

## **APPENDIX B**

**INDIAN STREAM HEALTH CENTER, INC.**  
**BYLAWS**

**Article I. Organization**

**Section A.** The name of this organization shall be Indian Stream Health Center, Inc. (the "Corporation").

**Section B.** The Corporation shall be a nonprofit corporation organized under chapter 292 of the Revised Statutes Annotated of New Hampshire (the "RSA").

**Article II. Charitable Purposes**

**Section A:** The Corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations which qualify as exempt organizations under Section 501 (c)(3) of the Internal Revenue Code of 1954 (or the corresponding provisions of any future United States Internal Revenue Law). No part of the net earnings of the Corporation shall inure to the benefit of, or be distributed to, its directors, members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of the purposes set forth in Section A of Article II above. No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding, any other provision of these Bylaws, the Corporation shall not carry on any other activities not permitted to be carried on: (a) by a Corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law), or (b) by a Corporation, contributions to which are deductible under section 170(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

**Section B.** The Corporation's service area shall include the Town of Colebrook, New Hampshire, and its surrounding areas and other designated environs as the Board of Directors may, from time to time, approve.

**Article III. Offices**

The address at which the business of this Corporation is to be carried on is: 141 Corliss Lane, in the Town of Colebrook, County of Coos, and State of New Hampshire and 253 Gale Street, in the Town of Canaan, County of Essex, and State of Vermont.

**Article IV. Board of Directors**

**Section A: Number, Election, and Tenure/Resignation**

1. The Board of Directors shall consist of no less than nine (9) members and no more than fifteen (15) Directors, including the Officers. Each Director shall be at least eighteen (18) years of age. The composition of the Board of Directors shall conform to the criteria detailed in this section in accordance with the requirements 42 Code of Federal Regulations ("C.F.R.") Section 51c.304 and related program requirements and policies issued by the Health Resources and Services Administration ("HRSA"), collectively the "HRSA Requirements."

2. A majority (at least 51%) of the Directors must be patients/users of the Corporation and, as a group, reasonably represent the individuals served by the Corporation in terms of demographic factors such as race, ethnicity, age, and gender as reflected by the Corporation's Uniform Data System ("UDS") report. User-Directors of the Board of Directors should live or work in the Corporation's service area and, in the last twenty-four (24) months, must have received at least one

or more service that generated a health center visit where both the service and the site at which the service was received were included in the Corporation's HRSA-approved scope of project. The legal guardian of a dependent child or adult, an individual with the legal authority to make health care decisions on behalf of a patient, or the legal sponsor of an immigrant who utilizes the Corporation may also be defined as a "User" for purposes of participation on the Board of Directors. The remaining, Non-User Directors shall be representatives of the community in which the Corporation is located – either by living or working in the community or by having a demonstrable connection to the community – and will be selected for their relevant experience and skill in such areas as community affairs, local government, finance and banking, legal affairs, trade unions and, other commercial, and industrial concerns, and social services. No more than half of the Non-User Directors may be individuals who derive more than ten (10) percent of their annual income from the health care industry.

3. All terms of tenure for a Director shall be three (3) years from the date of the Director's election at the annual meeting in June and will commence at the adjournment of the annual meeting. A Director may serve three (3) consecutive terms. At the end of the third term, the Director must leave the Board of Directors for one year before becoming eligible for reelection. The outgoing President may serve in the role of Immediate Past President for a fourth three-year term to give guidance to the newly appointed President. No other entity, committee, or individual (other than the Board of Directors) may nominate or select the majority of the Corporation's Board, including a majority of the Non-User Directors.

4. No individual(s), entity (ies), or committee(s) may preclude the selection of Director candidates.

5. Any Director may request a leave of absence in writing to the President. A leave of absence shall constitute no more than three consecutive months of non-participation in Board meetings and activities. During this time, the Director's seat on the Board of Directors may not be filled by any other individual or entity. At the end of the three-month period, the Director may automatically resume participation in Board activities. No more than three Directors may take a leave of absence at one time. The Board of Directors shall not approve any leave of absence if the approval would prevent the Board of Directors from meeting its quorum requirements, as set out in these Bylaws, without the Director(s). All leave of absence requests are subject to the Board of Director's discretion.

6. Any Director may resign before her or his term expires by way of a written letter of resignation to the President. Acceptance of the resignation letter shall be acted upon at the next Board of Directors meeting in which a quorum is present following the President's receipt of said letter.

