



Gaston County

Gaston County
Board of Commissioners
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Board of Commissioners Board Action

File #: 20-543

Commissioner Hovis - BOC - To Accept the Amended CaroMont Health/Gaston Memorial Hospital Board of Directors By - Laws as Information

STAFF CONTACT

Donna S. Buff - Clerk to the Board - 704-866-3196

BACKGROUND

POLICY IMPACT

N/A

ATTACHMENTS

CaroMont Health/Gaston Memorial Hospital Board of Directors By-Laws

DO NOT TYPE BELOW THIS LINE

I, Donna S. Buff, Clerk to the County Commission, do hereby certify that the above is a true and correct copy of action taken by the Board of Commissioners as follows:

NO.	DATE	M1	M2	CBrown	AFraley	BHovis	KJohnson	TKeigher	TPhilbeck	AWorley	Vote
2020-334	12/29/2020	TK	AF	A	A	A	A	A	AB	A	U

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AMENDED AND RESTATED BYLAWS
OF
CAROMONT HEALTH, INC.

ARTICLE I
DEFINITIONS, PURPOSES AND POWERS OF CORPORATION

Section 1. NAME

The name of the Corporation shall be CaroMont Health, Inc.

Section 2. DEFINITIONS

The terms set forth below shall have the following meanings unless otherwise required by the context in which they may be used:

“Articles of Incorporation” means those Articles of Incorporation of the Corporation accepted by the Secretary of State of the State of North Carolina on the 20th day of March, 1984, as amended from time to time and duly filed with the Secretary of State of the State of North Carolina.

“Board” means the Board of Directors of the Corporation.

“Board Committee” means a body whose members are elected by the Board from its own membership or at-large and which may be authorized to exercise a designated portion of the authority of the Board when the Board is not in session.

“Board of County Commissioners” means the Board of County Commissioners of Gaston County, North Carolina, as the same may at any time be constituted.

“Bylaws” means these Bylaws of this Corporation, except where reference is specifically made to the bylaws of another entity or unit.

“Code” means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

“Corporation” means CaroMont Health, Inc., a North Carolina nonprofit corporation.

“Director” means any person serving as a regular member of the Board, or as it relates to a Board Committee, a regular member thereof, with authority to vote and be counted in determining the existence of a quorum.

“Family Member” means any person related to another as spouse, sibling (whole or half), spouse of a sibling, child (natural or adopted), spouse of a child, grandchild or great-grandchild.

1
2 **“Hospital”** means Gaston Memorial Hospital, Incorporated.

3
4 **“Lease Agreement”** means that certain Lease Agreement dated March 12,
5 2015 among Gaston County, the Corporation, the Hospital and CaroMont Health
6 Services, Inc., as amended or modified.

7
8 **“Officer”** means one or more of those officers set forth in Article V hereof.

9
10 **“Senior Leadership”** means any one of the President and Chief Executive
11 Officer (the “President/CEO”), Chief Financial Officer, Chief Legal Officer, Chief
12 Operating Officer, any executive vice presidents and any vice president.

13
14 **“State”** means the State of Incorporation of the Corporation unless specifically
15 indicated.

16
17 **“Supported Entities”** means those corporations, limited liability companies,
18 partnerships or other entities dedicated to health care and related activities in which the
19 Corporation has a significant voice in policy and/or management.

20
21 Section 2. AUTHORITY TO OPERATE

22
23 The Corporation shall operate at all times in accordance with the Articles of
24 Incorporation, as amended from time to time.

25
26 Section 3. STATEMENT OF PURPOSE

27 The general purposes of the Corporation shall be to promote and advance
28 charitable, health, scientific, social and educational purposes as described in and
29 contemplated by Section 501(c)(3) of the Code. More specifically, the major purposes of
30 the Corporation shall be to enhance the quality of life and benefit the citizens of the
31 surrounding communities, and in keeping with the foregoing, the specific purposes of the
32 Corporation shall be to promote the health and welfare of the residents of Gaston County,
33 North Carolina, and the surrounding communities through involvement in various health
34 care and related activities and the support of various Supported Entities, and to engage in
35 any lawful act or activity in furtherance of the above-stated purposes for which this
36 nonprofit Corporation is organized under the Nonprofit Corporation Act of North
37 Carolina. The Corporation shall support the provision of such health and welfare services
38 without regard to race, creed, color, sex or national origin and for the benefit of all
39 residents of Gaston County and the surrounding areas regardless of their ability to pay
40 and shall be bound by all applicable provisions of Section 131E of the North Carolina
41 General Statutes.

42
43 The Corporation is organized as a nonprofit corporation and no part of the net
44 income of said Corporation shall ever be distributed to any Director or Officer or any
45 private individual; provided, however, reasonable compensation may be paid for services

1 rendered to or for the Corporation affecting one or more of its purposes. No substantial
2 part of the activities of the Corporation shall be the dissemination of propaganda,
3 lobbying, or other attempts to influence legislation, and the Corporation shall not
4 participate in, or intervene in (including the publication or distribution of statements) any
5 political campaign on behalf of any candidate for office.

6
7 Notwithstanding any other provisions of the Articles of Incorporation, the
8 Corporation shall serve only such purposes and functions and shall engage only in such
9 activities as are consistent with the purposes set forth in this Section 3, in the Articles of
10 Incorporation, and not prohibited by the Lease Agreement, and shall not conduct or carry
11 on activities not permitted to be conducted or carried on (i) by an organization exempt
12 under Section 501(c)(3) of the Code, (ii) by an organization, contributions to which are
13 deductible under Section 170(c)(2) of such Code, or (iii) by a nonprofit corporation under
14 the laws of the State of North Carolina as they now exist or may be hereafter amended.

