directly to the Board and presented in an open meeting. Such requests will be evaluated for consistency with the District's Mission Statement and strategic plan and by community needs. Funding requests for programs that are located or offer services outside of District boundaries must be able to demonstrate how services to District residents will be documented. Grants normally will be memorialized with a Memorandum of Understanding. Funding may be made in phases and may be subject to such conditions as the Board may impose.

Grants for the acquisition, leasing or substantial improvement of real property or other facilities shall be secured so that, if the facility is sold or leased to others for purposes that are not consistent with the original grant, the District may recover its funds for reinvestment in other programs or facilities.

23.5 The Sequoia Healthcare District will not sponsor fundraising events but may sponsor health education events up to \$2,500 per event but not to exceed \$10,000 in any fiscal year. The staff/Board may purchase tickets to fundraising events or other community events as long as no more than \$300 is spent per event and the total for event attendance does not exceed \$3,000 per year.

The CEO will be required to report on any events sponsored or attended as part of the CEO report each Board Meeting including who attended representing the District and the purpose of the event.

POLICY 24: SOCIAL MEDIA POLICY

24.1 The District maintains certain social media sites, including a website, a Facebook page, and a Twitter account (“social media”). Additional social media, including blogs, may be created from time to time. All District social media shall be clearly designated to indicate that it is maintained by the District.

24.2 Each of the social media maintained by the District is the sole property of the District. The Chief Executive Officer shall have the authority to create, maintain, operate, preserve, or discontinue such social media, subject to express direction from a majority of the Board of Directors.

24.3 No information or content shall be posted to or removed from the District’s social media unless approved by the Chief Executive Officer or designated staff; provided, that specific content shall be posted to or removed from the District’s social media if directed by the Board of Directors at a public meeting. All content shall be for the benefit of the District and for the purpose of providing information regarding District activities, programs, and issues. The District’s social media shall not be used to further the candidacy or political views of any Director, candidate, or employee. All content shall be respectful and maintain the privacy of employees and recipients of services provided by the District or its grantees.

24.4 No content shall be posted to the District’s social media by or on behalf of any individual Director except a statement from the Board President on behalf of the District when approved by the Board in accordance with this policy.

24.5 No Director or employee shall maintain or operate a private social media site that purports to be an official District social media.

POLICY 25: RESERVES

Sequoia Healthcare District will maintain financial reserves. This policy sets forth the purposes and uses of the reserve funds.

25.1 Reserve funds may be used for any legal purpose by Board vote including but not limited to overhead, grants, investments, and property.

25.2 The District will maintain a reserve fund of at least \$5 million. If emergency needs reduce the reserves below \$5 million, they will be replaced with revenue from any and all sources including tax revenue in order to return the reserve to the minimum level as soon as reasonably possible.

25.3 Reserve funds exceeding \$5 million may be used from time to time as approved by the Board at any meeting. Reserves used over the \$5 million level may or may not be replaced as determined by the Board.

25.4 All reserve funds will be invested in accordance with California law and Sequoia Healthcare District Investment Policy 22 with at least \$2.5 million in US treasuries to provide reasonable liquidity for emergencies or budgeted deficits.

25.5 Reserve funds may be used to fund overhead without replacement, in order to facilitate using 100% of tax revenue each year for grants, unless the reserves fall below \$5 million.

As reference to Policy 15.5, the following except is from the District's Employee Handbook, adopted 12/2/09.

7.05 Expense Reimbursement

This policy establishes standards for Sequoia Healthcare District ("District") Employees who incur expenses during the course of business activities on behalf of or at the request of District. The purpose of this policy is to provide uniform standards for those employees who incur, authorize and approve business travel, out-of-pocket and entertainment expenses. The policy also defines the documentation necessary to support reimbursement for business travel, out-of-pocket and entertainment expenses.

Employees will be reimbursed for mileage at the rate allowed by the Internal Revenue Service. Meals will be reimbursed upon presentation of valid receipts. Personal cell phones used in the course of District business upon presentation of a valid invoice will be reimbursed up to \$75/month.

Employees are to exercise good judgment in incurring business travel and entertainment expenses. Reimbursement will be made for authorized business expenses that are reasonable, necessary and appropriately documented.

A. Business Travel Expenses

Business travel expenses are reasonable and necessary expenses that an employee incurs while traveling away from home on District business or related activities approved by District. This Section A applies to basic expenses associated with travel on District business. Section B contains separate requirements related to business entertainment expenses.

1) Hotel Accommodations - Employees should use hotels that balance the needs for convenience, safety, and lower cost. Employees may not stay at luxury hotels such as Ritz Carlton, Four Seasons or utilize similarly expensive lodging unless it is a designated conference hotel. Employees will not be reimbursed for bottled water, in-room movies or mini-bar expenses.

2) Airfare - Employees must travel coach/economy class at the most economical rate available to reasonably accommodate business schedules.

Use of the long-term parking lots and/or off airport parking is encouraged to reduce overall travel costs.

3) Mileage/Ground Transportation - When it is more practical to use a personal automobile when traveling on business, reimbursement will be made at the currently established IRS rate per mile for the actual miles necessary to conduct the relevant business.

Other ground transportation (e.g. taxi, bus, subway, rail, etc.) will be reimbursed if it relates to District business.

Other costs associated with ground transportation such as parking and bridge tolls will be reimbursed.

4) Rental Cars - Luxury and premium cars are not reimbursable.

5) Meals - District will reimburse reasonable meal expenses incurred by employees traveling out-of-town on District business. Such meals should not exceed \$15 for breakfast, \$25 for lunch and \$35 for dinner.

District will not reimburse meal expenses for an employee's spouse.

6) Telephone Calls/Faxes/Mail Service While Traveling - Necessary business related telephone calls, faxes or mail service and business use of personal cell phone, home phone or faxes will be reimbursed with appropriate documentation.

Personal calls while traveling, such as reasonable calls to home, family members, baby sitters, etc., are allowable business expenses.

7) Spouse Travel - No reimbursement is allowed for travel expenses, (including, but not limited to, airfare, hotel, meals, transportation, tips, etc.) paid or incurred by an employee with respect to a spouse, dependent or other individual accompanying an employee on a business trip.

B. Business Entertainment Expenses (including meals and gifts)

Business entertainment expenses are those expenses incurred by the employee while (i) conducting/discussing District business and (ii) meeting with other District employees (including subordinates) and/or other persons who directly (or through another entity) do business with or support the District.

1) Business Meals - Business entertainment and meal expenses must be reasonable and appropriate, taking into consideration the location of the meal/event, the participants, the nature of the event, and other relevant factors.

District will only reimburse meal expenses involving District-only participants when a significant amount of the discussion/purpose of the meal is business related – whether the meeting takes place in a restaurant or the office.

Employees are reminded that they represent the District while on company business and that alcohol use, if any, must be responsible and in conjunction with a meal.

2) Business Gifts - Modest business gifts to non-employees (including board members and sponsors) will be reimbursed with the approval of the District's CEO or Board President and appropriate documentation.

3) Gifts to Employees - Generally, District will not reimburse an employee for gifts (including flowers) to subordinates, peers, or supervisors, including events such as a birthday, holiday (e.g., Christmas), wedding, special days (i.e., secretary day), birth of child or other life event.

With the CEO's or Board President prior approval, an employee may expense a gift to a District employee or board member for exceptional performance, as a thank you for a special effort, as a going away gift, or as an acknowledgement for completing a degree or training program. In addition, an employee may expense flowers or another appropriate and reasonable gift sent to a subordinate, peer, supervisor, or board member in the event of the death of an employee or immediate family member, the hospitalization of the employee or employee family member or other family crisis.

C. Expense Reporting and Documentation Requirements for the Paper Process

Expense reports must be completed in accordance with the requirements of this policy.

1) Expense Reporting Signature and Approvals - Expense reports must be signed by the employee and approved by the employee's supervisor or the Board President. By signing the expense reports, employees and the individual approving reports are representing and confirming that the expense report complies with these standards.

2) Forms to be Used - Employees must use the current District expense report form(s) for reimbursement of out-of-pocket expenses, the current District mileage and associated reimbursement form for reimbursement of mileage.

3) Attachments to Forms - When preparing expense reports, receipts should be attached.

4) Substantiation of Expenses - Generally, a receipt should be provided in support of out of pocket expense items. Exceptions to this general requirement include bridge tolls, highway tolls, modest bus or subway fares, and tips to baggage handlers in hotels, airports. A receipt should accompany all District credit card purchases.

MEMORANDUM

TO: Members of the Board of Trustees
Lee Michelson

FROM: Mark D. Hudak

DATE: August 5, 2014

SUBJECT: Revised Conflict of Interest Code

As part of our effort to bring the District's internal documents up to date, a new version of the District's Conflict of Interest Code has been prepared.

By way of background, the County Board of Supervisors originally had been designated as the reviewing body and the County Clerk as the filing official for the District's Statements of Economic Interests. This is typical for special districts. At one point, the County Clerk decided that he would no longer act as the filing official for special districts, so our code had to be amended. Within a short time, the County Clerk decided that he should be the filing official after all, so our code had to be amended again to restore the status quo.