7. Any Director may be removed from the Board of Directors with cause by action of the Board of Directors as set forth in this Section. Cause for removal shall include: (i) three consecutive absences from Board meetings that are not excused by President; (ii) any five unexcused absences from Board meetings in a calendar year; (iii) conduct detrimental to the interests of the Corporation as determined by the Board of Directors; (iv) refusing to act in a manner consistent with the Corporation's mission or priorities; (v) debarment or suspension from participation in any federal government or privately funded program; or (vi) any other cause the Board of Directors believes requires removal. Removal under this Section shall be by a two-thirds (2/3) vote of the Directors then in office; provided, however, that a statement of charges shall have been mailed by registered or certified mail to any Director accused of misconduct at least fifteen (15) days before final action is taken thereon. Any statement of charges shall be accompanied by a notice of the date, time, and place the Board of Directors is to take action on the misconduct stated. Any Director accused of misconduct shall be given an opportunity to present a defense at the meeting of the Board of Directors set forth in such notice. If a Director who is the President, Vice-president, or other Officer, as defined in Article IV, is removed from the Board of Directors pursuant to this Section, such

Director shall also be deemed to be removed as an Officer without further action by the Board of Directors. In no event shall any other individuals(s), entity(s), or committee(s), or any directors appointed by any other individuals(s), entity(s), or committee(s), require the removal of any director not appointed by such individuals(s), entity(s), or committee(s).

8. In the event of the resignation, death, or removal of a Director during his or her three-year term, a replacement Director shall be elected by the Board of Directors. The newly-elected Director will serve a partial term. Partial terms shall be defined as the date of election through the next election period. Election periods will be held annually in June. As of June, the newly-elected Director will begin to serve his or her full-term.

9. Without exception, no voting Director shall be an employee of the Health Center or an immediate family member of an employee. An immediate family member is defined as a spouse or child, parent, or sibling, by blood, marriage, or adoption. Further, no Director may be related to any other Director. Additionally, as a condition of receiving State of New Hampshire funding, no employee of the New Hampshire Department of Health and Human Service may serve on the Health Center Board of Directors.

10. At the annual meeting in June, the Board of Directors will verify and document that no Director is a current employee of the Corporation, an immediate family member of an employee of the Corporation (i.e., spouses, children, parents, or siblings through blood, marriage, or adoption), related to any other Director,

11. The President/Chief Executive Officer ("President/CEO") will be a non-voting, ex-officio Director and shall report to the Board of Directors.

#### ***Section B: Powers and Duties of the Board of Directors***

1. All the corporate powers are hereby vested in and shall be exercised by the Board of Directors. The Board of Directors may, by general resolution, delegate to a committee of its own number or to the Officers of the Corporation such power as it may see fit, to the extent permitted by law and regulations (including, but not limited to Section 330 of the Public Health Service Act, (42 USC § 254b)). However, the Board of Directors shall maintain authority for oversight of the Corporation's health center project and no other individual(s), entity (ies), or committee(s) (including, but not limited to the Board of Director's Executive Committee and other committees described in Article VII) may reserve approval authority or have veto power over the Board of Directors with regard to the required authorities and functions.

#### **2. General Standards**

a. Basic Rule. A Director or Officer of the Corporation has a fiduciary duty to the Corporation and shall discharge his or her duties in good faith, with the care an ordinary, prudent person in a like position would exercise under similar circumstances and in a manner the Director or Officer reasonably believes to be in the best interests of the Corporation.

b. Entitlement to Rely on Information. In discharging his or her duties, a Director or Officer of the Corporation is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared by:

(1) One or more Officers or employees of the Corporation who the Director or Officer reasonably believes to be reliable and competent in the matters presented;

or

(2) Legal counsel, a public accountant, or other person as to the matters the Director or Officer reasonably believes is within the person's professional or expert competence. A Director or Officer is not acting in good faith if he or she relies on information, opinions, reports or statements that the Director or Officer knows or has reason to believe are unwarranted.

c. Protection. A Director is not liable to the Corporation or other persons for any action taken or not taken as a Director if the Director acted in compliance with this section and, if a conflict-of-interest transaction is involved, the transaction was fair to the Corporation or was approved pursuant to the Corporation's conflict-of-interest policy.

d. Misapplication of Funds or Assets of a Public Benefit Corporation. The funds or assets of the Corporation may not be transferred or applied, and a Director or Officer may not authorize the transfer or application of funds or assets of the Corporation if:

(1) The transfer constitutes a conflict-of-interest transaction that is neither fair nor properly approved as determined under the Corporation's conflict-of-interest policy;

(2) The transfer misapplies the funds or assets in violation of statute, including conversion transaction;

(3) The transfer is to a Director, Officer, or another person in a position to exercise substantial influence over the affairs of the Corporation and constitutes private inurement or excess benefits that exceed the fair market value of the property or services received in return; or

(4) The transfer of funds or assets is to a subsidiary or joint venture organized as a for-profit entity, unless the Board of Directors determines in good faith under the facts and circumstances at the time of transfer or commitment that:

(a) The organization and operations of the for-profit entity will serve, advance, or suppose a charitable purpose of the Corporation;

(b) The transfer or the commitment to transfer is fair to the Corporation;

(c) Distribution of net income by the for-profit entity to owners and investors will be proportionate to their investment interests;

(d) The Articles of Incorporation, Bylaws, or similar organizational documents require that compensation transactions between the for-profit entity and investors in the entity or directors or officers of the entity or others in a position to exercise substantial influence over the affairs of the Corporation; and

(e) Established in amounts that do not exceed the fair market value of services or property to be provided to the entity.

