

FALLBROOK REGIONAL HEALTH DISTRICT
FOUNDATION

138 S. Brandon St. • Fallbrook CA 92028 • 760-731-9187

BOARD OF DIRECTORS
REGULAR BOARD MEETING

WEDNESDAY
MAY 12, 2021

7:00 PM

AT

VIRTUAL MEETING LOCATIONS:
ZOOM & TELECONFERENCE

FALLBROOK REGIONAL HEALTH DISTRICT FOUNDATION

AGENDA REGULAR BOARD MEETING Wednesday, May 12, 2021, Approximately 7:00 p.m.

In accordance with the current State of Emergency and the Governor’s Executive Order N-25-20, of March 12, 2020 and N-33-20 of March 19, 2020, teleconferencing will be used for this meeting. Board members, staff and members of the public will be able to participate by webinar by using the following link:

<https://us02web.zoom.us/j/83999364665?pwd=RWI4N0hPd3I5c2MxZ1pLVkFZRFRpZz09>. Please use the information below if you do not join via the link above: Meeting ID: 839 9936 4665 Password: 7T3ZWL . Participants will need to download the Zoom app on their mobile device. Members of the public will also be able to participate by telephone using the following dial in information: Dial in #: (310) 372-7549 Passcode 660448.

- A. CALL MEETING TO ORDER / ROLL CALL / ESTABLISH A QUORUM / PLEDGE OF ALLEGIANCE
- B. APPROVAL OF THE AGENDA
- C. PUBLIC COMMENTS
Opportunity for board members and citizens to speak on items of interest within subject matter jurisdiction of the Foundation. Please note that, for comments made on items not appearing on the current agenda, the Board may take no action as to the comment at the current meeting (Gov’t Code 54954.3[a]), and the Board is allowed only a brief response to the speaker’s comment. For the record, please state your name. “Request to speak” cards should be filled out in advance and presented to the Board Chair or the recording secretary. The Board has a policy limiting any speaker to not more than five minutes
- D. DISCUSSION/POSSIBLE ACTION ITEMS
 - D1. Consideration of the Ratification of the Articles of Incorporation of the Fallbrook Regional Health District Foundation.....2
 - D2. Consideration of the Ratification of the Bylaws of the Fallbrook Regional Health District Foundation.....4
- E. ADJOURNMENT

NOTE: I certify that on Friday, May 7, 2021 I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Fallbrook Regional Health District Foundation, said time being at least 72 hours in advance of the meeting. The American with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of District business. If you need assistance to participate in this meeting, please contact the District office 24 hours prior to the meeting at 760-731-9187.



Board Secretary/Clerk

DISCUSSION/POSSIBLE ACTION

Consideration of the Ratification
of the Articles of Incorporation
of the Fallbrook Regional Health District Foundation

FILED

Secretary of State
State of California

4726712

Filing Number

03/31/2021

Filing Date

ARTICLES OF INCORPORATION

OF

FALLBROOK REGIONAL HEALTH DISTRICT FOUNDATION

FIRST: The name of this nonprofit corporation shall be FALLBROOK REGIONAL HEALTH DISTRICT FOUNDATION.

SECOND: This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable and public purposes. It shall be operated exclusively for charitable and public purposes.

A. The specific purpose of this corporation is to promote the availability of and access to high quality health and wellness related services to the people of the Fallbrook Regional Health District and the communities it serves, including without limitation: (i) soliciting, receiving, and maintaining gifts of money and property for the benefit of Fallbrook Regional Health District ("District"), a public body organized and existing under and pursuant to the provisions of The Local Health Care District Law, namely section 32000 et seq. of the Health and Safety Code of the State of California, and to distribute such money and property to or for the benefit of the District; (ii) improving the availability of and access to health and wellness related services to underserved populations; (iii) improving the health status of all local residents; (iv) developing and maintaining initiatives to address health care needs and concerns; (v) providing grants and supporting or establishing programs to carry out the foregoing purposes; and (vi) otherwise serving the health-related social welfare needs of local residents.

