

# **SCHENECTADY FAMILY HEALTH SERVICES DBA Hometown Health Centers**

## **BY-LAWS<sup>1</sup>**

### **Preamble**

Schenectady Family Health Services, doing business as Hometown Health Centers (HHC), with facilities in Schenectady and Amsterdam, New York is a Federally Qualified Health Center (FQHC) providing care to its patient-consumers guided by directives and recommendations issued by the:

- US Department of Health and Human Services (HHS),
- Office of US Inspector General (OIG),
- Health Resources and Services Administration (HRSA)
- NYS Office of the Medicaid Inspector General (OMIG),
- NYS Department of Health (DOH)
- Health Care Compliance Association (HCCA),
- National Association of Community Health Centers (NACHC), and
- American Hospital Association’s Center for Healthcare Governance (AHACHG).

It also is guided by standards set forth in the New York Nonprofit Revitalization Act of 2013.

### **ARTICLE I**

#### **NAME & OFFICES**

##### **Section 1: Name**

The name of this Corporation, organized pursuant to the Not-for-Profit Corporation Law of the State of New York, is “Schenectady Family Health Services, Incorporated” (SFHS). The Corporation shall do business as “Hometown Health Centers”.

##### **Section 2: Corporate Offices**

The principal office of the Corporation is located at 1044 State Street, Schenectady, New York. This office shall direct Corporation activities and be the depository for all Corporation records. The Corporation may establish other offices or facilities, as its Board of Directors may designate and as the affairs of the Corporation may require.

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<sup>1</sup> Amended by the Board of Directors September and October 2023.

**ARTICLE II**  
**PURPOSES**

The Corporation has been formed for purposes that are charitable in nature including:

- (a) To establish, organize, operate and maintain an independent ambulatory FQHC in or near underserved areas for economically disadvantaged residents of greater Schenectady and Amsterdam in New York State. The Schenectady and Amsterdam facilities provide primary care services for out-patient adults and children in need. The Schenectady Center also offers dental services.
- (b) Nothing herein shall authorize this corporation, directly or indirectly, to engage in or include among its purposes any of the activities mentioned in Section 404 (a-v) of the New York State Not-for-Profit Corporation Law except to the extent that such purposes or activities have been expressly approved via an Operating Certificate or Consent to File.
- (c) To provide comprehensive out-patient health services, emphasizing prevention and education, including health care and treatment, behavioral health care and treatment, dental care and treatment, family planning services, diagnostic services, social services, and other enabling services to families and individuals, particularly low income residents who live in the areas of service.
- (d) To operate chemical dependence, alcoholism and/or substance abuse services, within the meaning of Articles 19 and 32 of the New York State Mental Hygiene Law and the Rules and Regulations adopted pursuant thereto as each may be amended from time to time, which shall require as a condition precedent before engaging in the conduct of any such services an Operating Certificate from the New York State Office of Addiction Services and Supports (formerly the Office of Alcoholism and Substance Abuse Services).
- (e) To deliver high quality primary care (Schenectady and Amsterdam) and dental services (Schenectady) under conditions meeting the proper standards for the delivery of health care, rendered by competent, credentialed professionals subject to established quality controls.
- (f) To provide health care and related services and operate its facilities without regard to age, race, creed, color, gender, disability, national origin, sexual orientation, military status, marital status, predisposing genetic characteristics, or domestic violence victim status. In addition, Hometown Health Centers will operate without regard to the above referenced descriptions when selling or buying land, renting commercial space, or hiring persons or companies as vendors, consultants, or third party contractors.
- (g) To conduct any and all lawful activities that may be useful in accomplishing the foregoing purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
- (h) The solicitation of donations from the general public and acquisition of real and/or personal property for corporate purposes by grant, gift, purchase, rental, devise,

or bequest and the holding and disposition of same subject to such limitations as are described by statute.

- (i) The utilization of services of volunteers in the conduct of its business.