The version proposed for adoption eliminates the references to the prior amendments, which had cancelled each other out. It also changes the references from "Hospital District" to "Healthcare District." Aside from these technical changes, there are no substantive changes to the Conflict of Interest Code.

cc: Janeene Johnson

SEQUOIA HOSPITAL DISTRICT
County of San Mateo, State of California
RESOLUTION NO. 14-4
ADOPTING REVISED CONFLICT OF INTEREST CODE
FOR THIS HEALTHCARE DISTRICT

RESOLVED by the Board of Directors, SEQUOIA HEALTHCARE DISTRICT, County of San Mateo, State of California, that

WHEREAS the Political Reform Act, Government Code Section 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes, and

WHEREAS the Fair Political Practices Commission has adopted a regulation, 2 Cal. Adm. Code Section 18730, which contains the terms of a standard Conflict of Interest Code,

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that a Revised Conflict of Interest Code, in the form set forth in Exhibit 1, attached hereto, be adopted for SEQUOIA HEALTHCARE DISTRICT, to become effective upon approval thereof by the Board of Supervisors of San Mateo County.

PASSED AND ADOPTED by the Board of Directors, SEQUOIA HEALTHCARE DISTRICT, this 6th day of August, 2014 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

Jerry Shefren
President, Board of Directors

ATTEST:

EXHIBIT 1
CONFLICT OF INTEREST CODE OF THE SEQUOIA HEALTHCARE DISTRICT
County of San Mateo, State of California
Adopted on the 6th day of August, 2014
Approved by the Code Reviewing Body on the ____date if ____, 2014

The Political Reform Act, Government Code Section 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Adm. Code Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform act after public notice and hearings. Therefore, the terms of 2 Cal. Adm. Code Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, constitute the Conflict of Interest Code of the SEQUOIA HEALTHCARE DISTRICT (HEREAFTER "Agency.")

Pursuant to Section 18730(b)(4)(B) of the Standard Code, all designated employees shall file statements of economic interests with the agency, which shall make and retain a copy and forward the originals to the code reviewing body, which shall be the filing officer.

As directed by Government Code Section 82011, the code reviewing body is the Board of Supervisors for the County of San Mateo. Pursuant to Title 2, Division 6 of the California Administrative Code, Section 18227, the County Clerk for the County of San Mateo shall be the official responsible for receiving and retaining statements of economic interests filed with the Board of Supervisors.

DESIGNATED OFFICIALS AND EMPLOYEES

Designated Positions (amended 8/19/98)

Category

Member, Board of Directors

1, 2, 3, 4

Chief Executive Officer

1, 2, 3, 4

Consultants *

*With respect to Consultants, the President of the Board of Directors may determine in writing that a particular consultant is hired to perform a range of duties that are limited in scope and thus he is not required to comply with the disclosure requirements described in these categories. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The President of the Board of Directors shall forward a copy of this determination to the Board of Supervisors for the County of San Mateo. Nothing herein excuses any consultant from any other provisions of this Conflict of Interest Code.

DESIGNATED CATEGORIES

Category 1: A designated employee assigned to Category 1 is required to disclose investments which may foreseeable be materially affected by any decision made or participated in by the designated employee.

Category 2: A designated employee assigned to Category 2 is required to disclose interests in real property which may be materially affected by any decision made or participated in by the designated employee.

Category 3: A designated employee assigned to Category 3 is required to disclose income which may be materially affected by any decision made or participated in by the designated employee.

Category 4: A designated employee assigned to Category 4 is required to close any business entity in which the designated employee is a director, officer, partner, trustee, or holds any position of management which may be materially affected by any decision made or participated in by the designated employee.

"Designated Employee," as stated above, shall include designated officials, board members, and consultants.

SEQUOIA HOSPITAL DISTRICT
County of San Mateo, State of California
RESOLUTION NO. 14-486-12

ADOPTING REVISED CONFLICT OF INTEREST CODE
FOR THIS HEALTHCARE~~HOSPITAL~~ DISTRICT

RESOLVED by the Board of Directors, SEQUOIA HEALTHCARE~~HOSPITAL~~
DISTRICT, County of San Mateo, State of California, that

WHEREAS the Political Reform Act, Government Code Section 81000, et seq., requires
state and local government agencies to adopt and promulgate Conflict of Interest Codes, and

WHEREAS the Fair Political Practices Commission has adopted a regulation, 2 Cal.
Adm. Code Section 18730, which contains the terms of a standard Conflict of Interest Code,

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that a Revised
Conflict of Interest Code, in the form set forth in Exhibit 1, attached hereto, be adopted for
SEQUOIA HEALTHCARE~~HOSPITAL~~ DISTRICT, to become effective upon approval thereof
by the Board of Supervisors of San Mateo County.

PASSED AND ADOPTED by the Board of Directors, SEQUOIA
HEALTHCARE~~HOSPITAL~~ DISTRICT, this 6th~~25th~~ day of August, 2014 ~~June, 1986~~, by the
following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

ATTEST:

Jerry Shefren Daniel W. Meub, M.D.
President, Board of Directors

EXHIBIT 1
CONFLICT OF INTEREST CODE OF THE SEQUOIA ~~HEALTHCARE HOSPITAL~~
DISTRICT

County of San Mateo, State of California

Adopted on the 6th 25th day of August, 2014~~June, 1986~~

Approved by the Code Reviewing Body on the ___ date if ___, 2014~~1986~~

The Political Reform Act, Government Code Section 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Adm. Code Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform act after public notice and hearings. Therefore, the terms of 2 Cal. Adm. Code Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, constitute the Conflict of Interest Code of the SEQUOIA ~~HEALTHCARE HOSPITAL~~ DISTRICT (HEREAFTER "Agency.")

Pursuant to Section 18730(b)(4)(B) of the Standard Code, all designated employees shall file statements of economic interests with the agency, which shall make and retain a copy and forward the originals to the code reviewing body, which shall be the filing officer.

As directed by Government Code Section 82011, the code reviewing body is the Board of Supervisors for the County of San Mateo. Pursuant to Title 2, Division 6 of the California Administrative Code, Section 18227, the County Clerk for the County of San Mateo shall be the official responsible for receiving and retaining statements of economic interests filed with the Board of Supervisors.

DESIGNATED OFFICIALS AND EMPLOYEES

<u>Designated Positions (amended 8/19/98)</u>	<u>Category</u>
Member, Board of Directors	1, 2, 3, 4
Chief Executive Officer	1, 2, 3, 4
Consultants *	

*With respect to Consultants, the President of the Board of Directors may determine in writing that a particular consultant is hired to perform a range of duties that are limited in scope and thus he is not required to comply with the disclosure requirements described in these categories. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The President of the Board of Directors shall forward a copy of this determination to the Board of Supervisors for the County of San Mateo. Nothing herein excuses any consultant from any other provisions of this Conflict of Interest Code.

DESIGNATED CATEGORIES

Category 1: A designated employee assigned to Category 1 is required to disclose investments which may foreseeable be materially affected by any decision made or participated in by the designated employee.

Category 2: A designated employee assigned to Category 2 is required to disclose interests in real property which may be materially affected by any decision made or participated in by the designated employee.

Category 3: A designated employee assigned to Category 3 is required to disclose income which may be materially affected by any decision made or participated in by the designated employee.

Category 4: A designated employee assigned to Category 4 is required to close any business entity in which the designated employee is a director, officer, partner, trustee, or holds any position of management which may be materially affected by any decision made or participated in by the designated employee.

"Designated Employee," as stated above, shall include designated officials, board members, and consultants.

POLICIES AND PROCEDURES
SEQUOIA HEALTHCARE DISTRICT

Restated August 6, 2014

- POLICY NO. 1 MISSION AND VISION
POLICY NO. 2 BASIS OF AUTHORITY; ROLE OF DIRECTORS
POLICY NO. 3 TERM OF OFFICE
POLICY NO. 4 OFFICERS OF THE DISTRICT
POLICY NO. 5 COMMITTEES OF THE BOARD; PUBLIC INFORMATION
LIAISON; AUDITORS
POLICY NO. 6 BOARD MEETINGS: LOCATION, TIME, DATE, AND QUORUM
POLICY NO. 7 ATTENDANCE AT MEETINGS
POLICY NO. 8 AGENDA
POLICY NO. 9 TOPICS FOR DISCUSSION AT BOARD MEETINGS
POLICY NO. 10 CONDUCT OF MEETINGS
POLICY NO. 11 MINUTES
POLICY NO. 12 CONFLICT OF INTEREST AND ETHICS
POLICY NO. 13 APPOINTMENTS TO THE DISTRICT BOARD
POLICY NO. 14 CONDUCT RELATED TO ELECTIONS
POLICY NO. 15 REMUNERATION AND REIMBURSEMENT
POLICY NO. 16 MEMBERSHIP IN ASSOCIATIONS; TRAINING & EDUCATIONAL
CONFERENCES
POLICY NO. 17 AUTHORITY AND; RESPONSIBILITY OF THE CHIEF
EXECUTIVE OFFICER; CONTRACTS AND BIDDING
POLICY NO. 18 BIDDING COMPENSATION OF THE CHIEF EXECUTIVE
OFFICER
POLICY NO. 19 PUBLIC RECORD REQUESTS
POLICY NO. 20 REVIEW OF ADMINISTRATIVE DECISIONS
POLICY NO. 21 DEFINITIONS OF, AMENDMENTS TO, AND SUSPENSION OF
POLICIES & PROCEDURES
POLICY NO. 22 AMORTIZATION OF CAPITAL ASSETS; INVESTMENTS
POLICY NO. 23 REQUESTS FOR PUBLIC FUNDS, COMMUNITY GRANTS AND
SPONSORSHIPS
POLICY NO. 24 SOCIAL MEDIA
POLICY NO. 25 RESERVES

.....
These policies and procedures are adopted pursuant to the Ralph M. Brown Act and Section 32104 of the California Health and Safety Code, which provides as follows: "The board of directors shall provide for the time and place of holding its regular meetings and the manner of calling the same, and shall establish rules for its proceedings and may adopt such rules and regulations not inconsistent with law as may be necessary for the exercise of the powers conferred and the performance of the duties imposed upon the board."

