

**CITIZENS' BOND OVERSIGHT COMMITTEE  
BYLAWS**

**Sec. 1.0 COMMITTEE ESTABLISHED**

The Board of Directors ("Board") of Washington Township Health Care District (District) hereby establishes the Citizens' Bond Oversight Committee ("Committee") which shall have the purpose and duties set forth in these Bylaws. The Committee is being established pursuant to Measure FF approved by the voters at an election held within the District on November 2, 2004, (Election) authorizing the issuance of up to \$190,000,000 aggregate principal amount of the Districts general obligation bonds ("Bonds").

**Sec. 2.0 PURPOSE**

The purpose of the Committee is to inform the public annually by issuing a written report concerning the expenditure of proceeds of the Bonds. The bond proceeds will be allocated to the specific projects set forth in a project plan adopted by the Board ("Project Plan"), which Project Plan shall ensure that the bond proceeds are expended only for the purposes set forth in the Measure FF ballot measure. The Committee shall confine itself specifically to bond proceeds generated under Measure FF and shall be deemed subject to the Ralph M. Brown Public Meeting Act of the State of California ("Brown Act").

**Sec. 3.0 DUTIES**

To carry out its stated purpose, the Committee shall perform the following duties:

3.1. Review Expenditures. The Committee shall review expenditure reports for the projects described in the Project Plan. While bond proceeds remain outstanding, the District will produce the expenditure reports not more often than quarterly and not less often than annually to ensure that (a) bond proceeds are expended consistent with the Project Plan and only for the purposes set forth in the Measure FF ballot measure; and (b) no bond proceeds are used for any administrative salaries or other operating expenses.

3.2. Annual Report. The Committee shall present to the Board an annual written report ("Annual Report") summarizing the Committee's review of the expenditure reports and its related proceedings and activities for the preceding year ended June 30.

**Sec. 4.0. AUTHORIZED ACTIVITIES**

4.1. Activities: In order to perform the duties set forth in Section 3.0, the Committee may engage in the following authorized activities only:

- (a) Receive and review the Project Plan

- (b) Review expenditure reports produced by the District as described above.
- (c) Receive and review copies of the District's annual independent financial audit.
- (d) Inspect the site[s] and facilities of the projects described in the Project Plan for which bond proceeds have been or will be expended. Such access shall be provided in accordance with the access procedure established by the District's Chief Executive Officer.

4.2. Requests for Copies. Any Committee requests for copies or inspection of District records utilized in preparing the expenditure reports shall be made in writing to the District's Chief Executive Officer.

**Sec. 5.0 MEMBERSHIP**

5.1. Number. The Committee shall consist of five (5) members.

5.2. Minimum Qualification Standards.

- (a) To be qualified to sit on the Committee, a person must:
  - (1) be at least 18 years of age and a citizen of the state in accordance with Government Code section 1020;
  - (2) reside within the District's geographic boundaries;
  - (3) not be an employee or official of the District, or a candidate for the Board; and
  - (4) not be employed as or by a vendor, contractor, or consultant of the District.
- (b) The Board may also consider other criteria in appointing persons to the Committee which criteria may include a person's professional knowledge in the fields of construction, finance, accounting and/or other relevant fields.
- (c) If a member fails to meet the qualification standards set forth in Section 5.2(a) and Section 5.2(b) at any time during the term of service, the member shall be disqualified 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 5.3 below.

5.3. Appointment.

The Board shall appoint members to the Committee within sixty (60) calendar days following issuance of the Bonds. When an appointment is necessary to fill a vacancy, the Board shall ensure that the recommended Committee member meets the standards set forth in Section 5.2. When a Committee member is to be reappointed this shall be done by the Board at its regularly scheduled meeting.

5.4. Ethics; Conflict 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 (Gov. Code §§ 81000 et seq.), and to complete the Form 700 as required by all “designated employees” of the District. Additionally, each member shall comply with the Committee Ethics Policy attached as Attachment A to these Bylaws.

5.5. Terms of Office.

Three (3) members of the Committee shall each serve a four (4) year term appointment and two (2) members shall each serve a two (2) year term appointment. Thereafter, each Committee Member shall serve a four (4) year term. At the end of a designated term, the Committee member whose term is expiring may be considered by the Board for reappointment.