B. The general purposes of this organization are to have and exercise all rights and powers conferred on nonprofit public benefit corporations under the laws of California and to conduct a grants and annuities business under a Certificate of Authority from the California Commissioner of Insurance; provided, however, that this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific and primary purpose of this corporation.

C. The corporation shall not carry on propaganda or otherwise attempt to influence legislation to such extent as would result in the loss of exemption under section 501(c)(3) of the Internal Revenue Code of 1986 as amended. The corporation shall not participate in nor intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office.

Certified Copy

I hereby certify that the following transcript of 2 page(s) is a full, true, and correct copy of the original record in the custody of the California Secretary of State's office.

04/24/2021
Certification Date



SHIRLEY N. WEBER, Ph.D.
Secretary of State

D. Notwithstanding the foregoing statement of the specific and primary purpose of this corporation, this corporation shall not engage in any activity which is not permitted to be engaged in: (1) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 as amended; (2) by a corporation whose contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986 as amended; or (3) by a public charity described in section 509(a)(1), (2), or (3) of the Internal Revenue Code of 1986 as amended.

THIRD: The initial street and mailing address of this corporation shall be 138 South Brandon Road, Fallbrook, CA 92028.

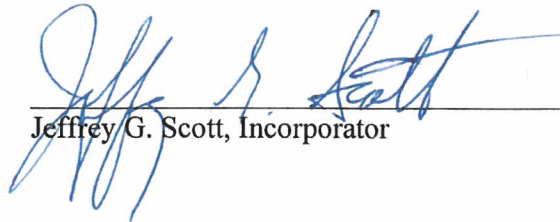
FOURTH: All of the properties, monies, and assets of this corporation are irrevocably dedicated to charitable and public purposes and shall not inure to the benefit of any private individual.

FIFTH: In the event that this corporation shall be dissolved or wound up at any time, then all of the properties, monies, and assets of this corporation remaining after provision has been made for payment of its known debts and liabilities as provided by law, shall be transferred exclusively to and become the property of Fallbrook Regional Health District or, in the event the Fallbrook Regional Health District no longer exists, such nonprofit funds, foundations, or corporations as are selected and designated by the Board of Directors of this corporation, which are organized and operated exclusively for charitable, scientific, or health care related purposes, and which shall at that time qualify as an exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code of 1986 as that section exists or may subsequently be amended.

SIXTH: The agent for service of process for this corporation is:

Jeffrey G. Scott, Esq.
16935 West Bernardo Drive, Suite 170
San Diego, CA 92127

Dated: March 2, 2021



Jeffrey G. Scott, Incorporator

DISCUSSION/POSSIBLE ACTION

Consideration of the Ratification of the Bylaws
of the Fallbrook Regional Health District Foundation

BYLAWS

OF

**FALLBROOK REGIONAL HEALTH
DISTRICT FOUNDATION**

(A California Nonprofit Public Benefit Corporation)