15 16 Section 4. POWERS

17
18 Except as limited by the Articles of Incorporation or these Bylaws, the Corporation
19 shall have and exercise such powers in furtherance of its purposes as are now or may
20 hereafter be granted by the applicable laws of the State, including, without limitation, the
21 following powers:

- 22
23 (a) Accept, hold, invest, reinvest and administer any gifts, bequests and
24 devises of property of any sort, without limitation as to amount or value,
25 and, subject to any restrictions accompanying such gifts, bequests or
26 devises, administer, disburse, loan or donate the principal thereof or
27 income earned thereupon in support of the charitable, scientific,
28 educational and health care related purposes and activities of the
29 Corporation and the Supported Entities;
- 30
31 (b) Make loans or extend credit on a secured or unsecured basis;
- 32
33 (c) Hold property in its own name or in the name of a nominee and invest and
34 reinvest its money or property;
- 35
36 (d) Divide and distribute the Corporation's assets in kind or in money or
37 partly in each, or by way of undivided interests;
- 38
39 (e) Delegate discretionary and ministerial powers, including the management
40 of properties, and procure necessary advice and services, and pay all
41 expenses and fees to be incurred;
- 42
43 (f) Abandon, compromise, arbitrate or otherwise adjust claims in favor of or
44 against the Corporation;
- 45

- 1 (g) Borrow money and obtain credit and issue or assume guaranties and other
2 evidences of indebtedness; and encumber any of the Corporation's
3 property by mortgage, security agreement, pledge, or other instrument
4 (unless such right is specifically limited in connection with the transfer
5 and delivery of any additional property hereunder or by state law);
6
7 (h) Make contributions and donations for charitable purposes;
8
9 (i) With respect to any charitable non-profit foundation corporation created
10 for the support of entities including the Supported Entities, the
11 Corporation may transfer all or part of its assets to such corporation
12 provided such corporation agrees to administer the assets in accordance
13 with charitable purposes of the Corporation and such additional terms of
14 transfer, if any, as the Corporation may specify;
15
16 (j) Create, establish, own and/or invest in and operate and/or control
17 organizations and entities which provide health care or other services
18 which the Board shall deem to be related to the operations of the
19 Corporation and its Supported Entities;
20
21 (k) Employ or retain such person or persons, including any officers, attorneys,
22 trustees, agents, consultants, advisers and assistants, as in its judgment are
23 necessary or desirable for the administration and management of the
24 Corporation, and to pay reasonable compensation for the services
25 performed and expenses incurred by any such person or persons; and
26
27 (l) Perform all other acts necessary or incidental to the above and to do
28 whatever is deemed necessary, useful, advisable, or conducive, directly or
29 indirectly, as determined by the Board in its discretion, to carry out any of
30 the purposes of the Corporation, as set forth in the Articles of
31 Incorporation and these Bylaws, including the exercise of all the powers of
32 a nonprofit corporation under the laws of the State; provided however, that
33 such is not inconsistent with the requirements of Section 501(c)(3) and
34 Section 509(a)(3) of the Code.
35

36 Section 5. POWERS RESERVED TO THE CORPORATION

37

38 When the Corporation establishes, creates, owns or controls a Supported Entity,
39 the Board shall require that the following powers be reserved to it:
40

- 41 (a) Power to approve the operating budget for the Supported Entity;
42 (b) Power to approve the capital budget for the Supported Entity;
43 (c) Power to approve compensation plans;
44 (d) Power to assume debt on behalf of the Supported Entity;
45 (e) Power to approve contracts for unbudgeted expenses where the total
46 contract amount exceeds \$1.5 million

- 1 (f) Power to approve all changes to the governing documents of the
2 Supported Entity;
3 (g) Power to approve the mission, vision and values of the Supported Entity;
4 (h) Power to appoint and remove the Board of Directors of the Supported
5 Entity;
6
7 (i) Power to approve all Certificate of Need applications which the Supported
8 Entity may file in any state;
9 (j) Power to approve all sales or purchases of real property; and
10 (k) Power to approve lease transactions of the Supported Entity.
11

12 Notwithstanding the foregoing, when the Corporation seeks to enter into joint
13 ownership of an entity with an unrelated partner, the Board may, at its discretion,
14 authorize the creation or establishment of a Supported Entity that does not reserve all of
15 the aforementioned powers to the Corporation; provided, however, that the Corporation
16 shall not enter into any joint ownership arrangement unless the Board holds a majority
17 ownership interest in the arrangement, retains the power to approve all changes to the
18 governing documents of the jointly owned Supported Entity, and retains the power to
19 approve the mission, vision and values of the jointly owned Supported Entity.
20

21
22 ARTICLE II
23 OPERATION OF THE CORPORATION
24

25 Section 1. FISCAL YEAR
26

27 The fiscal year of the Corporation shall commence on the first day of July and end
28 on the thirtieth day of June following.
29

30 Section 2. OFFICES
31

32 The Corporation shall have and continuously maintain in the State a registered
33 office and a registered agent (whose office shall be identical with such registered office).
34 The principal office of the Corporation shall be located in Gastonia, North Carolina and
35 may have such other offices within or without the State as the Board may from time to
36 time determine.
37

38
39 ARTICLE III
40 GOVERNING BOARD
41

42 Section 1. POLICY MAKING POWER
43

44 The policy making powers of the Corporation shall be vested in the Board, who
45 shall have charge and control of the property, affairs and funds of the Corporation and

1 who shall have the power and authority to do and perform all acts and functions not
2 inconsistent with the Articles of Incorporation or any other provisions of these Bylaws.