3. The Board of Directors shall be specifically responsible for:

- a. Attending to any matter the Board of Directors determines is in the best interest of the Corporation and is within the purposes and objectives of the Corporation;
- b. Establishing, adopting, and periodically updating the Corporation's policies related to the operations of the Corporation;
- c. Overseeing the development of the overall plan for the Corporation's Section 330 Health Center Program project;
- d. Developing, adopting, and periodically updating the Corporation's policies on the sliding fee discount program, which shall address eligibility for services and criteria for partial payment schedules;
- e. Developing, adopting, and periodically updating the Corporation's policies for billing and collections, waiving or reducing patient fees, and refusal to pay policies;
- f. Developing, adopting, and periodically updating Corporation's health care policies, including scope and availability of services (including approval of decisions by management to subaward or subcontract a substantial portion of the Corporation's services), health center locations, hours of operations, patient confidentiality and bill of rights, and quality of care audit procedures and quality improvement systems;
- g. Developing, adopting, and periodically updating the Corporation's personnel policies and procedures, including selection and dismissal procedures, salary and benefit scales, employee grievance procedures, and equal opportunity practices;
- h. Hiring, annually evaluating, and dismissing the President/CEO of the Corporation;
- i. Developing, adopting, and periodically updating the Corporation's policies for financial management system, including a system to assure accountability for corporate resources and long-range financial planning, and accounting system;
- j. Developing, adopting, and periodically updating the Corporation's policies regarding its quality improvement and quality assurance program, including its quality-of-care audit procedures;
- k. Evaluating the Corporation's performance based on the quality assurance/quality improvement assessments and other information received from the Corporation's management
- l. Reviewing and approving the annual project budget (including proposed uses of both federal Health Center Program award and funds and non-federal resources and revenue), priorities, and eligibility for services, including criteria for sliding fee schedules;
- k. Reviewing and approving the Corporation's annual federal grant application, as well as other grant application's related to the Corporation's health center project, and requests to federal, state, and local agencies related to the HRSA-approved scope of project (including, but not limited to, change-in-scope requests submitted to HRSA).
- m. Cultivating and maintaining collaborative relationships with other area health care providers;

- n. Evaluating the Corporation's activities, including service utilization patterns, productivity, patient satisfaction, achievement of project objectives, and resolution of patient grievances;
- o. Assuring Corporation's activities are conducted in compliance with applicable federal, state, and local laws;
- p. Evaluating itself periodically for efficiency, effectiveness, and compliance with all requirements imposed upon community health centers as set forth in Section 330 of the Public Health Service Act, 42 U.S.C. § 254b;
- q. Evaluating the Corporation's achievements at least annually and revising its mission, goals, objectives, plans, and budgets as may be appropriate and necessary;
- s. Monitoring the financial status of the Corporation, including engaging an independent auditor to annually audit the Corporation in compliance with 2 C.F.R. Subpart F, reviewing the results of the annual audit report, and ensuring appropriate follow-up actions are taken;
- t. Conducting long-range/strategic planning at least once every three years, which at a minimum will address financial management and capital expenditure needs.

**Section C: Compensation**

- 1. No member of the Board of Directors shall receive a salary for his/her services. By resolution of the Board of Directors, reasonable expenses of attendance may be allowed for attendance at regular and special meetings of the Board.
- 2. Reimbursement for Board travel and other reasonable expenses shall follow the same policies as those for staff.

