



ESSENTIAL
HOSPITALS
INSTITUTE

Bylaws of the Essential Hospitals Institute

September 4, 2013

BYLAWS OF THE ESSENTIAL HOSPITALS INSTITUTE

ARTICLE I. NAME

The name of this corporation shall be the Essential Hospitals Institute ("the Institute").

ARTICLE II. BOARD OF DIRECTORS

2.1. Board of Directors. The Board of Directors shall consist of sixteen (16) directors, including nine (9) Member Directors, five (5) Outside Directors, and two (2) *Ex Officio* Directors.

2.2. Member Directors. Only the senior executives or trustees of a Full Member of America's Essential Hospitals (the "Association") shall be eligible to serve as a Member Director. If a Member Director ceases to be eligible during his or her term as director, then that Board seat shall automatically be deemed vacant, and the remaining members of the Board of Directors may appoint a director to fill the vacancy for the remainder of the term.

2.3. Outside Directors. An Outside Director need not be affiliated with any member of the Association.

2.4. *Ex Officio* Directors.

2.4.1. The President and CEO of the Association shall serve, *ex officio*, as a voting director of the Institute.

2.4.2. Biannually, the President of UHC shall designate a senior UHC executive to serve, *ex officio*, as a voting director of the Institute.

2.4.3. There is no limit on the number of consecutive terms that an individual may serve as an *ex officio* director.

2.5. Election. The Board of Directors of the Association shall elect the Member Directors and Outside Directors (the Member and Outside Directors shall be collectively referred to as the "Elected Directors" herein).

2.6. Terms. Each Elected Director shall serve for a term of two (2) years and until his or her successor is elected and qualified. Each Elected Director may serve on the Board for a maximum of three (3) consecutive terms, subject to the provisions of section 6.1.3 below. Elected Directors' terms of office shall be staggered, with approximately one-half of the total number of Elected Directors to be elected each year. The term of each director shall begin on July 1 of the year in which he or she is elected or succeeds to office. Notwithstanding the foregoing, the term of any Director may be extended for up to one additional year by majority vote of the Board of Directors, and any Director who has been appointed Chair-elect shall continue to serve as a director for so long as he/she holds the Chair-elect, Chair, or immediate past Chair, pursuant to Section 5.1.3 of these Bylaws.

2.7. Resignation and Removal of Directors

A Director may resign at any time by providing written notice to the Chair, and such resignation shall be effective when the notice is delivered, unless the notice specifies a later effective time. An Elected Director may be removed upon the recommendation for removal by the Board of Directors of the Institute, and the approval of such recommendation for removal by a majority vote of the Board of Directors of the Association.

2.8. Vacancy

If a vacancy occurs on the Board of Directors for any reason, the Board of Directors shall recommend an individual to fill such vacancy, and such recommendation shall be approved by the majority vote of the Board of Directors of the Association. The Director shall serve until the expiration of the vacated term and until his or her successor is elected and qualified.

ARTICLE III. MEETINGS

3.1. Meetings and Notice. Regular meetings of the Board of Directors shall be held on such dates and at such times and places as the Board of Directors shall from time to time determine, for the transaction of such business as may lawfully come before each meeting; except that such meetings shall be held at least once each year. Special meetings of the Board of Directors shall be held whenever called by or upon request of the Chair or the Institute Director, or by written request of three directors. Written notice of the time and place of meetings shall be given at least two (2) days prior to the meeting, provided that at the beginning of each one-year period, the Institute may provide a single notice of all regularly scheduled meetings for that year, or for a lesser period, without having to give notice of each regular meeting individually. The purpose of any special meeting shall be stated in the notice of such meeting.

3.2. Quorum. One-half (50%) of the Board of Directors shall constitute a quorum for the transaction of business at all Board meetings.

3.3. Voting. An affirmative majority vote of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless otherwise required by the Articles of Incorporation, these Bylaws, or the District of Columbia Nonprofit Corporation Act of 2010 (the "Act").

3.4. Meeting by Remote Communication. Meetings of the Board of Directors or any committee thereof, may be conducted by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can simultaneously hear each other; and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

3.5. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof, may be taken without a meeting if a written consent, stating the action so taken, shall be signed by all of the directors or committee members, respectively, who are entitled to vote on the action and delivered to the Institute. Such action will be considered the act of the Board of Directors, or a committee thereof, when one or more consents signed by all members of the Board of Directors or committee, are delivered to the Institute.