TABLE OF CONTENTS

ARTICLE I	<u>OBJECTIVES AND PURPOSES</u>	1
	Section 1. <u>General</u>	1
	Section 2. <u>Specific</u>	1
ARTICLE II	<u>STATUTORY MEMBER</u>	1
	Section 1. <u>Statutory Member</u>	1
	Section 2. <u>Action by Statutory Member</u>	2
ARTICLE III	<u>SUPPORT GROUPS</u>	2
	Section 1. <u>General</u>	2
ARTICLE IV	<u>BOARD OF GOVERNORS</u>	2
	Section 1. <u>Powers</u>	2
	Section 2. <u>Limitation of Powers</u>	2
	Section 3. <u>Number of Directors</u>	3
	Section 4. <u>Qualifications and Appointment</u>	3
	Section 5. <u>Term</u>	3
	Section 6. <u>Vacancies</u>	3
	Section 7. <u>Place of Meetings</u>	3
	Section 8. <u>Regular Meetings</u>	4
	Section 9. <u>Closed Session Meetings</u>	4
	Section 10. <u>Special Meetings</u>	4
	Section 11. <u>Emergency Meetings</u>	4
	Section 12. <u>Notice of Meetings</u>	5
	Section 13. <u>Agenda Requirements</u>	5
	Section 14. <u>Waiver of Notice</u>	6
	Section 15. <u>Adjournment</u>	6
	Section 16. <u>Fees and Compensation</u>	6
	Section 17. <u>Rights of Inspection</u>	6
	Section 18. <u>Conflict of Interest</u>	7
	Section 19. <u>Restriction on Interested Directors</u>	7
ARTICLE V	<u>COMMITTEES</u>	7
	Section 1. <u>Committees Generally</u>	7
	Section 2. <u>Standing Committees</u>	7
	Section 3. <u>Special Ad Hoc Committees and Task Forces</u>	7
	Section 4. <u>Membership; Appointment</u>	7
	Section 5. <u>Quorum; Meetings; Notice</u>	8
	Section 6. <u>Vacancies</u>	8
	Section 7. <u>Budget Committees</u>	8
ARTICLE VI	<u>OFFICERS</u>	8

Section 1. <u>Officers of the Foundation</u>	8
Section 2. <u>Appointment Officers</u>	8
Section 3. <u>Chair of the Board</u>	8
Section 4. <u>Vice Chair/Secretary</u>	8
Section 5. <u>Treasurer</u>	9
Section 6. <u>Clerk of the Board</u>	9
Section 7. <u>Vacancies</u>	9
ARTICLE VII <u>GENERAL PROVISIONS</u>	9
Section 1. <u>Offices</u>	9
Section 2. <u>Distribution of Documents</u>	9
Section 3. <u>Minutes</u>	9
Section 4. <u>Annual Report</u>	10
Section 5. <u>Recordings of Meetings</u>	10
Section 6. <u>Disorderly Conduct at Meetings</u>	10
Section 7. <u>Self-Dealing</u>	10
Section 8. <u>Checks; Drafts; Etc.</u>	10
Section 9. <u>Endorsement of Documents; Contracts</u>	10
Section 10. <u>Fiscal Year</u>	11
Section 11. <u>Construction and Definitions</u>	11
ARTICLE VIII <u>INDEMNIFICATION AND INSURANCE</u>	11
Section 1. <u>Right of Indemnity</u>	11
Section 2. <u>Approval of Indemnity</u>	11
Section 3. <u>Advancement of Expenses</u>	11
Section 4. <u>Insurance</u>	12
ARTICLE IX <u>AMENDMENT OF BYLAWS</u>	12
Section 1. <u>Amendments</u>	12
Section 2. <u>Record of Amendments</u>	12

**BYLAWS
OF
FALLBROOK REGIONAL HEALTH DISTRICT FOUNDATION
(A California Nonprofit Public Benefit Corporation)**

**ARTICLE I
OBJECTIVES AND PURPOSES**

Section 1. General. Fallbrook Regional Health District Foundation (the “Foundation”) and all of its business and activities are to be operated and conducted in the promotion of its charitable and public objectives and purposes as specified in its Articles of Incorporation (the “Articles”); and in the conduct of its affairs, the management shall at all times be mindful of these charitable and public objectives and purposes.

Section 2. Specific. The Foundation is committed to supporting the Fallbrook Regional Health District (“District”), a public body organized and existing under and pursuant to the provisions of The Local Health Care District Law, namely section 32000 et seq., of the Health and Safety Code of the State of California, and its charitable and public purposes. In these bylaws, the term “district,” when not capitalized, is used in its geographic sense and means the territory over which the District exercises jurisdiction. The specific and primary purpose for which the Foundation exists is to promote the availability of and access to high quality health and wellness related services to the people of the Fallbrook Regional Health District and the communities it serves, including without limitation: (i) soliciting, receiving, and maintaining gifts of money and property for the benefit of Fallbrook Regional Health District (“District”), a public body organized and existing under and pursuant to the provisions of The Local Health Care District Law, namely section 32000 et seq. of the Health and Safety Code of the State of California, and to distribute such money and property to or for the benefit of the District; (ii) improving the availability of and access to health and wellness related services to underserved populations; (iii) improving the health status of all local residents; (iv) developing and maintaining initiatives to address health care needs and concerns; (v) providing grants and supporting or establishing programs to carry out the foregoing purposes; and (vi) otherwise serving the health-related social welfare needs of local residents.