5.6. Removal; Vacancy

The Board may remove any Committee member with or without cause, which includes, without limitation, failure to attend three (3) consecutive Committee meetings, or failure to comply with these Bylaws or applicable laws. Upon a member’s removal, his or her seat shall be declared vacant. The Board, in accordance with the appointment process set forth in Section 5.3, shall fill any vacancies on the Committee.

5.7. Compensation

The Committee members shall not be compensated for their services. The Board may, in its discretion, reimburse a Committee member for reasonable and necessary costs incurred in performance of his or her duties.

5.8. Authority of Members

Committee members shall not have the authority to direct staff of the District, Individual members of the Committee retain the right to address the Board, either on behalf of the Committee or as individuals.

## **Sec. 6.0 MEETINGS OF THE COMMITTEE**

6.1. Regular Meetings. Subject to Section 6.4, the Committee shall meet quarterly or as otherwise requested by the Board. The Committee shall establish a schedule for the date and time of regular meetings to include an annual organizational meeting to be held in March of each year during the existence of the Committee.

6.2. Location. All meetings shall be held at the District's administrative offices at 2000 Mowry Avenue, Fremont, California or other District facilities.

6.3. Procedures. All meetings shall be open and public in accordance with the Brown Act. Meetings shall be conducted according to such reasonable procedural rules as the Committee may adopt. A majority of the number of Committee members shall constitute a quorum for the transaction of any business except adjournment.

6.4. Suspension of Meetings. Meetings of the Committee may be suspended by the Board as follows:

- (a) If at any time (i) there are no projects in the Project Plan that are not completed, or (ii) there are no unexpended bond proceeds, meetings of the Committee will be suspended and will resume at the direction of the Board.
- (b) If construction on the projects described in the Project Plan is suspended or interrupted for any reason including, without limitation, strikes or work stoppages; shortages of construction materials or services; OSHPD's or similar government agencies' construction testing or permit issues; archeological concerns, digs or recovery efforts; or war, fire, insurrection, riots, earthquakes, fire, flood, acts of God, or other cause beyond human control; quarterly meetings of the Committee will be suspended until construction on the projects described in the Project Plan resume; provided that, notwithstanding the foregoing, the Committee will hold an annual meeting in March of each year.

## **Sec. 7.0 DISTRICT SUPPORT**

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; and
- (d) retention of all Committee records and providing public access thereto.

7.2. District staff and/or District consultants shall attend all Committee proceedings in order to report on the status of the projects described in the Project Plan and the expenditures of bond proceeds therefor.

7.3. The Committee may request the Board to authorize legal counsel to advise the Committee on legal matters relating to the operation and/or subject matter of the Committee.

7.4. The District shall not use any bond proceeds to provide the support set forth in this Section 7.0.

#### **Sec. 8.0        REPORTS**

In addition to the Annual Report required in Section 3.2, upon the Board's request, the Committee shall report to the Board to advise the Board on the activities of the Committee. Such report shall be in writing and shall summarize the proceedings and activities conducted by the Committee.

#### **Sec. 9.0        OFFICERS**

The Committee shall annually elect a chair and a vice-chair (who shall act as chair only when the chair is absent).

#### **Sec. 10.0      AMENDMENT OF BYLAWS**

Any amendment to these Bylaws shall be approved by a two-thirds (2/3) vote of the entire Board.

#### **Sec. 11.0      TERMINATION**

The Committee shall automatically terminate and disband on the date when all proceeds of the Bonds are spent.

## ATTACHMENT A

### **CITIZENS' BOND OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT**

This Ethics Policy Statement provides general guidelines for Committee members to follow in carrying out their roles. Not all ethical issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy.

#### **POLICY**

- **CONFLICT OF INTEREST.** A Committee member shall not make or influence a District decision related to: (1) any contract funded by Bond proceeds or (2) any District construction project which will benefit the committee member's outside employment, business, or personal finance or benefit an immediate family member, such as a spouse, child or parent.
- **OUTSIDE EMPLOYMENT.** A Committee member shall not use his or her authority over a particular matter to negotiate future employment with any person or organization that relates to: (1) any contract funded by Bond proceeds, or (2) any District construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interest 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 (2) 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 (2) 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: (a) bidding on projects funded by Bond proceeds; and (b) any District 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 (particularly the Health & Safety Code and the Government Code) 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 interest of the member.