3.6. Conflicts of Interest. Any conflict or potential conflict of interest on the part of an officer or

director shall be disclosed and addressed in accordance with the Conflict of Interest policy adopted by the Board of Directors.

ARTICLE IV. COMMITTEES

4.1. **Committees.** Committees consisting solely of members of the Board of Directors, and having and exercising the authority of the Board, as delegated by the Board of Directors, may be created, and members of such committees appointed, by the Chair, subject to the approval of a majority of all directors in office. Other committees not having and exercising the authority of the Board in the management of the Institute may be designated, and members of such committees appointed, by the Chair, subject to the approval of the Board of Directors. The duties of any such committee shall be prescribed by the Chair upon its designation, and the committee shall limit its activities to the accomplishment of the tasks for which it is designated and shall have no power to act except as specifically conferred by action of the Board of Directors.

4.2. **Nominating Committee.** The Chair, immediate past Chair and Chair-elect shall serve as the Nominating Committee, with the Chair-elect serving as Chair of the Committee. The Nominating Committee shall meet annually for the purpose of developing a list of candidates for the election of the Board of Directors and officers and shall submit at least one name for each position for election by the Association Board of Directors.

4.3. **Finance Committee.** A Finance Committee shall be made up of members of the Board of Directors and shall be chaired by the Treasurer. The Finance Committee shall oversee the financial affairs of the Institute; supervise the preparation of annual audited financial statements of the Institute; and prepare an annual budget. In addition, the Finance Committee shall work in close consultation with the finance committee of the Association in coordinating the activities of the two organizations.

ARTICLE V. OFFICERS

5.1. Number, Term and Election.

- 5.1.1. The officers of the Board shall include the Chair, Chair-Elect, immediate past Chair, Secretary, and Treasurer. The Chair-Elect and Treasurer shall be elected by the Association Board of Directors on an annual basis, and each shall serve for a maximum of two consecutive one-year terms and until his or her successor in such office has been elected and qualified. The Chair-Elect shall simultaneously serve as Secretary during his or her term as Chair-Elect, shall serve as Chair for the subsequent year, and shall serve as immediate past Chair for the next subsequent year; and shall serve in each office until his or her successor assumes the position. Only an Elected Director shall be qualified to serve as an officer of the Board.
- 5.1.2. The term in office of each officer shall begin on July 1 of the year in which he or she is elected or succeeds to office.
- 5.1.3. A Chair-Elect is elected for three consecutive one-year terms as an officer: Chair-Elect & Secretary; Chair; and immediate past Chair. His or her two-year term as a Director that would otherwise end during this period shall be extended until

expiration of his or her term as immediate past-Chair.

5.2. Resignation, Removal and Vacancy. Any officer may resign at any time by giving written notice to the Chair of the Board. Unless otherwise specified in the notice, the resignation shall take effect upon receipt, without notice of acceptance. Any officer may be removed at any time by a resolution of the Board of Directors, with or without cause, but without prejudice to any contract rights of the person so removed. If a vacancy occurs among the Officers for any reason, the vacancy may be filled by a majority of the Board of Directors, and the Officer shall serve until the expiration of the vacated term and until his or her successor is elected and qualified. Notwithstanding, in the event that the Chair position is vacant, the Chair-Elect shall assume the position of Chair, and the Board of Directors shall fill the position of Chair-Elect.

5.3. Duties. The principal duties of the officers are as follows:

5.3.1. **Chair.** The Chair shall preside at all meetings of the Board of Directors, shall be the principal officer of the Board of Directors and shall perform such other duties as may be assigned to him or her by the Board of Directors. If the Chair is unable to preside at a meeting of the Board of Directors for any reason, the Chair-elect, immediate Past-Chair, or Institute Director, in that order, shall preside at all meetings of the Board in the Chair's absence.

5.3.2. **Secretary.** The Secretary shall have charge of the records and correspondence of the Institute under the direction of the Chair, and shall be custodian of the seal of the Institute, if any. The Secretary shall attend and take and keep or cause to be kept true minutes of all meetings of the Board of Directors, and shall maintain and authenticate the records of the Institute required to be kept pursuant to the Act. The Secretary shall discharge such other duties as shall be prescribed from time to time by the Chair or the Board of Directors.

