

RESOLUTION NO. 04-06

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
GROSSMONT HEALTHCARE DISTRICT ADOPTING THE
CRITERIA FOR THE INDEPENDENT CITIZENS'
OVERSIGHT COMMITTEE**

WHEREAS, the Grossmont Healthcare District ("District") has placed Proposition "G" on the June 6, 2006 primary election ballot; and

WHEREAS, in accordance with the Full Text of the ballot measure the District is required to establish an Independent Citizens' Oversight Committee ("ICOC") to ensure that bond funds are spent exclusively as promised to the voters; and

WHEREAS, the District Board of Directors desires to establish appropriate criteria for the ICOC; and

WHEREAS, the District Board of Directors has determined that it will serve the best interests of the citizens and taxpayers of the District and meet the requirements of Proposition "G" to adopt the attached Exhibit "A" ICOC criteria;

NOW THEREFORE, the Board of Directors of the Grossmont Healthcare District does hereby find, determine, resolve, and order as follows:

Section 1: The District formally adopts the attached Exhibit "A" criteria for the ICOC.

Section 2: The adopted criteria shall be effective upon passage of Proposition "G" and shall not be modified except by a two-thirds vote of District Board of Directors.

PASSED AND ADOPTED AT A REGULAR MEETING on this 15th day of May 2006.

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert P. Yarris, Secretary
Board of Directors

ATTEST:

John W. Hardebeck, M.D., President
Board of Directors

EXHIBIT “A”

Grossmont Healthcare District Bond

INDEPENDENT CITIZENS’ OVERSIGHT COMMITTEE (ICOC) CRITERIA

Introduction

In order to ensure that bond funds are spent exclusively as promised to the voters in the most efficient manner possible, the Grossmont Healthcare District desires that an effective, reliable and functional oversight committee to be in place.

Purpose

The Independent Citizens’ Oversight Committee (ICOC) is responsible to the Grossmont Healthcare District and the taxpayers of that district. The ICOC is intended to provide an increased level of accountability for expenditures made from Proposition G bond revenues. In addition, the ICOC shall function in an independent, open and transparent manner to ensure that all voter mandates as set forth in the Expenditure Plan are fully, faithfully, and efficiently carried out.

The role of the ICOC is to represent, advocate and promote the interests of the District taxpayers, and in so doing is not expected to be an advocate on behalf of the District, its Board, the hospital or Sharp HealthCare. Seeing that Grossmont Healthcare District has contracted out Grossmont Hospital Operations it is expected that the ICOC shall have direct access to the program management organization that is managing the construction using the bond funds.

The ICOC will be established within 90 days of certification of election results. This charter shall be incorporated as a resolution of the Grossmont Healthcare District Board of Directors.

Membership

There shall be nine members, all of whom must reside within the Grossmont Healthcare District. The intent is to have one member representing each of the specified areas of expertise. For each of these areas of expertise listed below, an individual representing one of the region’s colleges or universities with a comparable level of academic experience should also be eligible for consideration.

At-Large Positions:

One (1) individual from each of the following three (3) categories with extensive experience in:

- Project management – The chief executive officer or person in a similar senior-level decision making position, of a major private sector employer with demonstrated experience in leading a large organization.
- Large-scale construction operations – A professional with demonstrated experience of ten years or more in the management of large-scale construction projects

- Finance – A professional in the field of municipal/public finance and/or budgeting with a minimum of ten years in a relevant and senior decision making position in the public or private sector.

Nominations for the at-large positions may be solicited from the following suggested organizations:

- *American Society of Civil Engineers (ASCE)*
- *American Society of Mechanical Engineers (ASME)*
- *American Society of Electrical Engineers (ASEE)*
- *American Institute of Architects (AIA)*
- *American Society of Engineering Managers (ASEM)*
- *American Consulting Engineers Council (ACEC)*
- *Association of General Contractors (AGC)*
- *National Society of Accountants (NSA)*
- *Construction Managers Association of America*
- *Financial Executives International*
- *San Diego Regional Chamber of Commerce*

Designated Positions:

And in addition, an individual nominated from current members of each of the following:

- Sharp Grossmont Hospital Executive Management
- Grossmont Healthcare District Board (Designee)
- Professional staff of Sharp Grossmont Hospital (e.g. doctors, nurses and other professionals such as therapists and technicians)
- Sharp Grossmont Hospital Auxiliary or Foundation
- San Diego County Labor Council
- San Diego County Taxpayers Association

Ex-officio non-voting members shall include:

- The Project Manager or designee
- Hospital Chief Executive Officer
- Executive Director of the District

Selection of Members

Applicants for the three “at-large positions” will be solicited throughout the District. Resumes for both at-large and designated positions shall be submitted to a screening panel made up of one voting member of the Grossmont Healthcare District Board, one member of Sharp HealthCare senior management and one mayor from a municipality within the District boundaries. Within 15 days of the close of applications and nominations, the screening committee shall meet to evaluate the qualifications of applicants; they may interview as many as may be required; and submit no more than two qualified candidates for each enumerated position to the Healthcare District Board for appointment.

