

**BYLAWS OF  
HALIFAX REGIONAL HEALTH SYSTEM, INC.**

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**BYLAWS OF  
HALIFAX REGIONAL HEALTH SYSTEM, INC.**

**ARTICLE I  
NAME**

1.1 The name of the Corporation is Halifax Regional Health System, Inc., whose central office is located at 2204 Wilborn Avenue, South Boston, Virginia 24592.

**ARTICLE II  
PURPOSE**

2.1 Halifax Regional Health System, Inc. is organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Halifax Regional Hospital, Inc. This Corporation shall perform management and long range planning services, set strategic direction and provide such other services as may be requested by Halifax Regional Hospital, Inc. and agreed to by its Board of Directors. Consistent with the foregoing, the Corporation may conduct any and all other affairs not required to be specifically stated in the Articles of Incorporation for which corporations may be incorporated under Title 13.1 of the Code of Virginia, but which are exclusively for charitable, educational, or scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (or the corresponding provisions of any future United States Internal Revenue law).

**ARTICLE III  
MEMBERSHIP**

3.1 The Corporation shall have no members.

**ARTICLE IV  
BOARD OF DIRECTORS**

**4.1 Number and Qualifications**

4.1-1 The Board of Directors shall consist of not fewer than twelve (12) nor more than thirty-six (36) directors including ex officio members, as determined by the Board of Directors. Requirements for membership on the Board of Directors shall be as follows:

4.1-2 All nominees for membership shall be at least eighteen (18) years of age. Selection of a director shall be based on an individual's ability, with no restrictions as to race, creed, color, national origin, sex or socioeconomic status. Willingness to give as much time as is reasonably requested is required. The nominee must be willing to accept responsibility for governance, including availability to participate actively in Board and Committee activities; to provide input in areas of interest and expertise; and to utilize experience in organizational and community activities. The art of managing people, money, and property are important considerations. A Board member must be honest and above political influence. To the extent practicable, the Board should include a broad representation of the communities served by the Corporation and its subsidiaries.

**4.1-3** So long as the Bylaws of the Medical Staff of Halifax Regional Hospital, Inc., as approved by the Board of Directors of that entity, provide for the offices of President and Vice President, such officers having been duly elected in accordance with the Medical Staff Bylaws as approved by the Halifax Regional Hospital, Inc. Board of Directors, incumbents of those Medical Staff offices shall be ex officio members of this Board with voting and all other rights and responsibilities conveyed to members of the Board by these Bylaws. Medical Staff officers shall only be members of the Board during the term of their Medical Staff office and so long as their office is recognized by the Bylaws of the Medical Staff. The ex officio Medical Staff Board members shall be counted as participating Board members with regard to the maximum size of the Board as delineated in 4.1-1 above.

**4.2 Governance.** Unless otherwise provided herein, Halifax Regional Health System, Inc. shall be governed and operated by and under the authority of the Board of Directors, and the business and affairs of the Corporation shall be managed under the Board's direction. The Board shall have full power and authority to create, prescribe and approve bylaws, rules and regulations for itself and any of its subsidiaries. Final authority for the establishment of all policy pertaining to the Corporation and its subsidiaries for operation, maintenance and development, and for the attainment of its objectives shall be vested in the Board of Directors.

**4.3 Reserved Powers.** The Corporation shall reserve unto itself the power to approve the following actions of its subsidiaries: (i) the adoption or amendment of the Articles of Incorporation, Articles of Organization, Bylaws, Operating Agreement or other governing documents of the subsidiary, (ii) the election of the subsidiary's governing Board, (iii) the merger of the subsidiary into another organization or the acquisition and disposal of assets of the subsidiary other than in the ordinary course of business, (iv) the borrowing of funds from third parties, (v) the adoption of business plans, budgets and distributions of funds, (vi) the approval of financial statements, (vii) the appointment of the subsidiary's CEO and external auditors, (viii) the receipt and approval of audit reports, (ix) the approval of compensation plans, and (x) the creation or acquisition of additional subsidiaries.

The Board of Directors of Halifax Regional Health System, Inc. may at any time make recommendations in relation to any aspect of the operations of its subsidiaries directly to the governing Board of the subsidiary entity.