### **ARTICLE III**

#### **BOARD OF DIRECTORS**

##### **Section 1: General Management**

The general management of the affairs of this Corporation shall be vested in a Board of Directors. The Board, which shall meet the requirements of being independent as defined under the New York Nonprofit Revitalization Act, shall have the power to take all necessary and proper steps to carry out the purposes of the Corporation.

##### **Section 2: Responsibilities**

The Board of Directors shall be responsible for:

- (a) Monitoring patient satisfaction and overseeing a process to resolve complaints.
- (b) Defining, reviewing, and promoting the Mission and Values of HHC and engaging in strategic and long-term planning.
- (c) Reviewing and approving the services to be provided and hours of operation at the Schenectady and Amsterdam facilities.
- (d) Establishing general corporate, personnel, financial management, and health care policies and procedures.
- (e) Safeguarding the assets of the Corporation including approving HHC's application and budget, approving fee schedules, and selecting an independent auditor and officially accepting the annual audit report.
- (f) Selecting, evaluating, supporting and when appropriate terminating the Chief Executive Officer. At a minimum the Board Chair shall be consulted by the CEO regarding the hiring and termination of the Chief Operating Officer, Chief Financial Officer, Compliance Officer, General Counsel, and certain key staff of the Corporation.
- (g) The Board shall be advised of lawsuits and substantive, documented complaints made against the organization or senior management by the Ethics and Compliance Officer.
- (h) Monitoring and evaluating to ensure the Corporation is operating in compliance with federal, state, and local laws, regulations and requirements.

- (i) Monitoring and evaluating its performance through annual Board Self-Assessments which shall include knowledge about ethics, compliance, and the specific needs of a Federally Qualified Health Center (FQHC).
- (j) Maintain a robust compliance program to identify and stop waste, fraud, and abuse. Ensure the Chief Executive Officer appoints a Compliance Officer.

### **Section 3: Membership and Tenure**

The Board of Directors shall be comprised of not less than nine (9) and not more than twenty (20) members who shall stand for regular elections with each term comprising two years.

- (a) A majority of the members of the Board of Directors shall be persons who are consumers at HHC and residents of the service area. As a group, these Board Members must be representative of the Health Center's demographics.

The remaining Board members shall be generally representative of the community at-large living in the service area with expertise that includes, but not limited to, business, government, community affairs, and banking and finance. No more than one-half of these remaining members shall be health providers who earn more than ten (10%) percent of their annual income from the health care industry.

A qualified Board nominee may include a legal guardian of a consumer who is a dependent child or adult, or a legal sponsor of an immigrant consumer.

- (b) No member of the Board shall be an employee of HHC or a spouse, significant other, child, parent, niece, nephew, brother or sister by blood or marriage, an adoptive parent of or be adopted by an employee of HHC.
- (c) Except as provided in Article IV, Section 1, paragraph (b) Directors shall be limited to four (4) consecutive two-year terms. Although it is important to have periodic changes to the Board, a Director may serve additional terms, if the Board determines after careful deliberation and as reflected in the minutes, it is in the best interest of the organization and in the furtherance of best practices. A former Director may be reelected to the Board after having stepped down for a minimum of two years, if the Board determines after careful deliberation and as reflected in the minutes, it is in the best interest of the organization and in the furtherance of best practices.
- (d) A Board member may be granted a leave of absence. Such leave is subject to Board approval. Voting rights of the individual are suspended during the leave of absence.

### **Section 4: Regular and Annual Meetings**

Regular meetings of the Board of Directors shall take place monthly and may occur more frequently. The time and place of regular Board meetings shall be determined in advance by the Board Chair.

The first meeting of the new year shall constitute the Annual Meeting at which time elections shall be held for Officers and Directors.

## **Section 5: Special Meetings**

Special meetings of the Board of Directors shall be held whenever called by the Board Chair, the Board Secretary, or any three (3) Directors. Notice of Special Meetings shall be given personally or by telephone, electronic mail, facsimile or first-class mail and shall state the purposes, time and place of the meeting. If notice is given personally or by telephone it shall be given not less than three (3) days before the meeting; if it is given by electronic mail, facsimile or first class mail, it shall be given not less than five (5) days before the meeting.

