

# **BYLAWS OF THE CASTINE COMMUNITY HOSPITAL**

## **ARTICLE I: NAME AND OPERATING AREA**

Section 1: The name of this corporation is the Castine Community Hospital (hereinafter referred to as “the Corporation”).

Section 2: The principal operating area of the Corporation shall be the towns of Castine, Orland, Penobscot, Brooksville, and neighboring areas situated within Hancock County, Maine (hereinafter “the Operating Area”). In addition, the Corporation may carry on business and operate anywhere within the State of Maine, or in any State where it has legal authority to carry on business and operate.

Section 3: The Corporate Seal of the Corporation shall be circular in form and shall be engraved in such form as is approved by a majority of the Directors.

## **ARTICLE II: PURPOSE**

Section 1:

- a) The Corporation shall assist in the maintenance and support of primary healthcare services and related providers.
- b) The Corporation shall seek to make a positive difference in the health and wellness of the citizens of the Operating Area consistent with its vision that those citizens may have access to quality health care and the opportunity for healthy life styles.
- c) The Corporation shall identify and advocate for the health and wellness needs of the citizens of the Operating area providing financial support, guidance and encouragement to local health and wellness organizations.
- d) The Corporation may purchase, lease and maintain real estate to enable service providers to provide health and dental care services within the Operating Area.
- e) The Corporation may enter into contracts directly with service providers to facilitate the provision of medical, dental and wellness services from the Corporation’s real estate.
- f) The Corporation may obtain (whether by purchase, lease or otherwise) equipment to enable medical, dental health and wellness services to be provided from its real estate.

g) The Corporation may carry out any other lawful business and operations which are consistent with the Corporation's designation as a Maine Nonprofit Corporation which qualifies as tax exempt pursuant to the terms of 501(c)(3) of the Internal Revenue Service Code, as amended.

Section 2: The Corporation is intended to operate as a Maine Nonprofit Corporation (pursuant to the Maine Nonprofit Corporation law) which qualifies under the terms of section 501(c)(3) of the Internal Revenue Service Code, as amended. No part of the Corporation's earnings or assets shall inure to the benefit of any of the Members or its directors.

### **ARTICE III: MEMBERSHIP**

Section 1: The Corporation shall have members, as that term is defined in the Maine Nonprofit Corporation Law (collectively referred to herein as "the Members"). The Members shall be those members who are now members and such other persons as are admitted to membership in the Corporation pursuant to rules and procedures which are adopted by the Board of Directors from time to time. Membership shall reflect an interest in the purposes of the Corporation, and a willingness to participate in the activities of the Corporation. The membership of any member may be withdrawn by a majority vote of the Board of Directors.

### **ARTICLE IV: BOARD OF DIRECTORS**

Section 1: The management and governance of the Corporation shall be vested in its Board of Directors, which shall have control of the Corporation's assets, property and policy. The Board of Directors shall consist of no fewer than seven (7) but no more than fifteen (15) regular directors; and who shall be elected by a majority vote of the Members. While this residency provision is not binding, ideally, at least half of the Directors shall be residents of the Operating Area (either owning real estate within the Operating Area or typically residing in the Operating Area for at least two consecutive months each calendar year). Vacancies on the Board of Directors shall be filled for the unexpired term, upon approval by a majority vote of the directors then in office at a regular meeting.

Section 2: All directors shall initially be elected to full three year terms. Each director whose term has expired shall be subject to re-election to another term of three (3) years if he or she is willing to serve. No director may serve more than four consecutive terms; save in exceptional circumstances in which (by majority vote of the directors then in office) a director may

serve one additional year immediately following the expiry of his or her fourth consecutive three (3) year term. A person may be re-elected as a new director after a one (1) year absence as a director.

Section 3: Directors may be removed with immediate effect by a two-thirds majority vote of the full Board of Directors then in office, with or without cause. Any director may resign by submitting a written resignation to the board at least sixty days prior to the resignation date, save in exceptional circumstances.

#### **ARTICLE V: POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors shall have the following powers:

Section 1: To manage all the affairs of the Corporation on any and all questions relating to any manner whatsoever thereto and to make all contracts necessary for the proper transaction of all business. They shall have entire jurisdiction over all matters pertaining to the corporation, its finances and appropriations.

Section 2: Without limit as to amount, to purchase, take, lease, exchange, or otherwise dispose of any real or personal property and any rights or privileges which said Corporation may think necessary or convenient for the accomplishment of any of the purposes or the attainment of any of the objects for which this corporation is formed.

Section 3: To enter into, make, transfer or assign and carry out contracts of any type and kind for the general accomplishment of the object for which the Corporation is formed.