**ARTICLE II
STATUTORY MEMBER**

Section 1. Statutory Member. Unless and until the Articles and this Section 1 of Article II of these bylaws are amended to provide otherwise, the District shall be the sole statutory member of the Foundation as the term “statutory member” is defined in section 5056 of the California Nonprofit Corporation Law (the “Statutory Member”). No amendment to this section 1 shall be valid or effective unless and until approved by the Statutory Member. Except as otherwise provided in these bylaws and not inconsistent with law, the Statutory Member shall

have and be entitled to exercise fully all rights and privileges of a member of a nonprofit corporation under the California Nonprofit Corporation Law, as amended, and under all other applicable laws. In addition to these rights, the Statutory Member shall have the right to access all financial records, contracts, and agreements.

Section 2. Action by Statutory Member. Any and all action by the Statutory Member of the Foundation shall be effective when and as evidenced by a writing executed by an authorized representative of the Statutory Member and filed with the Secretary of the Foundation.

ARTICLE III **SUPPORT GROUPS**

Section 1. General. The Board of Directors may by appropriate resolution from time to time define and establish auxiliaries, friends, and other support groups for the Foundation, but none of these auxiliaries, friends, or support groups or the constituents thereof shall be or have the rights and privileges of “members” within the meaning of section 5056 of the California Nonprofit Corporation Law with respect to the corporation.

ARTICLE IV **BOARD OF GOVERNORS**

Section 1. Powers. Subject to any limitations contained in the Articles or these bylaws and the limitations of the law, the activities and affairs of the Foundation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors. The Board of Directors is (sometimes referred to herein as the “Board”). The activities and affairs of the Foundation shall be managed and all corporate powers shall be exercised under the direction of the Board.

Section 2. Limitation of Powers. Actions by the Foundation must be approved by the Statutory Member and shall include but shall not be limited to the following:

- (a) Changing the purpose or purposes of the Foundation;
- (b) Amending, repealing, or restating the Articles or bylaws of the Foundation;
- (c) Merging or consolidating the Foundation with one or more other corporations or organizations or affiliating the Foundation with one or more other corporations or organizations;
- (d) Selling or otherwise disposing of all or substantially all of the Foundation’s assets;
- (e) Voluntarily dissolving the Foundation;

(f) Forming or acquiring an interest in any corporation, partnership, company, venture, association, organization, or other entity in which the Foundation will be the majority or controlling shareholder, partner, member, manager, venturer, associate, organizer, or owner; or will exercise control of the entity, directly or indirectly, through any other mechanism or arrangement;

(g) Aggregate borrowing (including leases and sales contracts) in excess of a dollar amount stated in the bylaws or as established by the Statutory Member;

(h) Transactions outside the ordinary course of business;

(i) Approval of transactions involving the Foundation and an officer or director of the Foundation;

(j) The approval of the annual budget including any new programs or services;

(k) The appointment, termination, and compensation of the Chief Executive Officer.

Section 3. Number of Directors. The authorized number of Directors of the Foundation shall be five (5). Directors shall be appointed pursuant to section 4.

Section 4. Qualifications and Appointment. Members of the Board of Directors shall qualify as a member of the Foundation Board when he or she becomes a member of the Board of Directors of the Statutory Member and shall be appointed to the Foundation Board at that time.

Section 5. Term. The term of a Director shall run concurrent with each Director's term of office on the Board of Directors of the Statutory Member.

Section 6. Vacancies.

(a) A vacancy or vacancies on the Board shall be deemed to exist when the Director is no longer a member of the Board of Directors of the Statutory Member or as provided in section (b) below.

