

**AMENDED AND RESTATED BYLAWS OF
CAVALIER COUNTY MEMORIAL HOSPITAL ASSOCIATION
LANGDON, NORTH DAKOTA**

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Article 1 CORPORATION

1.1. Name.

1.1.1. The name of this corporation shall be **Cavalier County Memorial Hospital Association** (“Corporation”). The Corporation may do business under any name duly designated by the Board of Trustees.

1.2. Principal Office.

1.2.1. The principal office of this Corporation shall be Cavalier County Memorial Hospital (“Hospital”), which shall be located in the City of Langdon, County of Cavalier, State of North Dakota.

1.3. Purposes.

1.3.1. The purposes for which the Corporation is organized are:

1.3.1.1. To own, lease, maintain, and operate general hospitals, home care agencies, nursing homes, rest homes, and other institutions for the treatment of human ailments, without regard to race, color, religion or creed, gender, gender expression, age, national origin or ancestry, disability, marital status, sexual orientation, or military status.

1.3.1.2. To establish and maintain facilities for the education of those employed or to be employed in the care of the ill and injured and those convalescing from illness or injury.

1.3.1.3. To engage in any activity, business, or investment promoting the general health, welfare, or prosperity of the community served by the Corporation.

1.3.2. The Corporation is organized exclusively for charitable and educational purposes as a not-for-profit corporation and its activities shall be conducted for the aforesaid purposes in such a manner that no part of its net earnings shall inure to the benefit of any members, directors, officer or individual. Pursuant to Article 11 of these Bylaws, upon dissolution of the Corporation, and after payment of just debts and liabilities, all remaining assets shall be distributed to an organization enjoying an exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or its successor provisions. The Corporation shall not substantially engage in carrying on propaganda or otherwise attempting to influence legislation.

1.4. Legislative Priority.

1.4.1. The Corporation is and shall be organized as a Nonprofit Corporation under Chapter 10-33 of the North Dakota Century Code or its successor (the “Act”) and shall at all times be a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986 or its successor.

Article 2 **MEMBERSHIP**

2.1. Class of Members.

2.1.1. The Corporation shall have one class of members (“Members”).

2.2. Qualifications of Membership.

2.2.1. Members of the Corporation shall be eighteen (18) or more years old and shall reside in the Corporation’s Service Area, which shall be defined as the area within fifty miles of the Hospital.

2.3. Membership Application.

2.3.1. An individual meeting the qualifications set forth in these Bylaws may become a Member of the Corporation upon submission of a signed application delivered to the Principal Office of the Corporation. Member applicants must use the Member Enrollment Form attached as

2.3.2.

2.3.3.

2.3.4. Exhibit A, which may be modified by the Board of Trustees from time to time. Any qualified individual may submit a Membership Enrollment Form at any time and, upon submission of such Form to the Corporation, shall be a Member until he or she no longer meets

the qualifications of membership, or as provided in Section 2.4. The Board of Trustees may, from time to time, make good faith determinations regarding whether a Member meets the qualifications for membership in the Corporation. Any person who does not meet the criteria as determined by the Board of Trustees will not be granted membership and shall have his or her membership revoked.

2.4. Termination.

2.4.1. A Member's membership shall be terminated upon his or her death, resignation, or failure to meet the qualifications in Section 2.2, including, but not limited to, moving out of the Service Area.

2.5. Evidence of Membership.

2.5.1. Upon submission of a Membership Enrollment Form and approval by the Board of Trustees, the Corporation shall add the Member to a membership list, which the Corporation shall periodically update as directed by the Board of Trustees.

2.6. Member Meetings.

2.6.1. Annual Member Meetings. An annual meeting of the Membership shall be held on the fourth Wednesday of November in each year ("Annual Member Meeting"), or upon such date as otherwise designated by the Board of Trustees.

2.6.2. Special Member Meetings. Special meetings of the Members ("Special Member Meetings") may be called by the President of the Corporation, by a vote of the Board of Trustees, or by a petition stating the purpose or purposes for which the Special Member Meeting shall be called which is signed by not less than ten percent of the total membership or fifty (50) Members, whichever is less.

2.6.3. Location of Meetings. Meetings of the Members shall be held in the City of Langdon.

2.6.4. Notice. A notice stating the date, time, and place of any Annual Member Meeting or Special Member Meeting shall be made by posting on the Corporation's website and by placing notice in a newspaper or newspapers of general distribution within the Service Area. Such notice shall be published no fewer than ten (10) but no more than fifty (50) days prior to the Annual Member Meeting or Special Member Meeting. In the case of a Special Member Meeting, the notice shall state the matter(s) for which the meeting is being called. No action may be taken at a Special Member Meeting on any matter not included in the notice of the meeting.

2.6.5. Waiver of Notice. Any Member of the Corporation may waive notice of any Annual Member Meeting or Special Member Meeting required to be given by law, or under the provisions of the Articles of Incorporation or these Bylaws, by executing a written waiver and delivering the same to the Secretary for inclusion in the minutes or filing with the corporate records.

2.6.6. Waiver by Attendance. The attendance of a Member at any meeting shall constitute a waiver of notice of such meeting, except when a Member attends a meeting for the express

purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened and the member provides his or her objection in writing to the Secretary.

2.6.7. Procedure. The President of the Corporation, or, in his or her absence, the Vice President, shall preside over all meetings of the Members. The Secretary shall act as the recording secretary at all meetings of the Members, and, in his or her absence, the individual presiding over the meeting may designate any person as the recording secretary.

2.6.8. Parliamentary Authority. The most recent edition of *Robert's Rules of Order* shall be the parliamentary authority for all meetings of the Members. In the event of a conflict among the Act, the Articles of Incorporation, these Bylaws, and *Robert's Rules of Order*, the highest authority at issue shall control. For the purposes of illustration, a rule contained in *Robert's Rules of Order* may never take precedence over a rule in these Bylaws.

2.7. Reserved Powers of Members.

2.7.1. The Members shall have the following reserved powers with respect to the Corporation:

2.7.1.1. To receive an Annual Report on the Corporation's business and operations.

2.7.1.2. To bring matters before the Annual Member Meeting to advise the Board of Trustees on the affairs of the Corporation. Such matters shall be placed on the agenda of an Annual Member Meeting if, at least two weeks prior to the date of such meeting, a petition is submitted to the Corporation bearing the signatures of no fewer than fifteen (15) Members of the Corporation, which petition shall particularly describe the matter to be discussed.

2.7.2. Voting. Each Member of the Corporation in good standing shall be entitled to cast one (1) vote on all matters presented to the Members for approval. At any meeting at which a quorum is present, the affirmative vote of a majority of the Members present is the act of the Members unless the Corporation's Articles of Incorporation, these Bylaws, or the Act establishes a different voting requirement. Upon the petition of any Member, any matter before the membership shall be conducted by secret ballot, procedural votes such as recess and adjournment excepted.

2.7.3. Quorum. A quorum for the transaction of business at an Annual Member Meeting or any Special Meeting of the Members shall be ten (10) percent of the Members in good standing or fifteen (15) Members, whichever is less.

2.8. Voting Procedures of Members.

2.8.1. The Board of Trustees shall establish procedures to ensure that all Members are afforded the right to vote, and that only Members are permitted to vote, on matters that come before the membership. By way of example, such procedures may require checking the Member's name against the list of Members maintained by the Corporation.

