

ATTACHMENT B

**PALOMAR POMERADO HEALTH
HOSPITAL, EMERGENCY CARE, TRAUMA CENTER IMPROVEMENT AND
REPAIR MEASURE BONDS
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE**

PROCEDURES, POLICIES AND GUIDELINES

Section 1. COMMITTEE ESTABLISHED

The Board of Directors (the "Board") of Palomar Pomerado Health (the "District") hereby establishes the Independent Citizens' Oversight Committee (the "Committee") which shall have the purposes and duties set forth in these Procedures, Policies and Guidelines (the "Guidelines").

Section 2. PURPOSE

The purpose of the Committee is to ensure that the proceeds of bonds authorized by the "Hospital, Emergency Care, Trauma Center Improvement and Repair Measure" ("Measure BB"), approved by the voters on November 2, 2004 (the "Bond Proceeds"), are expended only for purposes permitted by Measure BB.

Section 3. DUTIES

To carry out its stated purpose, the Committee shall perform the duties specified in this Section 3:

3.1 Review Expenditures. The Committee shall review each annual expenditure report produced by the District in accordance with Measure BB (each, a "District Expenditure Report") to ensure that (a) Bond Proceeds are expended only for the purposes set forth in Measure BB; and (b) no Bond Proceeds are used for staff or administrator salaries or other operating expenses.

3.2 Report of the Committee. The Committee shall prepare and provide to the Board for the Board's consideration and response and for dissemination to the public an annual report concerning the Committee's review of each District Expenditure Report. The Committee shall consider the response provided by the Board pursuant to Section 7.4 herein and provide a reply to the Board. Such report and reply shall be reviewed at the next Committee meeting and, as approved, or corrected and amended and approved, be submitted to the Board for inclusion in the Board's public records in accordance with Section 6.4.

Section 4. COMMITTEE ACTIVITIES

4.1 Power of the Committee. In order to perform the duties set forth in Section 3 hereof, the Committee may engage only in the following activities:

(a) Receive and review copies of each District Expenditure Report and personally conduct such physical examination of the construction sites as it deems reasonably necessary to verify the expenditures reported therein.

(b) In accordance with Section 6.4, report to the Board any exceptions, discrepancies, issues and/or concerns regarding the use of Bond Proceeds for the Board's consideration and response and for dissemination to the public.

(c) Review and reply to the Board's response to any report submitted pursuant to Section 4.1(b) above and provided to the Committee in accordance with Section 7.4.

(d) Submit a final report upon the termination of the Committee's activities in accordance with Section 10.

Section 5. MEMBERSHIP

5.1 Number. The Committee shall consist of not less than nine members, the exact number to be determined from time to time by the Board, appointed by the Board from a list of candidates who have submitted written applications.

5.2 General Qualification Standards.

(a) To be a qualified member of the Committee, a person must:

(1) be at least 18 years of age and a citizen of the State of California and reside within the boundaries of the District;

(2) not be an employee, official, vendor, contractor or consultant of the District; and

(3) not have an immediate family member who is an employee, official, vendor, contractor or consultant of the District.

(b) If a member fails to meet the applicable qualification standards set forth above at any time during his or her term of service, such member shall be disqualified from service on the Committee and his or her position shall be declared vacant. The Board shall appoint a new person to serve the remainder of the term, in accordance with the appointment process set forth in Section 5.4 below.

5.3 Required Committee Members.

(a) The Committee shall at all times, except during the period of a vacancy, include the following members (collectively, the "Required Members"):

(1) one member who is active in a business organization;

(2) one member who is active in a senior citizens' organization;

(3) one member who is active in a bona fide taxpayers' organization; and

(4) one member who is a nurse or physician.

(b) Any Required Member who resigns from his or her business organization, senior citizens' organization or bona fide taxpayers' organization (as applicable) shall be deemed to concurrently resign from the Committee and the position shall be declared vacant. The Board shall appoint a new person to serve the remainder of the term, in accordance with the appointment process set forth in Section 5.4 below.