**4.4 Conflict of Interest.** Members of the Board of Directors shall not have any undisclosed conflicts of interest with the Corporation or its subsidiaries. Such conflict situations may be present if any individual is a major supplier of products or services to the Corporation or its subsidiaries. Annually, each board member shall file a conflict of interest statement with the Secretary of the Corporation on forms to be provided. Where a conflict is disclosed, the Board will determine the appropriate action in accordance with established policy.

**4.5 Election of Directors.** At its annual meeting, the Board may elect persons to fill the vacancies in its membership created by expiring terms or vacated director's positions. Each elected director shall hold office for a term of three (3) years or until his successor is elected and qualified.

**4.5-1** At the regular monthly Board meeting held two months prior to the annual meeting, the Chair shall appoint a Nominating Committee of at least four (4)

members which shall present nominees for officers and directors at the annual meeting. Prior to the appointment of this Committee, The Chair shall send to each existing board member whose term is to expire, a letter specifically requesting each board member to advise the Chair in writing whether he or she desires to serve an additional term. If no reply is received to the letter, the Chair or Chief Executive Officer of the Corporation shall contact the board member and request his response. If the Chair's term on the Board is expiring, he shall advise the Vice Chair of his intentions regarding reappointment on the Board.

Each board member whose term is expiring shall respond to the Chair before the date of the initial meeting of the Nominating Committee. The Chair shall report these responses to the Nominating Committee at its initial meeting. A failure to respond by any board member shall indicate a desire to retire from the Board.

At least ten (10) days prior to the annual meeting, the Nominating Committee shall provide in writing to each member of the Board a proposed list of officers and a list of nominees who have acknowledged that they are willing to serve. Nominations for officers and directors also may be made from the floor at the annual meeting. Directors and officers shall be elected by a majority vote of the Board of Directors present at the time of the annual meeting.

**4.5-2** Officers and directors elected in accordance with 4.5.1 will begin elected terms effective the date of the annual meeting.

**4.6 Resignation and Removal.** Any director may resign at any time by giving written notice to the Chair or to the Secretary of the Corporation. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in it. Any elected director may be removed by a two-third's (2/3) affirmative vote at any meeting at which there is a quorum; provided, however, that the member whose removal is sought shall be given thirty (30) days notice in writing of the proceedings to remove him.

**4.7 Vacancies.** Vacancies in elected directorships due to death, resignation, removal, or an increase in the authorized number of directors may be filled by election by a majority of the remaining number of directors. In the event a vacancy occurs on the Board, or in any office, the Chair or Acting Chair, may appoint a Nominating Committee of at least four (4) members to select and recommend a candidate for replacement. This candidate is to be presented to the next regular session of the Board of Directors; such nomination to stand for a minimum of thirty (30) days, or until the next regular meeting, before election takes place. Any director so elected shall hold office for the unexpired portion of the term of the vacated director.

**4.8 Compensation of Board Members and Committee Members.** Board members and members of all committees shall receive no compensation for any services rendered in their capacities as directors or committee members. However, nothing herein contained shall be construed to preclude any director or committee member from receiving compensation for other services actually rendered or for expenses incurred in serving the Corporation as a director or in any capacity.

**4.9 Meetings of Directors**

**4.9-1 Annual Meetings of the Board:**

The annual meeting of the Board shall be held on the fourth Monday of November at 12:30 p.m. in the Leggett Auditorium, unless otherwise designated by the Chair. The purpose of the annual meeting is to elect officers and directors and to transact such other business as may properly come before the meeting. Directors shall be given written notice ten (10) days prior to the annual meeting.

**4.9-2 Regular Meetings of the Board:**

Regular meetings of the Board shall be held at 12:30 p.m. on the fourth Monday of every month in the Leggett Auditorium at the Hospital or such other convenient location as may be designated by the Chair, provided, however, that the Chair or the Board by a majority of voting members present may cancel or postpone a scheduled meeting with notice as required in 4.9-3(1).