**Section D: Standards of Conduct and Conflict of Interest**

- 1. The Corporation shall maintain written standards of conduct covering conflicts of interest and governing the action of its employees engaged in the selection, award, or administration of contracts that comply with all applicable Federal requirements.
- 2. A conflict of interest arises when the personal interests of a Director are adverse to the interests of the Corporation, including both the purposes for which it was founded and its financial interests. In recognition that it is a non-profit corporation held in trust for the public by its Board of Directors, it is the Corporation's policy that its Directors shall serve only for the charitable purposes of the organization. In accordance with New Hampshire RSA 7:19, Directors shall not be appointed, or shall resign immediately, if they are serving for any other expressed or intended reasons. A Director may also, from time to time, have a conflict of interest impacting upon public confidence, trust, or support, which arises out of his or her personal or family financial interests. New Hampshire law provides that such a conflict shall include, but not be limited to, an interest exceeding \$500 in value in a financial transaction involving the Director, a member of his or her immediate family, or an organization in which the Director or an immediate family member is a proprietor, partner, employee, or officer. The interest may be direct or indirect. Any reference in these Bylaws to a Director's conflict shall also include the conflicts of immediate family members of that Director.
- 3. Each Director, prior to taking his or her position on the Board of Directors, shall read and sign the

Corporation's policy related to standards of conduct and conflicts of interest which shall be attached to and made a part of these Bylaws. Each Director, according to this policy, shall submit in writing to the Compliance Officer, a list of all businesses (with the exception of the Corporation) in which he or she has any of the following interests: officer, director, trustee, proprietor, partner, employee, shareholder with fifty-one (51) percent or greater interest in all outstanding voting shares, member or agent. The list (Disclosure Concerning Financial or Other Interests That Create a Potential or Actual Conflict of Interest)) may be used to consider whether the Director has an existing or potential conflict of interest with the organization. Each Director shall review, update, and resubmit his or her list annually. The Board of Directors shall become familiar with this list in order to guide their collective conduct and mitigate a conflict of interest.

4. In addition to understanding the Corporation's standards of conduct and conflict of interest policy, each Director shall carefully review the provisions of New Hampshire RSA 7:19(a), which shall be attached to and made a part of these Bylaws. At such time as any matter comes before the Board in such a way as to give rise to conflict of interest, the affected Director shall make known the existence of a potential conflict and shall fully and fairly disclose the nature of the conflict. The Director shall then withdraw from the meeting for so long as the matter shall continue under discussion. The Director shall not participate in any discussion, cast a vote, or be present during any discussion or vote on the matter. In the event that the conflict of interest involves the President, the Vice-President shall preside during any and all discussion and action on the matter. If the matter is the item of business for which a special meeting of the Board was called, the affected Director shall not be counted to establish a quorum.

5. Any matter which is considered a "pecuniary benefit transaction" under RSA 7:19(a) shall be prohibited unless it is determined by the Board of Directors to be in the best interest of the Corporation, and unless all of the conditions outlined in RSA 7:19(a) shall be met. A pecuniary benefit transaction does not include reimbursement or repayment of Board-approved expenses incurred in connection with a Director's official duties. It also does not include program benefits received by a Director or immediate family member, provided that there are written eligibility criteria for the benefits that the beneficiary meets. The receipt of these benefits does not need to be disclosed or approved by the Board of Directors. A continuing transaction entered into by the Corporation does not become a pecuniary benefit transaction merely because a person with a financial interest therein subsequently becomes a Director. However, the ongoing transaction must be disclosed to the Board and the proposed appointment approved by a two-thirds (2/3) vote of the Board of Directors. Subsequent substantial increases in the scope or level of the transaction shall cause the transaction to be deemed to be a pecuniary benefit transaction subject to the requirements of the statute and Bylaws.

6. Under all circumstances, loans of money or property to any Director or members of his or her immediate family are prohibited. The purchase or lease of real estate or any interest in real estate, to or from any Director or his or her immediate family members, must be approved in advance by the Probate Court of the county where the property is located, and shall require a complete, independent, and impartial appraisal of the subject property.

7. A Director's immediate family member will be eligible to become an employee of the Corporation within one (1) year of the end of the Directors term only upon two-thirds (2/3) vote of the Board.

## Article V: Meetings

**Section A:** The Board of Directors shall hold regular monthly meetings where a quorum is present. Committee meetings will be held regularly as described in the committee's charter. All meetings shall be



scheduled to take place either in a central location, or at a location within the service area that is convenient to Directors. The President/CEO's Executive Assistant will take minutes at each Board of Directors and committee meeting. Attendance will be taken and tracked at each meeting.

**Section B:** Reasonable efforts shall be made to fully include Directors who may need special accommodations (such as telephone participation if travel time is burdensome, translation services, assistance with physical disabilities, reimbursement for travel and child care costs, etc.). Directors needing special accommodations should notify the President or President/CEO in a timely manner so that arrangements can be made.

**Section C:** Special meetings of the Board of Directors may be called at any time by the President or by the petition of fifty (50) percent of the Directors.

**Section D:** Notices of both regular and special meetings shall be sent to each member of the Board of Directors and to each program site, no less than five (5) days and no more than thirty (30) days, before such meetings. Notices shall include time, place, date of meeting, and an agenda.