## **Section 6: Executive Sessions**

Any member of the Board may make a motion during a meeting for an Executive Session. The motion shall include language regarding what staff or guests may remain during the Session to discuss matters of a sensitive nature.

## **Section 7: Affirmative Assent**

A Director who is present at a meeting of the Board of Directors at which action on any Corporate matter is taken shall be presumed to have voted in favor of a motion during a voice vote unless his or her dissent or abstention is voiced and entered in the minutes of the meeting, either at the time the action is taken or by correction at the time the minutes are approved by the Board. The ability to clarify a negative or dissenting vote does not provide authority for a Board member to change his or her affirmative vote to a negative vote.

## **Section 8: Quorum and Voting**

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board serving as Directors at the time. Each Director shall be entitled to one (1) vote and the vote of a majority of the Directors present at the meeting at which there is a quorum shall be the act of the Board of Directors unless, pursuant to specific provision of these By-Laws, a different number of votes is required for the action to be taken.

## **Section 9: Meetings by Telephone or Teleconference**

Members of the Board of Directors may participate in a meeting of the Board by electronic and teleconference means so long as all persons participating in the meeting can hear each other at the same time and have an opportunity to speak. Such participation shall constitute presence in person at the meeting.

## **Section 10: Nomination and Election of Directors**

The Governance Committee shall identify candidates who are Hometown patients reflecting its racial, ethnic, gender, and cultural diversity. Fifty-one percent (51%) of Board Members shall be users of Hometown services. The Committee also shall seek candidates with nonprofit or professional expertise needed by the organization. Patient-consumers also may make recommendations to the Governance Committee or a Board Director.

### **Section 11: Board Member Attendance**

If a Director fails to attend three (3) consecutive meetings or less than fifty percent (50%) of the scheduled meetings in a 12 month period without excused absence, duly noted in the minutes of the meeting, his or her position may become vacant for the remainder of the term at the sole discretion of the Chair.

### **Section 12: Resignation of Directors**

Any Director may resign at any time by giving written notice, which may include email, to the Board Chair or Board Secretary. Such resignation shall take effect at the time specified therein, and if no time is specified in the written resignation, it shall take effect upon receipt by the Board Chair or the Board Secretary. Acceptance is not a prerequisite to the effectiveness of any resignation.

### **Section 13: Suspension and Removal of Directors**

Any member of the Board of Directors may be suspended for cause by a two-thirds (2/3) majority vote of the Board at any official meeting provided there is a quorum for the meeting at which the action is taken. The period of suspension shall last only until such time as the next Annual Meeting. At any meeting where a vote is to be taken to suspend a member of the Board, the Director in question may attend and shall be given a reasonable opportunity to argue his/her defense. Any member of the Board of Directors may be removed with cause by two-thirds (2/3) majority vote of the Board at any official meeting, provided there is a quorum for the meeting at which the action is taken. At any meeting where a vote is to be taken to remove a member of the Board, the Director in question may attend and shall be given a reasonable opportunity to argue his/her defense.

### **Section 14: Vacancies**

Upon recommendation of the Board Governance Committee, the Board of Directors shall have power to fill vacancies of its own membership by a majority vote of the Board. Such new Directors shall hold office until the first Board of Directors meeting of the next calendar year, at which time he or she may be a candidate for election for the remainder of the term of the vacancy.

### **Section 15: Emeritus Status**

The Board may bestow emeritus membership to an individual who has rendered previous meritorious service to the Corporation as a Board Member. The individual must be elected by a majority of the Board and will be a non-voting member.

### **Section 16: Powers**

No individual Director or group of Directors has the authority to bind the Board or speak on its behalf without express authorization from it setting forth the limited purpose and duration.