**4.9-3 Place, Notice and Procedure of Board Meetings:**

1. Notification of Change in Regular or Annual Meeting:

Directors shall be given written notice or notice by a form of electronic transmission consented to by the director of changes in the Board of Directors' regular or annual meeting date, location or time. Such notice is to be given not fewer than ten (10) days prior to the meeting and shall set forth the time and place of any rescheduled meeting.

2. Special Meetings:

Directors shall be given notice of each special meeting of the Board, and such notice shall set forth the time and place of the meeting and notice of the matters of business to be transacted. Such notice shall be by a personal contact with the board member or by a form of electronic transmission consented to by the director made or given not fewer than two (2) days prior to special meetings called by the Chair, or a written notice given not fewer than ten (10) days prior to special meetings called by eight (8) or more directors. Business to be transacted at any special meeting of the Board shall be limited to the matters set forth in the notice of the meeting.

3. Waiver of Notice:

A director may waive notice of any meeting before or after the date and time stated in the notice. The waiver shall be in writing, signed by the director entitled to the notice and filed with the minutes or corporate records. A director's attendance at or participation in a meeting waives any required notice of the meeting unless the director at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

4. Procedure for Regular Meetings:

Regular meetings of the Board shall be conducted by utilizing the following procedure for the agenda: call to order, approval of minutes, committee reports, administrative reports, old business, new business, other, and adjournment.

**4.9-4 Quorum:**

A majority of the directors shall constitute a quorum for the transaction of business. For the purpose of obtaining a quorum, a director must be physically present. The act of a majority of the directors present and voting at a meeting at which a quorum is present shall be the act of the Board. After a quorum has been established at a meeting, the subsequent withdrawal of directors from the meeting so as to reduce the number of directors present to fewer than the number required for a quorum shall not invalidate any action taken by the Board at the meeting during such times that a quorum was present. A majority of the directors present, whether or not a quorum exists, may adjourn any meeting of the Board to another time and place. At such adjourned meeting, a quorum shall be established. Notice of any such adjourned meeting shall be given to the directors who are not present at the time of adjournment, unless the time and place of the adjourned meeting are announced at the time of adjournment to all directors.

**4.9-5 Attendance:**

Directors are expected to attend as many board and assigned committee meetings as possible. The Nominating Committee shall review the records of all members for the prior year. The Nominating Committee, or its designee, shall counsel each member whose absences exceed fifty percent (50%). The Nominating Committee will then give its recommendations to the Chair of the Board. The Chair may either ask for resignation or recommend removal in accordance with Article IV, Section 4.6, if he deems such action appropriate.

**4.9-6 Minutes, Attendance, Continuing Education and Orientation:**

A written record of all Board and Board Committee proceedings, attendance and actions shall be maintained. A written record shall also be maintained of Board orientation and continuing education. The Chief Executive Officer shall be responsible for seeing that both are accomplished.

**ARTICLE V**  
**OFFICERS**

**5.1** The officers of the Corporation shall be: Chair, Vice Chair, Secretary, Treasurer, Chief Executive Officer and such other officers as may be determined by the Board of Directors. Officers shall be elected annually in accordance with the provisions of Section 4.5-1 for a term of one (1) year, but (except for the Chief Executive Officer who shall be subject to removal as provided by law or by contract) are subject to removal by two-third's affirmative vote at any meeting at which there is a quorum; provided, however, that the officer whose removal is sought shall have been given thirty (30) days notice in writing of the proceeding to remove and the reasons therefore. In the event any of the above offices are vacated, including that of Chair, an

election will be held at the next Board meeting to fill such vacancy. Officers may delegate clerical work incident to their duties to the administrative staff.

**5.1-1 Chair:**

The Chair shall be a member of the Board of Directors and serve as Chair of the Board of Directors and Chair of the Executive Committee. He shall preside at all meetings of the Board and Executive Committee. He shall appoint annually all committees, both standing and ad hoc, of the Board and their Chairs, subject to the approval of the Board. He shall make every effort to motivate Board Committees to accept and complete their assigned responsibilities. He shall perform all such other duties as are incident to this office or are properly assigned to him by the Board of Directors, and shall make any and all recommendations to the Board that he may deem necessary. The Chair shall be an ex officio member of all committees.