POLICY NO. 1 MISSION AND VISION

1.1 Sequoia Healthcare District's mission is to improve the health of the District residents by enhancing access to care and promoting wellness. (effective April 2, 2014)

1.2 Sequoia Healthcare District's strategic vision is to improve the health of our community through responsible stewardship of District taxpayer dollars. (effective April 2, 2014)

POLICY NO. 2 BASIS OF AUTHORITY; ROLE OF DIRECTORS

2.1 The Board of Directors is the governing body of the District. Apart from his or her normal function as a part of this governing body, a Director has no individual authority. ~~For example, as individuals,~~ Directors do not have authority to commit the District to any policy, act, or expenditure, unless the Board of Directors takes specific action to grant such authority as to a given matter.

2.2 Directors do not represent any fractional segment of the community, but are, rather, a part of the body that represents and acts for the community as a whole.

2.3 The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission. Routine matters concerning the operational aspects of the District are to be delegated to the Chief Executive Officer of the District.

2.4 Individual Directors shall not instruct District staff, District legal counsel, or District consultants, advisors, vendors, or contractors, but shall work through the Board District-President or the Board as a whole. However, the chairperson of any Board Ad Hoc committee shall be authorized to work with District staff and receive information and support from District staff with respect to matters within the Ad Hoc committee's jurisdiction.

2.5 Directors have a fiduciary duty to act in good faith and for the benefit of the District. ~~In exercising that fiduciary duty in the context of requesting information from staff or making public records requests, Directors are encouraged to identify their specific issue of concern rather than making broad requests that require significant amounts of staff time and hinder staff's ability to devote the time necessary to the business of running the District.~~

2.6 When requesting information from staff or making public records requests, Directors are encouraged to identify their specific issue of concern rather than making broad requests that require significant amounts of staff time and hinder staff's ability to devote the time necessary to the business of running the District. Any request by an individual Director for substantive information and/or research from District staff or advisors (other than a request for existing records), the response to which will require the use of material District staff time or resources, shall be submitted in writing (which includes email) through the Board President, who shall decide whether or not it is in the District's best interests to expend District resources in such a fashion and, for approved requests, shall advise staff regarding the appropriate level of resources to be devoted to the matter. If an individual Director's request is denied by the Board President, the request shall, if the individual Director wishes, be placed on the agenda of the next meeting of the Board (for which an agenda has not yet been posted). If a majority of the Directors ~~(as defined in policy 21.2)~~ approves the request for information and/or research, the Chief Executive Officer shall respond to the individual Director's request for substantive information and/or research. Requests for existing District records shall be governed by the Public Records Act.

2.7 Directors make a significant commitment to their Board service, normally 10-20 hours per month. Directors are expected to become and stay current on District affairs and projects. Directors are encouraged to serve on District Ad Hoc committees, represent the District at community events, visit the facilities of grant recipients, attend intergovernmental meetings at

which health care issues are discussed and decided, become familiar with District financial reports, and carefully review all materials in advance of Board meetings. Official representation of the District at community events and visits to facilities should be coordinated through the Chief Executive Officer to ensure compliance with the Brown Act.

POLICY NO. 3 TERM OF OFFICE

3.1 The term of office of an elected Director begins at noon on the first Friday in December pursuant to California Elections Code Section 10554. The oath of office of an elected Director is taken and filed at the time the Director, as a candidate, files his or her declaration of candidacy.

3.2 The term of office of an appointed Director begins effective upon appointment and upon taking the oath of office. The Director shall be sworn in by an official authorized to administer the oath of office.

3.3 Officials authorized by law to administer the oath of office include every county officer and the officer's deputies (Government Code §24057), every executive and judicial officer and every member of the legislature (Government Code §1225), and the elections official (Elections Code §10265). Executive officers include persons who fill offices created by or under the authority of the Local Healthcare District Law. (Government Code §1001).

POLICY NO. 4 OFFICERS OF THE DISTRICT

4.1 The District officers shall be President, Vice President, and Secretary/Treasurer.

4.2 The President shall conduct the meetings of the Board and lead the Board and the District in fulfilling the District's mission. The President shall appoint ~~Board~~-Ad Hoc committees, ~~both standing and Ad Hoc~~, and shall appoint individual Board members to specific tasks.

4.3 The Vice President shall conduct the meetings of the Board in the absence of the President and shall assist the President in leading the Board and the District.

4.4 The Secretary/Treasurer shall execute those documents required by law of the secretary or treasurer with respect to the minutes and other records of the District. The Secretary/ Treasurer shall be the Board's liaison with the District's auditors and financial consultants and shall be available to staff as necessary with respect to such matters.

4.5 The term of office for each District officer shall be two years; provided, however, that if an officer leaves office mid-term for any reason, his or her replacement shall serve the balance of the original two-year term. The replacement of an officer, for any reason, shall be determined by a vote of the Directors at the next Board meeting.

POLICY NO. 5 COMMITTEES OF THE BOARD; PUBLIC INFORMATION LIAISON; AUDITORS

5.1 There shall be no standing committees of the Board.

5.2 The President of the Board shall appoint such Ad Hoc committees as may be deemed necessary or advisable by the President or by the Board. The duties of an Ad Hoc committee shall be outlined at the time of appointment, and the committee shall be deemed dissolved when its final report has been made.

5.3 ~~The President of the Board shall appoint a Director to be Public Information Liaison to serve at the pleasure of the President and to work with the~~ The Chief Executive Officer shall serve as the Public Information Liaison and outside advisors to promote effective communications with the local community consistent with the mission of the District, as set by the Board.

5.4 For purposes of fiduciary oversight, the District may contract for audit services with the same or different firms every three years as determined by the Board.

5.5 The due date for completion of the District's annual audit shall be the December 31st of the fiscal year that is the subject of the audit.

POLICY NO. 6 BOARD MEETINGS: LOCATION, TIME, DATE, AND QUORUM

6.1 It is the policy of Sequoia Healthcare District and its Board of Directors that all meetings shall be conducted in accordance with the Ralph M. Brown Act, Government Code 54950 et seq. and such additional requirements as are set forth in Policies and Procedures Nos. 6, 7, 8, 9, and 10. The Board of Directors encourages public participation at its meetings. To facilitate communication, the Board will ensure that agendas are posted on the District's website in addition to other legal requirements. Each agenda shall include a time for public comment on non-agenda items as well as comment on each agenda item when called.

6.2 Meetings of the Board of Directors shall be held at the District's office located at 525 Veterans Boulevard, Redwood City, CA 94063 except as otherwise set forth in ~~the Ralph M. Brown Act, California~~ Government Code Section 54954(b) or (e) and Section 54953(b)(3) or successor provision. If any Director is attending a meeting by teleconference, the teleconference location shall be accessible to the public, which shall be provided an opportunity to address the Board directly. If a meeting includes any Director's attendance by teleconference, at least a majority of the Directors ~~(as defined in policy 21.3)~~ shall participate in the meeting from locations within the boundaries of the District although it is not required that the majority all be at the same location within the District.

6.3 Section 32106 of the California Health and Safety Code provides that "A majority of the members of the board shall constitute a quorum for the transaction of business." The definition in policy 21.3 shall apply to this provision.

6.4 Regular meetings of the Board shall be scheduled for 4:30 p.m. and shall begin at that time or as soon thereafter as a quorum is present.

6.5 The regular meetings of the Board shall be held on the first Wednesday of even-numbered months, i.e., February, April, June, August, October, and December.

6.6 The annual organizational meeting of the Board shall be the Board's regular meeting in February or an earlier meeting, if called. At that meeting officers shall be elected, ~~any Ad Hoc committee appointments shall be made,~~ and the District Chief Executive Officer shall report on the state of the District report.

~~6.6.7~~ **6.7** The fiscal year budget (July 1 – June 30) will be presented no later than the June meeting.

6.8 Emergency meetings of the Board may be called by the Board President or by a majority of the Directors ~~(as defined in policy 21.3)~~ at a time and for the purpose(s) specified in the call of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities. Emergency meetings of the Board may be called by the Board President or by a majority of the Board at a time and for the purpose(s) specified in the call 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. An emergency situation is "a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the members of the legislative body" or "a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring a legislative body to provide

one-hour notice before holding an emergency meeting...may endanger the public health, safety, or both, as determined by a majority of the members of the legislative body.” The provisions of the Ralph M. Brown Act applicable to emergency meetings shall be followed.

6.7—

~~6.86.9 Additional special meetings or study sessions can be called by the President of the Board as necessary to conduct business of the District. Emergency meetings of the Board may be called by the Board President or by a majority of the Board at a time and for the purpose(s) specified in the call 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. An emergency situation is “a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the members of the legislative body” or “a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring a legislative body to provide one-hour notice before holding an emergency meeting...may endanger the public health, safety, or both, as determined by a majority of the members of the legislative body.”—The provisions of the Ralph M. Brown Act applicable to emergency meetings shall be followed.~~

~~6.96.10~~ Regular and special meetings (including adjourned regular and adjourned special meetings) may be adjourned to a future date and time. If, after a meeting has been convened, the number of Directors present drops below the number required for a quorum, no further action may be taken except that less than a quorum of the Board ~~shall may~~ adjourn the meeting to a future date and time or to the next regular meeting. If no Directors are present, the clerk of the Board ~~may shall~~ adjourn the meeting to a future date and time and shall give notice of the adjournment in the same manner as for special meetings. The subsequent meeting is known as an “adjourned regular meeting” or “adjourned special meeting.” A notice of the adjournment, including the future date and time of the adjourned meeting, shall be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of the adjournment. If the date of the adjourned meeting is within five (5) days of the original meeting, no new agenda need be posted (so long as the adjourned meeting is limited to the original agenda). If the date of the adjourned meeting is more than five (5) days from the original meeting, a new agenda must be prepared and posted.