Article 3 BOARD OF TRUSTEES

3.1. Designation.

3.1.1. The power to govern the organization shall be vested in a board of directors, which shall be known as the Board of Trustees and members of which shall be known as Trustees. Notwithstanding the foregoing, the Board of Trustees shall act as a “board of directors,” and each Trustee shall act as a “director,” as those terms are used in the Act.

3.2. Community Board.

3.2.1. The Corporation shall always meet the Internal Revenue Service (“IRS”) community board requirements for exemption from income taxation. Pursuant to current IRS guidance, practicing physicians maintaining Medical Staff privileges at the Hospital, as well as officers, department heads, and other employees of the Corporation (collectively, “Related Individuals”) serving on the Board shall not be considered independent community members, and shall not be eligible to serve on the Board except as otherwise provided in these Bylaws.

3.3. Composition.

3.3.1. The number of Trustees shall be seven (7).

3.3.1.1. The Administrator shall be an ex-officio, non-voting member of the Board of Trustees.

3.3.1.2. The Chief Medical Officer shall be an ex-officio, non-voting member of the Board of Trustees.

3.4. Ex-Officio Members.

3.4.1. Ex-officio members of the Board of Trustees shall be entitled to speak on all matters from which they are not disqualified by virtue of a conflict of interest and shall not be counted for the purposes of quorum.

3.5. Qualifications of Trustees.

3.5.1. General Qualifications. Candidates for election or appointment to the Board of Trustees shall be residents of the Corporation’s Service Area and shall meet the following qualifications:

3.5.1.1. Be a member of the Corporation;

3.5.1.2. Not an employee of the Corporation;

3.5.1.3. Demonstrate the basic qualities enumerated in the Corporation’s Mission, Vision, and Values, which include integrity, compassion, accountability, respect, and excellence;

3.5.1.4. Be committed to upholding the purposes, Mission, Vision, Values and general policies of the Corporation;

3.5.1.5. Have the ability to participate effectively in fulfilling the responsibilities of the Board of Trustees, and have the willingness and ability to devote necessary time to Board activities;

3.5.1.6. Have particular experience or expertise necessary or desirable for the governance of the Corporation and reflect, when considered in conjunction with the entire Board of

Trustees, a cross section of the community possessing, to the extent reasonably possible, a range of skill sets, professions, and knowledge, including, but not limited to, finance, business, marketing, education, social services, and medical expertise;

3.5.1.7. Be able and willing to participate in Board educational programs and to serve on Committees of the Board;

3.5.1.8. Be able to apply experience and expertise to Board decisions objectively and realistically;

3.5.1.9. Have knowledge of the health care market in the Corporation's Service Area;

3.5.1.10. Recognize and protect the confidential nature of the information discussed at meetings of the Board and its Committees; and

3.5.1.11. Not participate in any business or other activity that is in direct competition with the activities of the Corporation unless the Members or Board, as appropriate, makes a determination that the benefits of having the person serve on the Board outweighs the conflict of interest created by such competition.

3.6. Manner of Election.

3.6.1. The power to elect and appoint Trustees shall be vested in the Board of Trustees.

3.7. Nomination.

3.7.1. By Nominating Committee. At least four weeks prior to the Annual Member Meeting, the Nominating Committee shall prepare and present to the Board of Trustees for election a slate of nominees for all Trustee positions that are open or expected to be open. The number of nominations that may be presented to the Board is not limited. The Board may approve the slate and the nominated trustees are thereby elected or, if not approved, the Board shall direct the Nominating Committee to submit additional names for consideration. By Self-Nomination. Any Member may nominate him- or herself to be elected as a Trustee pursuant to the procedures in this Section. At least six weeks prior to the Annual Member Meeting, the Administrator shall cause a call for nominations to be sent via newspaper, radio and CCMH website. A person wanting to be nominated and be eligible for election shall submit his or her name to the Administrator or his or her designee. The Administrator shall provide the nominee with packet which shall include a Nomination Form and Board Member Job Description as well as instructions to submit their Nomination Form to the Administrator or his/her designee at least thirty (30) days prior to the annual meeting. All Nomination Forms received shall be presented to the Board of Trustees for election.

3.7.2. Re-Election of Trustees. A Trustee who intends to seek re-election shall provide notice to the Board of Trustees of their intention to seek re-election at least thirty (30) days prior to the annual meeting. Notice may be provided in writing directed to the Board of Trustees, verbally during a meeting of the Board of Trustees, or by submitting a Nomination form to the Administrator or his/her designee.

3.8. Term and Tenure.

3.8.1. Trustees shall be elected for terms of four (4) years. Each Trustee's term shall commence as of the expiration date of the term of the Trustee who previously held the seat being filled, notwithstanding the resignation, death, or removal of any such Trustee. The terms of the Trustees shall be staggered such that, as near as possible, an equal number of Trustees are elected or appointed in each year. A Trustee may not succeed himself or herself for more than two (2) consecutive full terms, after which the Trustee must be off the Board for one (1) year before becoming eligible for election or appointment as a Trustee. A Trustee may only serve eight (8) consecutive years, unless he or she is first appointed to fill a vacant seat or the Board, by resolution, extends a term in an effort to ensure no more than three (3) Trustees are elected or appointed in each year. Under no circumstance, shall a Trustee serve for more than ten (10) consecutive years. A Trustee who is appointed to fill a vacancy that arises due to the resignation, death, or removal of another Trustee may be elected to serve up to two (2) additional consecutive terms as described in this Section, provided that the time remaining in the vacant seat is two (2) years or less at the time the Trustee is appointed.

3.9. Resignations; Removals; Vacancies.

3.9.1. Resignation; Removal, Replacement. Any Trustee may resign at any time by giving written notice to the President or to the Secretary of the Corporation. Such resignation shall take effect on the date of receipt or at any later time specified therein. Any Trustee may be removed, with or without cause, by a two-thirds vote of all other Trustees. Vacancies on the Board due to any cause shall be filled by a majority vote of the Board, or, if the Board so chooses, by the Members at a Special Member Meeting called for that purpose, with such term to last for the remainder of the vacated term.

3.9.2. Failure to Maintain Compliance with Membership Requirements. If, at any time during a Trustee's term, the Trustee fails to be a Member of the Corporation, his or her tenure on the Board shall be automatically terminated upon the petition of any other Trustee.

3.10. Board Powers and Duties.

3.10.1. Except as otherwise provide by law, the Articles of Incorporation, or these Bylaws, and subject to the rights and responsibilities reserved by the Members, the Board shall exercise the powers of the Corporation, conduct its business affairs, and control its property. The Board shall have the full power and authority to perform any and all acts and functions which are not inconsistent with the laws governing the operation of the Corporation, the Articles of Incorporation, and these Bylaws. The Board may, by resolution and as permitted by law, permit an officer of the Corporation to exercise certain of these powers on its behalf. Any such delegated performance of Board responsibilities shall, at all times, be subject to continuing Board review and approval, and any such delegation may be revoked by the Board at any time. By way of example only, Board duties include:

3.10.1.1. Approving and recommending to the Members amendments to and restatements of the Articles of Incorporation.

- 3.10.1.2. The periodic review of, and approving changes to, these Bylaws, pursuant to Article 12 of these Bylaws.
- 3.10.1.3. The adoption of the Corporation's Mission, Vision, and Values and a strategic, long-range plan for the Corporation and the approval of specific strategic projects and programs which may be periodically proposed for undertaking.
- 3.10.1.4. The approval of a current Organizational Chart. The Organizational Chart in effect at the time of the adoption of these Bylaws is attached hereto as
- 3.10.1.5. Appendix A.
- 3.10.1.6. The filling of vacancies among Trustees and Officers.
- 3.10.1.7. The ratification of the composition of all Committees.
- 3.10.1.8. The selection, review, termination, and compensation of the Administrator.
- 3.10.1.9. The delegation of responsibilities and decision-making authorities for the operation and maintenance of the Corporation to the Administrator and other individuals or committees as may from time to time be determined.
- 3.10.1.10. The establishment of policies and procedures as may be necessary to ensure the consistent and orderly functioning of the Corporation, including a plan for the improvement and assurance of quality medical care ("Quality Assurance Plan").
- 3.10.1.11. Acting on the reports and recommendations of the Administrator, the Executive Committee, and the Medical Staff.
- 3.10.1.12. Ensuring that effective methods of communication and working relationships are established between the Board, the Medical Staff, and the Management Team.
- 3.10.1.13. The development of mechanisms to ensure the regular review and quality delivery of patient care services.
- 3.10.1.14. The adoption of appropriate annual and long-term budgets for the Corporation, and the review of monthly and annual reports of the financial performance and condition of the Corporation.
- 3.10.1.15. Selecting a certified, independent accountant or accounting firm to annually audit the financial reports of the Corporation, to review the accounting and cash handling practices and procedures of the Corporation, and to report and make recommendations to the Board and Membership, as appropriate.
- 3.10.1.16. The development of policies and procedures to ensure that the Corporation is managed in a manner that is compliant with all applicable laws. Such policies shall permit the Chief Compliance Officer to access the Board directly, without going through the Administrator.
- 3.10.1.17. Pursuant to Article 6 of these Bylaws, the appointment of a Management Team consisting of the Administrator, who shall be the Chief Executive Officer, a Chief Operating

Officer, a Chief Financial Officer, a Chief Medical Officer, a Chief Nursing Officer, and a Chief Compliance Officer.

3.10.1.18. Pursuant to Section 2.5.1 of these Bylaws, periodically reviewing the membership list to ensure that only individuals who meet the qualifications for membership are Members. In exercising this power, the Board may request that the Members submit information demonstrating their continued eligibility for membership. This power shall not be exercised in a way that is intended to deprive any qualified Member of his or her membership rights.

3.11. Guiding Principles.

3.11.1. Purpose. The Board of Trustees is to be guided at all times by the following principles, which apply to all aspects of governance to create a consistent, effective, and continuously improving governance system. These principles are divided into three categories: (1) Board Independence and Leadership; (2) Board Processes and Evaluation; and (3) Board Structure. While this Section sets guidelines for the Corporation, if the Act, the Articles of Incorporation, or these Bylaws establish specific policies or procedures dealing with the topics discussed in this Section, those policies or procedures take precedence over these guidelines.

3.11.2. Board Independence and Leadership.

3.11.2.1. A majority of the Board shall consist of Independent Trustees. “Independent Trustees” are individuals who are not employed by, and whose spouses are not employed by, the Corporation, are not members of the medical staff of competing organizations, and who do not have significant financial dealings with the Corporation.

3.11.2.2. The President shall be an Independent Trustee.

3.11.2.3. The Board shall have explicit Conflict of Interest policies and procedures to ensure high ethical standards, as further described in Article 9 of these Bylaws.

3.11.3. Board Processes and Evaluation.

3.11.3.1. The Board shall be forward-looking and shall spend most of its time on policy and strategic issues in the overall effort to drive the Corporation’s performance toward meeting the needs of the community.

3.11.3.2. The Board shall continually review the Corporation’s Mission, Vision, and Values.

3.11.3.3. The Board shall routinely evaluate its own performance and Board committee performance based on a set of criteria measuring progress toward achieving the Corporation’s Mission and Vision.

3.11.3.4. The Board shall evaluate the Administrator’s performance based on defined criteria and shall link the Administrator’s compensation to performance.

3.11.3.5. The Board shall have an effective Administrator Successor Plan in place and shall receive reports from leadership on the development of other senior managers.

3.11.3.6. The Board shall be committed to engaging in continuing Board education, including, but not limited to, programs related to corporate governance, compliance, and healthcare delivery.

3.11.3.7. The Board shall routinely review internal audits and the Corporation shall annually have an independent, external audit.

3.11.4. Board Structure.

3.11.4.1. The Board shall regularly review its own size and shall determine the size that is most effective to its operation.

3.11.4.2. The number of Board members and Board committees shall be as streamlined as possible. The primary purpose of the Corporation's governance structure shall be to generate the most effective and efficient governance function possible.

3.12. Meetings and Procedural Rules.

3.12.1. Regular Meetings of the Board. Regular meetings of the Trustees ("Board Meetings") shall be held at least monthly on the fourth Wednesday of each month at the Hospital, or at such other time and place as determined by the Board. No other notice of Board Meetings shall be required, unless the time and place of such meeting is changed, and then notice shall be given pursuant to Section 3.12.4..

3.12.2. Special Meetings of the Board. Special meetings of the Board of Trustees ("Special Board Meetings") may be called by the President, or by request of at least four (4) Trustees.

3.12.3. Closed Meetings. All meetings of the Board of Trustees (Regular, Special or Committee), other than any meeting that deals with expending public funds (i.e., tax dollars from the Mill Levy), shall be closed to the public, including Members, unless determined otherwise by the Board. Proper notice shall be given in advance of all meetings open to the public pursuant to N.D.C.C. 44-04-20.

3.12.4. Notice of Board and Committee Meetings. Written notice of any Board Meeting or Special Board Meeting requiring notice shall be by first class mail, overnight delivery service, in person, or, if a Trustee has previously consented, by fax, email, or other electronic media. Notice must be given at least three (3) days prior to a meeting date, unless notification is given in person or via telephone, wherein one (1) days' notice is required. No business other than that stated in the notice shall be transacted at a Special Board Meeting.

3.12.5. Waiver of Notice. Whenever any notice is required to be given by law, the Articles of Incorporation, or these Bylaws, a Trustee may waive his or her right to notice by submitting a writing signed by the Trustee.

3.12.6. Waiver by Attendance. Attendance of a Trustee at a meeting requiring notice shall constitute a waiver of notice, except when a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened and the member provides his or her objection in writing to the Secretary.

3.12.7. Quorum at Board Meetings. A majority of the Trustees shall constitute a quorum. A quorum must be present to open a meeting and at any time a vote is required during a meeting. However, if less than a majority is present at the time of adjournment, a majority of the members present may adjourn the meeting.

3.12.8. Procedure. At all meetings, the President, or, in his or her absence, the Vice President, shall preside. The Secretary shall act as the recording secretary at all meetings, and, in the case of his or her absence, the presiding officer of the meeting may designate any person to act as Secretary.

3.12.9. Parliamentary Authority. The most recent edition of *Robert's Rules of Order* shall be the parliamentary authority for all meetings of the Board. In the event of a conflict among the Act, the Articles of Incorporation, these Bylaws, and *Robert's Rules of Order*, the highest authority at issue shall control. For the purposes of illustration, a rule contained in *Robert's Rules of Order* may never take precedence over a rule in these Bylaws.