3
4 Section 2. COMPOSITION, QUALIFICATION AND APPOINTMENT OF
5 MEMBERS

6
7 The Board of Directors shall consist of fourteen (14) members, eight (8) members of
8 whom will be appointed by the Board of County Commissioners, one of which shall be a
9 Gaston County Commissioner, five (5) members of whom will be appointed by the
10 existing Board of Directors of the Corporation, and one (1) member who will be the
11 Chief of Staff of CaroMont Regional Medical Center. In December of 2015, the County
12 Commissioners shall make two (2) appointments to the Board and the Corporation shall
13 make one (1) appointment to the Board. In December of 2016, the County
14 Commissioners shall again make two (2) appointments to the Board and the Corporation
15 shall make one (1) appointment to the Board. In December of 2017, the County
16 Commissioners shall make one (1) appointment to the Board and the Corporation shall
17 make two (2) appointments to the Board. In December of 2018, the County
18 Commissioners shall make two (2) appointments to the Board and the Corporation shall
19 make one (1) appointment to the Board. In total, the County Commissioners shall appoint
20 seven (7) members of the Board and the County Commissioner appointee, such
21 appointments to be effective in January of the year subsequent to the appointment in
22 December. The County Commissioner appointee will serve a one year term *ex officio* to
23 his position as a County Commissioner; provided however that an individual County
24 Commissioner appointee shall not serve more than twelve (12) consecutive one year
25 terms. The Corporation shall appoint a total of five (5) members of the Board and the
26 Chief of Staff of CaroMont Regional Medical Center. The Chief of Staff appointee will
27 serve a two year term *ex officio* to his position as Chief of Staff. All other Board
28 appointments shall be for four (4) year terms. In no event shall any person be appointed
29 or qualified to serve more than three (3) full, four year terms as a member of the Board.
30 The appointment process shall continue each year with appointments divided among the
31 County Commissioners and the Corporation as needed to maintain the same eight (8) to
32 five (5) ratio of appointments between the County Commissioners and the Corporation at
33 all times.

34
35 Appointments made by the Corporation need not be residents of Gaston County.
36 Not more than two (2) members of the Board, who shall hold any public office requiring
37 election thereto by any of the registered voters of Gaston County, North Carolina, of any
38 municipality in Gaston County, North Carolina, and/or of the State of North Carolina,
39 shall at any time be eligible for appointment to, or qualified to serve on, the
40 Board. However, nothing contained herein shall prevent the County Commissioner from
41 being appointed as provided herein and any other appointments will be adjusted or denied
42 as necessary to allow the County Commissioner to serve or continue to serve on the
43 Board.

44
45 Section 3. SUCCESSION OF DIRECTORS
46

1 Each Director shall continue to serve until such Director's successor is appointed
2 or designated, elected, and qualified or until such Director's death, resignation,
3 disqualification or removal. If for any reason a Director appointed by the Board of
4 County Commissioners dies, resigns or is disqualified or removed, the Board Chair shall
5 promptly notify the Board of County Commissioners and request appointment of a
6 successor Director to fulfill the unexpired term of the Director so succeeded. The Board
7 Chair shall promptly notify the Board of County Commissioners and the Board, and,
8 upon recommendation of the Nominating Committee, request appointment of a successor.
9

10 Section 4. PERFORMANCE EVALUATIONS

11
12 The Board shall evaluate its own performance on an annual basis. The Board shall
13 establish a procedure for receiving at least annual performance reports from the boards of
14 the Supported Entities
15

16 ARTICLE IV 17 MEETINGS 18

19 Section 1. REGULAR MEETINGS

20
21 The Board shall establish a schedule of regular meetings at its first meeting each
22 calendar year to be held on the fourth Monday of each January, or at such other time as
23 the Board shall determine. This schedule shall constitute notice of the regular meetings of
24 the Board and shall be maintained in the Executive Offices of the Corporation and
25 disseminated to those entities described on the public notice list maintained by the Clerk
26 of the Board of County Commissioners. The first meeting of each calendar year shall be
27 the annual meeting at which Directors shall be elected and installed; provided that if the
28 installation of Directors shall not be held on the day designated herein for any annual
29 meeting, the Board shall call for the installation to be held at a special meeting as soon
30 thereafter as is convenient, but in no event later than the end of the first calendar quarter
31 of the year.
32

33 Section 2. PLACE OF MEETINGS

34
35 The Board may designate any place as the place of meeting for any meeting called
36 by the Board. If no designation is made, the place of meeting shall be at the premises of
37 the Hospital in Gastonia, North Carolina. Notwithstanding anything else herein
38 contained, if all of the Directors shall consent thereto, an emergency meeting of the Board
39 may occur at any time and place, either within or without the State of North Carolina,
40 with or without call or notice, and at such meeting any corporate action may be taken
41 which may be necessary to address the purpose for which the emergency meeting has
42 been held; provided however, that the emergency purpose of the meeting shall be
43 documented in the minutes of said meeting.
44

45 Section 3. QUORUM VOTE REQUIRED

1 A majority of members of the Board fixed by these Bylaws shall constitute a
2 quorum for the transaction of business at any meeting of the Board. With respect to an
3 action of the Board, a vote, in person, of a majority of the members of the Board at a
4 meeting of the Board shall be necessary to constitute any act or direction of the Board.
5 There shall be no vote by proxy at any such meeting.