## **ARTICLE IV**

### **OFFICERS**

#### **Section 1: Officers, Qualifications, Election, Term**

(a) The Board of Directors shall elect by majority vote a Board Chair, Recent Past Chair or Board Chair Elect, Board Secretary, and Board Treasurer, and such other Officers from its members as it may determine, who shall be given such duties, powers and functions as hereinafter provided. Except as provided in paragraph (c) of this section, said Officers shall be elected to hold office for two (2) years from the date of election. Each Officer shall hold office for the term for which he or she is elected and until his or her successor has been elected. Nominations for these offices may be made by any Director at a Board meeting, Governance Committee, and by patient-consumers. If two or more persons have been nominated for the same office then a secret ballot shall be conducted and counting done in a transparent manner. The Board shall go through the process of nominations and elections, confidential if contested. The process of nomination and election shall give weight to a presumption that the individual serving as Board Chair Elect may be selected as Board Chair upon vacancy in the latter office, but there shall be no requirement to do so.

(b) Except as provided in paragraph (c) of this section, Officers shall be limited to two (2) consecutive two (2) year terms. Although it is important to have periodic changes in each office, an officer may serve additional terms in the same position, if the Board determines after careful deliberation and as reflected in the minutes, it is in the best interest of the organization and in the furtherance of best practices. Such additional service should be the exception. A former officer may be reelected to his or her former office after having stepped down from the position for a minimum of two years, if the Board determines after careful deliberation and as reflected in the minutes, it is in the best interest of the organization and in the furtherance of best practices. Such additional service should be the exception.

(c) Notwithstanding the preceding two paragraphs, the position of Recent Past Chair may be filled for a single one (1) year term by the individual who most recently served as Board Chair. No other individual may serve in this position, and the single one (1) year term may not be extended or renewed. In the event that the individual eligible to serve as Recent Past Chair is unable or unwilling to serve, or if the eligible individual is not nominated or elected to the position, the office of Recent Past Chair shall be vacant and the Board Chair Elect shall be selected in the usual manner. During the one (1) year term of a Recent Past Chair, the office of Board Chair Elect shall be vacant. At the end of that one (1) year term, the office of Board Chair Elect shall be filled for a one (1) year term.

#### **Section 2: Suspension, Removal or Resignation**

Officers serve at the discretion of the Board of Directors. Any Officer elected by the Board may be suspended or removed by a two-thirds majority vote of the Board. In the event of the death, resignation, suspension or removal of an Officer, the Board Chair shall appoint an acting successor to fill that Officer's un-expired term, and that acting successor's appointment shall be confirmed or disapproved by the Board at the next regular meeting.

### **Section 3: Duties of the Officers**

(a) **Board Chair.** The Board Chair shall preside at all meetings of the Executive Committee and the Board of Directors. The Board Chair shall appoint committee chairs; shall serve as Chair of the Executive Committee and as an *ex officio* member of such other committees as s/he shall determine; shall cast the deciding vote in the case of a tie at any meeting of the Board of Directors; and perform such other duties as assigned by the Board of Directors.

(b) **Board Chair Elect.** In the absence of the Board Chair, or in the event of his/her inability or refusal to act, the Board Chair Elect shall perform the duties of the Board Chair, and when so acting shall have all the powers of and be subject to all the restrictions upon the Board Chair. The Board Chair Elect shall perform such other duties as from time to time may be assigned to him/her by the Board Chair or the Board of Directors. During the term of a Recent Past Chair, the office of Board Chair Elect shall be vacant, and the Recent Past Chair will perform the duties of Board Chair Elect.

(c) **Recent Past Chair.** The immediate past Board Chair shall be eligible to serve a single one (1) year term as Recent Past Chair and shall perform the same duties as the Board Chair Elect. During the term of the Recent Past Chair, the office of Board Chair Elect shall be vacant.

(d) **Board Secretary.** The Board Secretary shall keep and certify the minutes of the meetings and resolutions of the Executive Committee and Board of Directors and keep a record of all notices duly given in accordance with the provisions of these By-Laws or as required by law.

(e) **Board Treasurer.** The Board Treasurer shall provide a financial report at all regular meetings of the Board of Directors in a format prescribed by the Board, shall serve as the Board's liaison with the independent auditor, and shall serve as Chair of the Audit and Finance Committee. In general, the Board Treasurer shall perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board Chair or by the Board of Directors.