(b) Subject to the provisions of section 5 above and section 5226 of the California Nonprofit Public Benefit Law, any Director may resign effective upon giving written notice to the Chair of the Board or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. If a Director resigns by giving notice specifying that such resignation shall be effective at a future time, the Board shall have the power to elect a successor to take office when the resignation becomes effective.

Section 7. Place of Meetings. Regular and special meetings of the Board of Directors shall be held within the district, except under the circumstances enumerated in section 54954(b) of the Government Code of the State of California. In the absence of any other designation, meetings shall be held at the principal office of the Foundation. If, by reason of fire, flood, earthquake, or other emergency, it shall be unsafe to meet in the place designated, the meetings shall be held for the duration of the emergency at the place designated by the Chair of the Board or his or her designee in a notice to the local media that have requested notice, by the most rapid means of communication available at the time.

Section 8. Regular Meetings. Regular meetings of the Board shall be held at the end of the regular monthly meeting of the Statutory Member which are scheduled on the second (2nd) Wednesday of each month at approximately 7:30 p.m.; provided, however, that should said day fall on a holiday observed by the Foundation at its principal office, then said meeting shall be held at the same time on the next day thereafter which is a full business day.

Section 9. Closed Session Meetings. Nothing in these bylaws shall be construed to prevent the Board from holding closed session meetings in accordance with the Ralph M. Brown Act as amended which may include the following purposes: (i) to consider the appointment, employment, evaluation of performance, or dismissal of an employee or to hear complaints or charges brought against such employee by another person unless such employee requests a public hearing; (ii) to meet with its negotiator prior to the purchase, sale, exchange, or lease of real property by or for the Foundation, to grant authority to its negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease; (iii) based on advice of its legal counsel, to confer with or receive advice from its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of the Foundation in the litigation. The Board shall comply with all laws regarding the public reporting of actions taken by it in any closed session meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chair of the Board or by a majority of the members of the Board of Directors for any purpose or purposes, by delivering personally or by mail, written notice to each member of the Board of Directors and to each local newspaper of general circulation and radio or television station requesting notice in writing. The notice shall be delivered personally or by mail and shall be received at least twenty-four (24) hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at these meetings by the Board of Directors. The call and notice shall be posted at least twenty-four (24) hours prior to the special meeting in a location that is freely accessible to members of the public. See section 13(a) of this article V for additional notice requirements applicable to special meetings called at least one week prior to the date set for the meeting.

Section 11. Emergency Meetings. Emergency meetings of the Board of Directors may be called at any time by the Chair of the Board or the Vice Chair or by any five or more members of the Board for an emergency situation that involves matters upon which prompt action is necessary due to the disruption or threatened disruption of health care services within

the district. Emergency situations shall be limited to situations involving a work stoppage or other activity that severely impairs public health, safety, or both as determined by the Board, or a crippling disaster that severely impairs public health, safety, or both as determined by the Board. See section 13(c) of this article V for the notice requirements applicable to emergency meetings.

Section 12. Notice of Meetings.

(a) The Board of Directors shall mail or personally deliver notice of every regular meeting and every special meeting which is called at least one week prior to the date set for the meeting to any person who has filed a written request for such notice. Any mailed notice required pursuant to this section shall be mailed at least seventy-two (72) hours prior to the date set for the meeting to which it applies. All requests for notice shall remain in effect for one (1) year from the date on which they were filed. Renewal requests can be filed within the first three (3) months of each calendar year. The Board may establish a reasonable annual charge for providing notices of such meetings.

(b) See section 10 of this article V for additional notice requirements applicable to special meetings.

(c) Emergency meetings of the Board of Directors may be held without notice and without posting. However, each local newspaper of general circulation and radio or television station that has requested notice of special meetings shall be notified by the presiding officer of the Board, or designee thereof, one hour prior to the emergency meeting by telephone. In the event that telephone services are not functioning, the notice requirements of this section shall be deemed waived and the Board, or designee of the Board, shall notify those newspapers, radio stations, or television stations of the facts of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible.

