



MORONGO BASIN COMMUNITY HEALTH CENTER

A SERVICE OF MORONGO BASIN HEALTHCARE DISTRICT

6530 La Contenta Road, Suite 100, Yucca Valley CA 92284 | 760.820.9229

The attached bylaws for the Hi-Desert Memorial Health Care District dba Morongo Basin Community Health Center were reviewed and adopted at the regular meeting of the Board of Directors on May 13, 2021 as certified by the following signatures.


Misty Evans

- ADOPTED: December, 2013
- REVISIED: January 29, 2015
- REVISIED: November 18, 2015
- REVISIED: September 27, 2016
- REVISIED: February 27, 2018
- REVISIED: June 26, 2018
- REVISIED: March 14, 2019
- REVISIED: May 13, 2021

3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CHC is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. ANNUAL STATEMENTS: Each member, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- A. Has received a copy of the conflict of interest policy.
- B. Has read and understands the policy.
- C. Has agreed to comply with the policy.

ARTICLE XI

ADOPTION AND AMENDMENTS

The bylaws shall not conflict with the Co-Application Agreement and may be adopted, and may be amended by a majority vote of both the CHC Board and District Board. The Amendment shall become effective upon adoption first by the CHC Board, and then by the District Board. The CHC Board shall review the Bylaws annually. In the case of amendment, written notice of the proposed amendment shall be submitted to each CHC Board member at least seven (7) days prior to the meeting at which adoption is scheduled. Prior to submission of a proposed amendment to the CHC Board, said amendments shall be submitted to the District Board for advisory review and comment. An amendment shall become effective upon adoption by the CHC Board, unless the amendment conflicts with the Co-Applicant Agreement, in which case it shall become effective upon a harmonizing amendment to the Co-Applicant Agreement by the Boards.

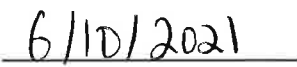
Dissolution of CHC shall only be by affirmative vote of CHC board and the District at a duly scheduled meeting. Causes for dissolution may include changes in laws, regulations, or external environments, circumstances that dictate dissolution such as the identification of an environment that would constitute a threat to patient, employee, or public safety, clinical care, or inappropriateness, or any other circumstance that in the judgment of the District board and the CHC governing board (Boards") would constitute a violation of the District law, or laws and regulations governing CHC programs, or threaten credentialing, accreditation, or certifications that permit the delivery of services to patients. In considering dissolution, the Boards shall take into consideration the important of CHC services to the community and only exercise such authority as a last resort or remedy.

There shall be no contemplation of profit or pecuniary gain, and no distribution of profits to any individual, under any guise whatsoever, nor any distribution of assets or surpluses to any individual on the dissolution of CHC.

CERTIFICATION:

I certify that I am the Chairperson of the CHC Board, and that the foregoing constitutes the CHC Bylaws as amended at the regularly scheduled meeting of the CHC Board on May 13, 2021.


Misty Evans, Chairperson


Date

**HI-DESERT MEMORIAL HEALTHCARE DISTRICT
COMMUNITY HEALTH CENTER BYLAWS**

Revised December 10, 2020

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**HI-DESERT MEMORIAL HEALTH CARE DISTRICT
COMMUNITY HEALTH CENTER
BYLAWS**

**ARTICLE I
ORGANIZATION**

Section 1. NAME: The name of the organization shall be the Hi-Desert Memorial Health Care District Community Health Center, herein known as the "CHC". The CHC shall have a governing body which shall be known as the Community Health Center Governing Board ("CHC Board") and is wholly owned by the Hi-Desert Memorial Health Care District ("District"), a public healthcare district organized and governed under the Local Health Care District Law of the State of California, California Health and Safety Code Sections 32000 and following ("District Law").

The CHC adopts the following restated bylaws, and these restated bylaws are to supersede all existing bylaws and amendments thereto.

Section 2. OFFICE: The principal administrative office of the CHC is hereby fixed and located 6530 La Contenta Rd., suite 100, Yucca Valley, California 92284. The CHC principal office can be changed only by amendment of these bylaws and not otherwise. The board of members may, however, change the principal office from one location to another within the named county by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these bylaws. The CHC may also have offices at such other places within the State of California, where it is qualified to do business, as its business may require, and as the board of members may, from time to time, designate.