6 7 Section 4. ORDER OF BUSINESS

8
9 The order of business at the regular meetings of the Board shall be in accordance
10 with the agenda prepared for the meetings.

11 12 Section 5. SPECIAL MEETINGS

13
14 Special meetings of the Board of Directors may be held at the call of the Chair, or
15 in his/her absence, at the call of the Vice-Chair or the call of any three (3) members of the
16 Board on no less than forty-eight (48) hours notice. Notice of any special meetings shall
17 state the business or transactions for which the meeting has been called, and no business
18 may be transacted except as is set forth in the call for the meeting. Directors may
19 participate in and hold a special meeting by means of conference telephone or video
20 conference or similar communications equipment so long as all persons participating in
21 the meeting can hear and/or see each other. It shall be the duty of the presiding officer at
22 the meeting to determine, at the outset of the meeting and periodically thereafter during
23 the pendency of the meeting, whether or not all persons participating can hear and/or see
24 each other and to have such determination recorded in the minutes of said meeting. The
25 Board shall adopt and regularly update rules related to the use of telecommunications
26 equipment for the purpose of conducting meetings.

27 28 Section 6. MINUTES AND ATTENDANCE

29
30 Minutes shall be kept of each meeting of the Board and an attendance record shall
31 be maintained. Each Director shall be required to attend a minimum of two-thirds of the
32 regularly scheduled meetings of the Board each year and a minimum of two-thirds of the
33 meetings of any Board Committee on which the Director serves, unless such Director's
34 absence is excused by the Board because of illness or other good cause. Absence from
35 three consecutive meetings or failure to meet the annual attendance requirements unless
36 excused because of illness or other good cause shall be grounds for review of such
37 member's attendance record by the Nominating Committee and possible removal of the
38 Board member.

39 40 Section 7. INFORMAL ACTION

41
42 Any action required by law to be taken at a meeting of the Board, or any action
43 which may be taken at a meeting of the Board, may be taken without a meeting if a
44 consent in writing, setting forth and authorizing the action so taken, shall be signed by all
45 Directors and filed with the minutes of the proceedings of the Board, whether done
46 before or after the action is taken. When informal action is taken, the Assistant Secretary

1 shall report the action taken at the next regular meeting of the Board and shall make
2 available said written consents for inspection by the Board.
3
4

5 ARTICLE V
6 OFFICERS OF THE BOARD OF DIRECTORS
7

8 Section 1. OFFICERS TO BE ELECTED
9

10 At the final meeting of the calendar year, the following regular Officers shall be
11 elected and installed: Chair, Vice Chair, Secretary, Treasurer, and such other officers as
12 the Directors may authorize, all of whom shall serve for a period of one (1) year or until
13 their successors have been elected and installed. The officers so chosen shall function as
14 officers of the Corporation with the duties specified herein. The Assistant Secretary and
15 the Assistant Treasurer shall serve as officers by virtue of their position in Senior
16 Leadership, such that the Assistant Secretary shall be the Corporation's chief legal officer
17 and the Assistant Treasurer shall be the Corporation's chief financial officer.
18

19 Section 2. DUTIES OF CHAIR
20

21 There shall be a Chair of the Board elected by the Directors from their number, who
22 shall be an independent Director as defined by the Board's policy on independence. The
23 Chair shall preside at all meetings of the Board of Directors and perform such other
24 duties as may be directed by the Board. The Chair of the Board of Directors shall have
25 the same voting rights as any other Director or of any Board Committee of which the
26 Chair is a member.
27

28 Section 3. DUTIES OF VICE CHAIR
29

30 There shall be a Vice Chair of the Board elected by the Directors from their
31 number, who shall be an independent Director as defined by the Board's policy on
32 independence. The Vice Chair shall exercise the powers and perform the duties of the
33 Chair whenever the latter is unable to act.
34

35 Section 4. DUTIES OF SECRETARY
36

37 There shall be a Secretary of the Board elected by the Directors from their number,
38 who may be an independent or non-independent Director as defined by the Board's
39 policy on independence. The Secretary shall review and certify the minutes of the Board
40 and shall prepare such reports or documents as may be requested by the Board. S/He
41 shall sign such instruments as may require his/her signature, and, in general, attest the
42 signature or certify the incumbency or signature of any other officer of the Corporation
43 and shall perform all duties incident to the office of secretary and such other duties as
44 may be assigned from time to time by the Board.
45

46 Section 5. DUTIES OF ASSISTANT SECRETARY

1
2 The Assistant Secretary shall be the Corporation's chief legal officer and shall, in
3 the absence or disability of the Secretary, perform the duties and exercise the non-voting
4 powers of that office. S/He shall sign such instruments as may require his/her signature,
5 and, in general, attest the signature or certify the incumbency or signature of any other
6 officer of the Corporation and shall, in general, perform such other duties as shall be
7 assigned from time to time by the Secretary or the Board. The Assistant Secretary shall
8 not be a member of the Board.
9