5.4 Appointment. The Board shall appoint members to the Committee through the following process:

(a) The Board shall solicit applications from the general public through appropriate means as determined by the Board, which may include, without limitation (i) advertisements on the District's internet web site; (ii) advertisements posted in libraries within the District; (iii) advertisements posted in District hospitals; and (iv) advertisements in newspapers in general circulation within all or part of the District.

(b) If necessary, the Board shall solicit applications from the membership of appropriate local business organizations, senior citizens' organizations, bona fide taxpayers' organizations and physician and nursing groups.

(c) The Board or its designee shall review all applications.

(d) The Board's designee, if any, shall make recommendations to the Board regarding Committee membership.

(e) Following the Board's review or its designee's recommendations, as applicable, the Board shall select and appoint members to the Committee and shall designate the Required Members. If fewer than nine applications are initially received, or if no applications are initially received that meet the requirements of one or more of the Required Members, then the Board shall appoint, or take such action as is necessary to allow it to appoint, members of the Committee such that the Committee is composed as required by Section 5 hereof.

5.5 Ethics; Conflicts of Interest. By accepting appointment to the Committee, each member agrees to comply with Articles 4 (commencing with Section 1090) and 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code and the Political Reform Act of 1974 (Government Code §§ 81000 *et seq.*). Additionally, each member shall comply with the Committee's Ethics Policy Statement attached hereto as Attachment A.

5.6 Term. Committee members shall be divided into three classes, as nearly equal in number as the then total number of members constituting the entire Committee permits, with the term of office of one class expiring each year. At the Committee's first meeting, members shall draw lots or otherwise select the membership of each class, with the members of one class to serve for an initial term expiring June 30, 2006, members of another class to serve for an initial term expiring June 30, 2007 and members of another class to serve for an initial term expiring June 30, 2008. Each initial term shall commence upon each member's respective appointment. Each subsequent term shall commence on July 1 and expire on June 30. Subsequent to the initial

term of one year, two years or three years, as applicable, each class shall serve a term of two years. No Committee member may serve for more than two consecutive terms.

5.7 Removal; Vacancy. The Board may remove any Committee member for failure to perform the duties specified in Section 3 or other cause, including failure to attend Committee meetings, upon the recommendation of the Committee Chair. Upon the removal of a member, his or her seat shall be declared vacant. The Board shall fill any vacancies on the Committee within 90 days from the initial date of such vacancy in accordance with the requirements of Section 5.3 and the appointment process set forth in Section 5.4 hereof.

5.8 Compensation. The Committee members shall not be compensated for their services, but may be reimbursed for their reasonable out of pocket costs incurred in connection with their service on the Committee and previously approved by the Committee Chair.

5.9 Authority of Members. Committee members shall not have the authority to direct staff of the District. With the exception of the District Expenditure Report, which the Committee shall receive concurrently with the Board, the Committee may only receive copies of reports, records and documents that have been previously presented to the Board and which are in the public record unless otherwise directed by the Board. Any requests for such reports, records and documents shall be made in writing to the Secretary of the Board of Directors or the Secretary's designee.

Section 6. MEETINGS OF THE COMMITTEE

6.1 Regular Meetings. The Committee shall establish a schedule for the date and time of regular meetings to be held at least annually. The Committee shall meet more frequently as it deems reasonably necessary or as requested by the Board. The Committee shall hold an initial organizational meeting within 30 days' of the Board's appointment of the Committee as set forth in Section 5.4.

6.2 Location. All meetings shall be held at the administrative offices of the District located at 15255 Innovation Drive, San Diego, California 92128, or other District facilities, or such other public space as designated by the Committee, provided, however, that all meetings shall be held within the District.

6.3 Procedures. All meetings shall be open and public in accordance with the Ralph M. Brown Act, Government Code Sections 54950 *et seq.* (the "Brown Act"). Meetings shall be conducted according to such procedural rules as the Committee may adopt. Committee members may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting. A majority of the number of Committee members shall constitute a quorum for the transaction of any business except adjournment. The Committee shall apply the same standards as used by the Board in giving notice of its meetings. All Committee decisions, including without limitation all decisions regarding reports to the Board, shall be made by a majority vote of those Committee members in attendance.