(f) **Chief Executive Officer.** The Board of Directors shall employ a Chief Executive Officer (CEO) who shall manage, direct and monitor operations and patient care functions in compliance with federal and state requirements and the policies established by the Board of Directors. The CEO shall be the principal administrative officer of the Corporation and shall be the official custodian for the corporate records of the Corporation. The CEO shall be an *ex officio*, non-voting member of the Board of Directors, the Executive Committee and other Committees as deemed necessary by the Board.

### **Section 4: Authority to Act**

The Board Chair, the Secretary or any other person authorized by the Board of Directors may sign deeds, mortgages, bonds, contracts or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws or by statute to other Officer or agency of the Corporation. All bank checks and drafts and all other such orders for the payment of monies out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation shall be signed on behalf of the Corporation in such a manner as shall from time to time be determined by resolution of the Board of Directors.

**ARTICLE V**  
**COMMITTEES**

**Section 1: Appointments**

- (a) The Board Chair shall, subject to approval of the Board of Directors, appoint members for one-year terms to the following Standing Committees: Executive Committee, Audit & Finance Committee, Credentialing Committee, Ethics and Compliance Committee, Quality Assurance Committee, and Board Governance Committee.
- (b) All Committees shall have a charter outlining their purpose and how the work of each body shall complement the Mission and Values of the organization. The charter shall be reviewed annually by the respective committees.
- (c) Sub- or temporary committees may be created and appointed by the Board Chair with the consent of the Board of Directors on a temporary basis for special purposes as needed.

**Section 2: Powers and Responsibilities**

Unless specified by law, each Board committee and every member thereof shall serve at the pleasure of the Board of Directors. Except as otherwise provided by Section 3 of this Article, no committee shall have the power to represent, bind or otherwise speak for the Corporation without the express consent of the Board of Directors. Each committee shall keep minutes of its proceedings and regularly report to the Board of Directors.

**Section 3: Executive Committee**

The Executive Committee shall be comprised of the elected Officers of the Corporation. Additional members of the Board of Directors may be appointed to serve on the Executive Committee at the discretion of the Board Chair. The Board Chair shall serve as the Chair of the Executive Committee. The Executive Committee shall be responsible for reviewing the performance and setting the compensation of the CEO. The Executive Committee shall review bonuses and key staff salary ranges. The Executive Committee shall have all the powers of the Board of Directors during intervals between Board meetings. The Executive Committee shall report any actions taken between Board meetings to the full Board for discussion and ratification at the next regularly scheduled board meeting. Discussion and ratification shall be reflected in the minutes. Meetings of the Committee may be called by the Chair or by any two (2) members of the Committee. The Executive Committee shall meet as necessary. The Executive Committee also shall meet with the Human Resource Chief to receive guidance on salaries, positions, background checks, selection and dismissal procedures, and employee grievances and the resolution process.

#### **Section 4: Audit & Finance Committee**

The Audit & Finance Committee shall be comprised of at least three (3) members of the Board of Directors. The Treasurer shall serve as the Chair of the Committee. The Committee shall develop a budget for approval by the Board of Directors and review and present to the Board any and all audits of the Corporation or any of its programs or any of its programs or contracts.

Among the Committee's other responsibilities:

- (a) Oversee cyber security ensuring the vigilant protection of patient information.
- (b) Monitor the process to solicit competitive bids for goods and services. The Committee shall monitor the process used by senior management to retain vendors and consultants who provide work that is fair, competent, reasonable, in HHC's best interest, and based on the solicitations of at least three bids, unless the scope of work is deemed too narrow and requiring a highly specialized expertise not widely or readily available. Vendors also shall be bound by confidentiality requirements, especially regarding HIPAA.
- (c) Oversee the accounting and financial reporting process which shall include, but not be limited to, retention of a qualified independent auditor and determination of the scope of work, which shall be thoroughly assessed annually; and
- (d) Discuss with the auditor all results, management letter, material risks and weaknesses in internal controls and any restrictions on his or her activities upon completion of the annual audit.

#### **Section 5: Governance Committee**

The Governance Committee shall be responsible for Board Director and Officer nominations. Officer and Director nominations also may be made by any Director at a meeting for elections.