3.12.10. Voting. At each meeting of the Board, each Trustee shall be entitled personally to cast one (1) vote on all matters presented to the Board for its approval. Voting by proxy is not permitted. At any meeting at which a quorum is present, the affirmative vote of a majority of voting Trustees present is the act of the Board unless these Bylaws or the Act establish a greater voting requirement.

3.12.11. Action without Meeting. An action required or permitted to be taken at a meeting of the Board of Trustees may be taken by written action signed, or consented to by authenticated electronic communication, by the affirmative vote of a majority of Trustees possessing the right to vote (specifically excluding any non-voting *ex officio* members and any Trustees with a clear conflict of interest). The written action is effective when signed, or consented to by authenticated electronic communication, by the required number of directors, unless a different effective time is provided in the written action. For the purposes of this Section, unequivocal approval of a consent resolution via electronic mail is deemed to be the "signature" of a Trustee.

3.12.12. Use of Communication Equipment. Members of the Board may participate in meetings via the use of communication equipment, provided that such equipment permits all Trustees to simultaneously hear each other during the meeting. A Trustee participating through the use of such equipment is deemed to be present in person at the meeting.

3.12.13. Compensation. Non *ex-officio* Trustees may receive compensation for their services as fixed by the Board and subject to approval by the *ex-officio* Trustees

3.12.14. Loans to Trustees, or Officers, or Members. The Corporation may not loan funds or other property to its Trustees, Officers, or Members, except as may permitted under a charity care policy adopted by the Board.

3.12.15. Attendance at Meetings. Any Trustee who, within a period of six consecutive months, fails to attend three Board Meetings shall, upon majority vote of the remaining Trustees, be dismissed and that position declared vacant.

3.12.16. Training. Each Trustee, within twelve (12) months of his or her election or appointment and whether or not he or she has previously served as a Trustee, shall participate in a training program developed by the Officers under the policies set by the Board of Trustees.

Article 4 OFFICERS

4.1. Name and Number.

4.1.1. The Officers of the Corporation shall be the President, the Vice President, the Secretary, the Treasurer, and the Administrator. The President, Vice President, Secretary, and Treasurer shall be elected from among the members of the Board of Trustees.

4.2. Election and Term.

4.2.1. The Officers, except the Administrator, shall be elected annually by the Board of Trustees at the December Board Meeting. The election of Officers shall be conducted prior to the introduction of any new business, and the newly elected Officers shall assume their elected positions immediately. Notwithstanding the foregoing, amendments to the Articles of Incorporation affecting the governance of the Corporation may be voted on prior to the election of new Officers. Each Officer, except the Administrator, shall hold office for a term of one (1) year, but each shall continue in office until his or her successor is elected.

4.3. Resignation and Removal of Officers.

4.3.1. Any Officer may resign at any time by giving written notice to the President or to the Secretary of the Corporation. Such resignation shall take effect on the date of receipt or at any later time specified therein. Any Officer may be removed by a majority vote of the Board of Trustees when in their judgment the best interests of the Corporation will be best served thereby. Vacancies due to any cause shall be filled by a majority vote of the Board at a Special Board Meeting called for such purpose. Any Officer elected to fill a vacancy caused by any reason other than the expiration of a term shall serve the remainder of the term.

4.4. Duties of Officers.

4.4.1. Duties of the President. The President shall preside at all meetings of the Board of Trustees. The President, with the Secretary, shall execute all Deeds, Mortgages, Bonds, Contracts, or other instruments which require special approval by the Board of Trustees, except the Board may delegate to the Administrator the authority to sign such instruments in the ordinary course of business. In close consultation with the Administrator, the President shall approve the agenda for all meetings of the Board or the Members. The President shall propose the composition of all Committees, subject to the Board's ratification. The President shall perform such other duties as may be prescribed by the Board of Trustees.

4.4.2. Duties of Vice President. The Vice President shall perform the duties of the President in the event that the President is absent or otherwise unable to perform such duties. The President may delegate any duties to the Vice President on an as-needed basis.

4.4.3. Duties of the Treasurer. The Treasurer shall be responsible for all funds of the Corporation. Acting with the Finance Committee, and working in close consultation with the Chief Financial Officer, the Treasurer shall ensure that a true and accurate accounting of the

financial transactions of the Corporation is made and that reports of such transactions are presented to the Finance Committee. The Treasurer shall furnish full statements of the financial condition whenever required by the Board. In the absence of the President and Vice President, the Treasurer shall perform the duties of the President.

4.4.4. Duties of the Secretary. The Secretary, or another designee appointed by the President, shall keep minutes of all meetings of the Board and the Members. The Secretary shall have custody of the Corporate Seal and shall affix the same to all documents as may be required. In the absence of the President, Vice President, and Treasurer, the Secretary shall perform the duties of the President.

4.4.5. Duties of the Administrator. The Administrator selected pursuant to Section 6.4.1 of these Bylaws shall have all duties and authorities which such position would customarily require and as may be required by law. The Administrator shall be an *ex officio* member of all Committees without vote. The Administrator shall perform such duties as may from time to time be designated by the Board of Trustees. The Administrator may delegate any of his or her responsibilities to other Managers, employees, or agents of the Corporation, but remains at all times responsible for the execution of his or her duties.

Article 5 COMMITTEES OF THE BOARD OF TRUSTEES

5.1. Purpose.

5.1.1. Committees are tools of the Board of Trustees which are designed to facilitate the operations of the Corporation. As such, they engage in acts of governance, , or engage in actions which are a necessary precursor to an act of governance, such as investigating issues on both a proactive and reactive basis and developing recommendations for Board consideration. Committees enable the Board to best utilize the talents, expertise, and interests of each Trustee. Committees do not expand or contract the responsibilities or authority of the Board, but instead enable the Board to function more efficiently and effectively. Committees shall not be a tool for circumventing the full deliberation of the Corporation's affairs in the full Board.

Committees shall meet at the time and place designated by the Chair of the respective committee.

5.2. Types of Committees.

5.2.1. Committees of the board shall be standing or special. The Standing Committees are the Nominating Committee, the Finance Committee, the Physician Recruitment/Joint Conference Committee the Compliance Committee, the Executive Compensation Committee, and the Quality Assurance Committee. Standing committees shall have the power to act only as stated in these Bylaws or as designated by the Board on specific matters. Special committees may be created or terminated at any time by the Board of Trustees, and shall serve as long as the purpose for which they were created continues to exist, unless dissolved prior thereto by the Board of Trustees.

5.3. Appointments; Removal of Committee Members.

5.3.1. The President shall propose the appointees of each Committee, subject to the ratification and continuing approval of the Board of Trustees.

5.4. Composition of Committees

5.4.1. The Committee compositions described in Section 5.9 shall be default compositions. The President may, in his or her discretion, appoint additional persons as members (with or without vote) of the Standing Committees, subject to the ratification and continuing approval of the Board of Trustees.

5.4.2. Pursuant to Section 4.4.5 of these Bylaws, the Administrator shall be an *ex officio* non-voting member of all Committees, notwithstanding the stated composition of each Committee. The Administrator may delegate his or her duties with respect to each committee to any Manager, employee, or agent of the Corporation, but remains at all times responsible for the execution of his or her duties.

5.5. Responsibilities, Authority, and Accountability of Committees.

5.5.1. Except as otherwise provided, or as specifically determined by the Board, it shall be the duty of each Committee to acquaint itself with those Corporate activities, policies, and problems falling within the scope of its specific tasks, to formulate its findings and recommendations in writing, and to report to the Board of Trustees. Each Committee should take prompt action on any properly authorized assignment.