Section 4: To borrow, make and issue promissory notes, bills of exchange, bonds, debentures, obligations, and other evidences of indebtedness, of all kinds, whether secured by mortgage, pledge or otherwise, and to make or give mortgages and pledges to secure the same.

Section 5: To do any, all, and everything necessary, suitable, convenient or proper for the accomplishment of any of the purposes or the attainment of anyone or more of the objects herein enumerated, or incidental to the powers herein named, or which shall at any time appear conducive or expedient for the protection or benefit of the Corporation, either as holders of or interested in any property or otherwise, and to have and exercise all the powers not in contravention of other provisions hereof, now or hereafter conferred by the laws of the State of Maine.

Section 7: The Board of Directors may elect Honorary Directors who shall not have a vote at Board of Directors' meetings but who shall serve the Corporation in an advisory capacity.

## **ARTICLE VI: OFFICERS**

Section 1: The board shall elect from its directors the following officers, namely: President, Vice-President, Secretary and Treasurer. A Director may serve as Vice President, alongside serving as either Secretary or Treasurer.

All Officers' terms of office shall be for one (1) year durations, unless terminated by written resignation to the board. All officers shall be elected annually (and can be removed) by majority vote of the board members then in office.

## **ARTICLE VII: DUTIES OF OFFICERS**

Section 1: The President shall preside over all meetings of the Board of Directors and the Executive Committee, appoint (with the advice of the Board of Directors) all committee chairpersons and committee members, and enforce all laws and regulations of the Corporation. The President shall endeavor to generate consensus within the Board of Directors for board actions. The President shall be the sole spokesperson for the Board of Directors (and any inquiries of individual directors shall be referred to the President). The President shall perform such other duties as shall be imposed by resolution by the board.

Section 2: The Vice-President shall perform the same duties as the President, in the President's absence. In the event of the President's substantial disability (as determined by the Board of Directors) or death, the Vice-President shall act as President until the board fills that office.

Section 3: The Secretary shall keep the minutes, all corporate documents and other official reports of the Corporation; and shall conduct the official correspondence of the Corporation.

Section 4: The Treasurer shall keep account of all moneys received and deposit or supervise the deposit of the same in the name of the Corporation in such depository as shall be designated by the Board of Directors. The Treasurer shall not pay out or disburse any of the money of the Corporation except in such manner and for such purposes as shall be approved and authorized by motion or resolution of the board. The Treasurer's own personal funds shall not be held accountable for money or funds of the Corporation paid out or disbursed upon checks or vouchers that have been properly issued. The Treasurer shall not be required to give any bond in connection with the performance of his or her duties. At least quarterly, the Treasurer shall make statement of the financial condition of the Corporation and annually shall submit a detailed report

of the financial condition of the Corporation for the preceding fiscal year, which such report shall be audited by qualified individuals designated by the Board of Directors.

### **ARTICLE VIII: COMMITTEES**

Section 1: There may be the following standing committees:

- a) Finance. The Treasurer shall be the chair of this committee. The Finance Committee shall be responsible for making recommendations for the Corporation's fiscal affairs; for issues including, but not limited to, investment strategies, fund raising plans, budgets, and tax return filing/audits.
- b) Board Membership & Nomination Committee. This Committee's responsibilities shall include the following:
  - i. Locating and recruiting suitable individuals to join the Board of Directors; as well as recommending such individuals for appointment to the Board of Directors.
  - ii. Nominating the Officers of the Corporation.
  - iii. Monitoring the expiry of the term limits of the existing directors; as well as the recommendation of existing directors to serve their respective second and third terms.
  - iv. Assessing the participation of the directors toward the Corporation.
- c) Facilities. This committee is responsible for overseeing the maintenance and repair of the Corporation's buildings and grounds, specifically:
  - i. Developing policies and guidelines for the use of the building and grounds, to be approved by the Board of Directors, and assuring they are followed.
  - ii. Assuring routine care and maintenance of the Corporation's property.
  - iii. Advising the Board of Directors of the necessity for any major building infrastructure investment.
  - iv. Maintaining accurate working records of its work and ensuring those records are kept and passed along to the next Facilities Committee chair.
- d) Development. This Committee's responsibilities shall include the following:
  - i. Periodic review and update of all grant request and reporting forms.
  - ii. Initial review of all grant requests that are received.
  - iii. Tracking, review and approval of all grant reports that are submitted.
- e) And such other ad-hoc or task committees as may be determined by the Board of Directors.

Section 2: All actions of the committees, other than the Executive Committee within its established authority, shall be submitted as recommendations to the board for its consideration.

Section 3: All committees shall prepare and maintain written minutes of their meetings, approved by their members.