Section 13. Agenda Requirements.

(a) At least seventy-two (72) hours prior to any regular meeting, the Board of Directors, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public.

(b) No action may be taken on any item not appearing on the posted agenda, except as follows: (i) members of the Board or its staff may briefly respond to statements made or questions posed by a person exercising their public testimony rights, (ii) a member of the Board or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities, and (iii) a member of the Board, or the Board itself, may provide a reference to staff or other resources for factual information, request staff to report to the Board at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda. In addition, the Board may take action on items of

business not appearing on the posted agenda: (i) upon a determination by a majority vote of the Board that an emergency situation exists; (ii) upon a determination by a two-thirds vote of the Board, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the Foundation subsequent to the agenda being posted; and (iii) if the items were posted on an agenda for a prior meeting of the Board that occurred not more than five (5) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(c) The agenda for each regular meeting shall provide an opportunity for members of the public to directly address the Board on any item of interest to the public, before or during the Board's consideration of the item, that is within the subject matter jurisdiction of the Board, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized under subsection (b) above. However, the agenda need not provide an opportunity for members of the public to address the Board on any item that has already been considered by a committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the committee on the item, before or during the committee's consideration of the item, unless the item has been substantially changed since the committee heard the item, as determined by the Board. Every notice for a special meeting shall provide an opportunity for members of the public to directly address the Board concerning any item that has been described in the notice for the meeting before or during consideration of that item. The Board may adopt by resolution reasonable regulations including limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.

Section 14. Waiver of Notice. Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to the holding of a meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 15. Adjournment. The Board of Directors may adjourn any regular, adjourned regular, special, or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special, or adjourned special meeting was held within twenty-four (24) hours after the time of the adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings by resolution, by law, or by other rule.

Section 16. Fees and Compensation. Directors of the Foundation and members of committees shall not receive compensation for their services as Directors and committee members but may be reimbursed for expenses, as may be determined by the Board of Directors.

Section 17. Rights of Inspection. The accounting books and records and minutes of proceedings of the Board and committees of the Board and Articles and bylaws of the Foundation shall be open to inspection upon written demand on the Foundation by the Statutory Member or by any Director at any reasonable time.

Section 18. Conflict of Interest. The Board, through a committee designated for that purpose, shall require not less frequently than once a year a statement from each Director setting forth all business and other affiliations that relate in any way to the business of the Foundation. Each Director shall be responsible for disclosing to the Foundation any matter that would make such Director an “interested director” within the meaning of section 5233 of the California Nonprofit Public Benefit Corporation Law. In addition, each Director shall disclose to the Foundation any relationship or other factor that would cause the Director to be considered to be an “interested person” within the meaning of section 5227 of the California Nonprofit Public Benefit Corporation Law. The Board shall establish conflict-of-interest procedures in a written policy.

Section 19. Restriction on Interested Directors. Not more than forty-nine percent (49%) of the persons serving on the Board of Directors at any time may be interested persons. An interested person is: (1) any person being compensated by the Foundation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee or independent contractor; and (2) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the Foundation.

ARTICLE V **COMMITTEES**

Section 1. Committees Generally. The Chair of the Board may establish one or more committees. Committees may be either standing or ad hoc. All committee members shall be appointed by the Chair of the Board. No committee shall have more than two Board members serving on the committee.

Section 2. Standing Committees. Standing committees shall consist of the Budget Committee and such other committees as the Board Chair may authorize from time to time. All Standing Committees shall be subject to the provision of the Ralph M. Brown Act.

Section 3. Special Ad Hoc Committees and Task Forces. Special committees and task forces may be appointed by the Board Chair for such special tasks as circumstances warrant. A task force shall limit its activities to the accomplishment of the task for which it is appointed and shall have no power to act except such as is specifically conferred by action of the Board of

Directors. Upon completion of the task for which appointed, such task force shall stand discharged.

Section 4. Membership; Appointment. The members of each committee shall be appointed by the Board Chair.