~~6.106.11~~ District staff shall insure that appropriate information, including Board packets, is available for the audience at meetings of the Board of Directors and that physical facilities for meetings are functional and appropriate. Board packets shall be posted on the District’s web site at same time as the packets are sent to the Directors.

POLICY NO. 7 ATTENDANCE AT MEETINGS

7.1 Directors shall attend all regular and special meetings of the Board unless there is good cause for absence. Good cause for absence includes, but is not necessarily limited to, illness, accident, vacation, business or family commitments or other unavoidable personal matters. It is recognized that the timing of business and family commitments, since they involve additional people and outside factors, cannot always be controlled. However, to the extent reasonable, Directors are expected to make good faith efforts to schedule vacation, business, and personal commitments at times that will not conflict with the schedule of regular Board meetings.

7.2 Section 32100.2 of the California Health and Safety Code provides as follows:

“Notwithstanding any other provision of law, the term of any member of the board of directors shall expire if he or she is absent from three consecutive regular meetings, or from three of any five consecutive meetings of the board and the board by resolution declares that a vacancy exists on the board.”

7.3 As set forth in the Brown Act in Government Code Section 54953, Directors may attend a meeting by teleconference.

POLICY NO. 8 AGENDA

8.1 The District's Chief Executive Officer, in consultation with the President of the Board of Directors, shall develop the agenda for each meeting of the Board of Directors. The ultimate authority for determining the agenda shall rest with the Board President.

8.2 Any Director or member of the public may request that a matter directly related to District business be placed on the agenda of a regular meeting of the Board of Directors. The request must be in writing and submitted to the Chief Executive Officer and Board President, together with supporting documents and information, if any, at least two weeks prior to the date of the meeting. It shall be up to the discretion of the Board President, as set forth in Policy No. 8.1, whether to place the requested item on the agenda.

8.3 Each regular meeting agenda shall include an item for discussion of future agenda topics. During the discussion, a Director may request that one item be placed on the agenda of a future meeting so long as the item is within the subject matter jurisdiction of the District and the item complies with Policy No. 9. The Board members shall not engage in a substantive discussion of the item being proposed. If the request is supported by at least one other Director, the item shall be placed on the agenda for the next regular Board meeting. If a Director makes a request under this Policy No. 8.3 and the request is not supported, the Director shall not make a request for the same or substantially similar item for a period of one year.

8.4 The agenda for each Board meeting shall be posted as required by the Brown Act, which requires, among other things, that the agenda be posted "in a location that is freely accessible to members of the public." (California Government Code Sections 54954.2(a) and 54956) For Sequoia Healthcare District, that shall mean that the agenda shall be posted in the following location(s): outside the front entrance to the District's Offices at 525 Veterans Avenue, Redwood City, California and on the District's website.

8.5 For any meeting in which teleconferencing is to be used, the Brown Act also requires the District to "post agendas at all teleconference locations." (California Government Code Section 54953(b)(3)) If the teleconference location is a private home, the agenda shall be posted on the front door, if that is freely accessible to the public, and otherwise at the point where the private driveway to the home meets the nearest public street. If the teleconference location is in a hospital, hotel, or other commercial establishment, the agenda shall be posted where notices of meetings or other events are commonly posted, if there is such a place, and otherwise in a location on the premises where the public commonly gathers or passes and where the notice can be read. If the teleconference location is elsewhere, the agenda shall be posted in the location most accessible to the public. The notice and agenda of the meeting shall identify each teleconference location and the agenda shall be posted at all teleconference locations for the required length of time (at least 72 hours before a regular meeting, at least 24 hours before a special meeting, and as otherwise required for an emergency meeting).

POLICY NO. 9 TOPICS FOR DISCUSSION AT BOARD MEETINGS

9.1 For *regular* meetings, “No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcements, or make a brief report on his or her own activities.” California Government Code Section 54954.2(a).

9.2 However, the Board may take action on items of business not appearing on the posted agenda if (1) a majority of the Directors (meaning a majority of the directors present [in person or otherwise] and voting aye or no, except as may otherwise be required by law) determines that an emergency exists as defined in the Brown Act, (2) if at least two-thirds of the Directors present at the meeting (or, if fewer than two-thirds of the Board is present, all if the Directors present) determine that there is a need to take immediate action and that need came to the attention of the District after the agenda was posted, or (3) the item was posted for a prior meeting of the Board occurring no more than five calendar days earlier and the item was continued to the present meeting. California Government Code Section 54954.2(b).

9.3 For *special* meetings, “No other business [other than the business listed in the call and notice of the special meeting] shall be considered...by the legislative body.” California Government Code Section 54956.

9.4 “Every agenda for *regular* meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body’s consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda [except that the Board may adopt reasonable regulations such as limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker].” (Italics added.) California Government Code Section 54954.3.

9.5 “Every notice for a *special* meeting shall provide an opportunity for members of the public to directly address the legislative body concerning any item that has been described in the notice for the meeting before or during consideration of that item.” (Italics added.) California Government Code Section 54954.3.

9.6 Proposed resolutions, regulations, and policies shall be brought before the Board for discussion and action.

9.7 Proposed contracts shall be brought before the Board as set forth in Policy No. 17.

9.8 Each agenda for a regular and special meeting shall include an item for public comment on non-agenda items. Board members may offer such public comment as well as members of the public. Because such matters have not been noticed to the public, Board members may not engage in a substantive discussion of matters raised during public comment. However, the Board may direct staff to follow up on or verify information provided during public comment. The Board may give directions (about matters that are on the agenda) that are not formal action,

~~including directives and instructions to staff. The President of the Board shall determine by consensus a Board directive and shall state it for clarification. Should any two Directors challenge the statement of the President, a voice vote shall be taken (unless a roll call vote is required per Policy No. 10.14).~~

9.9 Actions within the scope of the authority of the Chief Executive Officer are not required to be brought before the Board.

POLICY NO. 10 CONDUCT OF MEETINGS

10.1 The Board prefers a flexible form of meeting under the procedures set forth in this policy and not under the formalized rules of *Robert's Rules of Order*. However, if procedural questions arise that are not covered by these Policies and Procedures, ~~the provisions of The Standard Code of Parliamentary Procedure Fourth Edition New and Revised by Alice Sturgis shall govern they will be resolved by legal counsel at the meeting. A majority of the Board can overrule legal counsel's recommendation.~~

10.2 Any Director may make a motion to suspend the rules. This motion is debatable and requires a two-thirds vote of the members present to pass. The effect of the motion is to allow the Board to suspend a particular rule in the Policies and Procedures for a particular purpose. The motion shall specify which rule is to be suspended and for what purpose.

~~10.2~~**10.3** The President of the Board of Directors shall preside at all Board meetings at which he or she is present. The President shall have the same rights as the other Board members in voting, introducing or seconding motions and resolutions, and participating in discussions.

~~10.3~~**10.4** In the absence of the President, the Vice President of the Board of Directors shall perform the President's duties and have the President's rights. If both the President and Vice President are absent, the Secretary/Treasurer shall perform the President's duties and have the President's rights.

~~10.4~~**10.5** The President shall call the meeting to order at the time set on the agenda or as soon thereafter as a quorum is present. The meeting may continue only so long as a quorum is present.

~~10.5~~**10.6** The minutes from the prior meeting(s) shall be offered for approval as part of the Consent Calendar. Any Board member wishing to offer an amendment or correction to the minutes shall request that the minutes and financials be removed from the Consent Calendar for discussion and separate voting. The first item on the agenda of a regular meeting shall normally be the minutes. The President shall ask if there are any corrections to the minutes. If no corrections are offered, the President shall state that the minutes are approved as submitted and there shall be no need for a motion or vote on the minutes. If any correction is offered, the suggested correction shall be discussed and the voted upon by the Board. Corrections approved by a majority of the Directors ~~(as defined in policy 21.2)~~ shall be made to the minutes. Following discussion and voting on any correction, the President shall ask if there are any further corrections and, if none, shall state that the minutes are approved as corrected.

~~10.6~~**10.7** Ordinarily, items on the agenda will be considered in the order set forth in the agenda. However, the President may alter the order of items on the agenda, as the President deems necessary for the good of the meeting.

~~10.7~~**10.8** When necessary in order to complete consideration of the entire agenda in a timely fashion and to allow all interested persons an opportunity to speak, the President may limit the total time to be devoted to an item on the agenda and may limit the time allowed for each person to speak on such item. Public comment on non-agenda items may be limited to three

minutes per speaker. The Board President shall announce any applicable time limits at the start of the meeting or when the particular item is introduced.

~~10.8~~10.9 ____ If a Director believes procedures are not being followed or are not adequate, he or she may raise a point of order, not requiring a second. The President shall rule on the point of order. If the ruling is not satisfactory to the Director who raised the point of order, the President shall put the question to the Board and the ruling shall be approved or disapproved by a majority of the Directors ~~(as defined in policy 21.2).~~

~~10.9~~10.10 ____ Any Director desiring to speak shall address the President and, upon recognition by the President, may address the subject under discussion.

~~10.10~~10.11 ____ Any Director, including the President, may make or second a motion. If a motion is made by one Director and seconded by another Director, the President shall restate the motion if necessary for clarity and then call for discussion. After full discussion, including any public comment on the motion, the President shall call for the vote.

~~10.11~~10.12 ____ If the public in attendance has had an opportunity to comment on a motion, and each Director has had an opportunity to comment, then any Director may move to bring the question to a vote immediately. This motion to call the question is not debatable. If the motion to call the question is seconded by another Director and approved by a majority of the Directors ~~(as defined in Policy 21.2)~~, then the main motion is voted upon without further discussion. If the motion to call the question is not seconded or does not pass, discussion on the main motion may resume.