**5.1-2 Vice Chair:**

The Vice Chair shall perform such duties as may be assigned to him by the Board or the Chair. In the absence of the Chair, or in the event of his disability or inability to act, the Vice Chair shall perform the duties of the Chair with the full powers of, and subject to the restrictions upon, the Chair.

**5.1-3 Secretary:**

The Secretary shall provide for the keeping of minutes of all meetings of the Board and Board Committees. He shall give or cause to be given appropriate notices in accordance with these Bylaws or as required by law, and shall act as custodian of all corporate records and reports and of the Corporate Seal, assuring that it is affixed, when required by law, to documents executed on behalf of the Corporation. He shall perform such other duties as may be prescribed by the Board of Directors and as are incident to the office of Secretary of a corporation under the laws of the Commonwealth of Virginia.

**5.1-4 Treasurer:**

It shall be the responsibility of the Treasurer to see that proper and accurate accounts are kept of all properties and financial transactions of the Corporation and to insure that such accounts, assets and liabilities are audited annually by an outside independent certified public accountant and reviewed by any corporate committees according to these Bylaws.

The Treasurer shall determine that the Chief Executive Officer, other employees, or officers of the Corporation who handle or have access to the funds of the Corporation are bonded in amounts deemed appropriate by industry standards.

The Treasurer shall determine that all officers and directors of the Corporation are properly indemnified against liability or losses as a result of their service on the Board in an amount approved by the Board.

The Treasurer shall serve on the Planning and Development Committee and, in addition, shall perform all acts incident to the Office of the Treasurer of a corporation operating under the laws of the Commonwealth of Virginia.

**5.1-5 Chief Executive Officer:**

Duties are described in Article VII hereafter.

**ARTICLE VI**  
**BOARD COMMITTEES**

**6.1 Standing or Ad Hoc.** The Board shall maintain the following standing committees: Process and Quality Improvement Committee, Planning and Development Committee, Personnel Committee, Audit Committee, and the Executive Committee. The Chair of the Board of Directors shall appoint and authorize any standing or ad hoc committees as he deems necessary, consistent with these Bylaws and subject to the approval of the Board. The committee members shall serve at the pleasure of the Chair of the Board of Directors with the approval of the Board of Directors. The duties and responsibilities of the following committees apply to Halifax Regional Health System, Inc. and any of its subsidiaries.

**6.1-1 Process and Quality Improvement Committee:**

1. **Number, Election and General Provisions**

The Process and Quality Improvement Committee shall be composed of not fewer than nine (9) members appointed by the Chair of the Board of Directors.

2. **Duties and Responsibilities**

The Committee shall serve as the quality assurance committee of the Corporation. The committee shall coordinate all provisions of the Performance Improvement Plan, Risk Management Plan and Safety Plan. It shall monitor the level, scope and appropriateness of all patient care, and review appropriate information to assure that all patients with the same health problem receive the same level of care at Halifax Regional Hospital, Inc. and Halifax Regional Long Term Care, Inc. and its subsidiaries. For Hospice services, it shall insure the use of an interdisciplinary team approach to provide palliative care for patients in the home.

The Committee shall from time to time review staffing, resource allocation, personnel morale, and review any other areas as may affect the delivery of optimum care to all patients of any subsidiary. This Committee shall meet periodically for the purpose of reviewing directives from the Joint Commission, for seeing that any affected subsidiaries meet these directives, for the purpose of reviewing the Commission surveyor results, and for any other purpose relating to full accreditation of any subsidiary.

The Committee may make recommendations to any other committee of the Board in coordination with the Board of Directors of Halifax Regional Hospital, Inc. The Committee shall oversee and annually review and approve the Quality Assessment and Improvement Plan, Risk Management Plan and Safety Plan.

**6.1-2 Planning and Development Committee:**

1. Number, Election and General Provisions

The Planning and Development Committee shall be composed of not fewer than nine (9) members appointed by the Chair of the Board of Directors.

2. Duties and Responsibilities

The Planning and Development Committee shall be responsible for the development of a master plan for future services and facilities, monitoring any physician recruitment activities, and cooperating with town, county, and regional planning authorities when necessary and prudent.