10 Section 6. DUTIES OF THE TREASURER

11

12 There shall be a Treasurer of the Board elected by the Directors from their number,
13 who shall be an independent Director as defined by the Board's policy on independence.
14 The Treasurer shall keep or cause to be kept a record of all receipts and expenditures,
15 always open to the inspection of the Board, or any Director, and make reports on the
16 financial condition of the Corporation as instructed by the Board. The Treasurer shall, in
17 general, perform all duties incident to his or her office and such other duties as may be
18 assigned from time to time by the Board.
19

20 Section 7. DUTIES OF ASSISTANT TREASURER

21

22 The Assistant Treasurer shall be the Corporation's chief financial officer and shall,
23 in the absence or disability of the Treasurer, perform the duties and exercise the non-
24 voting powers of that office and shall, in general, perform such other duties as shall be
25 assigned from time to time by the Treasurer or the Board. The Assistant Treasurer shall
26 be authorized to establish depositories and bank accounts in order to receive funds on
27 behalf of the Corporation. The Assistant Treasurer shall not be a member of the Board.
28
29

30 ARTICLE VI 31 INDEMNIFICATION 32

33 Section 1. BASIC INDEMNIFICATION ARRANGEMENT

34

35 (a) Except as provided in subsection 6.1(d), the Corporation shall indemnify
36 an individual who is a party to a proceeding because he or she is or was a director or
37 officer against liability incurred in the proceeding if:
38

- 39 (i) such individual acted in good faith and in a manner he or she
40 reasonably believed to be in, or not opposed to, the best interests of
41 the Corporation; and
42
43 (ii) with respect to any criminal proceeding, he or she had no
44 reasonable cause to believe such conduct was unlawful.
45

1 (b) A director's or officer's good faith conduct with respect to an employee
2 benefit plan for a purpose he or she reasonably believed to be in the best interests of the
3 participants in and beneficiaries of the plan is conduct that satisfies the requirement of
4 subsection 6.1(a)(i).

5
6 (c) The termination of a proceeding by judgment, order, settlement or
7 conviction, or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a
8 presumption or be determinative that the director or officer did not meet the standard of
9 conduct described in subsection 6.1(a).

10
11 (d) Unless ordered by a court, the Corporation may not indemnify a director
12 or officer under this Article:

13
14 (i) in connection with a proceeding by or in the right of the
15 Corporation in which the individual was adjudged liable to the
16 Corporation; or

17
18 (ii) in connection with any proceeding charging improper
19 personal benefit to the individual, whether or not involving
20 action in his official capacity, in which such person is
21 adjudged liable on the basis that personal benefit was
22 improperly received by him/her.

23
24 (e) To the extent not provided for in these Bylaws or in Board policies,
25 indemnification arrangements between the Corporation and an individual shall be
26 governed by the North Carolina NonProfit Corporation Act, Chapter 55A of the North
27 Carolina General Statutes.

28 29 Section 2. ADVANCES FOR EXPENSES

30
31 The Corporation shall, before final disposition of a proceeding, advance funds to
32 pay for or reimburse the reasonable expenses incurred by a director or officer who is a
33 party to a proceeding because he or she is a director or officer if he or she delivers to the
34 Corporation a written agreement to repay any funds advanced if it is ultimately
35 determined that the director or officer is not entitled to indemnification under this Article,
36 the North Carolina Nonprofit Corporation Act or otherwise.

37 38 39 Section 3. DETERMINATION AND AUTHORIZATION FOR INDEMNIFICATION

40
41 The Corporation shall not indemnify a director or officer under Section 6.1 unless
42 a determination has been made for the specific proceeding that indemnification of the
43 director or officer is permissible under the circumstances because he or she has met the
44 relevant standard of conduct set forth in subsection 6.1(a).

1 Section 4. NON-EXCLUSIVITY

2
3 The indemnification and advancement of expenses provided by, or granted
4 pursuant to, this Article shall not be exclusive of any other rights to which a director or
5 officer may be entitled under the Articles of Incorporation of the Corporation, any other
6 Bylaw provision, any agreement by vote of disinterested directors or otherwise, both as to
7 actions in such person's official capacity and as to actions in any other capacity while
8 holding such office.
9

10 Section 5. INDEMNIFICATION OF EMPLOYEES AND AGENTS

11
12 The Corporation may indemnify and advance expenses under this Article to an
13 employee or agent of the Corporation who is not a director or officer to the extent,
14 consistent with public policy, that such indemnification and advances may be provided to
15 a director or officer.
16

17
18 ARTICLE VII
19 COMMITTEES OF THE BOARD OF DIRECTORS
20

21 Section 1. STANDING AND SPECIAL COMMITTEES

22
23 Board Committees shall be standing or special. The powers and duties of the
24 committees shall be subject to general policies established by the Board. Standing
25 Committees shall be an Executive Committee, an Audit Finance and Investment
26 Committee, a Bylaws Committee, a Compensation Committee, a Corporate
27 Responsibility Committee, a Nominating Committee, a Quality and Safety Committee
28 and such other Standing Committees as the Board of Directors may authorize from time
29 to time. All Standing Committees and the chairs thereof, unless the appointment of the
30 chair is otherwise designated by these Bylaws or the Board Committee's charter, shall be
31 nominated by the Nominating Committee and elected by the Board. All Special
32 Committees and the respective chairs thereof shall be appointed by the Board Chair with
33 the approval of the Board. At a Board Committee meeting, a quorum shall be a majority
34 of the number of the members of the committee.
35