6.4 Reports of Committee Meetings. The Secretary of the Committee shall keep or cause to be kept a report of all Committee meetings and shall submit such report, which may be in the form of minutes, initially marked as a “DRAFT,” to the Board within thirty days of the meeting from which such minutes were taken so that the Board may cause such minutes to become part of the Board’s public records and made available on the Board’s web site or other electronic means of communication then in use.

Section 7. DISTRICT SUPPORT AND BOARD REVIEW OF COMMITTEE REPORT

7.1 The District shall provide to the Committee necessary technical and administrative assistance as follows:

(a) preparation of and posting of public notices as required by the Brown Act ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the Board;

(b) provision of a meeting room, including any necessary audio/visual equipment;

(c) preparation and copies of any documentary meeting materials, such as agendas and reports, including oral or recorded presentations by District staff and consultants;

(d) retention of all Committee records and provision of public access to such records; and

(e) in consultation with the Committee Chair, such other support as the Committee Chair and the Board deem necessary.

7.2 District staff may, from time-to-time, attend Committee meetings to explain material provided by the Committee as deemed reasonably necessary by the Committee Chair.

7.3 District staff shall maintain all Committee records and provide public access to such records.

7.4 The Board shall consider any exceptions, discrepancies, issues and/or concerns regarding the use of Bond Proceeds set forth in Committee reports and shall provide a response in writing to the Committee for consideration by the Committee as soon as reasonably possible.

7.5 The District shall not use any Bond Proceeds to provide the support set forth in this Section 7.

Section 8. OFFICERS

The Board shall annually appoint a Committee Chair, Committee Vice-Chair and Committee Secretary. The Committee Vice-Chair shall act as Committee Chair when the Committee Chair is absent. Each such appointment shall expire on June 30 each year (except

that the initial appointments shall not expire until June 30, 2006). No person shall serve as Committee Chair for more than three consecutive annual terms.

Section 9. AMENDMENT OF GUIDELINES

Any amendment to these Guidelines must be approved by the Board prior to becoming effective.

Section 10. TERMINATION

The Committee shall automatically terminate and disband when all Bond Proceeds have been expended and the Committee has reviewed the final District Expenditure Report. The Committee shall prepare a report summarizing its findings and submit it to the Board as its last official act.

ATTACHMENT A

INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

This Ethics Policy Statement provides general guidelines for Committee members to follow. The guidelines set forth in this Statement are not exhaustive and do not excuse Committee members from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices and professional conduct. Committee members are expected to adhere strictly to the provisions of this Ethics Policy Statement. All capitalized terms used herein shall have the meanings set forth in the Guidelines of the Committee.

POLICY

- **CONFLICT OF INTEREST.** A Committee member shall not make or attempt to influence a District decision related to any contract funded by Bond Proceeds or any construction project which will benefit a Committee member's outside employment, business or personal finances or benefit an immediate family member, such as a spouse, child or parent.
- **OUTSIDE EMPLOYMENT.** A Committee member shall not use his or her position as a Committee member to negotiate future employment with any person or organization that relates to any contract funded by Bond Proceeds or any construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interests of a person with whom the member has an agreement concerning current or future employment or remuneration of any kind. For a period of two years after leaving the Committee, a former Committee member may not represent any person or organization for compensation in connection with any matter pending before the District that, as a Committee member, he or she participated in personally and substantially. Specifically, for a period of two years after leaving the Committee, a former Committee member and the companies and businesses for which the member works shall be prohibited from contracting with the District with respect to: (i) bidding on projects funded by the Bond Proceeds, and (ii) any construction project.
- **COMMITMENT TO UPHOLD LAW.** A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California and all other applicable government entities, and the policies, procedures, rules and regulations of the District.
- **COMMITMENT TO DISTRICT.** A Committee member shall place the interests of the District above any personal or business interests of the member.