~~10.12~~10.13 ____ After a motion has been made and seconded, a secondary motion concerning the main motion may be made and considered as follows:

Motion to Amend. A main motion may be amended before it is voted on, either by the consent of the Directors who moved and seconded or by a new motion and second.

Motion to Postpone. A main motion may be postponed to a certain time, by a motion to postpone, which is then seconded and approved by a majority of the Directors ~~(as defined in policy 21.2).~~

Motion to Table. A main motion may be indefinitely tabled before it is voted upon, by motion made to table, which is then seconded and approved by a majority of the Directors ~~(as defined in policy 21.2).~~

Motion to Refer to Committee. A main motion may be referred to a Board Ad Hoc committee for further study and recommendation, by a motion to refer to committee, which is then seconded and approved by a vote of the Directors ~~(as defined in policy 21.2).~~

~~10.13 Any Director may make a motion to suspend the rules. This motion is debatable and requires a two-thirds vote to pass. The effect of the motion is to allow the Board to suspend a particular rule in the Policies and Procedures for a particular purpose. The motion shall specify which rule is to be suspended and for what purpose.~~

10.14 Any Director who voted in favor of a motion that passed may make a motion to reconsider. Any other Director may second the motion to reconsider (regardless of how or whether the seconding Director voted on the original motion). However, a motion to reconsider may be made only at the same meeting at which the original motion was voted upon, ~~or at the very next meeting of the Board.~~ A motion to reconsider requires approval by a majority of the Directors ~~(as defined in policy 21.2).~~ If the motion to reconsider passes, the effect is that the original motion is back on the floor and must be considered again by the Board.

10.15 No action may be taken by secret ballot. (Government Code Section 54953(c))

10.16 All votes taken during a teleconferenced meeting shall be by roll call. (Government Code Section 54953(b)(2))

10.17 Votes taken on resolutions shall be by roll call.

10.18 Directors shall at all times during Board meetings conduct themselves with courtesy and respect to each other, to staff, and to members of the public. ~~Any complaints against any District employee, other Board member, or consultant or advisor to the District shall first be discussed with the Chief Executive Officer or the President of Board and a good faith effort made to resolve the problem at that level before bringing the matter to a meeting of the Board.~~

10.19 Directors are free to question and discuss items on the agenda. Comments on an agenda item should be confined to that item and should be concise and avoid repetition.

10.20 Individual Directors have the right to disagree with ideas and opinions. ~~However, once the Board takes action, Directors shall support the action and not create impediments to the implementation of the action.~~

10.21 Directors shall observe all applicable conflict of interest rules (see Policy No. 12). In the event that the District is contemplating entering into a contract to which Government Code Section 1090 may apply, no such action shall be taken until it has been determined that the proposed action does not violate Section 1090.

10.22 A majority vote is a vote of more than 50%. Thus, for example, a 3-2 vote produces a majority, but a 2-2 vote does not. If only a quorum (three Directors) is in attendance, an item can be approved by a vote of 2 – 1 or 2 – 0 unless there is a statutory requirement for a 2/3 or 4/5 vote of the entire Board, as, for example, under California Government Code Sections 53790 and 53792 (which require a 4/5 vote of all Directors to expend public funds in excess of budget limitations to “meet a national or local emergency created by war, military, naval, or air attack, or sabotage, or to provide for adequate national or local defense”) or under California Government Code Section 54954.2(b)(2) (which is described in policy 9.2). An abstention does not count as a vote for or against.

10.23 The President shall take appropriate actions to preserve order and decorum during Board meetings. The President may direct security to remove any person or persons who persist in making repeated personal or slanderous remarks or otherwise disrupting the meeting after being asked by the President to cease such behavior. In the event security is not available, the President may call the police for assistance or suspend the meeting.

10.24 “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 are willfully interrupting the meeting, [the presiding officer]...may order the room cleared 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. Nothing in this section shall prohibit the legislative body from establishing a procedure for readmitting an individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.” California Government Code Section 54957.9.

10.25 If approved by a majority vote of the Directors (~~as defined in policy 21.2~~), the Board may terminate any meeting at any place in the agenda to any time and place specified in the order of adjournment when, in the opinion of the majority, adjournment is advisable. Examples of situations where adjournment might be appropriate include prolonged power failure, natural disaster, unexpected absence or sudden illness of persons necessary to consideration of an agenda item, extreme lateness of the hour, or other significant, unanticipated impediments to the continuation of the meeting.

10.26 The President may declare a short recess during any meeting.

10.27 Upon motion made, seconded, and approved by majority vote of the Board, the President shall adjourn the meeting.

POLICY NO. 11 MINUTES

11.1 The clerk of the Board of Directors shall prepare and keep minutes of all regular and special meetings of the Board.

11.2 The Secretary-Treasurer of the Board of Directors shall sign the minutes after their approval by the Board.

11.3 Copies of the draft minutes of the previous regular meeting and any meeting(s) held since the previous regular meeting of the Board shall be distributed to Directors as part of the information packet for the next regular meeting of the Board, at which time the Board shall consider approving the minutes as presented or with modifications. Once approved by the Board, the minutes shall be kept in the District's official files.

11.4 An audio tape recording of regular and special meetings of the Board of Directors shall be made for the purpose of preparing the written minutes. The tape recording shall be kept for one year after the date of the recorded meeting, after which time the tape recording shall be erased.

11.5 Motions and resolutions shall be recorded in the minutes as having passed or failed. Individual votes for and against and abstentions shall be recorded unless the action was unanimous. All resolutions adopted by the Board shall be numbered consecutively, starting new at the beginning of each calendar year.

11.6 Minutes shall be kept in action format. The following information shall be included in each meeting's minutes:

- Date, place and type (regular or special) of meeting.
- Directors present and absent by name.
- Call to order (including time).
- Names and addresses (if given) of public commentators, and topic commented on.
- Vote to approve minutes.
- Time and name of late arriving Directors.
- Time and name of early departing Directors.
- Names of Directors absent during any agenda item upon which action was taken.
- Board directives to staff.
- Information described in Policy No. 11.5.
- Statement of motions made.
- Names of Directors making and seconding motions.
- Action taken on each motion.
- Time of adjournment.

11.7 Unapproved minutes are "preliminary drafts...that are not retained by the public agency in the ordinary course of business." (Government Code Section 6254) Releasing copies of unapproved draft minutes could create confusion and misunderstanding because the Directors have not had an opportunity to review and, if necessary, correct the draft. Therefore, minutes shall not be released until they have been approved by the Board; provided, however, that draft

minutes, clearly identified as a draft on each page, shall be put on the District's website as part of the Director's packets as set forth in Policy No. 6.9.

~~11.8—Information or documents supplied by the public at a meeting of the Board or that were not part of the materials supplied by staff in connection with an agenda item shall not be made part of the minutes. However, information or documents offered at a meeting of the Board by a member of the public or by a Director may be added to the District's file with respect to such meeting.~~

POLICY NO. 12 CONFLICT OF INTEREST AND ETHICS

12.1 All Directors and employees shall be held to the highest ethical standards and shall not have conflicts of interest when making decisions, except when permitted or required by law.

There are three basic sources of rules about conflicts of interest: The Political Reform Act (California Government Code Sections 87100 et seq.) and California Government Code Section 1090, both of which address financial conflicts of interest, and the common law prohibition against conflicts of interest which focuses on the impartiality of the decision-maker on any basis.

12.2 California Government Code Section 87100 provides that “No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest.”

12.3 California Government Code Section 1090 provides that “Members of the Legislature, state, county, district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by anybody or board of which they are members.”

12.4 The common law conflict of interest rule has been stated in various ways by the courts, including, “A public officer is impliedly bound to exercise the powers conferred on him with disinterested skill, zeal, and diligence and primarily for the benefit of the public.” *Noble v. City of Palo Alto* (1928) 89 Cal.App. 47, 51. Also, “Public officers are obligated...[by virtue of their office], to discharge their responsibilities with integrity and fidelity.” *Terry v. Bender* (1956) 143 Cal.App.2d 198.

12.5 Cal. Const., Art. XII, § 7 provides that “A transportation company may not grant free passes or discounts to anyone holding an office in this state; and the acceptance of a pass or discount by a public officer, other than a Public Utilities Commissioner, shall work a forfeiture of that office.” The California Attorney General has interpreted this prohibition to apply to elected and nonelected public officers but not to employees, to apply to domestic, foreign, and interstate carriers and to transportation received both inside and outside of California, and to apply whether the pass or discount was provided in connection with personal or public business. However, the Attorney General has ruled that with respect to airline upgrades, discounts, etc. granted to a person as a member of a larger group unrelated to his official status or the function of his or her office, the constitutional prohibition does not apply.

12.6 The Political Reform Act requires each Director to file a Form 700 Statement of Economic Interests upon assuming office, annually while in office, and upon leaving office. The Form 700 shall be completed and filed in compliance with the District’s Conflict of Interest Code and applicable state law. In signing the Form 700, a Director is certifying under penalty of perjury that the information is true and correct. It is the responsibility of each Director to review each schedule and its instructions carefully and to complete the Form 700 accurately and comprehensively. Any Director needing assistance may consult the Fair Political Practices Commission (“FPPC”) Technical Advice Office. According to the FPPC, it is inappropriate for District staff members or District counsel to answer substantive questions regarding completion of the Form 700.