It shall work with the CEO and Board Chair to develop and implement a process for recruitment of new Board members. The Committee, in recommending Board nominees, shall vet candidates to ensure no conflicts of interest exist, evaluate Board skill needs, and inform nominees about the duties and responsibilities of Board members and the special needs of Federally Qualified Health Centers (FQHCs). The Committee also may consider Director nominations from patient-consumers.

#### **Section 6: Credentialing Committee**

The Credentialing Committee shall be a medical and dental review committee. The Committee shall be responsible for the review, approval and oversight of medical and dental staff policies, medical and dental staff membership, initial appointments, reappointments, clinical privileges and professional conduct.

## **Section 7: Ethics and Compliance Committee**

Ethics and Compliance Committee shall meet no less than twice a year and oversee the Corporation's compliance program managed by the Ethics and Compliance Officer which reflects, in part, applicable legal and regulatory requirements, industry standards, and best practices. The Corporation's compliance program shall include, but not be limited to, policies for whistleblowing, conflicts of interest, and code of conduct which all staff and Board Directors are bound to uphold. It shall monitor and provide leadership with respect to compliance and nurturing an ethical organizational culture.

The Committee shall receive by way of the Ethics and Compliance Officer reports on fines, lawsuits, patient complaints, and risk management reports as provided to him or her by the Risk Manager and other senior staff. The Ethics and Compliance Officer shall meet with the full Board no less than quarterly.

## **Section 8: Quality Assurance Committee**

The Quality Assurance Committee shall meet no less than twice a year and the Board shall receive reports no less than quarterly. The Committee shall oversee the Quality Assurance program. The program ensures quality care and excellent customer service. The Committee will annually review and approve the quality assurance plan.

## **Section 9: Committee Chairs**

The Board Chair shall appoint all committee chairs subject to Board approval. All chairs of standing committees shall be members of the Board of Directors at the time of their appointment and at all times while serving as committee chairs.

## **Section 10: Committee Membership**

The Board Chair shall appoint persons to serve as members of all Committees with Board consent. Committee members may be selected at the annual meeting for a one-year term. Except where otherwise provided by these By-Laws, Committee members are not required to be Board Members to serve on Committees, though each Committee should have no less than three Directors.

## **Section 11: Removal**

The Board Chair may suspend or remove any Committee member or Committee Chair. Committees exist and are created in accordance with Section 1 of this Article.

# **ARTICLE VI**

## **DUTY OF CARE, LOYALTY & OBEDIENCE AND CONFLICT OF INTEREST**

### **Section 1: Duty of Care:**

All members of the Board of Directors shall exercise that same degree of care that a reasonable person, with similar abilities, acumen and sensibilities, would exercise under

similar circumstances at all times. A Director and Officer will undertake to understand all, or substantially, all of the consequences of his/her actions.

### **Section 2: Duty of Loyalty:**

No Officer or Director shall take any action, or establish any interest, that compromises his/her ability to represent the Corporation's best interests. Board Members owe undivided allegiance to HHC when making decisions affecting the Corporation.

### **Section 3: Duty of Obedience:**

All Board Members are expected to be faithful to the Center's Mission and Values. No Officer or Director shall disobey a decision of the Board of Directors.