**Section E:** A quorum shall consist of at least 51% of the total number of members of the Board of Directors.

**Section F:** The act of a majority of the Directors present at a meeting at which a quorum (51%) is present shall be the act of the Board of Directors unless the act of a greater number is required by law or by these Bylaws.

**Section G:** Any or all Directors may participate in a meeting of the Board of Directors or a committee of the Board of Directors, as applicable, by telephone or by any other means of communication as long as all Directors who are participating in the meeting can hear all other Directors, and such participation shall constitute presence in person at the meeting.

**Section H:** Telephone, facsimile, or e-mail votes may be authorized by the President, contingent upon ratification at the next regular Board meeting.

**Section I: Absences**

1. Any member of the Board of Directors who shall be absent from three consecutive board meetings, unless excused by the President, shall be regarded as thereby resigning from the Board and shall be so notified by the President. Excused absences are considered an absence. The President shall contact the Director after the second consecutive absence and discuss the opportunity for the Director to take a leave of absence or to participate in the next meeting by telephone.

2. Any Director who shall have an unexcused absence from three consecutive Committee Meetings (of the same Committee), not excused by the Committee Chair, shall be regarded as thereby resigning from that Committee and shall be so notified by the President. The President shall offer an opportunity for the Director to serve on a different Committee at that time.

**Section J:** At any meeting of members at which a quorum is present, a member not present may vote by proxy executed in writing by the Director or by her or his duly authorized attorney in fact. No proxy shall be valid after one month from the date of its execution.

**Section K:** The annual meeting shall be held each year during the month of June. The Officers of the Board of Directors shall be elected during the annual meeting in which a quorum is present.

**Section L:** The Board of Directors shall maintain meeting minutes that record, at the very least, the meeting's attendance, key actions taken, and the decisions of the Board of Directors. Minutes of the meetings shall be kept at the administrative office of the Corporation at 141 Corliss Lane, Colebrook, New Hampshire and maintained by the President/CEO's Executive Assistant. Minutes, or portions thereof, shall be distributed to all members of the Board of Directors and President/CEO. Minutes shall be provided to other parties by the President/CEO, as required for the benefit of the Corporation, or to the public, as required by law.

**Section M:** The Board of Directors may conduct all or any part of a meeting in Executive Session for such items as it deems necessary including, but not limited to, discussion of litigation (actual or threatened), evaluation of personnel, or discussion of personnel issues, or receipt of the results of the annual audit. The Board of Directors may invite the President/CEO and such other persons as the Board deems appropriate to attend an executive session. The public and staff members are excluded from Executive Sessions except when invited to give testimony or advice, after which they will be excused. Summary minutes and any final votes of Executive Sessions of the Board will be filed with the regular monthly minutes.

**Section N:** Any action required or permitted to be taken at any meeting of the Board of Directors, or a committee of the Board of Directors, may be taken without a meeting, if the text of the action or resolution agreed upon is sent to all Directors then in office or all committee members, as applicable, provided that all Directors then in office consent in writing to such action or resolution. Such consent in writing shall have the same force and effect as a vote of the Board of Directors or a committee, as applicable, at a meeting thereof, and may be described as such in any document executed by the Corporation.

#### **Article VI: Officers**

**Section A:** The Officers of the Corporation shall be President, Immediate Past President if still a member of the Board of Directors, Vice- President, Treasurer, and Secretary. Any two or more offices may be held by the same individual except the offices of President and Secretary. No instrument to be signed by more than one Officer may be signed by one person serving in more than one capacity.

#### **Section B:**

1. Officers of the Corporation shall be elected annually at the regular annual meeting of the Board of Directors in which a quorum is present from a slate presented by the Board of Directors' Governance Committee. If election of Officers is not held at such meeting, such election shall be held as soon thereafter as is reasonably convenient. Officers shall be elected from among the Directors. Officers shall serve one (1) year terms between elections. Officers may serve in any capacity as an Officer for no more than three (3) consecutive terms; provided, however, that the Board of Directors may extend the number of consecutive terms of an officer for good cause. No other individual(s), entity (ies), or committee(s), other than the Board of Directors, may select the President of the Board of Directors.
2. Any Officer may resign at any time by resignation in writing delivered to the President of the Board of Directors. Letters of resignation shall be formally acted upon by the Board of Directors at the meeting immediately following the receipt of said letter by the President of the Corporation. A vacancy that occurs in any office may be filled by the Board of Directors for the remaining term of office.
3. Any Officer elected or appointed by the Board of Directors may be removed by a vote of two-thirds (2/3) of the full Board of Directors whenever, in its judgment, the best interests of the Corporation would be served thereby. The Officer involved shall be given an opportunity to be present and to be heard at the meeting at which his or her removal is considered.