12.7 The Board of Directors first adopted a Conflict of Interest Code in 1986 and the most recent version was adopted August 6, 2014. The Conflict of Interest Code designates the employees, consultants, and others who must file an annual statement of economic interest. Statements are filed with the County Clerk of San Mateo County and are available for inspection at that office.

12.8 Additional ethical standards and procedures for District employees are set forth in the Employee Handbook.

12.9 Decisions by the Board and District employees shall be consistent with the Vision Statement and Mission Statement, and the strategic plan adopted by the District.

POLICY NO. 13 APPOINTMENTS TO THE DISTRICT BOARD

13.1 When the Board is notified of a vacancy or upcoming vacancy on the District Board, the Board shall determine at a regular or special meeting whether to fill the vacancy by election or appointment. Policy Nos. 13.2 through 13.7 shall apply if the Board decides to fill the vacancy by appointment.

13.2 The person appointed shall be a registered voter residing in the District (required by law) and be experienced in healthcare and/or in local community matters and be committed to and have an understanding of the mission, vision, values, and corporate purpose of the District.

13.3 The District shall advertise and fill the vacancy according to the procedures set forth in applicable law (currently Health and Safety Code Section 32100 and Government Code Section 1780).

13.4 Notice of the vacancy shall be posted for at least 10 days in at least three conspicuous places in the District, including in the District's offices, ~~and in one or more places in Sequoia Hospital.~~ The notice of vacancy shall also be posted on the District's website and published in one or more daily newspapers circulated in the District.

13.5 The Board shall appoint an Ad Hoc committee of two Board members to interview all applicants and bring a recommendation to the full Board for consideration. Board members (including members of the Ad Hoc committee) and the Chief Executive Officer of the District may submit to the Ad Hoc committee names of persons to be considered for the vacancy, and the Ad Hoc committee shall contact any such persons and invite them to apply.

13.6 Persons interested in the position shall submit a resume, a statement explaining their interest in the position, and an acknowledgement that they will be subject to the District's conflict of interest policy and will be required to file Statements of Economic Interests.

13.7 Per State Law, the ~~The~~ Board shall appoint a replacement within 60 days after the later of the date on which the Board is notified of the vacancy or the date on which the vacancy becomes effective. If necessary, the Board shall call a special meeting to make the appointment within the 60-day deadline.

POLICY NO. 14 CONDUCT RELATED TO ELECTIONS

14.1 Sequoia Healthcare District has a five-member Board of Directors. Members must run for election and are elected by the residents of the District. Board members are expected to attend six regular Board meetings, occasional special meetings and usually participate on one or more ad hoc committee as assigned by the Board President. Board members do not receive cash for their service; however, the District does pay health insurance benefits of up to \$1,500 a month for member and family minus 10% to be paid by the member.

14.2 The term of an elected director is four years and there is no limit to the number of terms. Two positions are elected in November in the years evenly divisible by four and three positions are elected in November of the intervening even-numbered years.

14.3 Prospective Board members must be at least 18 years of age and must be District residents.

14.4 The candidate filing period for Statewide General Elections is set by law. All candidates running for office must file a Form 700 Statement of Economic Interest. Candidates must file their Form 700 at the Registration & Elections Division, Office of the Chief Elections Officer & Assessor-County Clerk-Recorder, 40 Tower road in San Mateo by the deadline for all candidate documents.

14.5 The cost of the candidate's policy statement is to be paid for by the candidate.

14.6 Interested parties can learn more at San Mateo County's website Shapethefuture.org.

~~14.1~~14.7 By law, the District may not use public funds or resources to advocate for or against any ballot measure or candidate. Using public funds or resources in such a manner would be inherently unjust to the rights of taxpayers with differing views and further would create the possibility of incumbents taking advantage of their position to stay in office.

~~14.3~~14.8 It is permissible, however, to use public funds for the dissemination of impartial educational information, to make a fair presentation of the facts to aid voters in making an informed judgment.

~~14.3~~14.9 It is also permissible for the Board to go on record at a public meeting in favor of or opposed to a particular ballot measure. Any such action shall first be approved by two-thirds ~~a majority vote~~ of the Directors present ~~(as defined in policy 21.2)~~.

~~14.4~~ During public meetings of the Board, individual Directors shall not make partisan statements in favor of or against any candidate for office or any ballot measure.

~~14.5~~14.10 Directors shall not use any District resources, for example, photocopiers or paper supplies, or make any requests of staff to produce or disseminate any partisan campaign material to be used in support of or in opposition to any candidate for public office or any ballot measure.

~~14.6~~14.11 During public meetings of the Board, individual Directors have a fiduciary duty to concentrate their attention on the meeting. They shall not hand out partisan campaign material

supporting or opposing any candidate for public office or any ballot measure while the public Board meeting is in progress.

POLICY NO. 15 REMUNERATION AND REIMBURSEMENT

15.1 Directors shall receive no fee for attending meetings of the District Board of Directors.

15.2 The District shall pay the premiums for health care and dental insurance for the Directors and their spouses and dependents (or reimburse Directors for their payment of such premiums) up to \$1,200 per month, while Directors are on the District Board. Such payments shall cease effective at the end of the month the Director leaves the Board. Effective 7/1/2013 premiums for health care and dental insurance for newly elected Directors and their spouses is increased to a maximum of \$1,500 per month and Directors are required to reimburse the District for 10% of their premiums.

15.3 The District shall reimburse Directors for actual necessary traveling and incidental expenses incurred in the performance of official duties as Directors, subject to the requirements of these Policies and Procedures and the law.

15.4 The following types of occurrences qualify for reimbursement if attended in the performance of official duties as Directors of the board and if prior approval is obtained as set forth in Policy 16.2:

- a. Training workshops, seminars, and conferences.
- b. Educational workshops, seminars, and conferences.
- c. Meetings of or sponsored by ACHD (the Association of California Health Care Districts), by CSDA (the California Special Districts Association), and by other state or national organizations relevant to the purposes of the District.
- d. Meetings of local governmental entities and bodies and Ad Hoc committees thereof.
- e. Meetings of local nonprofit organizations.
- f. Meetings of community or civic groups or organizations.
- g. Meetings of advisory groups and Ad Hoc committees organized or conducted by District staff.
- h. Meetings with District consultants, advisors, and other professionals.
- i. Any other activity approved by the Board in advance of attendance, whether the request for attendance was initiated by the Board or by a Director.

15.5 Subject to Policies 15.7 and 15.8, reimbursement for travel, meals, lodging, and other expenses shall be made in accordance with Section 7.05 of the District's Employee Handbook, except as otherwise provided in Policy 16. **(An excerpt of Section 7.05 is attached at the end of these policies.)** The provisions of Policy 16.6 shall not be deemed to create any exception to this Policy 15.5.

15.6 Subject to Policy 15.5, if there is no Internal Revenue Service rate established for an expense and if such expense is not reimbursable under Policy 15.5, such expense shall not be reimbursed unless the District board approved such expense in a public meeting before the expense was incurred.

15.7 No expense shall be reimbursed except pursuant to an expense report meeting the requirements of this Policy and submitted by the Director to (and received by) District staff, within four weeks after the final date of the occurrence in connection with which the expense was incurred. The expense report shall document that the expenses meet the requirements of Policies 15 and 16 and shall include receipts for all expenses for which reimbursement is being requested.

15.8 No reimbursement shall be paid unless, at the next regular meeting of the board following the occurrence for which the expense report was submitted, the Director submitting the expense report makes a brief report on the occurrence attended. If the Director is not in attendance at such next regular board meeting, a written report submitted by the Director and read aloud by staff or another Director shall suffice as the required brief report.

~~Policy 15 revised 4-7-10; 2-2-11; 12-5-12; 4-3-13; 6-5-13~~

POLICY NO. 16 MEMBERSHIP IN ASSOCIATIONS; TRAINING & EDUCATIONAL CONFERENCES

16.1 The Board of Directors shall hold membership in such national, state, and local associations as are applicable to the functions of the District and deemed appropriate by the Board and shall approve, either as part of the budget or otherwise, the payment of any membership fees or dues for these organizations.

16.2 Directors are encouraged to attend educational or professional conferences, seminars, workshops, sessions, and meetings ("Professional Events"), including those of the organizations described in Policy No. 16.1, if such attendance will further the purposes of the District. If any Director wishes the District to pay, or to reimburse the Director, for the costs of attending a Professional Event (tuition, travel, lodging, and meals), the Director shall obtain the approval of the President of the Board of Directors before incurring the costs. The President shall approve the request if the President believes that attendance is appropriate based on the criteria set forth in this Policy No. 16.

16.3 Junkets (defined as a tour or journey for pleasure at public expense) will not be permitted.

16.4 Staff shall assist Directors, as they request, in making arrangements to attend a Professional Event approved by the President of the Board. All reimbursement requests and all bills for such Professional Events shall be submitted to staff, together with validated receipts.

16.5 Directors shall use all reasonable efforts to minimize the costs of tuition, transportation, meals, and lodging related to attending a Professional Event approved by the President of the Board by doing the following:

- a. Making reservations sufficiently in advance, when possible, to obtain discounted tuition, airfares, and hotel rates.
- b. Utilizing accommodations recommended by the event sponsor in order to obtain discounted rates or accommodations in the mid-range of quality and cost.
- c. Traveling with other Directors, where feasible and economically beneficial.
- d. Using shuttles, rather than taxis, where available and safe.

16.6 A Director shall not attend a conference or training event for which there is an expense to the District, if the event occurs after the Director has announced his or her pending resignation or after an election in which it was determined that the Director will not retain his or her seat on the Board.

16.7 Upon returning from a Professional Event for which there was an expense to the District, a Director shall make a report during the next regular meeting of the Board, in compliance with policy 15.8, explaining the purposes and nature of the Professional Event and how the District benefited by the Director's attendance at the Professional Event.