### **Section 4: Conflict of Interest:**

- (a) A conflict of interest exists when a matter to be acted upon by a Committee or the Board of Directors confers a direct, substantial benefit to any Officer or Director, or business or agency from which such an Officer or Director derives or may derive an income or has authority in governance.
- (b) Board Members must disclose all conflicts or potential conflicts of interest to the Secretary, Audit and Finance Committee, and the Ethics and Compliance Officer. All Board Members must complete and sign a Conflict of Interest Disclosure Statement annually. No nominee to the Board of Directors shall be voted onto the Board until he or she has returned a Conflict of Interest Survey to the Secretary in coordination with the Ethics and Compliance Officer.
- (c) A Director shall abstain from voting on any matter before the Board or Committee which places him or her in an actual or potential conflict of interest. Board members shall be provided with a written advisory opinion in a timely manner, shared with the Secretary and Audit and Finance Committee, from the Corporate Ethics and Compliance Officer on any matter where an actual or potential conflict may arise.
- (d) Prior to voting on matters in which a potential conflict of interest exists for any Director, the Board Chair shall inquire whether any Director of the Board desires to abstain from voting because of a conflict of interest and any Director of the Board shall declare that he or she abstains from voting if a conflict of interest exists or may exist. Prior to voting on any matter, a Director of the Board may be requested by any other Director of the Board to abstain from voting because of a conflict of interest. If the challenged Director refuses to abstain from voting as requested, the Board Chair or Vice Chair shall call for a vote of the Directors to determine whether the challenged Director has a conflict of interest and shall be required to abstain from voting on the matter before the Board. If a two-thirds (2/3) majority of the Directors vote to require the abstention of the challenged Director, that Director shall not be permitted to vote.
- (e) In accordance with Article III, Section 13 of the Bylaws, a Director may be removed, suspended or censured for failing to disclose any personal or family conflict of interest during a Board or Committee discussion and before a vote. The Board shall consider the seriousness of the conflict and how it was discovered in

determining whether to impose a penalty of removal, suspension, or censure of the Director. Actions and discussion shall be reflected in the minutes.

## **ARTICLE VII**

### **COMPENSATION, REIMBURSEMENT & LOANS**

#### **Section 1: Compensation**

No elected Director, Officer or Member of a Committee shall receive compensation of any kind for his/her service including, but not limited to gifts, stipends, or travel costs not directly related to necessary Hometown business. Nor may any Director, Officer, or Member of a Committee leverage his/her affiliation with Hometown to directly or indirectly financially benefit him- or herself or relative. Any questions or uncertainty should be immediately brought to the Compliance Officer for review and comment.

#### **Section 2: Reimbursement**

Notwithstanding the provisions of this Article, at the discretion of the Board of Directors, individual Directors, Officers, and Members of Committees may be reimbursed in an amount determined by the Board for reasonable and necessary expenses incurred in the performance of their duties which may include reasonable travel and child care.

#### **Section 3: Loans**

No loans shall be made by the Corporation to its Directors, Officers, Management, Members of Committees or to any other corporation, firm, association, or other entity in which one or more of its Directors, Officers or Committee members are Directors or Officers or hold a substantial financial interest, except as may be permitted by law. Loans may be made to non-manager employees in accordance with Board approved policies.

## **ARTICLE VIII**

### **HARASSMENT**

Harassment of any kind will not be tolerated at HHC. This includes verbally abusive or suggestive language regarding age, race, creed, color, national origin, sexual orientation, military status, gender, disability, predisposing genetic characteristics, marital status, or domestic violence victim status. It also shall include bullying as defined by corporate policies. This policy will be set forth in the personnel and program procedures promulgated by the Corporation.

## ARTICLE IX

### INDEMNIFICATION OF DIRECTORS, OFFICERS, AND EMPLOYEES

#### **Section 1: Authorized Indemnification:**

Unless clearly prohibited by law or these By-Laws, this Corporation shall promptly indemnify any person, including staff (an "Indemnified Person") made or threatened to be made a party in any action or proceeding, whether civil, criminal, administrative, investigative or otherwise, including any action by the Corporation, by reason of the fact that she/he (or her/his Testator or Administrator, if then deceased), whether before or after adoption of this Article: (a) is or was a staff person or Director or Officer of the Corporation, or (b) is serving or served, in any capacity, at the request of the Corporation, as a Director or Officer of any other corporation, or any partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement, provided the Corporation shall have consented to such settlement, and reasonable expenses, including attorneys' fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding while acting in good faith on behalf of the Corporation.

#### **Section 2: Prohibited Indemnification:**

The Corporation shall not indemnify any person if a judgment, or other final adjudication, adverse to any Indemnified Person establishes, or the Board of Directors in good faith determines, that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that she/he personally garnered any financial profit or other advantage to which she/he was not legally entitled.