36 Section 2. STANDING COMMITTEE CHARTERS

37
38 Each Standing Committee shall establish a charter which shall define the purpose,
39 composition, duties and responsibilities of said Committee and shall establish the
40 procedures for conducting meetings. Each Board Committee charter shall be approved
41 by the Board and may be amended from time to time as recommended by the Board
42 Committee and approved by the Board.
43

44 Section 3. EXECUTIVE COMMITTEE

1 The Executive Committee shall consist of the Chair, Vice-Chair, Secretary,
2 Treasurer, Chief of Staff of the Hospital and the President/CEO, with the President/CEO
3 serving ex-officio without vote. The Board Chair shall serve as chair of the Executive
4 Committee. Between meetings of the Board, the Executive Committee shall have the
5 right to render advisory opinions on behalf of the Corporation and the power to make any
6 policy decisions or to transact any business of the Corporation that might arise or be
7 necessary. Any action taken by the Executive Committee shall be binding on the
8 Corporation and shall be reported to the Board at its next following meeting.

9 10 Section 4. AUDIT FINANCE AND INVESTMENT COMMITTEE

11
12 The Audit Finance and Investment Committee shall be composed of not less than
13 three (3) Directors, a majority of whom shall be independent Directors as defined by the
14 Board's policy on independence and one of whom shall be the Treasurer, who shall serve
15 as Chair of the Audit, Finance and Investment Committee. The Audit, Finance and
16 Investment Committee's purpose is to assist the Board in its oversight of the financial
17 affairs of the Corporation and its Supported Entities, including the financial condition,
18 operating and capital budgeting, external audits, debt structure, debt financing and
19 refinancing, investments, and other significant financial matters and all risks throughout
20 the Corporation and its Supported Entities. The Audit, Finance and Investment
21 Committee shall review all issues involving significant financial transactions prior to
22 final consideration by the Board.

23 24 Section 5. BYLAWS COMMITTEE

25
26 The Bylaws Committee shall consist of not less than three (3) members of the
27 Board, a majority of whom must be independent as defined by the Board's policy on
28 independence. The purpose of the Bylaws Committee is to assist the Board to fulfill its
29 fiduciary duties as they pertain to reviewing the organization's Bylaws and governing
30 documents and overseeing the relationship between the Corporation and its Supported
31 Entities. The Committee shall assist the Board by reviewing governing documents and
32 recommending changes as needed.

33 34 Section 6. COMPENSATION COMMITTEE

35
36 The Committee shall be composed of at least five (5) members of the Board,
37 including the Board Chair, the Board Vice Chair and the Board Treasurer. A majority of
38 the members of the Committee shall be independent as defined by the Board's policy on
39 independence. The Vice Chair of the Board shall serve as Chair of the Committee.

40 The purpose of the Compensation Committee is to assist the Board to fulfill its
41 fiduciary duties as they pertain to determining appropriate compensation levels of Senior
42 Leadership and other Disqualified Persons, complying with applicable laws and
43 regulations, and ensuring that compensation methods are consistent with CaroMont
44 Health's mission, vision and values. The Compensation Committee shall also assist the
45 Board in developing and implementing compensation strategies, policies and plans that
46 will enhance CaroMont Health's ability to attract and retain skilled top-level leadership.

1 In achieving this objective, it shall be the responsibility of the Committee to establish a
2 rebuttable presumption of reasonableness under the Intermediate Sanctions rules for the
3 compensation of all employees who are deemed to be “Disqualified Persons.”
4

5 Section 7. CORPORATE RESPONSIBILITY COMMITTEE

6

7 The Corporate Responsibility Committee shall consist of not less than three (3)
8 members of the Board, a majority of whom shall be independent as defined by the
9 Board’s policy on independence. The Board Chair shall be ineligible to serve as Chair of
10 the Corporate Responsibility Committee. The Corporate Responsibility Committee shall
11 assist the Board in fulfilling its fiduciary duties and oversight responsibilities relating to
12 the Corporation’s compliance with applicable laws and regulations, the Corporation’s
13 Corporate Responsibility Program, Standards of Conduct, and related policies and
14 procedures. In fulfilling this responsibility, the Corporate Responsibility Committee shall
15 foster a culture of commitment to compliance and ethical conduct throughout the
16 organization. The Corporate Responsibility Committee shall review matters concerning
17 or relating to Corporate Responsibility and compliance with all applicable laws and
18 regulations, including the requirements of federal health care programs.
19

20 Section 8. NOMINATING COMMITTEE

21

22 The Nominating Committee shall consist of not less than three (3) Directors, one of
23 whom shall be the Board Chair and one of whom shall be the Immediate Past Chief of
24 Staff or the Chief of Staff of the Medical Staff. The purpose of the Nominating
25 Committee is to assist the Board to fulfill its fiduciary duties as they pertain to identifying
26 and recommending qualified individuals for appointment to the Board of Directors of
27 CaroMont Health, Inc. and its Supported Entities. The Nominating Committee shall also
28 assist the Board by identifying and recommending appointments to the standing
29 committees of the Board of Directors. The Committee shall also be responsible to ensure
30 that the Board receives appropriate education on issues affecting the roles and
31 responsibilities of Directors and shall oversee conflicts of interest data for Board
32 members.
33