5.6. Reporting on Committee Activities.

5.6.1. The Chair of each Committee shall report on his or her Committee's activities at each Board Meeting.

5.7. Committee Rules and Procedure.

5.7.1. Unless otherwise provided, a majority of the whole Committee shall constitute a quorum, and the act of a majority of the Committee members present at any meeting at which a quorum is present shall be an act of the Committee. Each Committee shall keep minutes of its proceedings, and may adopt rules for its own governance which are not inconsistent with applicable laws, these Bylaws, or the acts of the Board of Trustees. Members of any Committee may participate in any meeting of the Committee by or through the use of any means of communication described in Section 3.12.12.

5.8. Recognition of Other Authority.

5.8.1. The powers and duties of all Committees shall be limited by law, the Articles of Incorporation, these Bylaws, or acts of the Board.

5.9. Standing Committees.

5.9.1. Nominating Committee.

5.9.1.1. Purpose. The purpose of the Nominating Committee is to prepare and present to the Board of Trustees for election a slate of nominees for all Trustee positions that are open or expected to be open.

5.9.1.2. Composition. The Nominating Committee shall consist of three Board members. The Administrator shall be an ex-officio, non-voting member of the Nominating Committee.

5.9.1.3. Finance Committee.

5.9.1.4. Purpose. The purpose of the Finance Committee is to act as a forum where Trustees with interest and experience in finance can focus on the Corporation's business, ensuring that important fiscal issues get the attention they merit.

5.9.1.5. Composition. The Finance Committee shall consist of three Board members, including the Treasurer, who shall be the Chair of the Finance Committee, and two additional Trustees. The Chief Financial Officer shall be an *ex officio* non-voting member of the Committee.

5.9.1.6. Powers and Duties. The Finance Committee shall:

5.9.1.6.1. Assist the Treasurer in performing ongoing reviews of the Corporation's finances;

5.9.1.6.2. Recommend to the Board of Trustees an annual operating budget;

5.9.1.6.3. Recommend to the Board of Trustees capital expenditures exceeding the authority of the Administrator; and

5.9.1.6.4. Recommend to the Board of Trustees the investment of hospital funds in one or more banks or trust companies duly authorized to conduct such business in the state.

5.9.1.6.5. Meetings. The finance committee shall meet the third Wednesday of each month, or at such other time as determined by the committee Chair upon proper notice.

5.9.2. Physician Recruitment/Joint Conference Committee.

5.9.2.1. Purpose. The Physician Recruitment/Joint Conference Committee serves two roles:

5.9.2.1.1. Practitioner Compensation Role. The Physician Recruitment/Joint Conference Committee serves as the Corporation's practitioner compensation committee. All matters dealing with practitioner recruitment or retention, and any business arrangement that the Corporation enters with a practitioner ("Financial Arrangements"), is within the purview of the Committee. Compliance with state and federal laws pertaining to practitioner compensation should be considered any time the Committee discusses a Financial Arrangement. In exercising this role, the Committee should ensure that it has received up-to-date training on the pertinent laws and regulations, and that it works closely with the Administrator and the Chief Compliance Officer to properly structure all Financial Arrangements.

5.9.2.1.2. Liaison Role. Second, the Physician Recruitment/Joint Conference Committee serves as a liaison between the Board and the Medical Staff, ensuring that the Corporation's business and medical affairs are considered side-by-side as appropriate. As such, the Committee shall have the primary duty of reviewing requests for appointment to the Medical Staff prior to submitting such requests for Board approval.

5.9.2.2. Composition. The Physician Recruitment/Joint Conference Committee shall consist of the Vice President, who shall be the Chair of the Committee, two other Trustees, and one member of the Medical Staff, who shall be appointed in consultation with the Chief Medical Officer. The Chief Medical Officer may fill the Medical Staff seat on the Physician Recruitment/Joint Conference Committee.

5.9.2.3. Compensation Compliance Duties. The Physician Recruitment/Joint Conference Committee shall ensure that it receives regular training regarding the laws pertaining to the compensation of physicians and other health care providers. In exercising its recruitment and retention duties, the Committee shall work in close consultation with the Administrator and the Chief Compliance Officer to ensure that all appropriate steps are taken prior to entering into any Financial Arrangement.

5.9.2.4. Operational Duties. The Physician Recruitment/Joint Conference Committee shall:

5.9.2.4.1. Receive recommendations from the Medical Staff, and make final recommendations to the Board of Trustees, on all appointments to the Medical Staff and on assignments and responsibilities within the Medical Staff, including defining the scope of each member's privileges, re-appointment, and extensions, suspensions, or terminations of privileges.

5.9.2.4.2. Recommend to the Board of Trustees the adoption, amendment, and repeal of rules and regulations regarding the Medical Staff.

5.9.2.4.3. Receive and make recommendations to the Board of Trustees respecting any communication, request, or recommendation presented by the Medical Staff through its duly authorized representatives.

5.9.2.4.4. Act as a liaison group to discuss medical administrative matters.

5.9.2.4.5. Receive and consider all reports on the work of the Medical Staff and make such recommendations to the Board of Trustees in respect thereto as the Committee considers to be in the best interests of the Hospital and its patients.

5.9.2.4.6. In consultation with the Administrator, determine the need for additional physicians and work closely with the Medical Staff to recruit qualified physicians.

5.9.3. Compliance Committee.

5.9.3.1. Purpose. The Compliance Committee is an integral component of the Corporation's governance structure. The Committee, led by the Chief Compliance Officer, should stay informed on developments in relevant laws and regulations. The Committee should assist the Chief Compliance Officer in proactively reviewing the Corporation's policies, practices, and operations to ensure that its affairs are being handled in a compliant manner, and should

serve as an investigating body when specific concerns are raised. Given the high penalties associated with non-compliance, the Committee's function is to ensure the Corporation's long-term success.

5.9.3.2. Composition. The Compliance Committee shall consist of the Chief Compliance Officer, who shall be the Chair of the Committee, and two Trustees.

5.9.3.3. Powers and Duties. The Compliance Committee shall:

5.9.3.3.1. Assist the Chief Compliance Officer as requested;

5.9.3.3.2. Analyze the Corporation's industry environment, the legal elements with which it must comply, and specific risk areas;

5.9.3.3.3. Assess existing policies and procedures that address these areas for possible incorporation into the Compliance Program;

5.9.3.3.4. Work with appropriate Corporation departments to develop standards of conduct and policies and procedures to promote compliance with the Compliance Program;

5.9.3.3.5. Recommend and monitor, in conjunction with the relevant departments, the development of internal systems and controls to carry out the Corporation's standards, policies, and procedures as part of its daily operations;

5.9.3.3.6. Determine the appropriate strategy/approach to promote compliance with the program and detection of any potential violations; and

5.9.3.3.7. Develop a system to solicit, evaluate, and respond to complaints and problems.

5.9.4. Executive Compensation Committee.

5.9.4.1. Purpose. The purpose of the Executive Compensation Committee is to ensure that the financial relationships between the Corporation and its senior managers are reasonable in relation to their work quality and effort and does not result in private inurement of the Corporation's funds.

5.9.4.2. Composition. The Executive Compensation Committee shall be composed of the President, who shall be the Chair of the Committee, and two (2) other Trustees.