POLICY NO. 17 AUTHORITY AND, RESPONSIBILITY AND COMPENSATION OF THE CHIEF EXECUTIVE OFFICER; CONTRACTS AND BIDDING

17.1 Comments or inquiries concerning the District from residents, property owners, staff, consultants, and advisors of the District shall be referred to the Chief Executive Officer. Safety concerns or hazards relative to the District shall also be referred to the Chief Executive Officer.

17.2 Contracts that do not require public bidding shall be let upon the authorization set forth below.

Amount of
Contract

In the approved budget

\$1 - \$24,999
\$25,000-up

Chief Executive Officer may authorize
Chief Executive Officer may authorize with President's approval

Amount of
Contract

Not in the approved budget

\$1 - \$5,000
Over \$5,000

Chief Executive Officer may authorize
Requires approval of the Board

17.3 Contracts that require public bidding shall be taken to the full Board for discussion and action.

17.4 The District shall comply with the requirements of California Health and Safety Code Section 32132, which sets forth the bidding requirements applicable to Sequoia Healthcare District. The general rule is that "the board of directors shall let any contract involving an expenditure of more than twenty-five thousand dollars (\$25,000) for labor, materials and supplies to be furnished, sold, or leased to the district, or any contract involving an expenditure of more than twenty-five thousand dollars (\$25,000) for work to be done, to the lowest responsible bidder" except that competitive bidding rules do not apply to "medical or surgical equipment or supplies, to professional services, or to electronic data processing and telecommunications goods and services" and do not apply to "change orders that do not materially change the scope of the work...and if each individual change order does not total more than 5 percent of the contract."

17.3~~17.5~~ As clarified in numerous decisions by various courts, the professional services to which the bidding rules do not apply include those of persons who are highly and technically skilled in their science or profession; persons with a peculiar skill or ability, such as attorney at law, architect, engineer, or artist; and persons whose work requires taste, skill, and technical learning and ability of a rare kind.

POLICY NO. 18 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

18.1 The Chief Executive Officer of Sequoia Healthcare District (the "District") is the principal representative of District, and the person responsible for the efficient operation of the District. Therefore, it is the desire of the District to provide a fair yet reasonable and not excessive compensation for the Chief Executive Officer.

18.2 The annual process for determining compensation is as follows: The District full board shall evaluate the Chief Executive Officer on his/her performance, and ask for his/her input on matters of performance and compensation.

18.3 A Compensation Ad Hoc Committee, appointed by the Board President will research and obtain information to make a recommendation to the full board for the compensation (salary and benefits) of the Chief Executive Officer based on a review of comparability data. For example, the Compensation Ad Hoc committee will secure data that documents compensation levels and benefits for similarly qualified individuals in comparable positions at similar organizations. This data may include the following:

1. Salary and benefit compensation studies by independent sources;
2. Written job offers for positions at similar organizations;
3. Documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
4. Information obtained from the IRS Form 990 filings of similar organizations.

18.4 To approve the compensation for the Chief Executive Officer the board must document how it reached its decisions, including the data on which it relied, in minutes of the meeting during which the compensation was approved. Documentation will include:

- a) A description of the compensation and benefits and the date it was approved;
- b) The members of the board who were present during the discussion about compensation and benefits, and the results of the vote;
- c) A description of the comparability data relied upon and how the data was obtained; and
- d) Any actions taken (such as abstaining from discussion and vote) with respect to consideration of the compensation by anyone who is otherwise a member of the board but who had a conflict of interest with respect to the decision on the compensation and benefits.

18.5 No member of the Compensation Ad Hoc committee will be a staff member, the relative of a staff member, or have any relationship with staff that could present a conflict of interest.

POLICY NO. 19_BIDDING

~~19.1—The District shall comply with the requirements of California Health and Safety Code Section 32132, which sets forth the bidding requirements applicable to Sequoia Healthcare District. The general rule is that “the board of directors shall let any contract involving an expenditure of more than twenty-five thousand dollars (\$25,000) for materials and supplies to be furnished, sold, or leased to the district, or any contract involving an expenditure of more than twenty-five thousand dollars (\$25,000) for work to be done, to the lowest responsible bidder” except that competitive bidding rules do not apply to “medical or surgical equipment or supplies, to professional services, or to electronic data processing and telecommunications goods and services” and do not apply to “change orders that do not materially change the scope of the work...and if each individual change order does not total more than 5 percent of the contract.”~~

~~As clarified in numerous decisions by various courts, the professional services to which the bidding rules do not apply include those of persons who are highly and technically skilled in their science or profession; persons with a peculiar skill or ability, such as attorney at law, architect, engineer, or artist; and persons whose work requires taste, skill, and technical learning and ability of a rare kind.~~

~~POLICY NO. 20~~POLICY NO. 19 PUBLIC RECORDS REQUESTS

~~20.1~~19.1 Requests for public records shall be subject to the California Public Records Act (California Government Code Sections 6250 et seq.) and shall be handled according to the provisions of that act.

~~20.2~~19.2 The District may charge a reasonable fee for copying records provided by the requesting party. The charge shall be \$0.15 per page for normal size pages and shall be adjusted for odd sized pages or copies that require special handling. The Chief Executive Officer or designee may waive the charge for incidental copies, not exceeding 10 pages, that require minimal handling. There shall be no charge for copies of documents provided as part of a public meeting.

~~20.3~~19.3 If the request is expected to involve a significant amount of copies and effort, District staff may make an estimate of the cost. District staff may then ask the requesting party to confirm that the proposed charge and delivery time are acceptable and to signify acceptance in a reasonable manner (written approval, email, etc.). District staff may require a deposit of the estimated cost before making copies. Once the requesting party has agreed to the estimated cost and delivery date, District staff will have the copies made and will deliver the copies when full payment is received.

~~20.4~~19.4 If a person requests to inspect certain documents, District staff will provide such an opportunity within a reasonable period of time after the request. The document inspection may, at District staff's discretion, be conducted under the supervision of a District employee. No documents may be removed, copied or tampered with in any way, without the District staff's permission. All copying requests will follow the procedures outlined in policies 19.1, 19.2 and 19.3.

POLICY NO. 20 REVIEW OF ADMINISTRATIVE DECISIONS

~~20.5~~ **20.1** Section 1094.6 of the California Code of Civil Procedure shall govern any appeal of an administrative decision of the Board of Directors pursuant to Section 1094.5 of the California Code of Civil Procedure.

POLICY NO. 21 DEFINITIONS OF, AMENDMENTS TO, AND SUSPENSION OF POLICIES & PROCEDURES

21.1 By motion made, seconded, and approved by a majority of the Directors (~~as defined in policy 21.2~~), the Board may amend or temporarily suspend these policies and procedures in whole or in part.

21.2 The word “majority” in policies 2, 6, 9, 10 2.6, 8.3, 10.5, 10.8, 10.11, 10.12, 10.14, 10.25, 10.27, 14.2, and 21.1 and 24 shall mean a majority of the directors present at the meeting and voting aye or no. “Present at the meeting” shall include all directors present in person and all directors legally present by telephone or other allowed method.

21.3 For purposes of policy 6 6.1, 6.2, 6.6, and the first sentence in 6.7, the word “majority” shall be deemed to mean a “majority” of the Directors then in office, except as may otherwise be required by law.”

POLICY NO. 22 AMORTIZATION OF CAPITAL ASSETS; INVESTMENTS

22.1 Capital assets of \$5,000 or more shall be depreciated on the straight-line basis over the asset's estimated useful life or the lease term as follows:

Major Land and Building Improvements	15-20 years
Equipment and Furniture	3 – 5 years
Leasehold Improvements	Life of Lease
Improvements to Common Areas	3 – 5 years

22.2 The District's investments shall conform to all applicable law and regulation. As allowed by the same, the following policies shall apply:

1. U.S. Treasuries
2. U.S. Agencies – Federal Home Loan Bank, Federal Home Loan Mortgage Corp., Federal National Mortgage Association, Student Loan Marketing Association, Government National Mortgage Association and Federal Farm Credit Bank
3. Bankers Acceptances – Up to 40% of District's surplus money can be invested in Bankers Acceptances
4. Certificates of Deposit – Up to 30% of District's surplus money can be invested in Certificates of Deposit
5. Asset-Backed Securities – Exposure not to exceed 20% of portfolio; issuers must be rated 'AA' or better by Moody's or S&P
6. Commercial Paper – Exposure not to exceed 15% of portfolio and issuers' Short-term rating must be at least A1/P1
7. Medium Term Notes (Corporate Bonds) – Exposure limited to 30% of portfolio; issuers must be rated 'A' or better by Moody's or S&P; companies must be within the United States
8. Municipals – California only

General

- A. 20% maximum exposure per issuer (except U.S. Treasuries and Governments)
- B. 30% maximum per industry (except U.S. Treasuries, Governments and LAIF)
- C. Weighted average portfolio maturity of 5 years or less*
- D. 40% of portfolio can have a maturity (average life) of greater than 5

POLICY NO. 23 REQUESTS FOR PUBLIC FUNDS, COMMUNITY GRANTS AND SPONSORSHIP EVENTS

- 23.1 Under the law, Sequoia Healthcare District may provide assistance to health care programs, services, facilities, and activities at any location within or without the District for the benefit of the District and the people served by the District and to nonprofit provider groups and clinics functioning in the community in order to provide for adequate health services to communities served by the District. (California Health and Safety Code Sections 32121(j) and 32126.5)
- 23.2 A community's health needs are served not only by traditional acute care hospitals, but also by a broad array of other health-related programs and initiatives. These include local health and wellness programs, community-based clinics, health provider educational programs, and other programs and organizations that promote physical, emotional and psychological well-being.