Section 3. MISSION and VISION:

- Mission Statement: To improve the health and wellness of the communities we serve.
- Vision Statement: A healthy Morongo Basin.
- Core Value Statement: Commitment, collaboration, accountability, dignity and integrity.

Section 4. PURPOSE: The jurisdiction, powers, and purposes of CHC, its governing board, and its officers and agents shall be as a semi-autonomous clinical subsidiary of District as provided for in District Law and shall be examined and reevaluated at least every two (2) years and revised as necessary to ensure that CHC operates Clinics in accordance with District Law, District Bylaws, and regulations and directives guiding the operations of Federally Qualified Health Centers ("FQHC") pursuant to 42 U.S.C. Section 1395x (aa)(3) and or 42 U.S.C. Section 3696(e)(2)(B).

Section 5. OBJECTIVES: It shall be the objective of the CHC to deliver services that are consistent with the Mission, Vision, and Core Values of District and serve the clinical requirements of individuals of geographic boundary of District and its environs consistent with laws and regulations governing CHC operations.

**ARTICLE II
BOARD MEMBERSHIP**

All powers described herein shall be exercised by or under the authority of the Board Members. The business and affairs of the CHC shall be managed under the direction of the Board Members unless otherwise stated herein in accordance with the federal rules for governance of federally funded community health centers as set for in CFR Title 42, Section 51c.

Section 1. DUTIES AND RESPONSIBILITIES: The CHC board shall be responsible for the following duties:

- A. Chief Executive Officer Oversight: Approve the selection, annual evaluation, termination / dismissal of the Chief Executive Officer (CEO) of the CHC. If the CEO of the CHC is the CEO of the District, both boards must approve the selection, annual evaluation and termination / dismissal of the CEO.
- B. Hours and Services: Approve policies identifying scope and availability of services, service site locations, and hours of operation of service sites.
- C. CHC Employee Evaluation, Recruitment and Retention: Assure the CEO completes effective, timely, and efficient assessment of the performance of duties of the CHC employees.
- D. Budget Approval: Approve the budget for CHC operations.
- E. Priorities and Strategic Planning: Provide direction for long-range planning, including but not limited to identifying health center priorities and adopting a three-year plan for financial management and capital expenditures. Approve applications for HRSA Funding, and change of scope or services.
- F. Program Effectiveness Evaluation: Evaluate, the effectiveness of the CHC. Such evaluations shall include but not limited to:
 - utilization, patterns,
 - productivity,
 - patient satisfaction,
 - and achievement of program goals and objectives.
- G. Financial Performance: With the support of the CFO, the board has authority and responsibility to review monthly financial statements.
- H. Grievance Resolution: Approve a procedure for resolving patient grievances.
- I. Quality Improvement / Quality Assurance (QA/QI) Plan: The CHC board will review and approve the CHC QI/QA Plan every three years, as required by HRSA. The board will also receive and review quarterly QI/QA reports from the CHC QA committee as well as oversee required elements quality of care.
- J. Regulatory Compliance: Assure that the CHC is operated in compliance with applicable federal, state and local laws, and regulations.
- K. CHC Operational Policies: Approve policies related to operations of the health center. The Board will review and approve at least every three years, and as needed, policies for Sliding Fee Discount Program, Quality Improvement / Assurance, and Billing and Collections.
- L. Co-Applicant Agreement: For public agencies such as the Morongo Basin Healthcare District, with a co-applicant board, the health center has a co-applicant agreement that delegates the required authorities and functions to the co-applicant board and delineates the roles and responsibilities of the public agency and the co-applicant in carrying out the Health Center Program project. (*Health Center Program Compliance Manual*)
- M. Attendance: Attend a minimum of 75% of Board meetings in any calendar year. Less than 75% attendance will result in removal from the CHC board.
- N. Conflict of Interest: Be subject to the Conflict of Interest Code, Code of Ethics and any other applicable rules to public entity appointees in the State of California.
- O. Brown Act: Adhere to the Ralph M. Brown Act (public meetings law) governing public meetings in California.

- P. **Other Policies:** Approve such other policies and procedures as are necessary and proper for the efficient and effective operation of the CHC.