#### **Section 3: Advancement of Expenses:**

The Corporation shall, on request of any Indemnified Person who is or shall be entitled to be indemnified by the Corporation, pay or promptly reimburse an Indemnified Person's reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Corporation, with interest, for any amount advanced for which it is ultimately determined that she/he is not entitled to be indemnified under the law or these By-Laws. An Indemnified Person shall cooperate in good faith with any request by the Corporation that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

#### **Section 4: Indemnification of Others:**

Unless clearly prohibited by law or these By-Laws, the Board of Directors may approve indemnification by the Corporation, as set forth in Section 1 of this Article, or advancement of expenses as set forth in Section 3 of this Article, to a person (or her/his Testator or Administrator, if then deceased) who is or was employed by the Corporation or who is or was a volunteer for the Corporation, and who is made, or threatened to be made, a party in any

action or proceeding, by reason of the fact of such employment or volunteer activity, including actions undertaken in connection with service at the request of the Corporation in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

**Section 5: Determination of Indemnification :**

Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court, the Board of Directors shall, upon written request by an Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these By-Laws. Before indemnification can occur, the Board of Directors must expressly find that such indemnification will not violate the provisions of Section 2 of this Article. No Director with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested Directors is not obtainable, the Board of Directors shall act only after receiving the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these By-Laws.

**Section 6: Binding Effect:**

Any person entitled to indemnification under these By-Laws has a legally enforceable right to indemnification which cannot be abridged by amendment, modification or repeal of these By-Laws with respect to any event, action or omission occurring prior to the date of such amendment, modification or repeal.

**Section 7: Insurance:**

The Corporation is required to purchase Directors and Officers (D & O) and certain staff liability insurance. To the extent permitted by law, such insurance shall insure the Corporation for any obligation it incurs as a result of this Article, or operation of law, and it may insure directly the Directors, Officers, Chief Operating Officer, Chief Financial Officer, Ethics and Compliance Officer, and other employees or volunteers of the Corporation for liabilities against which they are not entitled to indemnification under this Article, as well as for liabilities against which they are entitled or permitted to be indemnified by the Corporation.

**Section 8: Non-exclusive Rights:**

The provisions of this Article shall not limit or exclude any other rights to which any person may be entitled under law or contract. The Board of Directors is authorized to enter into agreements on behalf of the Corporation with any Director, Officer, employee or volunteer to provide them rights to indemnification or advancement of expenses in connection with potential indemnification in addition to the provisions of this Article, subject in all cases to the limitations of Section 2 of this Article.

## **ARTICLE X**

### **DISPOSITION OF ASSETS UPON DISSOLUTION**

In the event of the dissolution of the organization or in the event it shall cease to carry out the objectives and purposes herein set forth, then all the business, property, and assets of the organization shall be distributed to such similar nonprofit charitable organization or organizations as may be selected by the Board of Directors and which is or are tax exempt organizations pursuant to Section 501(c)(3) of the Internal Revenue Code. The business' properties and assets of the organization shall, in such event, be used for and devoted to the purposes of promoting healthcare. In no event shall any of the assets or property of the organization or the proceeds of any sale of property or assets be given or be distributed to members of the Board of Directors or any individuals, either for the reimbursement or sums subscribed, donated, or contributed by such members or individuals, or for any other such purposes. It being the intent that in dissolution of the organization, or upon its ceasing to carry out the objectives and purposes herein set forth, the property and assets then owned by the organization shall be devoted to carrying on the functions and purposes of such nonprofit healthcare organization, or other similar nonprofit charitable organization or organizations, as the Board of Directors shall determine and direct.

## **ARTICLE XI**

### **MODIFICATIONS**

The Board of Directors may adopt, amend, modify, or repeal any or all of the By-Laws at a validly called meeting of the Board of Directors by a majority vote of the Directors then serving.

## **ARTICLE XII**

### **EFFECTIVE DATE**

These By-Laws shall become effective immediately upon adoption, amendment, modification or repeal by the Board of Directors.

## **ARTICLE XIII**

### **PUBLIC POSTING**

The Values, By-Laws, and Mission Statement shall be posted on HHC's website and further made readily available to the public and the Corporation's patient-consumers as determined by Senior Management.