5.9.4.3. Powers and Duties. The Executive Compensation Committee shall:

5.9.4.3.1. Develop and recommend to the Board compensation strategies, policies, and plans that will enhance the Corporation's ability to attract and retain skilled Managers;

5.9.4.3.2. Review the compensation of the Corporation's Managers, including the Administrator and the Chief Financial Officer;

5.9.4.3.3. Identify and recommend to the Board goals, objectives, and performance standards relating to the compensation of the Corporation's Managers; and

5.9.4.3.4. Meet at least annually.

5.9.5. Quality Assurance Committee.

5.9.5.1. Purpose. The purpose of the Quality Assurance Committee is to perform quality improvements and quality assurance activities as directed by the Board, in conjunction with the Medical Staff, and pursuant to the Quality Assurance Plan.

5.9.5.2. Composition. The Quality Assurance Committee shall be composed of key employees and Medical Staff members appointed by the Administrator.

5.9.5.3. Duties.

5.9.5.3.1. Oversee all facets of the monitoring and evaluation of medical care provided to the Corporation's patients, including quality assessment, utilization review, performance improvement, and coordination of care, to promote the most effective and efficient use of available health facilities and services consistent with patient needs, recognized standards of care, and the conditions of participation for any third-party payors.

5.9.5.3.2. Review and recommend to the Board policies and procedures relating to quality of patient care.

5.9.5.3.3. Review, monitor, evaluate, and report on quality outcome programs and the overall quality condition of the Corporation.

5.9.5.3.4. Analyze, evaluate, and advise regarding data trends emerging from the quality outcome programs.

5.9.5.3.5. Review and recommend to the Board strategic quality initiatives for the Corporation.

5.9.5.3.6. As delegated by the Board, work closely with the Medical Staff to act in response to concerns regarding individual providers.

5.9.5.4. Confidentiality of Records. The Quality Assurance Committee is a component of the Hospital's peer review functions. The records produced by the Committee, no matter the medium in which they are recorded, are to be used only for "professional peer review," as that term is defined in NDCC § 23-34-01. The Committee's records are to be kept confidential by all members of the Committee.

5.10. Special Committees.

5.10.1. Generally. The Board may create Special Committees for such discrete tasks as the circumstances warrant, and shall appoint members to the Special Committee or delegate the responsibility to make such appointments to the President. A Special Committee shall limit its activities to the accomplishment of the task for which it is appointed, and shall have no power to act except as specifically conferred by the Board. Upon completion of the task for which it is appointed, each Special Committee shall stand discharged.

5.10.2. Grievance Committee. If the need for a Grievance Committee arises, the Committee shall consist of the President, two (2) other Trustees selected by the President, and two (2) department supervisors selected by the Administrator. Each Grievance Committee shall be a Special Committee and shall stand discharged as its discrete duties are completed.

Article 6 **MANAGEMENT**

6.1. Management Team.

6.1.1. The Board shall select qualified individuals to serve as the Corporation's management team, which team shall consist of an Administrator, who shall be the Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer, a Chief Medical Officer, a Chief Nursing Officer, and a Chief Compliance Officer (each a "Manager" and collectively the "Management Team").

6.2. Duties.

6.2.1. The Management Team shall be responsible for the day-to-day operations of the Corporation. The Board shall establish job descriptions for each Manager in close consultation with the Administrator.

6.3. Reporting; Selection; Termination.

6.3.1. Each Manager shall report directly to the Administrator, who shall at all times be the leader of the Management Team. Each Manager shall be hired by the Administrator, with the advice and consent of the Board, and each Manager may be terminated by the Administrator or by the Board by majority vote.

6.4. Administrator.

6.4.1. Selection; Termination. The selection and termination of the Administrator shall be the responsibility of the Board of Trustees.

6.4.2. Duties. The Administrator shall be the Chief Executive Officer of the Corporation, and shall be the Board's direct executive representation in the management of the Corporation. The Administrator shall have all the duties and authority which such a position would customarily require, including, but not limited to, the duties listed in this Section 6.4.2. The Administrator shall fulfill these duties subject to the Act, the Articles of Incorporation, the Bylaws, and actions of the Board.

6.4.2.1. General: The Administrator shall be responsible for:

6.4.2.1.1. Providing overall leadership and coordinating activities through all aspects of the Corporation, with the objective that the entire Corporation will function as one effective unit, providing high-quality patient care and support services consistent with available resources.

6.4.2.1.2. Maintaining contemporary knowledge on ideas and developments in all aspects of hospital administration.

6.4.2.1.3. Developing and submitting to the Board of Trustees for approval policies and procedures of the organization and a plan of organization of the personnel and others concerned with the operation of the Corporation.

6.4.2.1.4. Promulgating and enforcing all rules and regulations for the proper conduct of the Corporation made by and under the authority of the Board of Trustees.

6.4.2.1.5. Working closely with the Board of Trustees to enhance its effectiveness in meeting the needs of the Corporation.

6.4.2.1.6. Informing the Board of Trustees in current trends, issues, problems, and activities in health care generally and identifies community health care needs.

6.4.2.1.7. Providing comprehensive and accurate information for Trustees to use in their decision-making and policy matters.

6.4.2.1.8. Assisting with identifying potential Board members.

6.4.2.1.9. Regularly submitting to the Board and its Committees periodic reports showing the professional services and financial activities of the Corporation, and preparing such special reports as may be required by the Board.

6.4.2.2. Compliance with Law. The Administrator shall be responsible for:

6.4.2.2.1. Ensuring compliance with laws and regulations governing the Corporation and the rules of accrediting bodies by continually monitoring the Corporation's activities and initiating changes as required.

6.4.2.2.2. Working closely with and facilitating the work of the Chief Compliance Officer to ensure the same.

6.4.2.3. Allocation of Resources. The Administrator shall be responsible for:

6.4.2.3.1. Assuring the sound fiscal operation of the Corporation, including developing a comprehensive annual operating budget and capital budget and implementing those budgets following Finance Committee review and Board approval.

6.4.2.3.2. Promoting the delivery of health care services in a cost-effective manner while maintaining an optimal level of quality.

6.4.2.3.3. Planning the use and maintenance of the physical resources of the Corporation.

6.4.2.3.4. Supervising all business affairs of the Corporation and ensuring that all funds are collected and expended to maximize the operating effectiveness of the Corporation.

6.4.2.4. Planning. The Administrator shall be responsible for:

6.4.2.4.1. Assisting the Board in charting the course of the Corporation in response to the needs of the community.

6.4.2.4.2. Recommending long-range plans to the Board which support the Corporation's Mission, Vision, and Values.

6.4.2.4.3. Evaluating the effects of external forces on the Corporation and integrating appropriate responses into the Corporation's short- and long-range plans.

6.4.2.4.4. Completing an annual operating plan to facilitate achievement of goals established in the Corporation's long-range plan.

6.4.2.5. Management and Professional Staff. The Administrator shall be responsible for:

6.4.2.5.1. Ensuring the attainment of Corporation goals through the selection, development, motivation, and evaluation of all Managers and professional staff.

6.4.2.5.2. Selecting, employing, controlling, and discharging all Managers and professional staff members of the Corporation.

6.4.2.5.3. Establishing formal responsibilities and accountabilities of all Managers and professional staff members and regularly evaluating their performance.

6.4.2.5.4. Negotiating professional contracts and ensuring that appropriate salary rates are developed and maintained.

6.4.2.6. Human Resource Management. The Administrator shall be responsible for:

6.4.2.6.1. Ensuring the patient care and operational needs of the Corporation are attained through the selection, training, motivation, and evaluation of all employees of the Corporation.