4. A vacancy of any Officer arising at any time may be filled for the unexpired term of that office by a majority vote of the Directors present and voting at any meeting of the Board at which a quorum exists.

**Section C: Powers and Duties**

1. The President shall preside at all meetings of the Board of Directors, and shall, with the President/CEO, be responsible for preparing the agenda and issuing advanced notice for each Board meeting. The President, or assigned designee, shall appoint the chairpersons of all standing committees.

2. The Immediate Past President may serve in an advisory capacity to the President and other Directors. He or she is a member of the Executive Committee, attends and participates in Board meetings with full voting responsibility, and assumes the duties of the President if both the President and Vice-president are unavailable. To be eligible for Immediate Past President he or she must remain a Board member in good standing.

3. The Vice-president shall perform all the duties of the President in the event of the absence or inability of the President to act, or in the event of a vacancy in that office.

4. The Secretary, or his or her designee, shall keep attendance at the Board meetings and assure that all official records and correspondence of the Board are maintained in the administrative office of the Corporation.

5. The Treasurer shall work closely with any paid executive staff of the Corporation to ascertain that appropriate procedures are being followed in the financial affairs of the Corporation, and shall perform such other duties as occasionally may be assigned by the Board of Directors.

**Article VII: Committees**

**Section A:** The President or assigned designee shall appoint the committee chairs.

**Section B:** The committees shall be as follows:

1. Executive
2. Quality Assurance
3. Finance
4. Governance
5. Security
6. Personnel
7. Ad hoc Committees will be formed as needed, for the duration of the need, as may be deemed advisable by the Board of Directors.

**Section C:** Functions

1. the Executive Committee shall meet at least monthly or as often as needed. The Executive Committee shall consist of the President, Immediate Past President, Vice President, Secretary, and the Treasurer. The President/CEO shall also serve as a non-voting member of the Executive Committee. Under no circumstances shall the majority of the members of the Executive Committee consist of Directors nominated, selected, or designated by a third party (whether an individual(s), entity (ies), or committee(s)). The Executive Committee shall have full authority to act on behalf of the Board of Directors in between regular meetings of the Board of Directors to the extent allowed

under applicable New Hampshire Law and the HRSA Requirements, except that it shall have no power to elect officers; amend the Articles of Incorporation or these Bylaws; authorize the merger, sale, or dissolution of the corporation of substantially all of its assets; or to enter into any transactions or engage in acts which it knows to be contrary to the wishes of a majority of the Board of Directors. Actions taken by the Executive Committee shall not conflict with the policies and expressed wishes of the Board of Directors, and all matters of major importance shall be referred to the Board of Directors unless action must be taken prior to the next monthly meeting. The Executive Committee shall report any business conducted by the Executive Committee to the Board of Directors at the next regularly scheduled meeting. The President of the Board of Directors shall be the Chairperson of the Executive Committee.

2. The Quality Assurance ("QA") Committee shall meet at least monthly and shall consist of at least two Directors and the Quality Assurance/Quality Improvement ("QA/QI") Director of the Corporation. The QA Committee will provide QA program advice and direction to the Board regarding initiatives and programs that focus on the assurance of quality healthcare in the Corporation. It shall be responsible for presenting QA program initiatives and updates to the Board of Directors.

3. The Finance Committee shall meet monthly, and more often, as needed, and shall consist of at least two Directors, the Chief Financial Officer, and the President/CEO. The Finance Committee shall provide policy advice and direction to the Board of Directors regarding the Corporation's financial management practices, including, but not limited to, adopting the annual budget, approving sliding fee scale discounts, planning long-range financial investments, and appointing the corporate auditor.

4. The Governance Committee shall meet at least annually and more often as necessary. The committee shall consist of at least two Directors, the Corporation's Compliance Officer, and the President/CEO. The Governance Committee will provide oversight of corporate policy and governance matters and will be responsible for conducting an annual evaluation of the Board of Directors, and from time to time, make recommendations to the Board for changes in the size of the Board of as appropriate. The Governance Committee will develop qualification criteria for members of the Board of Directors and will be responsible for nominating individuals to the Board. The Governance Committee will oversee the orientation of new Directors, Board trainings, and will regularly review the governing corporate documents.

5. The Security Committee shall meet quarterly or more often as needed. The committee shall consist of at least two Directors and at least one staff member.

6. The Personnel Committee shall meet quarterly or more often as necessary. The committee shall consist of the at least two Directors and one staff member.

7. Functions of ad hoc committees will be designated when such committees are formed. No less than three Directors may be assigned to a Board Ad Hoc Committee.