Section 2. MEMBERSHIP: There shall be a range between nine and fifteen members of the CHC Board in the proportions and categories specified in Article II, Section 7 of these bylaws. The Governing Board will be representative of the demographics of the target population in the service area.

Section 3. TYPE OF MEMBERS: The CHC Board shall consist of Consumer Members and Non-Consumer Members.

- A. **Health Center Patient Board Members:** In order to ensure that services are delivered in a manner that is consistent with requirements of the potential consumers of CHC, at least 51% members of the CHC Board shall be comprised of consumers of services at the CHC ("Consumer Members"). Consumer board members must be a current registered patient of the health center and must have accessed the health center in the past 24 months to receive at least one or more in-scope service(s) that generated a health center visit. (A legal guardian of a patient who is a dependent child or adult may be considered a patient for purposes of board representation).
- B. **Non-Patient Board Members:** The CHC Board shall also consist of a non-majority number of members from differing segments of the community at large ("Non-Patient Members"). Two members from the Morongo Basin Healthcare District (public Entity) Board of Directors may be Non-Patient members.

Section 4. TERM OF OFFICE: Members of the CHC Board shall serve terms of three (3) years. The terms of members shall be staggered such that three (3) or four (4) seats shall become vacant each year. Vacancy for non-members and members shall be equally staggered to permit continuity in both membership categories from year to year. Initial appointees to the CHC board shall be appointed to reduced terms to permit the establishment of such staggered terms. Members shall be required to be reappointed at the expiration of each term. In the event that member is not reappointed, a vacancy shall be created. District Board Members serving on the CHC Board shall be exempt from the three-year term, and rotate as determined by the District Board.

Section 5. VACANCIES:

- A. Vacancies shall be determined under any of the following circumstances:
1. Current member term expiration accompanied by an absence of reappointment, or desire of member not to serve an additional term.
 2. Decision to remove a member by the CHC board, at any time, for any reason, upon the occurrence of majority vote to remove. This includes but is not limited to the removal of any member who has become consistently disruptive to the Board's overall processes, mission, function and/or values of the CHC.
 3. A member may resign at any time provided that the resignation be proffered in writing and submitted directly to the Chairperson and/or Clerk of the CHC board.
 4. The death or serious disability of a member.
- B. All vacancies shall be filled by the CHC board using the following procedure:
1. **Patient candidate appointment:** After a review of possible candidates, the CHC board Executive committee shall make recommendation of candidates for open consumer positions on the CHC board to the full CHC board for approval.
 2. **Non-Patient candidate:** Non-patient CHC board members must be representative of the community served by the health center and must be selected for their expertise in relevant

subject areas such as community affairs, local government, finance and banking, legal affairs, labor trades, and other commercial and industrial concerns, or social service agencies with the community.

3. Non-Patient candidate appointment: After a review of possible candidates, the CHC board Executive Committee will make recommendation of candidates for open, non-patient positions on the CHC board to the full CHC board for approval.

Section 6. APPOINTMENT OF BOARD MEMBERS: Members shall be appointed by the CHC board in accordance with the vacancy filling procedure specified in Article 2, Section 5 of these bylaws to ensure that members fulfill the intent of regulations, policies, and requirements of CHC facilities and consistent with objective of CHC specified in these bylaws.

Section 7. REQUIREMENTS OF BOARD MEMBERS: The CHC board shall adhere to the following requirements for patient member appointment and non-patient member appointments to the CHC board.

- A. Patient board member requirements: In making patient member appointments, the CHC board will ensure that collectively such members are reasonably representative of the user population the CHC facilities in terms of factors such as ethnicity, geography, race, gender, age and economic status and must live within the boundaries of the healthcare District.
- B. Non-patient board member requirements: In making non-patient appointments, the CHC board will make every effort to ensure that members possess expertise in community affairs, finance and banking, legal affairs, healthcare, or other commercial and industry concerns, and who have evidenced leadership in the community of the service area of CHC. No more than 50% (one-half) of the non-patient members may receive more than 10% of their annual income from the healthcare industry. Non-patient members will be representative of the potential user population in terms of factors such as ethnicity, geography, race, gender, age and economic status.
- C. Family members: No member of the CHC board shall be an immediate family member of employees (i.e., spouse, children, parents, or siblings though blood, adoption, or marriage).
- D. Expectations: Board members will take committee assignments and attend a minimum of 75% of all CHC board and committee meetings within the calendar year.
- E. Attendance: Members unable to attend a meeting of the Board, or of their assigned Committee, must inform the Clerk of the Board prior to the start of the meeting in order to seek an excused absence. The Board Chair may issue one courtesy written warning to any member who, with one additional missed meeting, will be in violation of the attendance expectation.