This Committee shall also be responsible to the Board for developing financial policies for itself, which policies shall include, but be not limited to the investment of surplus, funded depreciation and pension funds, reviewing and recommending adoption of operating and capital budgets, examining and approving financial and statistical statements, recommending service rates and fees, establishing credit, collection and discount policies and other financial matters related to the Corporation.

This Committee shall also recommend a capital budget each year to the Board of Directors for equipment and will represent the Board of Directors as authorized and directed in matters relating to alterations and additions, plant operation, maintenance, parking and related functions to facilities of this Corporation and its subsidiaries. This Committee shall be responsible for considering and recommending policies governing the operation and maintenance of any physical plant owned and/or operated by the Corporation; for evaluating bids and recommending awards of contracts in major alterations and new building programs, representing the Board of Directors as authorized in its relationship with architects and contractors; and overseeing the completion of approved construction.

**6.1-3 Personnel Committee:**

1. Number, Election and General Provisions

The Personnel Committee shall be composed of not fewer than nine (9) members of the Board of Directors appointed by the Chair of the Board of Directors.

2. Duties and Responsibilities

This Committee shall be responsible for making recommendations to the Board of Directors on all matters involving personnel policies and procedures. The Committee shall also be responsible for ensuring that sound job evaluation and wage/salary and personnel benefit programs are developed for the Corporation and that the same are effectively administered. This Committee shall also oversee the administration of the benefits program and any employment retirement plan for the Corporation. Additionally, this Committee shall also be responsible for ensuring that effective training programs are developed and implemented for all employees as well as advising and representing the Board, when so authorized, on labor relations and related personnel problems. This Committee shall also oversee the administration of scholarship programs for the Corporation and shall encourage interested parties of promise to enter the health care field and encourage, by scholarship aid, a program of continuing education on the part of those in the medical field.

#### **6.1-4 Audit Committee**

##### **1. Number, Election and General Provisions**

The Audit Committee shall be composed of not fewer than five (5) members appointed by the Chair of the Board of Directors. It is expected that at least one member of the Committee have accounting or related financial management expertise. Each member of the Committee must be knowledgeable of healthcare financial and regulatory affairs or must become knowledgeable of such matters within a reasonable period of time after his or her appointment. The Board shall provide the necessary resources to maintain proficiency in such areas.

##### **2. Duties and Responsibilities**

The Audit Committee shall provide assistance to the Board of Directors in fulfilling their responsibility relating to corporate compliance, corporate accounting, reporting practices, and the quality and integrity of the financial reports and other operating controls of the corporation.

The basic responsibilities of the Audit Committee are to oversee the Corporate Compliance Program and the financial reporting process as implemented and maintained by management, including risks and controls related to that process, and external auditors' role and responsibility within the financial reporting process.

In carrying out these responsibilities, the Committee will:

- A. At least annually, review and reassess the adequacy of this policy and evaluate the performance of the Committee and report the results thereof to the Board of Directors.
- B. Oversee and annually review and approve the Corporate Compliance Program.

- C. Directly appoint (subject to the prior approval of the Board of Directors), retain, evaluate, oversee, and terminate the services of the external auditors. The committee shall also have the authority to and shall pre-approve, to the extent required by applicable law, all audit and non-audit engagements and the related fees and terms with the independent auditors.
- D. Review the qualifications, independence and performance of the independent auditors and present its conclusions to the Board of Directors.
- E. Meet with the independent auditors and management to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit, including any comments or recommendations of the independent auditors.
- F. Review with the independent auditors and management the adequacy of the accounting and financial controls of the corporation, to include feasibility of such controls, and elicit any recommendations for the improvement of such internal control procedures.
- G. Resolve disagreements, if any, between management and the independent auditors regarding financial reporting.
- H. Review and approve any changes in accounting principles.
- I. Meet with the independent auditors without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the System's financial and accounting personnel, and the cooperation that the independent auditors received during the course of the audit.

**6.1-5 Executive Committee:**

1. **Number, Election and General Provisions**

The Executive Committee shall be composed of thirteen (13) members which shall consist of the officers (excluding the CEO) of this Corporation identified in Section 5.1 above, the Chairperson of each of the four committees described above, the two (2) Officers of the Medical Staff of Halifax Regional Hospital, Inc., and three (3) at-large seats which shall be appointed by the Chair of the Board of Directors.