6.4.2.6.2. Implementing appropriate staffing levels and a plan of departmentalization to facilitate effective delivery of patient care and support services.

6.4.2.6.3. Establishing compensation and benefits consistent with Board-approved limitations.

6.4.2.7. Quality of Health Care Services. The Administrator shall be responsible for:

6.4.2.7.1. Monitoring the adequacy of the Corporation's medical activities, appointments, reappointments, and Medical Staff privileges, through coordination with the Board, the Medical Staff, and patient care staff.

6.4.2.7.2. Developing the policies needed to assure quality health care services.

6.4.2.7.3. Developing a succession plan for retiring and departing physicians.

6.4.2.7.4. Creating an operating environment which facilitates the effective practice of medicine by practitioners on the Medical Staff.

6.4.2.7.5. Consulting with leaders of the Medical Staff concerning patient care needs and allocating resources to effectively meet those needs.

6.4.2.7.6. Coordinating the recruitment and retention of members of the Medical Staff.

6.4.2.7.7. Serving, or designating an individual to serve, as an ex-officio, non-voting member of the Medical Staff and its committees.

6.4.2.8. Promotion of the Corporation.

6.4.2.8.1. Encouraging the integration of the Corporation with the community by implementing effective communication and community relations programs.

6.4.2.8.2. Representing the Board of Trustees in the community.

6.4.2.8.3. Initiating, developing, and maintaining cooperative relationships with the business community and other regional health care providers.

6.4.2.8.4. Generating community involvement through auxiliary, volunteer, and staff programs.

6.4.2.8.5. Speaking before community and business groups about health care problems and the Corporation's programs to meet community health care needs.

6.4.2.9. Spending Authority. The Board of Trustees shall determine the appropriate limits of spending authority for the Administrator, in excess of which such proposed expenditure must receive prior approval from the Board of Trustees. The Board may, at any time, grant exceptions to such spending authorization and shall, from time to time, review and adjust such authorizations as necessary.

6.4.2.10. Contracts. The Administrator and his or her express designees shall be authorized to execute contracts on behalf of the Corporation in accordance with established Board policy and subject to the limitations set forth in these Bylaws. In addition, the Board may authorize other officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, with such authority being either general or confined to specific instances.

6.5. Chief Compliance Officer.

6.5.1. Charge. The Chief Compliance Officer is the Corporation's main agent charged with ensuring that its affairs are operated in accordance with all legal and regulatory requirements. The Chief Compliance Officer has the authority to review all documents and other information relevant to compliance activities, without limitation. The Chief Compliance Officer should work closely with the Administrator and the other Managers, but is empowered to work independently if needed. The Chief Compliance Officer is empowered to raise issues directly with the Board of Trustees if necessary.

6.5.2. Duties.

6.5.2.1. Serve as the Chair of the Compliance Committee.

6.5.2.2. Develop a compliance program appropriate in light of the Corporation's size and scope ("Compliance Program"). Oversee and monitor its implementation.

6.5.2.3. Report on a regular basis to the Board of Trustees, Administrator, and Compliance Committee on the progress of implementation, and assist them in establishing methods to improve the Corporation's efficiency and quality of services and to reduce the Corporation's vulnerability to fraud, abuse, and waste.

6.5.2.4. Develop, initiate, maintain, and revise policies and procedures for the general operation of the Compliance Program and its related activities to prevent illegal, unethical, or improper conduct.

6.5.2.5. Collaborate with other departments to direct compliance issues to appropriate existing channels for investigation and resolution.

6.5.2.6. Consult with the Corporation's attorneys as needed to resolve difficult legal compliance issues.

6.5.2.7. Develop, coordinate, and participate in educational and training programs focusing on the elements of the Compliance Program and ensure that all appropriate employees, including Managers, are knowledgeable of, and comply with, federal and state standards.

6.5.2.8. Ensure that independent contractors and agents who furnish medical services to the Corporation are aware of the requirements of the Compliance Program with respect to coding, billing, marketing, and other appropriate matters.

6.5.2.9. Coordinate personnel issues with the Corporation's human resources department to ensure that the National Provider Data Bank and OIG's Exclusions Database have been checked with respect to all employees, Medical Staff members, and independent contractors.

6.5.2.10. Assist the Corporation's financial management in coordinating internal compliance review and monitoring activities, including annual or periodic reviews of departments' policies and operations.

6.5.2.11. Independently investigate and act on matters related to compliance.

6.5.2.12. Develop policies and programs that encourage Managers and employees to report suspected fraud and other improprieties without fear of retaliation.

Article 7 **MEDICAL STAFF**

7.1. Organization, Appointments, and Hearings.

7.1.1. Organization. The Board of Trustees shall organize the physicians granted practice privileges in the Hospital into a medical staff ("Medical Staff") under Medical Staff Bylaws approved by the Board of Trustees. The Board of Trustees shall consider recommendations of the Medical Staff and appoint to the Medical Staff, in numbers not exceeding the Hospital's needs, physicians who meet the qualifications for membership as set forth in the Bylaws of the Medical Staff. Each member of the Medical Staff shall have appropriate authority and responsibility for the care of his or her patients, subject to such limitations as are contained in these Bylaws or the Bylaws, rules, and regulations for the Medical Staff, and further subject to any limitations placed on their privileges.

7.1.2. Applications. All applications for appointment to the Medical Staff shall be in writing and shall be addressed to the Administrator. Applications shall contain full and frank disclosures of information regarding the applicant's education, licensure, practice, previous hospital experience, and any unfavorable history with regard to licensure, hospital privileges, government payor programs, and criminal history.

7.1.3. Appointments; Hearings. All appointments to the Medical Staff shall be for two years, renewable by the Board with a formal re-application. When an appointment is not to be renewed, or when privileges have been, or are proposed to be, reduced, suspended, or terminated, the Medical Staff member shall be afforded the opportunity to be heard pursuant to procedures established in the Bylaws of the Medical Staff. Such hearings shall be conducted so as to assure due process rights and afford full opportunity for the presentation of all information. Following such a hearing, the Medical Staff shall recommend action to the Board, who shall have final authority over all matters.

7.2. Medical Care and its Evaluation

7.2.1. Retained Powers of the Board. The Board of Trustees shall, in the exercise of its discretion, delegate to the Medical Staff the responsibility for providing appropriate professional care to the Corporation's patients.

7.2.2. Medical Staff Duties. The Medical Staff shall conduct a continuing review and appraisal of the quality of professional care rendered by the Corporation, and shall report such activities and their results to the Board of Trustees through the Quality Assurance Committee.

7.2.3. Medical Staff Role in Provider Status. The Medical Staff shall make recommendations to the Board of Trustees concerning:

7.2.3.1. Appointments, reappointments, and alterations of providers' Medical Staff status;

7.2.3.2. Granting of clinical privileges;

7.2.3.3. Disciplinary action;

7.2.3.4. All matters relating to professional competency; and

7.2.3.5. Such specific matters as may be referred to it by the Board of Trustees.

7.3. Confidentiality.

7.3.1. In the interest of ensuring that the Corporation may honestly and frankly evaluate its operations so as to better serve the community, minutes and notes of the meetings of the Quality Assurance Committee and committees of the Medical Staff shall not be disseminated except as required by law, the Articles of Incorporation, these Bylaws, or an action of the Board, without approval from the Administrator.