Section 8. COMPENSATION: Members shall serve without compensation. Members shall be allowed reasonable advancement or reimbursement of expenses

ARTICLE III OFFICERS

Section 1. DESIGNATION: There shall be a Chairperson, a Vice Chairperson, a Secretary, and a Treasurer of the CHC board. All officers shall be elected from the voting membership of the CHC board at the time of the election. Elections for all officers shall be held and recorded each year at the regularly scheduled meeting immediately following the Annual Meeting. The election process shall be directed by the person designated as the Clerk of the Board. The annual meeting shall be in January of each year.

Section 2. POWERS AND DUTIES OF OFFICERS: Meetings shall be held at the District Office unless otherwise provided by the board or at such place within or without the State of California which has been designated from time to time by resolution of the board of members. In the absence of such designation, any meeting not held at the principal office of CHC shall be valid only if held on the written consent of all members given either before or after the meeting and filed with the Clerk

A. Chairperson

1. Shall preside at all meetings of the CHC Board.
2. Shall, in conjunction with the CEO of the CHC, plan and carry out establishing the agenda for each monthly meeting, and any special meeting that may be required.
3. Shall facilitate the purposes of the CHC by having such powers and duties as may be prescribed from time to time by majority vote of the CHC Board membership.
4. Shall ensure that the provisions of the Ralph M. Brown Act, including public input requirements, are adhered to.
5. May delegate a reasonable portion of his/her duties to the Vice chairperson.

B. Vice Chairperson

1. Shall assist the Chairperson in his/her duties as needed.
2. Shall perform the duties of the Chairperson in the event that the Chairperson is unavailable due to absence, resignation, or inability to perform his/her duties, until such time as the Chairperson returns or a new chairperson assumes office under provision of these bylaws.

C. Secretary

1. Shall sign meeting minutes and submit said minutes for approval.
2. Shall assist Vice Chairperson in the event such assistance may be needed as a result of Vice Chairperson assuming the responsibilities of the Chairperson.

D. Treasurer

1. Shall ensure the financial reports are presented at the monthly meetings in coordination with the District financial officer.

Section 3. NOMINATIONS AND ELECTIONS OF OFFICERS

A. Nominations: The Chairperson, as the first order of business of the Annual Meeting, shall initiate the nomination of officers by temporarily bestowing chairmanship of the meeting to the Clerk of the Board for the purpose of receiving nomination recommendations and holding the election of officers.

B. Election of Officers:

1. Elections of officers of the CHC Board shall be held at the Annual Meeting.
2. An officer is elected by receiving a simple majority vote (51%) of those members present and in good standing at the time of the election.
3. If no candidate for an office obtains fifty-one percent (51%) of the vote, a run-off between the two candidates with the most votes shall be held immediately following the initial vote.
4. The Clerk of the Board shall preside over the election process and prepare and count the votes. Once the votes have been counted, the Clerk of the Board shall declare that an election has occurred or that no election has occurred at which time voting will resume as indicated in this Section of these bylaws.

5. At the completion of the election, the Clerk of the Board shall return the gavel to the new Chairperson of the CHC Board to complete officiating at the meeting.
- C. **Term of Officers:** The term of each office shall be one (1) year commencing at the regularly scheduled meeting following the election (January).
- D. **Resignation:** Any officer may resign his/her office by filing a written resignation with the Executive Committee or CHC Board via the Chairperson.
- E. **Vacancies:**
 1. Upon a vacancy in the office of Chairperson, Vice Chairperson, Secretary, and/or Treasurer, nominations shall be accepted from the floor at the meeting in which the vacancy is announced.
 2. The vote on such nominees shall be taken at the next regularly scheduled monthly meeting and the election shall proceed as under Section B above. The term of the officer elected under this procedure will be to complete the term of the departed officer.
 3. If the office of Chairperson is vacated after the tenth month of any term, the Vice Chairperson shall assume the office for the remaining months of the term. In this event, a new Vice Chairperson shall be elected by a majority vote at the meeting following the announced resignation.
 4. **Removals and Resignation.** Any officer may be removed, either with or without cause, by the board of members, at any time. Any officer may resign at any time by giving written notice to the board of members or to the Chairperson or Clerk of the CHC Board. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provision of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the board of members relating to the employment of any officer of the CHC.