2. **Duties and Responsibilities**

No action shall be taken by the Executive Committee that conflicts with the previously adopted policies and expressed directives of the Board of Directors. All activities of the Executive Committee will be reported to the Board of Directors at the next regular meeting.

The Executive Committee shall be empowered to act with the same and total authority as the Board of Directors and ordinarily on matters of a very urgent nature requiring immediate action. All actions taken under this provision shall be promptly reported in writing to the Board.

Notwithstanding the foregoing, the Executive Committee may not fill vacancies on the Board or on any of its committees; amend the Articles of Incorporation; adopt, amend or repeal the Bylaws; or approve a plan of merger not requiring member approval.

The employment agreement for the Chief Executive Officer will be negotiated and approved by the Executive Committee. Any employment agreement for the Chief Operating Officer and the Chief Financial Officer will be approved by the Executive Committee upon recommendation of the Chief Executive Officer. Details regarding the annual performance and compensation reviews will be made available to individual Board members upon their request to the Chair.

Meetings of the Executive Committee may be called by, or at the direction of, the Chair or any other two (2) members of the Committee. A majority of the members of the Executive Committee shall constitute a quorum for transaction of business at any meeting of the Committee. The Committee shall keep minutes of its proceedings and report to the Board at all regular meetings of the Board.

**6.2 Meeting, Notice and Quorum.** Meetings of any committee may be called by the Chair of the Board, the Chair of the committee or, except as provided above for the Executive Committee, a majority of the committee's voting members. Each committee shall meet as often as is necessary to perform its duties except where frequency of meetings is specified in these Bylaws. Notice may be given at any time and in any manner reasonably designed to inform the members of the time and place of the meeting. A majority of the voting members of any committee shall constitute a quorum for the transaction of business at any meeting of such committee. Each committee shall keep minutes of its proceedings and report periodically to the Board.

**6.3 Additional Consultants.** The Chair of the Board may invite, on an ad hoc basis, additional individuals with special expertise in pertinent areas to meet with and assist any committee. Such consultants shall not be counted in determining the existence of a quorum nor be allowed to vote.

**6.4 Resignations and Removals.** Any member of a committee may resign at any time by giving written notice to the Chair of the committee or to the Secretary of the Corporation. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in it. The Chair of the Board of Directors may, with prior approval of the Board, remove any member of a committee.

**6.5 Vacancies.** A vacancy in any committee shall be filled for the unexpired portion of the term in the same manner in which original appointment to such committee is made.

**6.6 Combination of Committee Functions.** The Board may assign the functions of any special and/or standing committee, except the Executive Committee, to a combined or new committee or to the Board acting as a committee of the whole.

## **ARTICLE VII** **CHIEF EXECUTIVE OFFICER**

**7.1 Qualifications, Selection and Title.** The Board of Directors shall select and appoint a duly qualified Chief Executive Officer. The Chief Executive Officer shall be responsible to the Board. Whenever a vacancy occurs, the Executive Committee shall appoint an Interim Chief Executive Officer to serve until the position is filled, and the Chair of the Board shall appoint a Special Search Committee for the purpose of finding and recommending an appropriate Chief Executive to the Board.

**7.2 Responsibilities.** These duties and responsibilities relate to Halifax Regional Health System, Inc. and any of its subsidiaries. The Chief Executive Officer shall be delegated the responsibility for overall management of the Corporation. He shall be given the necessary authority to discharge this responsibility, subject to such policies as may be issued by the Board or any committees to which it has delegated power for such action. He shall act as the duly authorized representative of the Board in all matters in which the Board has not formally designated some other person or group to act.

### **7.3 Duties**

**7.3-1** These duties relate to Halifax Regional Health System, Inc. and any of its subsidiaries.

Without limiting his general authority, the Chief Executive Officer shall be responsible for establishing criteria relating to the employment, tenure, supervision and competency of all personnel, including contract personnel for the Corporation. The employment of a Chief Operating Officer and Chief Financial Officer shall be confirmed by the Executive Committee and approved by the Board.