Section 5. Quorum; Meetings; Notice.

(a) A majority of the members of the committee shall constitute a quorum at any meeting of that committee.

(b) Each committee shall meet as often as is necessary to perform its duties. If a committee elects to provide for the holding of regular meetings, it must then provide, by whatever rule is utilized by the committee for conduct of its business, for the time and place for holding such regular meeting.

Section 6. Vacancies. Vacancies in any committee shall be filled by the Board Chair.

Section 7. Budget Committee. The Budget Committee shall include the Treasurer of the Board who shall be Chair of the Budget Committee. The Budget Committee shall review the annual operating budget and make recommendations to the Board of Directors. The Budget Committee also shall review the monthly financial statements of the Foundation and other programs sponsored by the Foundation and report the findings to the Board of Directors and perform other such duties as the Board of Directors may specify.

ARTICLE VI **OFFICERS**

Section 1. Officers of the Foundation. The officers of the Foundation shall be a Chair of the Board, a Vice Chair/Secretary, and a Treasurer.

Section 2. Appointment of Officers. The offices of Chair of the Board, Vice Chair/Secretary, and Treasurer shall be the same individuals who serve in that capacity as serve on the Board of the Statutory Member.

Section 3. Chair of the Board. The Chair of the Board (sometimes referred to herein as the “Chair”) shall preside at all meetings of the Board of the Foundation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and officers of the Foundation. The Chair shall possess the power to sign all certificates, contracts, or other instruments of the Foundation when he/she is so authorized by the Board of Directors. The Chair shall exercise and perform such other powers and duties as may be prescribed by the Board of Directors from time to time and such powers and duties usually vested in the office of Chair of the Board and Chair.

Section 4. Vice Chair/Secretary. In the absence of the Chair or in the event of the Chair's disability or inability to act, the Vice Chair/Secretary shall perform all of the duties of the Chair and in so acting shall have all of the powers of the Chair. The Vice Chair/Secretary shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors or by the Chair.

Section 5. Treasurer. The Treasurer shall be the chief financial officer of the Foundation and shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Foundation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses, capital, and retained earnings. The books of account shall at all times be open to inspection by the Statutory Member or any Board member.

Section 6. Clerk of the Board. The Board shall designate a Clerk who shall keep or cause to be kept a book of minutes at the principal office, or at such other place as the Board may order, of all meetings of the Board with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof. The Clerk shall give or cause to be given notice of all the meetings of the Board required by these bylaws or by law to be given and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors.

Section 7. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Offices. The Foundation shall have and continuously maintain a registered office in Palm Springs, California, and may have other offices within the State of California as the Board of Directors may from time to time determine.

Section 2. Distribution of Documents. Budgets, financial statements, strategic plans, and other documents (the "Documents"), except for those documents not related to hospital operations, which are distributed to all or a majority of the Board or a committee delegated the authority of the Board for discussion at such Board or committee meeting, are public records under the California Public Records Act. Documents that are public records and that are distributed prior to their discussion at a Board or committee meeting shall be made available for public inspection prior to the commencement of, and during, their discussion at such meeting, unless the content of such Documents fall under an exception from disclosure under the Public Records Act or is discussed in a closed session. Documents which are public records and which are distributed during their discussion at a Board or committee meeting shall be made available for public inspection during the meeting, or as soon thereafter as is practicable, unless the content of such Documents fall under an exception from disclosure under the Public Records Act or is discussed in closed session.

Section 3. Minutes. The Foundation shall keep correct minutes of the proceedings of the Board and committees, and minutes of open meetings of the Board and committees shall be available for public inspection.

Section 4. Annual Report. The Board of Directors shall cause an annual report to be prepared and a copy sent to the Statutory Member. The report shall contain all the information required by section 6321 of the California Nonprofit Corporation Law and shall be accompanied by any report thereon of independent accountants, or if there is no such report, the certificate of an authorized officer of the Foundation that such statements were prepared without audit from the books and records of the Foundation. The books and accounts of all other sponsored programs of the Foundation will be included in the scope of the annual report. The annual report shall be furnished to all Directors.