5.3.3. **Treasurer.** The Treasurer shall keep or cause to be kept account of all moneys, credits and property of the Institute and shall be responsible for the proper custody of all funds. The Treasurer shall establish proper accounting procedures for the handling of the Institute's funds and shall keep proper books of account showing at all times the amount of the funds and other property belonging to the Institute. The Treasurer shall chair the Finance Committee and shall report on the accounts and financial condition of the Institute at all meetings of the Board of Directors, and at the end of each fiscal year shall prepare an annual financial report which shall reflect an audit of a certified public accountant.

5.3.4. **Additional Officers.** The Board of Directors may appoint such officers, in addition to those provided for in this Article V, as the Board may deem necessary. Each officer appointed shall have the authority and perform the duties prescribed by the Board of Directors. All appointive officers shall hold their respective offices or positions at the pleasure of the Board of Directors, and may be removed from office or discharged at any time with or without cause; provided that removal without cause shall not prejudice the contract rights, if any, of such officers. Appointment of such officers shall not of itself create any contract rights in such officers.

5.4. Compensation. Directors shall serve without compensation, but may receive reimbursement of out-of-pocket expenses incurred on business of the Institute. Compensation of officers and agents, if any, shall be fixed by the Board of Directors.

ARTICLE VI. INSTITUTE DIRECTOR

The Institute Director shall be appointed by the Board of Directors in consultation with the Association President and CEO. The Institute Director shall report to the Association President and CEO. The Institute Director shall serve the role of president of the Institute and exercise overall management and day to day supervision over the affairs of the Institute; shall discharge the duties of the Chair in the event of the Chair's absence or disability for any cause whatsoever; shall serve as a nonvoting, *ex officio* member of each committee of the Board; and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors. The person serving as Institute Director shall not simultaneously serve as Secretary.

ARTICLE VII. INDEMNIFICATION OF DIRECTORS AND OFFICERS

7.1. Indemnification. To the fullest extent permitted by the Act, the Institute shall indemnify and hold harmless each officer and director of the Institute against any and all liabilities, costs and expenses (including attorneys' fees and expenses) reasonably incurred by him or her or on his or her behalf in connection with any civil action or proceeding to which he or she may be a party by reason of his or her being or having been an officer or director of the Institute, or by reason of any action alleged to have been taken or omitted by him or her in such capacity, except where the injury or damage was a result of: (i) the willful misconduct of such person; (ii) a crime, unless such person had reasonable cause to believe that the act was lawful; (iii) a transaction that resulted in an improper personal benefit of money, property or services to such person; or (iv) an act or omission that was not in good faith and was beyond the scope of authority of the Institute pursuant to the Act, the Institute's Articles of Incorporation or these Bylaws. Such indemnity shall be effective only in the event that the interested officer or director provides the Board of Directors of the Institute, within a reasonable time after the institution of such action or proceeding, written notice thereof. Such indemnity shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement or otherwise. Such indemnity shall inure to the benefit of the heirs, executors or administrators of each officer and director.

7.2. Insurance. The Institute may purchase and maintain insurance on behalf of any director, officer, employee or agent of the Institute against any liability to which he or she may be or become subject by reason of such status, including reasonable counsel's fees, whether or not the Institute would have the power to indemnify that individual under the provisions of these Bylaws.

ARTICLE VIII. GENERAL PROVISIONS

8.1. Fiscal Year. The fiscal year of the Institute shall be January 1 through December 31.

8.2. Exempt Activities. Notwithstanding any other provision of these Bylaws, no director, officer, employee or representative of the Institute shall take any action or carry on any activity

by or on behalf of the Institute which is not permitted to be taken or carried on by an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as now in effect or hereafter amended (the "Code"), or by an organization contributions to which are deductible under Sections 170(c)(2), 2055(a)(2) or 2522(a)(2) of the Code.

ARTICLE IX. AMENDMENTS

These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, by the affirmative vote of a majority of the Board of Directors present and voting at a meeting at which a quorum is present, subject to the approval of the Association Board of Directors.

CERTIFICATE

I, the undersigned Secretary of the Essential Hospitals Institute, a District of Columbia nonprofit corporation, hereby certify that:

The attached is a true copy of the Bylaws of the Institute as revised by vote of the Board September 4, 2013.

Signed and delivered on this 30th day of September, 2013

A handwritten signature in cursive script, reading "Caroline M. Jacobs", written over a horizontal line.

(signature)

A handwritten name in a cursive script that mimics print, reading "Caroline M. Jacobs", written over a horizontal line.

(print name)