- 23.3 As allowed by the District's financial condition, the District shall have a Community Grants program to address identified community healthcare needs as envisioned by the Mission Statement and the strategic plan. In conjunction with setting the District's annual budget each year, the District shall determine whether to fund the Community Grants program for that budget year and, if so, in what amount. District staff shall administer the program with the District Board of Directors making the final decision regarding grant recipients. The Board President shall appoint an ad hoc Community Grants Committee to review grant applications and make recommendations to the Board. The Grants Committee shall include two Board members, District staff, and community members who shall serve without compensation. Information regarding the availability of the Community Grants and the application process shall be posted on the District's website and publicized appropriately so that eligible programs may make timely applications. In conjunction with setting the District's annual budget each year, the District shall determine whether to fund the community grants program for that budget year and, if so, in what amount.

Requests for emergency or interim funding that fall outside the normal Community Grants application cycle may be presented to the Board after review by the Board President and Chief Executive Officer.

- 23.4 Requests for major program funding (in excess of \$100,000) and capital investments shall be made directly to the Board and presented in an open meeting. Such requests will be evaluated for consistency with the District's Mission Statement and strategic plan and by community needs. Funding requests for programs that are located or offer services outside of District boundaries must be able to demonstrate how services to District residents will be documented. Grants normally will be memorialized with a Memorandum of Understanding. Funding may be made in phases and may be subject to such conditions as the Board may impose.

Grants for the acquisition, leasing or substantial improvement of real property or other facilities shall be secured so that, if the facility is sold or leased to others for purposes that are not

consistent with the original grant, the District may recover its funds for reinvestment in other programs or facilities.

- 23.5 The Sequoia Healthcare District will not sponsor fundraising events but may sponsor health education events up to \$2,500 per event but not to exceed \$10,000 in any fiscal year. The staff/Board may purchase tickets to fundraising events or other community events as long as no more than \$300 is spent per event and the total for event attendance does not exceed \$3,000 per year.

The CEO will be required to report on any events sponsored or attended as part of the CEO report each Board Meeting including who attended representing the District and the purpose of the event.

~~Policy 23 revised 4-6-11~~

POLICY 24: SOCIAL MEDIA POLICY

24.1 The District maintains certain social media sites, including a website, a Facebook page, and a Twitter account (“social media”). Additional social media, including blogs, may be created from time to time. All District social media shall be clearly designated to indicate that it is maintained by the District.

24.2 Each of the social media maintained by the District is the sole property of the District. The Chief Executive Officer shall have the authority to create, maintain, operate, preserve, or discontinue such social media, subject to express direction from a majority of the Board of Directors.

24.3 No information or content shall be posted to or removed from the District’s social media unless approved by the Chief Executive Officer or designated staff; provided, that specific content shall be posted to or removed from the District’s social media if directed by the Board of Directors at a public meeting. All content shall be for the benefit of the District and for the purpose of providing information regarding District activities, programs, and issues. The District’s social media shall not be used to further the candidacy or political views of any Director, candidate, or employee. All content shall be respectful and maintain the privacy of employees and recipients of services provided by the District or its grantees.

24.4 No content shall be posted to the District’s social media by or on behalf of any individual Director except a statement from the Board President on behalf of the District when approved by the Board in accordance with this policy.

24.5 No Director or employee shall maintain or operate a private social media site that purports to be an official District social media.

New 4/2/14

POLICY 25: RESERVES

Sequoia Healthcare District will maintain financial reserves. This policy sets forth the purposes and uses of the reserve funds.

25.1 Reserve funds may be used for any legal purpose by Board vote including but not limited to overhead, grants, investments, and property.

25.2 The District will maintain a reserve fund of at least \$5 million dollars. If emergency needs reduce the reserves below \$5 million dollars, they will be replaced with revenue from any and all sources including tax revenue in order to return the reserve to the minimum level as soon as reasonably possible.

25.3 Reserve funds exceeding \$5 million dollars may be used from time to time as approved by the Board at any meeting. Reserves used over the \$5 million level may or may not be replaced as determined by the Board.

25.4 All reserve funds will be invested in accordance with California law and Sequoia Healthcare District Investment Policy 22 with at least \$2.5 million in US treasuries to provide reasonable liquidity for emergencies or budgeted deficits.

25.5 Reserve funds may be used to fund overhead without replacement, in order to facilitate using 100% of tax revenue each year for grants, unless the reserves fall below \$5 million dollars.

As reference to Policy 15.5, the following except is from the District's Employee Handbook, adopted 12/2/09.

7.05 Expense Reimbursement

This policy establishes standards for Sequoia Healthcare District ("District") Employees who incur expenses during the course of business activities on behalf of or at the request of District. The purpose of this policy is to provide uniform standards for those employees who incur, authorize and approve business travel, out-of-pocket and entertainment expenses. The policy also defines the documentation necessary to support reimbursement for business travel, out-of-pocket and entertainment expenses.

Employees will be reimbursed for mileage at the rate allowed by the Internal Revenue Service. Meals will be reimbursed upon presentation of valid receipts. Personal cell phones used in the course of District business upon presentation of a valid invoice will be reimbursed up to \$75/month.

Employees are to exercise good judgment in incurring business travel and entertainment expenses. Reimbursement will be made for authorized business expenses that are reasonable, necessary and appropriately documented.

A. Business Travel Expenses

Business travel expenses are reasonable and necessary expenses that an employee incurs while traveling away from home on District business or related activities approved by District. This Section A applies to basic expenses associated with travel on District business. Section B contains separate requirements related to business entertainment expenses.

1) Hotel Accommodations - Employees should use hotels that balance the needs for convenience, safety, and lower cost. Employees may not stay at luxury hotels such as Ritz Carlton, Four Seasons or utilize similarly expensive lodging unless it is a designated conference hotel. Employees will not be reimbursed for bottled water, in-room movies or mini-bar expenses.

2) Airfare - Employees must travel coach/economy class at the most economical rate available to reasonably accommodate business schedules.

Use of the long-term parking lots and/or off airport parking is encouraged to reduce overall travel costs.

3) Mileage/Ground Transportation - When it is more practical to use a personal automobile when traveling on business, reimbursement will be made at the currently established IRS rate per mile for the actual miles necessary to conduct the relevant business.

Other ground transportation (e.g. taxi, bus, subway, rail, etc.) will be reimbursed if it relates to District business.

Other costs associated with ground transportation such as parking and bridge tolls will be reimbursed.

4) Rental Cars - Luxury and premium cars are not reimbursable.

5) Meals - District will reimburse reasonable meal expenses incurred by employees traveling out-of-town on District business. Such meals should not exceed \$15 for breakfast, \$25 for lunch and \$35 for dinner.

District will not reimburse meal expenses for an employee's spouse.

6) Telephone Calls/Faxes/Mail Service While Traveling - Necessary business related telephone calls, faxes or mail service and business use of personal cell phone, home phone or faxes will be reimbursed with appropriate documentation.

Personal calls while traveling, such as reasonable calls to home, family members, baby sitters, etc., are allowable business expenses.

7) Spouse Travel - No reimbursement is allowed for travel expenses, (including, but not limited to, airfare, hotel, meals, transportation, tips, etc.) paid or incurred by an employee with respect to a spouse, dependent or other individual accompanying an employee on a business trip.

B. Business Entertainment Expenses (including meals and gifts)

Business entertainment expenses are those expenses incurred by the employee while (i) conducting/discussing District business and (ii) meeting with other District employees (including subordinates) and/or other persons who directly (or through another entity) do business with or support the District.

1) Business Meals - Business entertainment and meal expenses must be reasonable and appropriate, taking into consideration the location of the meal/event, the participants, the nature of the event, and other relevant factors.

District will only reimburse meal expenses involving District-only participants when a significant amount of the discussion/purpose of the meal is business related – whether the meeting takes place in a restaurant or the office.

Employees are reminded that they represent the District while on company business and that alcohol use, if any, must be responsible and in conjunction with a meal.

2) Business Gifts - Modest business gifts to non-employees (including board members and sponsors) will be reimbursed with the approval of the District's CEO or Board President and appropriate documentation.

3) Gifts to Employees - Generally, District will not reimburse an employee for gifts (including flowers) to subordinates, peers, or supervisors, including events such as a birthday, holiday (e.g., Christmas), wedding, special days (i.e., secretary day), birth of child or other life event.

With the CEO's or Board President prior approval, an employee may expense a gift to a District employee or board member for exceptional performance, as a thank you for a special effort, as a going away gift, or as an acknowledgement for completing a degree or training program. In addition, an employee may expense flowers or another appropriate and reasonable gift sent to a subordinate, peer, supervisor, or board member in the event of the death of an employee or immediate family member, the hospitalization of the employee or employee family member or other family crisis.

C. Expense Reporting and Documentation Requirements for the Paper Process

Expense reports must be completed in accordance with the requirements of this policy.

1) Expense Reporting Signature and Approvals - Expense reports must be signed by the employee and approved by the employee's supervisor or the Board President. By signing the expense reports, employees and the individual approving reports are representing and confirming that the expense report complies with these standards.

2) Forms to be Used - Employees must use the current District expense report form(s) for reimbursement of out-of-pocket expenses, the current District mileage and associated reimbursement form for reimbursement of mileage.

3) Attachments to Forms - When preparing expense reports, receipts should be attached.

4) Substantiation of Expenses - Generally, a receipt should be provided in support of out of pocket expense items. Exceptions to this general requirement include bridge tolls, highway tolls, modest bus or subway fares, and tips to baggage handlers in hotels, airports. A receipt should accompany all District credit card purchases.