ARTICLE IV

REGULAR AND ANNUAL MEETINGS

Section 1. REGULAR MEETINGS: The CHC board shall meet twelve (12) times per year on a monthly basis.

Section 2. PLACE OF MEETINGS: Meetings shall be held at the District La Contenta facility unless otherwise provided by the board or at such place within any healthcare District's place of business. Any meeting, regular or special, may be attended by board members as necessary by conference telephone, electronic video screen communication, or other communications equipment. Participation in a meeting through use of conference telephone constitutes presence in person at that meeting so long as all members participating in the meeting are able to hear one another. Posting of the meeting agenda, including closed sessions, shall comply with the Ralph M. Brown Act (California Government Code 54950) for board member remote participation.

Section 3. QUORUM AND VOTING REQUIREMENTS: The CHC board shall follow the following requirements:

- A. **Quorum:** A quorum is necessary to conduct business, take action, and make recommendations. A quorum shall be constituted by the presence of a simple majority (51%) of the members. The Board Clerk will announce that a quorum of members has been convened for the meeting.

- B. Action requirements: A majority vote of those members present is required to take any action, if a quorum is achieved.
- C. Public decisions: Actions must be taken in the open and a "secret ballot" shall not be permitted.
- D. Proxies: Proxies shall not be permitted. Voting shall be in person, or at a posted off-site location in accordance with the public meetings act.
- E. Minutes: Minutes shall be kept and published by the Clerk of the Board in accordance with the public meetings act. Minutes shall include the attendance and participation at the meeting.
- F. Non-Voting staff: At a minimum, CEO of the CHC shall attend each meeting but shall not be entitled to vote.

Section 4. OPEN AND PUBLIC MEETINGS: As a related entity of the public healthcare District, the CHC board must conduct all meetings, whether committees or the full board, in accordance with the Ralph M. Brown Act requiring the establishment and posting of agendas, the requirement for seeking public input, and the limitation on taking actions which have not been published in the agenda.

Section 5. NOTICE, AGENDA, AND SUPPORTIVE MATERIALS: The CHC board shall follow the Ralph M. Brown Act for their meetings:

Section 6. ANNUAL MEETING: The first regularly scheduled meeting after January 1st of each year shall be considered the Annual Meeting of the CHC board.

Section 7. SPECIAL MEETINGS: A special meeting of the board may be called by the board Chairperson or at the written request of a majority of members. Notice of meeting shall comply with the Brown Act.

ARTICLE V

POWERS AND DUTIES OF DISTRICT

Section 1. DISTRICT BOARD RETAINED AUTHORITY. The District board shall maintain the authority to set general organization policy for the District and its subsidiaries for fiscal and personnel matters at the District CHC clinics, including those matter in federal, state, and local statute, policies related to fiscal management, financial audit, cash management, banking, debt management, investments, labor relations, conditions of employment, and benefit management. CHC Bylaws changes will be sent to the District Board for review prior to implementation.

Section 2. ACTION DISCLOSURE: In the event actions are taken by the District to the exclusion of the CHC related matters, District Board will submit a written explanatory documentation as to the legal basis as to the exclusion of the CHC Board.

Section 3. DISTRICT BOARD DELEGATION TO THE CHC BOARD: The District Board has delegated to the CHC Board the duties identified in Article II, Section 1, as set forth in the agreement between the boards memorializing the nature of the relationship between them (the "Co-Applicant Agreement"). Duties not identified as delegated shall permanently reside with the Direct Board. Furthermore, all delegated duties of the CHC Board may only be removed or altered in the event District ceases offering CHC services.