34 Section 9. QUALITY AND SAFETY COMMITTEE

35

36 The Quality and Safety Committee shall consist of four (4) members of the Board,
37 four (4) members of Senior Leadership, and four physicians from the Medical Staff (with
38 preference given to past chiefs of staff), plus others who are not Directors, members of
39 Senior Leadership or past Chiefs of Staff but whose participation is deemed necessary by
40 the Board, in consultation with the Committee Chair, to ensure proper oversight of
41 quality of care for CaroMont Health and its Supported Entities. The Chair shall be the
42 Immediate Past Chief of Staff. The purpose of the Quality and Safety Committee is to
43 assist the Board to fulfill its fiduciary duties as they pertain to ensuring the delivery of
44 quality patient care and overseeing quality, safety and clinical risk issues throughout the
45 Corporation. The Quality and Safety Committee is responsible to ensure that quality of
46 care is an integral component of the governance and management process of the

1 Corporation and its Supported Entities. The primary responsibility of the Quality and
2 Safety Committee is to ensure that comprehensive system-wide quality,safety and clinical
3 risk program is in place and functioning effectively and to take appropriate actions as
4 needed to ensure high quality care and assist the healthcare facilities affiliated with the
5 Corporation in identifying opportunities for improvement. The Quality and Safety
6 Committee assists the Board in setting strategic quality,safety and clinical risk
7 management goals and direction, approving high level quality,safety and clinical risk
8 management plans and initiatives, and calling for accountability in all quality,safety and
9 clinical risk management related matters.

10
11 The Quality and Safety Committee shall also function as the Professional Affairs
12 Committee for CaroMont Health and as such, is a Medical Review Committee as defined
13 in N.C.G.S. section 131E-76 with responsibility for assisting the Board to carry out its
14 responsibilities to approve and oversee medical staff policies and medical staff
15 membership.

16 17 Section 10. SPECIAL COMMITTEES

18
19 Special Committees and the chairs thereof may be appointed from time to time by
20 the Board Chair, with the approval of the Board of Directors, for such special tasks as
21 circumstances may warrant. Such Committees shall limit their activities to the matters
22 for which they are appointed. They shall have only such power to act as may be
23 conferred by action of the Board. Such Special Committees may be composed of
24 individuals who are not Directors, provided that a majority of the committee is composed
25 of Directors. Upon completion of the task for which it is appointed, such Special
26 Committee shall be dissolved.

27 28 ARTICLE VIII 29 PRESIDENT/CEO

30 31 Section 1.

32
33 The Board shall select and appoint a President/CEO. The President/CEO shall be
34 the chief executive officer of the Corporation and, subject to the control of the Board of
35 Directors, shall in general supervise and control all of the business and affairs of the
36 Corporation, which will also include establishing information and support systems,
37 recruiting and maintaining staff, and conserving physical and financial assets. The
38 President/CEO shall have the power to sign on behalf of the Corporation any deeds,
39 mortgages, bonds, contracts, or other instruments to which the Corporation is a party,
40 except in cases where the signing and execution thereof shall be expressly delegated by
41 the Board, by these Bylaws or by Corporation policy to some other officer or agent of the
42 Corporation, or shall be required by law to be otherwise signed or executed; and in
43 general s/he shall perform all duties incident to the office of President/CEO and such
44 other duties as may be prescribed by the Board from time to time. The President/CEO
45 shall conduct the day to day operation of the Corporation in accordance with such
46 policies as may be adopted by the Board. The President/CEO shall have such authority

1 as is necessary to conduct such operations in accordance with such policies and subject to
2 such instructions as may be issued by the Board. The President/CEO shall act as the duly
3 authorized representative of the Board in all matters in which the Board has not formally
4 designated some other person to so act. The President/CEO shall be responsible solely to
5 the Board for the proper performance of his or her duties. The President/CEO shall have
6 such other powers and perform such other duties as are provided in these Bylaws and as
7 the Board may from time to time determine.

8
9 Section 2. RELATIONSHIP TO SUPPORTED ENTITIES

10
11 Except as otherwise set forth in the applicable governing documents: (i) the
12 President/CEO shall be the President and CEO of all Supported Entities, including
13 without limitation, the Hospital; (ii) Senior Leadership of the Corporation shall serve in
14 their respective roles for all Supported Entities; and (iii) the Corporation's chief legal
15 officer shall serve as secretary and the Corporation's chief financial officer shall serve as
16 treasurer, but not necessarily board members, of all Supported Entities.

17
18
19 ARTICLE IX
20 DISSOLUTION AND DISPOSITION OF ASSETS

21
22 Dissolution of the Corporation shall be in accordance with and subject to the
23 provisions of the laws of the State of North Carolina and of any other jurisdiction in
24 which the Corporation is doing business or which regulates the affairs, conduct and
25 management of the Corporation. Insofar as may be consistent with and in accordance
26 with law, upon disposition of the assets of the Corporation and upon payment of all just
27 debts and obligations of the Corporation, the remaining assets of the Corporation or the
28 monies derived therefrom, shall be turned over and transferred to Gaston County, North
29 Carolina.

30
31
32 ARTICLE X
33 LEGAL COUNSEL

34
35 The Board may retain competent legal counsel as it deems necessary for the proper
36 guidance of the Board and the Corporation. Such counsel shall not be a member of the
37 Board.

38
39 ARTICLE XI
40 SEAL

41
42 The Corporation shall use a seal to authenticate contracts and legal papers, which
43 shall be circular in shape and with the name of the Corporation around the margin.