The Chief Executive Officer shall also have responsibility for maintaining appropriate books and records of all income and expenses of the operations of the Corporation in accordance with sound accounting practice. The Chief Executive Officer shall also direct the preparation of annual operating and capital budgets and position controls, and shall review, revise and justify the same to the Board. The Chief Executive Officer shall monitor and present monthly operating results to the Board, and from time to time develop long range forecasts as appropriate or when required by the Board. The Chief Executive Officer shall exercise due care to operate the Corporation within such budgets, and report promptly to the Planning and Development Committee and the Board any actual or anticipated departure therefrom. The Chief Executive Officer shall likewise supervise the business affairs of the Corporation to assure that funds are expended prudently.

The Chief Executive Officer shall recommend adequate insurance coverage, direct effective safety and risk management programs, and shall be responsible for the maintenance of all physical properties.

The Chief Executive Officer shall be responsible, subject to the approval of the Board of Directors or the Planning and Development Committee, for the purchase and installation of any and all equipment and furnishings for the Corporation.

The Chief Executive Officer shall be responsible for the supervision of the quality of health care rendered at any of its subsidiaries, and shall advise the Board and the Medical Staff on the overall activities of the Hospital, which activities include, but are not limited to Hospital quality improvement and corporate compliance activities as well as appropriate federal, state and local developments which may affect the operation of the Hospital.

The Chief Executive Officer has the authority to approve, authorize and pay operating expenses as required in the day-to-day operation of the Corporation, and the Chief Executive Officer shall be responsible for the implementation of established policies in the operation of the Corporation. The Chief Executive Officer shall also recommend new policies to the Board when advisable.

The Chief Executive Officer shall be a liaison between the Board of Directors of the Corporation and any of its subsidiaries, as well as between the Medical Staff and any and all departments located within the Halifax Regional Health System, Inc.

The Chief Executive Officer shall conduct or coordinate a comprehensive orientation program for new board members and a continuing education program for all members based, at least in part, on identified needs.

The Chief Executive Officer shall provide the professional staff at any of its subsidiaries with the administrative support and personnel reasonably required to carry out quality assurance activities, and shall provide administrative support to any of the committees of this Corporation.

The Chief Executive Officer shall organize the functions of this Corporation and may delegate duties and establish formal means of accountability on the part of subordinates. The establishment and implementation of a written plan of internal control and management reporting system for the Corporation and any of its subsidiaries shall be the responsibility of the Chief Executive Officer. The Chief Executive Officer shall also establish and implement a written plan of internal control and a management reporting system.

The Chief Executive Officer shall also designate in writing, in order of succession, other individuals by name or position who are authorized to act for him during any period of his absence from the Corporation.

Finally, the Chief Executive Officer shall perform any other duty within the express or implicit terms of his duties hereunder which may be necessary to

insure the best interest of the Corporation, and also perform such other duties as the Board of Directors shall from time to time direct.

**7.4 Annual Review.** Annually, or more frequently if necessary, the Executive Committee shall review the performance of the Chief Executive Officer.

## **ARTICLE VIII** **GENERAL PROVISIONS**

**8.1 Annual Report.** Within a reasonable period of time after the close of each fiscal year, the Chief Executive Officer shall submit to the Board the following documents:

- 8.1-1** The Corporate organization chart, including all persons serving as directors, officers of the Board, members of committees (standing, ad hoc or special in nature) for the Corporation or any of its subsidiaries.
- 8.1-2** The table of contracts, leases, association memberships and other agreements of the Corporation or any of its subsidiaries where the annual cost exceeds \$100,000.
- 8.1-3** A Leadership Plan and Progress Report for the current fiscal year. The capital budget and the operating budget as approved by the Board for the current fiscal year shall be a part thereof.
- 8.1-4** Financial statements for the Corporations' immediately preceding fiscal year and those of any of its subsidiaries.
- 8.1-5** A summary of new or proposed legislation that may materially affect the operations of the Corporation or any of its subsidiaries, and any problems experienced in complying with the laws and regulations of federal, state and local governmental agencies.