Section 5. Recordings of Meetings. Any person attending a meeting of the Board or a meeting of one of its committees shall have the right to record the proceedings with an audio or video tape recorder or a still or motion picture camera unless the Board or committee reasonably finds that such recording cannot continue without noise, illumination, or obstruction of view that constitutes, or would constitute, a persistent disruption of the meeting.

Section 6. Disorderly Conduct at Meetings. If any Board or committee meeting is willfully interrupted by a person or persons so as to render the orderly conduct of such meeting unfeasible and if order cannot be restored by the removal of the persons who are willfully interrupting the meeting, then the Board or committee members conducting the meeting may order the meeting room closed and continue the meeting. Representatives of the press or media, except those participating in the disturbance, shall be allowed to attend any meeting held by the Board or committee after the persons who have caused the disturbance have been ejected.

Section 7. Self-Dealing. In the exercise of voting rights by members of the Board, no individual shall discuss or vote on any issue, motion, or resolution which directly or indirectly inures to his or her benefit financially or with respect to which he or she has any other conflict of interest, except that such individual may be counted in order to qualify a quorum and shall fully disclose the nature of his or her interest. The members of the Board shall also be subject to the restrictions on self-dealing set forth in section 5233 of the California Corporations Code or any such successor statute.

Section 8. Checks; Drafts; Etc. All checks, drafts, or other orders for payment of money, notes, or other evidence of indebtedness issued in the name of or payable to the Foundation and any and all securities owned or held by the Foundation shall be signed or endorsed by such person or persons and in such manner as may from time to time be determined by the Board of Directors.

Section 9. Endorsement of Documents; Contracts. Any note, mortgage, evidence of indebtedness, contract, conveyance, or other instrument in writing, and any assignment or endorsement thereof executed or entered into between the Foundation and any other person,

when signed by the Chair, the Secretary, or the Treasurer, shall be valid and binding on the Foundation in the absence of actual knowledge on the part of the other person that the signing officer(s) had no authority to execute the same. Any such instrument may be signed by any other officer, agent, or employees and in such manner as shall from time to time be determined by the Board of Directors and, unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Foundation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 10. Fiscal Year. The fiscal year of this Foundation shall end on June 30th of each year.

Section 11. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both a legal entity and a natural person.

ARTICLE VIII **INDEMNIFICATION AND INSURANCE**

Section 1. Right of Indemnity. To the fullest extent permitted by law, this corporation shall indemnify its Directors, officers, employees, and other persons described in section 5238(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. “Expenses” as used in this bylaw shall have the same meaning as in section 5238(a) of the California Corporations Code.

Section 2. Approval of Indemnity. On written request to the Board of Directors by any person seeking indemnification under sections 5238(b) or 5238(c) of the California Corporations Code, the Board of Directors shall promptly determine under section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in sections 5238(b) or 5238(c) has been met and, if so, the Board of Directors shall authorize indemnification. If the Board of Directors cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the Board of Directors shall promptly cause an application to be made for court authorization pursuant to Corporations Code section 5238(e)(3).

Section 3. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board of Directors in a specific instance, expenses incurred by a person seeking indemnification under this article X, in defending any

proceeding covered by this article X, shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the corporation for these expenses.

Section 4. Insurance. The Foundation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, Director, employee, or agent in such capacity or arising out of the officer, Director, employee, or agent's status as such.

ARTICLE IX **AMENDMENT OF BYLAWS**

Section 1. Amendments. These bylaws, the Articles, and any part thereof may be amended or repealed only by the Statutory Member of the Foundation.

Section 2. Record of Amendments. Whenever a new bylaw or amendment thereto is adopted, it shall be included in the corporate minute book with the original bylaws. If any bylaw or amendment thereto is repealed, the fact of repeal with the date of the meeting or action by written consent when said repeal was adopted shall be stated in a writing placed in the corporate minute book with the original bylaws.