44
45
46 ARTICLE XII

1 ANNUAL REPORT

2
3 The Corporation shall publish a report from time to time, setting forth the more
4 important facts concerning the business management and the professional work of the
5 Corporation and its affiliates.
6

7
8 ARTICLE XIII
9 AMENDMENTS
10

11 Subject to the Articles of Incorporation, and to the extent permitted by law, these
12 Bylaws shall be reviewed no less than every three years and may be amended by the
13 affirmative vote of a two-thirds majority of the members of the Board in office at any
14 regular or special meeting, upon five (5) days' written notice of the meeting, which notice
15 shall state that at least one of the purposes of the meeting is to consider the proposed
16 amendment(s) and which shall contain, attach a copy of, or state the nature of the
17 proposed amendment(s).
18

19
20 ARTICLE XIV
21 NON-PROFIT CORPORATION
22

23 Section 1. DUALITY OF INTEREST
24

25 The Board may adopt conflicts of interest, intermediate sanctions, confidentiality,
26 and such other policies it deems necessary for the Corporation including, without
27 limitation, requirements and procedures with respect to: (1) regular annual statements
28 and periodic supplements thereto by directors, officers, professional advisors, key
29 employees, and other officials of the Corporation, disclosing any existing and potential
30 dualities of interest; (2) limitations on permitted external positions and interests; and (3)
31 corrective action with respect to transgressions of such policies.
32

33 Except for contracts and transactions between the Corporation and the Hospital or
34 any other Supported Entity or other corporation, partnership or business entity controlled
35 by or under common control with the Corporation, the Corporation shall not enter into
36 any contract or other transaction between the Corporation and one or more of the
37 Directors or Officers, or between the Corporation and any Family Member of a Director
38 or Officer, or any corporation, partnership, association, trust or other entity in which a
39 Director or Officer, or Family Member of such Director or Officer, serves as a director,
40 officer, partner or trustee, or has a financial or influential interest, unless all of the
41 following conditions are met:
42

- 43 A. The relevant and material facts as to such Director's or Officer's interest
44 in such contract or transaction and as to any common directorship,
45 officership, or financial or influential interest or family relationship as
46 described above were disclosed in good faith in advance by such Director

- 1 or Officer to the Board, and such facts are reflected in the minutes of the
2 Board meeting; and
- 3 B. The relevant and material facts, if any, known to such interested Director
4 or Officer with respect to such contract or transaction that might
5 reasonably be construed to be adverse to the Corporation's interest were
6 disclosed in good faith in advance by such Director or Officer to the
7 Board, and such facts are reflected in the minutes of the Board meeting;
8 and
- 9 C. Such interested Director or Officer does not own more than ten percent
10 (10%) of the stock of the corporation or more than ten percent (10%) of
11 the business with which the Corporation proposes to conduct business; and
- 12 D. Such interested Director or Officer has, as determined by the judgment of
13 the Board: (i) made the disclosures and fully responded to questions
14 concerning the matters referred to in (A) and (B) above; (ii) fully met the
15 burden of proof that the contract or transaction is fair and reasonable to the
16 Corporation at the time such contract or transaction is authorized; and (iii)
17 not otherwise significantly influenced the action of the Board with respect
18 to the contract or transaction; and all such determinations by the Board are
19 reflected in the minutes of the Board meeting; and
- 20 E. The Board determines that the contract or transaction is fair to the
21 Corporation and authorizes such contract or transaction by a vote of at
22 least two-thirds (2/3) of the Directors of the Board present at a meeting at
23 which a quorum was present, and such interested Director or Officer was
24 not counted in determining the presence of a quorum or in determining the
25 two-thirds (2/3) vote; and
- 26 F. Such interested Director or Officer was not present at such time as the
27 vote was taken.

28
29 Factors to be considered in determining whether the contract or transaction is "fair" to the
30 Corporation include an examination of the following:

- 31
32 A. The price and terms of the contract or transaction (the price and terms of
33 the contract or transaction may vary, but must be on a level which the
34 Board would accept in an arm's-length negotiation, in light of the
35 knowledge that the Board would reasonably have acquired in the course of
36 such negotiation); and
- 37 B. Whether the Board would reasonably determine that the contract or
38 transaction was in the best interests of the Corporation.

39
40 If a Director or Officer of the Corporation, or any Family Member of such
41 Director or Officer, or any corporation, partnership, association, trust or other entity in
42 which such Director, Officer or Family Member of such Director or Officer serves as a
43 director, officer, partner or trustee, or has a financial interest, enters into any contract or
44 transaction with the Corporation without complying with the requirements described
45 above, the Board may, at its sole discretion:

- 1 A. Void the contract or transaction in its entirety and recover from such
2 Director or Officer any damages and expenses suffered or incurred by the
3 Corporation as a result of the contract or transaction; or
4 B. Modify the price and terms of the contract or transaction so that the
5 Corporation receives a price and terms comparable to what the
6 Corporation would receive in an arm's-length negotiation.
7

8 Section 2. LOANS TO DIRECTORS AND OFFICERS PROHIBITED
9

10 No loans shall be made by the Corporation to Directors or Officers. The Directors
11 that vote for or assent to the making of a loan to a Director or Officer, and any Director or
12 Officer participating in the making of such loan, shall be jointly and severally liable to
13 the Corporation for the amount of such loan until the repayment thereof.
14

15
16 ARTICLE XV
17 CONDUCT OF BUSINESS
18

19 The order and conduct of business at all meetings of the Board shall be governed by
20 the then-current Robert's Rules of Order Newly Revised, except as provided otherwise in
21 these bylaws.
22

23 Revised and Approved: March 26, 2018
24
25
26