**8.2 Duality of Interest.** Any director, officer, employee, or committee member having an interest in a contract or other transaction presented to the Board of Directors or a committee thereof for authorization, approval or ratification shall give prompt, full and frank disclosure of his interest to the Board or committee prior to its acting on such contract or transaction. The body to which such disclosure is made shall thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use his personal influence on, nor participate (other than to present factual information or to respond to questions) in the discussions or deliberations with respect to such contract or transaction. Such person may not be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon, and, where applicable, the abstention from voting and participation, and whether a quorum was present.

- 8.2-1** Should any duality of interest be determined that materially jeopardizes the director's ability to perform as a member of the Board, thereby constituting a material conflict of interest, the Board may direct that the effected member remove the cause of the conflict or be removed from the Board.

In such case where removal is recommended, provisions of Section 4.6 of these Bylaws will be followed.

**8.3 Auxiliary and Association Organizations.** The Board may authorize the formation of auxiliary and associate organizations to assist in the fulfillment of the purposes of the Corporation and any of its subsidiaries. Each such organization shall establish its bylaws, rules and regulations and make amendments thereto which shall be subject to Board approval and which shall not be inconsistent with these Bylaws or the standing policies of the Board. Volunteers, who are not members of the organized auxiliary, shall be governed by the Administrative Policy/Procedure Manual of the Corporation or any of its subsidiaries.

**8.4 Fiscal Year.** The fiscal year of the Corporation shall begin on the first (1st) day of September of each year and end on the thirty-first (31st) day of August of each year.

**8.5 Corporate Seal.** The seal of the Corporation shall be circular in form and shall have inscribed on its face the words, "Corporate Seal" and the Corporate name.

**8.6 Waiver of Notice.** Whenever any notice is required to be given under the provisions of the Virginia Nonstock Corporation Act, under the Articles of Incorporation, or under these Bylaws, a waiver thereof in writing signed by the person entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice where such waiver is permitted by state law. All such waivers shall be filed with the corporate records, or be made a part of the minutes of the relevant meeting.

**8.7 Procedure.** The Board, board committees, and special committees may adopt rules of procedure which shall be consistent with these Bylaws.

**8.8 Roberts Rules of Order.** Any procedure or point of order that is not outlined in these Bylaws will be guided by Roberts Rules of Order.

**8.9 Construction of Terms and Headings.** Words used in these Bylaws shall be read as the masculine or feminine gender or as the singular or plural, as the context requires. The captions or headings in these Bylaws are for convenience only and are not intended to limit or define the scope or effect of any provision of these Bylaws.

**8.10 Self Evaluation of the Governing Body.** At the direction of the Chair of the Board of Directors or Executive Committee, but not less than biennially, the Board will review the performance of its members, committees, or any other division or fraction of the Board as well as the Board in its entirety. Such review will be conducted in accordance with objective data or specific deficiencies which may arise. Examples of performance review include, but are not limited to attendance at Board functions, confidentiality, professional conduct of members, discharge of specific responsibilities and duties, matters of integrity and self interest, financial and fiduciary responsibility, performance improvement, and continuing education.

**8.11 Review of Bylaws.** From time to time, as necessary, but not less than biennially, the Chair shall appoint an ad hoc committee composed of Board members which shall review the Bylaws of the Corporation. After review, the committee shall report to the Board any recommendation or changes deemed necessary or appropriate.

**ARTICLE IX**  
**LIABILITY**

**9.1 General Liability.** No officer, director, committee, or other persons shall contract or incur any debt on behalf of the Corporation, or in any way render it liable unless authorized by the Board of Directors. No officer, committee member or employee of the Corporation is authorized to promise moral or financial support to any charitable or other objective without the approval of the Board of Directors; provided, however, that the Chief Executive Officer may negotiate or make such commitments as may be appropriate within the Corporation's budget and for which he shall be accountable to the Board.

**ARTICLE X**  
**AMENDMENTS TO BYLAWS**

**10.1 Procedure.** These Bylaws, or those of any of the subsidiaries of this Corporation, may be amended or repealed and new Bylaws adopted by a majority vote of the Board of Directors present at any regular meeting if at least ten (10) days written notice is given of the intention to take such action.

Revised \_\_\_\_\_, 2008