#### **Article VIII: Indemnification**

Each Director and Officer of the Corporation, now or hereafter serving as such, shall be indemnified by the Corporation against any and all claims and liabilities to which he or she has or shall become subject, by reason of serving or having served as such Director or Officer, or by reason of any action alleged to have been taken omitted, or neglected by her or him as such Director or Officer; and the Corporation shall reimburse each such person for all legal expenses reasonably incurred by him or her in connection with any such claim or liability provided, however, that no such person shall be indemnified against, or be reimbursed for, any expense incurred in connection with any claim or

liability arising out of him or her own willful misconduct or gross negligence.

#### **Article IX: Contracts**

By resolution of the Board of Directors, this Corporation may enter into contracts or execute and deliver instruments in the name of, and on behalf of, the Corporation.

#### **Article X: Fiscal Year**

The fiscal year of the Corporation shall begin on the first day of January in each year and end at midnight on the thirty-first day of December of the same year.

#### **Article XI: Amendment of Bylaws**

The Articles of Incorporation and these Bylaws may be altered, amended, or repealed, and new articles of incorporation or bylaws may be adopted by a majority of the Directors present at any regular meeting or at a special meeting in which a quorum is present. Notwithstanding the foregoing, the Corporation's Articles of Incorporation and Bylaws may not be altered or amended if such alteration or amendment shall disqualify the Corporation from receiving any governmental or non-governmental funding that the Corporation is receiving, including, but not limited to, Federal grant funding under Section 330 of the Public Health Service Act, unless the Board determines by a vote of two-thirds (2/3) of the Directors present at a meeting of the Board of Directors in which a quorum is present that such alteration or amendment would be the best means for the Corporation to further its purposes

#### **Article XII: Dissolution**

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, and after complying with any relevant agreements pertaining to the disposition of any property or equipment possessed by the agency which was purchased with funds from any private agency or funding source, dispose of all the assets of the Corporation exclusively for the purpose of the Corporation in such manner, or to such organizations or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by Superior Court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations as said court shall determine which are organized and operated exclusively for such purposes.

\_\_\_\_\_  
Board Secretary

\_\_\_\_\_  
Date

*Revisions approved by vote of the Board of Directors, May 27, 2009*

*Revisions approved by vote of the Board of Directors, January 23, 2013.*

*Revisions approved by vote of the Board of Directors, September 23, 2015*

*Revisions approved by vote of the Board of Directors, November 30, 2016*

*Revisions approved by vote of the Board of Directors, April 26, 2017*

*Revisions approved by vote of the Board of Directors, May 23, 2018*

*Revisions approved by vote of the Board of Directors, July 24, 2018*

*Revisions approved by vote of the Board of Directors, January 23, 2019*

*Revisions approved by vote of the Board of Directors, December 18, 2019*

*Revision approved by vote of the Board of Directors, July 09, 2020*

TITLE I  
THE STATE AND ITS GOVERNMENT

CHAPTER 7  
ATTORNEYS GENERAL, DIRECTOR OF CHARITABLE TRUSTS, AND COUNTY ATTORNEYS

Director of Charitable Trusts Section 7:19-a

7:19-a Regulation of Certain Transactions Involving Directors, Officers, and Trustees of Charitable Trusts. –

I. Definitions. In this section:

- (a) "Director, officer, or trustee" means a director, officer, or trustee of a charitable trust.
- (b) "Financial interest" means an interest in a transaction exceeding \$500 in value for any officer, director, or trustee, on an annual aggregate basis. An "indirect" financial interest arises where the transaction involves a person or entity of which a director, officer, or trustee, or a member of the immediate family of a director, officer, or trustee, is a proprietor, partner, employee, or officer.
- (c) "Pecuniary benefit transaction" means a transaction with a charitable trust in which a director, officer, or trustee of the charitable trust has a financial interest, direct or indirect. However, the following shall not be considered as pecuniary benefit transactions:
  - (1) Reasonable compensation for services of an executive director, and expenses incurred in connection with official duties of a director, officer, or trustee;
  - (2) A benefit provided to a director, officer, or trustee or member of the immediate family thereof if:
    - (A) The benefits are provided or paid as part of programs, benefits, or payments to members of the general public; and
    - (B) The charitable trust has adopted written eligibility criteria for such benefit in accordance with its bylaws or applicable laws; and
    - (C) The director, trustee, or family member meets all of the eligibility criteria for receiving such benefit;
  - (3) A continuing transaction entered into by a charitable trust, merely because a person with a financial interest therein subsequently becomes a director, officer, or trustee of the charitable trust.
- (d) "Charitable trust" does not include, for purposes of this section only, an organization qualified as a private foundation under the applicable provisions of the United States Internal Revenue Code.