The District Board shall make the appointments no later than 90 days following the certification of the outcome of the election.

Vacancies shall be filled in the same manner as outlined above.

Term of Appointment

Each member shall serve without compensation and for no more than two four-year terms. However, half of those first appointed shall serve only two years to enable the staggering of terms. At the first meeting of the ICOC the appointed members shall draw straws to determine which shall have two-year initial terms and which shall have four-year initial terms.

Bylaws, Conflict of Interest and Ethics Code

The ICOC shall prepare and adopt its own bylaws that shall be submitted to the Grossmont Healthcare District Board for ratification. A conflict of interest and ethics code for the ICOC shall be promptly prepared and adopted by the District Board.

Excluding the hospital professional staff, no individual employed by or who transacts business on a regular basis with the hospital, Sharp HealthCare or Grossmont Healthcare District may serve on the ICOC.

ICOC Resources

The committee shall be allowed a sum annually to provide for required technical consultants, legal counsel and studies, subject to the approval of an annual operating budget by the District Board and not to exceed \$100,000 annually. The District and/or hospital shall provide reasonable clerical assistance, supplies, materials and publishing of the annual report as requested by the ICOC chairperson. The District shall be responsible for funding and publishing the annual audit of bond revenues & expenditures. The District and/or Hospital shall make appropriate space available for the committee to conduct public meetings.

Meetings

The ICOC shall meet at least bi-monthly (every other month) for the first two (2) years at a regular date, time and location publicized to the general public well in advance. Thereafter, the ICOC shall meet at least quarterly at a regular date, time and location publicized to the general public well in advance. The committee shall establish standing committees to address specific issues, such as construction monitoring, audit and public information.

All meetings must be in full compliance with the Brown Act. An opportunity for public comment shall be provided at the beginning of each regularly scheduled meeting.

ICOC Responsibilities

The ICOC shall have the following responsibilities:

1. Engage independent auditors as an expense of the bond-funded program to conduct separate fiscal and performance audits of all bond-funded activities. Bond revenues shall be segregated and audited separately from all other Healthcare District funds.
2. Monitor the expenditure of bond revenues. The ICOC shall have prior review of any proposed changes of the approved expenditures in excess of \$750,000. Such reviews shall be conducted in a timely manner and not cause delays in the project.
3. Assure that best practices are consistently observed and that bond revenues are used in the most efficient and cost effective manner possible.
4. Review and comment upon the financial status of the project and take special note of budgetary variances or changed circumstances at each meeting.
5. Participate in the on-going refinement of the project scope, setting of priorities and benchmarking of progress as it may relate to project execution.

6. Review and comment upon proposed debt financing and the process proposed for the issuance of bonded indebtedness.
7. Post agendas, minutes of meetings and all related documents on the District web site in compliance with the Brown Act.
8. Provide each committee member, no later than five (5) business days in advance of each meeting, a full set of documents including but not limited to project financial and progress reports, committee findings and recommendations and a detailed quarterly status update prepared by the Project Manager.
9. Prepare and distribute an annual report to the community summarizing the accomplishments of the year, related issues affecting the project, financial status and progress toward completion of the approved project. This report shall be published and sent to all publications and other forms of media within the District, elected officials within the District and interested parties. Committee members may append minority reports should there be dissenting views.

Authority

The authority delegated to the ICOC by the District shall assure the committee sufficient access to required current information and individuals relevant to successfully fulfilling its responsibilities in a timely manner. Should the committee encounter errors, omissions or events that conflict with the stated and implied intent of ballot language, bond resolution, expenditure plan or ordinance, it shall promptly notify both the District Board Chairperson and the Sharp Grossmont Hospital CEO in writing. Any disagreements shall be resolved by applying a meet and confer process. Should these matters not be resolved to the satisfaction of all parties within 60 days then the matter shall be referred to the full District Board for action in a regularly scheduled open meeting. All proceedings must be open to the public and in compliance with the Brown Act and public records laws.

Committee members may inspect all project records upon giving prior notice through the ICOC Chairperson. Periodic site inspections shall be provided as appropriate and practical. Bidding solicitations, results and contract documents shall be made available for inspection to designated committee members.

Completion

Upon final completion of the funded project the ICOC shall file a final report presenting a full detailed accounting for all bond revenues and be disbanded.

5/15/06