7.4. Medical Staff Bylaws.

7.4.1. There shall be Bylaws, rules, and regulations for the Medical Staff setting forth its organization and government. Proposed Bylaws, rules, and regulations may be recommended by the Medical Staff, but only those adopted by the Board of Trustees shall become effective.

Article 8 FISCAL MATTERS:

8.1. Fiscal Year.

8.1.1. The Corporation shall operate on a fiscal year basis, commencing on the first day of July of each year and terminating with the following thirtieth day of June.

8.2. Loans.

8.2.1. No loans of any kind shall be contracted for, or issued on behalf of, the Corporation except by a resolution of the Board. Such authority may be general or confined to specific instances.

8.3. Checks, Drafts, Etc.

8.3.1. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation or to the Corporation shall be signed or endorsed (i) by such Officer or Officers, agent or agents of the Corporation; and (ii) in such manner, as shall from time to time be determined by resolution of the Board.

8.4. Deposits.

8.4.1. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

8.5. Maintenance of Records.

8.5.1. The Corporation shall keep complete records of its business activities according to the standards of sound business procedure. Minutes shall be kept of all meetings of Members, the Board of Trustees, and Committees.

8.6. Corporate Seal.

8.6.1. The Corporation may have a corporate seal, to be selected by action of the Board of Trustees, which shall be circular in form, having the name of the Corporation inscribed on the outer edge of the circle and the words "Corporate Seal" in the center.

Article 9 CONFLICTS OF INTEREST

9.1. Policy.

9.1.1. The Board of Trustees shall adopt and maintain a conflict of interest policy (“Policy”) which is not inconsistent with the provisions of this Article 9.

9.2. Disclosure.

9.2.1. Each Trustee, Officer, and Committee member shall sign, as a condition to serving the Corporation in his/her respective role and annually thereafter, a statement agreeing to be bound by the terms of the Policy. Pursuant to the Policy, any Trustee, Officer, or Committee member having a financial interest in a contract or other transaction presented to the Board of Trustees or a committee thereof for authorization, approval, or ratification, shall make a prompt, full and frank disclosure of such person’s interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant facts, known to such person, about the contract or transaction which might reasonably be construed to be adverse to the Corporation’s interest.

9.3. Procedure.

9.3.1. The Board or Committee to which such disclosure is made shall thereupon determine, by majority vote (excluding the vote of the Trustee or Committee member at issue), whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use personal influence on, or participate (other than to present factual information to or respond to questions) in the discussions and deliberations with respect to such contract or transactions. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote and, where applicable, the abstention from voting and participation, whether a quorum was present, and a summary or the basis on which the decision was made.

9.4. Definition of Financial Interest.

9.4.1. Unless an alternative definition is established in the Policy, a person is deemed to have a financial interest if: (i) he or she could reasonably expect to attain a monetary benefit from the Corporation’s role in a contract or transaction; or (ii) his or her spouse, dependent, or other close family member could reasonably expect the same.

Article 10 INDEMNIFICATION

10.1. Indemnification.

10.1.1. The Corporation shall indemnify its Trustees, Officers, Managers, volunteers, and agents pursuant to Section 10-33-84 of the Act, up to the limits of a Corporate insurance policy covering the conduct leading to the request for indemnification. The right of an individual Trustee, Officer, Manager, volunteer, or agent to receive said indemnification shall be determined by a majority vote of the Board of Trustees who are not involved in the incident leading to the request for indemnification. The non-involved Trustees shall also have the authority to approve payment for the reasonable expenses incurred in defense of the action which is the subject of the indemnification request. In the event that the non-involved Trustees

are not enough to form a quorum of the Board, the procedures established in the Act shall be followed.

10.2. Insurance.

10.2.1. The Corporation may purchase and maintain insurance on behalf of any person indemnified under this Section 10.2.1 to cover obligations arising out of this extension of indemnification, or other liabilities including the costs of defending any actions against a Trustee, Officer, Manager, volunteer, or agent of the Corporation, as such insurance is deemed necessary and appropriate by the Board. The Corporation shall further have the power to purchase and maintain insurance on behalf of any person who is or was serving at the request of the Corporation as a Trustee, Officer, Manager, Committee member, employee, or agent of another corporation, partnership joint venture, trust, or other enterprise insuring against any liability under the conditions described in this Section, subject to the power of the Corporation to indemnify such person under applicable law.

10.3. Agent.

10.3.1. "Agent" of the corporation is defined to include, but not be limited to, a person engaging in peer review and evaluation activities authorized and approved by the Board of Trustees and pursued in accordance with any governing documents such as these Bylaws, policies, or other relevant rules and regulations.

Article 11 **DISSOLUTION**

11.1. Procedures upon Dissolution.

11.1.1. In the event of the dissolution of the Corporation, the Board of Trustees, after paying or making provision for the payment of all liabilities of the Corporation, shall designate and distribute all of the remaining assets of the Corporation to an organization which shall be organized and operated exclusively for charitable, educational, or scientific purposes and exempt from taxation under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code, or any successor law thereto, or distribute all of the remaining assets of the Corporation to the federal, state, or local governments for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is then located, provided, however, that the assets are distributed only to an organization or organizations which were organized and are operated exclusively for charitable purposes and exempt from taxation under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code or any successor law thereto.

Article 12 **AMENDMENTS**

12.1. Amendment Procedure.

12.1.1. These Bylaws may be amended by the Board of Trustees by a two-thirds (2/3) vote, provided that notice shall have been mailed to each Trustee at least seven (7) days prior to the meeting at which such amendment is proposed, and provided that such notice shall fully present the proposed amendments. Nothing in this Section shall prevent the Board from making

reasonable modifications to proposed amendments at such meeting prior to adoption, provided sufficient notice of the meeting has been given.

ADOPTED BY THE BOARD OF TRUSTEES THIS 19th DAY OF April, 2023.

PRESIDENT, BOARD OF TRUSTEES

SECRETARY, BOARD OF TRUSTEES

EXHIBIT A

**Cavalier County Memorial Hospital Association
Membership Enrollment Form**

Standing proudly on the traditions and perseverance of our many hospital founders, CCMH is dedicated to excel at providing high-quality, compassionate, healthcare to all that we serve.

When the Cavalier County community banded together to build Cavalier County Memorial Hospital in 1971, they continued a long tradition of community-focused, community-driven health care. Today, community residents can continue that tradition by becoming members of the Cavalier County Memorial Hospital Association (“Association”), the organization that owns and operates Cavalier County Memorial Hospital. By joining the Association, members can weigh in on crucial changes to the Hospital and ensure that Cavalier County and the surrounding area retains access to high-quality, community-based healthcare.

Membership in the Association is open to any individual living in the Hospital’s Service Area who is 18 years of age or older.

Name: _____ The Association’s Service Area is defined as:

Address: _____ The area within fifty miles of the Hospital.

Address: _____

Phone: (____) _____ By signing this application, I certify that I am over eighteen years of age and that I reside in the Association’s Service Area

Email: _____

Signature: _____ Would you be interested in serving on the Board of Trustees? Yes / No

Please return this Membership Application to:
Cavalier County Memorial Hospital
c/o Membership Applications
909 2nd St.
Langdon, ND 58249

To vote at the Annual Meeting, a membership form must be received prior to the meeting. Membership is good until you no longer meet the qualifications for membership.

Upon the Association’s receipt of a properly completed application form a qualified individual, the individual is a Member of the Association.

APPENDIX A