II. A pecuniary benefit transaction shall be prohibited unless it is in the best interest of the charitable trust and unless all of the following conditions are met:

- (a) The transaction is for goods or services purchased or benefits provided in the ordinary course of the business of the charitable trust, for the actual or reasonable value of the goods or services or for a discounted value, and the transaction is fair to the charitable trust;
- (b) The transaction receives affirmative votes from at least a 2/3 majority of all the disinterested members of the governing Board of the charitable trust, which majority shall also equal or exceed any quorum requirement specified in the bylaws of the charitable trust:
  - (1) After full and fair disclosure of the material facts of the transaction to the governing Board and after notice and full discussion of the transaction by the Board;
  - (2) Without participation, voting, or presence of any director, officer, or trustee with a financial interest in the transaction or who has had a pecuniary benefit transaction with the charitable trust in the same fiscal year, except as the Board may require to answer questions regarding the transaction; and
  - (3) A record of the action on the matter is made and recorded in the minutes of the governing Board;
- (c) The charitable trust maintains a list disclosing each and every pecuniary benefit transaction, including the names of those to whom the benefit accrued and the amount of the benefit, and keeps such list available for inspection by members of the governing Board and contributors to the charitable trust. The list shall also be reported to the director of charitable trusts each year as part of the charitable trust's annual report required under RSA 7:28;
- (d) If the transaction, or the aggregate of transactions with the same director, officer, or trustee within one fiscal year, is in the amount of \$5,000 or more, the charitable trust publishes notice thereof in a newspaper of general circulation in the community in which the charitable trust's principal New Hampshire office is located, (or if there is no such office, then in a newspaper of general circulation throughout the state), and gives written notice to the director of charitable trusts, before consummating the transaction. At a minimum, such notice shall state that it is given in

compliance with this section and shall include the name of the charitable trust, the name of any director, officer, or trustee receiving pecuniary benefit from the transaction, the nature of the transaction, and the specific dollar amount of the transaction.

III. Every director, officer, or trustee, or member of the immediate family of such director, officer, or trustee, who engages in a pecuniary benefit transaction with a charitable trust shall provide copies of all contracts, payment records, vouchers, other financial records or other financial documents at the request of the director of charitable trusts in accordance with RSA 7:24. All documents so provided may be disclosed to the public for inspection and copying, subject to applicable confidentiality laws.

IV. Every charitable trust shall adopt policies pertaining to pecuniary benefit transactions and conflicts of interest.

V. No charitable trust shall lend money or property to its directors, officers, or trustees. Any director, officer, or trustee who assents to or participates in the making of any such loan shall be jointly and severally liable to the charitable trust for the amount of such loan until it is repaid.

VI. No charitable trust shall sell, lease for a term of greater than 5 years, purchase, or convey any real estate or interest in real estate to or from an officer, director, or trustee without the prior approval of the probate court after a finding that the sale or lease is fair to the charitable trust. However, this paragraph shall not apply to a bona fide gift of an interest in real estate to a charitable trust by a director, officer, or trustee of the charitable trust.

VII. A pecuniary benefit transaction undertaken in violation of this section is voidable. The director of charitable trusts may investigate complaints regarding pecuniary benefit transactions and if, after an investigation pursuant to RSA 7:24, the director determines that a pecuniary benefit transaction is in violation of this section, the director may institute appropriate proceedings under RSA 7:28-f to enforce these provisions.

VIII. Any member of the governing Board of a charitable trust shall have standing to petition, pursuant to RSA 491:22, for a declaratory judgment that one or more pecuniary benefit transactions of the charitable trust are void.

IX. The provisions of this section shall not apply to transactions between a charitable trust and its incorporators, members, or other contributors who are not also directors, officers, or trustees of the charitable trust, provided that such transactions are fair to the charitable trust.

X. Notwithstanding subparagraph I(c) of this section, in the case of hospitals, "pecuniary benefit transaction" shall not include reasonable compensation for professional services of members of the hospital's professional medical or nursing staff who also serve as members of the governing Board of the hospital, if persons receiving such compensation does not constitute more than 25 percent of the membership of such Board or the governing Board of the charitable trust which owns the hospital.

XI. Notwithstanding subparagraph I(c) of this section, in the case of educational organizations normally maintaining a regular faculty and curriculum and normally having a regularly enrolled body of pupils or students in attendance at the place where their educational activities are regularly carried on, "pecuniary benefit transaction" shall not include reasonable compensation for professional services of members of the organization's faculty and staff who also serve as members of the governing Board of the educational organization if such persons do not constitute more than 25 percent of the membership of such Board.

Source. 1996, 302:2. 1997, 184:2, 3, eff. Jan. 1, 1998.

<http://www.gencourt.state.nh.us/rsa/html/i/7/7-19-a.htm>