Section 4. FINANCIAL RESPONSIBILITIES: Notwithstanding the District Board retained authorities, the CHC shall be operated as a discrete clinical and administrative unit of the District reflecting the unique aspects and authorities vest in the CHC Board. Finances, financial statements, and similar records shall be created to accurately reflect the revenue, costs, and allocated costs of operations. The CHC Board acknowledges the retained authorities of the District Board for financial functions such as cash management, banking, or investments, however, CHC management shall work closely with the financial officer to ensure a coordinated approach.

Section 5. SERVICES AVAILABLE FROM DISTRICT: When reasonable, and in accordance with State and Federal regulations, the CHC shall utilize services from the District, and the District shall be obligated to provide such services using the application of a definitive allocation process that shall accurately reflect the cost to the District of the delivering of such services to the CHC. Such services may include, but are not limited to, housekeeping, financial accounting and analysis, billing and collecting, credentialing, material management services, payer contracting, equipment leasing, facility leasing, supply provision, human resources, benefit management, utility management, facility maintenance, patient transportation, security, employee health, health information systems, transcription, and administrative services.

ARTICLE VI COMMITTEES

1. EXECUTIVE COMMITTEE: Membership shall consist of the Chairperson, the Vice Chairperson, the Secretary and Treasurer of the CHC Board. The CEO of the CHC shall serve as an ex-officio non-voting member of the Executive Committee. The Chairperson of the CHC Board shall serve as the Chair of the Executive Committee.

A. Purpose: The purpose of the Executive Committee shall include:

1. Advising and assisting the membership in attaining the purposes and objectives set forth in Article I of these bylaws.
2. Authority to act on behalf of the CHC Board on all matters deemed by the Executive Committee to require action prior to the next regularly scheduled CHC Board meeting.
3. Other governance matters that may arise.

B. Confirmation of Actions: In the event that action is taken under these conditions, the action will be confirmed by an action of the full CHC Board at the next regularly scheduled meeting.

2. TASK FORCES AND AD HOC COMMITTEES

- A. Any member may suggest the creation of an Ad Hoc Committee or task force when it appears necessary, and such ad-hoc committee or task force is agreed to be established by an affirmative majority vote of the full CHC Board.
- B. Task forces and ad-hoc committees shall be time-limited with designated purposes and objectives.

ARTICLE VII CHIEF EXECUTIVE OFFICER

The CHC Board shall select their CEO. The CEO shall perform the delegated duties from the CHC Board. If the CEO of the CHC is the CEO of the District, both boards must approve the selection of the CEO. The CEO shall have no voting privileges.

ARTICLE VIII RECORDS AND REPORTS

Section 1. MAINTENANCE OF RECORDS: CHC shall keep at its principal office in the State of California:

- A. Minutes of all meetings of members, committees of the board and, if this CHC has members, of all meetings of members, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings, thereof;

- B. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;
- C. A record of its members, if any, indicating their names and addresses, geographic location, and, if applicable, the class of membership held by each member and the termination date of any membership;
- D. A copy of CHC bylaws as amended to date, which shall be open to inspection by the members, if any, of CHC at all reasonable times during office hours.

Section 2. BOARD MEMBER INSPECTION RIGHTS: Every member shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of CHC, with the exception of personnel records, including live scan records. Board members, the CEO and all CHC staff will abide by state and federal labor laws including privacy and confidentiality rights related to personnel records and employee health records.

Section 3. ANNUAL REPORTS: The board shall cause an annual financial report to be furnished not later than one hundred and twenty (120) days after the close of CHC fiscal year to all members of CHC

ARTICLE IX FISCAL YEAR

The fiscal year of CHC shall begin on the first day of July and conclude on the last day of June in the following year. The Tax ID number of the District shall be utilized in regards to all financial transactions associated with the CHC and the District.

ARTICLE X CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES

Section 1. PURPOSE OF CONFLICT OF INTEREST POLICY: The purpose of the conflict of interest policy is to protect the CHC interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or member of CHC or any “disqualified person” as defined in Section 4658(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. DEFINITIONS:

- A. **Interested Person:** any member, principal officer, member of a committee with governing board delegated powers, or any other person who is a “disqualified person” as defined in Section 4658(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.
- B. **Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 1. An ownership or investment interest in any entity with which CHC has a transaction or arrangement,
 2. A compensation arrangement with CHC or with any entity or individual with which CHC has a transaction or arrangement, or