Section 4: The President shall be ex officio member of each committee; save in circumstances in which the Board Membership & Nomination Committee is determining issues relating to the President (in which event, the President must recuse himself or herself from that part of the meeting). The President need not attend every committee meeting.

Section 5: The chairperson of each committee must be a serving board member. People who are not serving directors may serve on committees.

#### **ARTICLE IX: EXECUTIVE DIRECTOR**

Section 1: The Board of Directors may hire (and remove) an Executive Director of the Corporation (whether a full time or part time employee) who shall work under the direction of the Board of Directors and have administrative responsibility for the implementation of the programs established by the Board of Directors.

Section 2: The Executive Director may recommend need for additional staff positions to the Board of Directors for consideration; and, if approved, shall have full responsibility and authority to select, hire, supervise and terminate employees within limitations of any personnel policies adopted by the Board of Directors and legal obligations.

Section 3: The Executive Director shall be an ex-officio member of the Board of Directors and all committees (save for the Executive and Board Membership & Nomination committees).

Section 4: The Executive Director is subject to an annual evaluation by the members of the Executive Committee with findings and recommendations reported to the full board.

#### **ARTICLE X: MEETINGS OF THE BOARD OF DIRECTORS**

Section 1: There shall be meetings of the Board of Directors, which must be held at least quarterly each calendar year. The President is responsible for determining the date, time and venue of each of those regular meetings. Directors must be provided with at least five (5) business days' prior notice of any such regular meeting.

Section 2: In the event that neither the President nor the Vice-President is present for a meeting of the Board of Directors, the quorum shall elect a chairperson for that meeting.

Section 3: Any member of the Board of Directors missing three (3) consecutive, regularly scheduled board meetings, without either prior notification of his or her intended absence or for good cause, may be removed from the Board of Directors subject to the vote requirement of Article IV, section 3.

Section 4: A special meeting of the Board of Directors may be held upon the request of either the President, any other member of the Executive Committee or a majority of the Board of Directors. Directors must be provided with at least five (5) business days' advance notice of the time, place, date and agenda for such meetings.

Section 5: At any time during a meeting of the Board of Directors, the President (for any reason) may move any part of that meeting and discussion into executive session. Once in executive session, the President shall determine whether anyone other than the directors may attend that executive session.

Section 6: Unless otherwise specified herein, action by the board can only be accomplished by a majority vote of directors, provided there is a quorum. A quorum shall be at least five (5) directors or a majority of the current Board, whichever number is greater. A director who is attending a meeting of the Board of Directors in person, or by any of the options in subsection 8 below, shall be counted for the purposes of a quorum and voting.

Section 7: The meetings of the Board of Directors are private. However, with permission of the President, any other individual may be invited to attend such meetings; and the President has discretion on whether people other than the directors may actively participate during such meetings.

Section 8: A director may vote at a Board of Director's meeting by written proxy provided that the original proxy document has been provided to the President prior to the vote. Any director may participate in (and vote at) a meeting by either telephone or voice / visual technology. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if consent in writing to the action is signed by all directors, and the written consent is filed with the minutes of proceedings of the Corporation.

## **ARTICLE XI: MEETINGS OF THE MEMBERS**

Section 1: The Annual Meeting of the Corporation shall be held each year at a date and time determined by the Board. At said meeting, the Members shall elect new directors; and the Executive Director (if there be one) shall report upon the state of the Corporation. Ordinarily at this meeting the President and Treasurer shall also report on the following:

- a) Assets and liabilities of the Corporation.
- b) Principal changes in assets and liabilities during the fiscal period.
- c) Revenue and receipts of the corporation, both restricted and unrestricted.
- d) Expenses or disbursements for both general and restricted purposes.
- e) Proposed budget for the coming Fiscal Year, for Board approval.

Said reports shall be filed, by the Secretary, with the minutes of the Members' meetings.

Section 2: Special meetings of the Members may be called either by the President or upon written request for a special meeting by at least twenty members to the President.

Section 3: At least ten (10) days notice of the Annual Meeting and all other meetings shall be given to the Members, in writing, before such meetings of Members. Any such notice shall be given by mailing notice to each member at his / her last known address.

Section 4: Ten members of the Corporation, or twenty percent of the current membership, whichever is less, shall constitute a quorum for the transaction of business at any meeting of the Members. A member who is attending a meeting of the Members in person, or by any of the options in subsection five below, shall be counted for the purposes of a quorum and voting.

Section 5: A member may vote at a meeting of the Members by written proxy provided that the original proxy document has been provided to the President prior to the vote. Any member may participate in (and vote at) a meeting of the Members by either telephone or voice / visual technology. Any action required or permitted to be taken at any meeting of the Members may be taken without a meeting if consent in writing to the action is signed by all Members, and the written consent is filed with the minutes of proceedings of the Corporation.

**ARTICLE XII: FINANCE**

Section 1: All money secured or obtained for operation of the Corporation shall be turned over to the President, Treasurer, or Executive Director (if one exists), for deposit as herein provided.

Section 2: There shall be an annual professional review of the books of the Corporation and preparation of Internal Revenue Service and State of Maine Forms 990 by such qualified individuals as the Board of Directors shall designate; and to the extent that the Board of Directors deems to be necessary.

**ARTICLE XIII: RULES OF ORDER**

Section 1: Robert's Rules of Order (Revised) shall be used as the guide for parliamentary procedure at all meetings.

**ARTICLE XIV: NON-DISCRIMINATION**

Section 1: It is the policy of the Corporation to comply with all appropriate State and Federal requirements pertaining to non-discrimination on the basis of age, race, color, religion, national origin, gender, marital status, sexual orientation, veteran status or disability.

**ARTICLE XV: AMENDMENTS**

Section 1: Amendments to the By-Laws, as well as the Articles of Incorporation, shall be made by a two-thirds majority vote of directors then in office; providing the proposed amendments have been submitted to the directors in writing at least ten (10) business days prior to the relevant meeting.

**ARTICLE XVI: INDEMNIFICATION**

Section 1: Authorized Indemnification. Unless clearly prohibited by law or these By-Laws, this Corporation shall indemnify any person (an "Indemnified Person") made or threatened to be made a party in any action or proceeding (whether civil, criminal, administrative, investigative or otherwise), including any action by the Corporation by reason of the fact that s/he is or was a director or officer of the Corporation. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement (provided the Corporation shall have consented to such

settlement) and reasonable expenses; including attorneys' fees and costs of investigation incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding.

Section 2: Prohibited Indemnification. The Corporation shall not indemnify any person if the Board of Directors determines that such person's acts were committed in bad faith or were the result of dishonesty or that s/he personally garnered any financial profit or other advantage to which s/he was not legally entitled. No director with a personal interest in the outcome, or who is a party to such action concerning which indemnification is sought, shall participate in this determination.

Section 3: Binding Effect. Any person entitled to indemnification under these By-Laws has a legally enforceable right to indemnification that cannot be abridged by amendment of these By-Laws with respect to any event, action or omission occurring prior to the date of such amendment.

Section 4: Insurance. The Corporation shall purchase "Directors and Officers" liability insurance. To the extent permitted by law and the availability of a reasonable insurance policy, such insurance shall insure the Corporation for any obligation it incurs as a result of this Article and it may directly insure the directors, officers, employees or volunteers of the Corporation for liabilities against which they are entitled to indemnification under this Article.

## **ARTICLE XVII: CONFLICT OF INTEREST**

### **Section 1: APPLICATION OF POLICY**

This policy is intended to supplement, but not replace, federal and state laws governing conflicts of interest applicable to the Corporation. It applies to the Board of Directors and employees with significant decision-making authority. Each must complete the affirmation statement annually. Persons covered under this policy, as well as their relatives and associates, are hereinafter referred to as "interested parties".

### **Section 2: CONFLICTS OF INTEREST**

A conflict of interest may exist when the interests or concerns of an interested party may be seen as competing with the interests or concerns of the Corporation. There are a variety of situations that raise conflict of interest concerns including, but not limited to, the following:

A. Financial Interests - A conflict may exist where an interested party directly or indirectly benefits or profits as a result of a decision, policy or transaction made by the Corporation. Examples include, but are not limited to, situations where:

- The Corporation contracts to purchase or lease goods, services, or properties from an interested party.
- The Corporation offers employment to an interested party, other than a person who is already employed by the Corporation.
- An interested party is provided with a gift, gratuity, or favor of a substantial nature from a person or entity that does business or seeks to do business with the Corporation.
- An interested party is gratuitously provided use of the facilities, property, or services of the Corporation.
- The Corporation adopts a policy that financially benefits an interested party.

A financial interest is not necessarily a conflict of interest.

B. Other Interests - A conflict also may exist where an interested party obtains a non-financial benefit or advantage that he/she would not have obtained absent his / her relationship with the Corporation. Examples include where:

- An interested party seeks to obtain preferential treatment by the Corporation or recognition for himself / herself or another interested party.
- An interested party seeks to make use of confidential information obtained from the Corporation for his / her own benefit (not necessarily financial) or for the benefit of another interested Party.
- An interested party seeks to take advantage of an opportunity or enables another interested person or other organization to take advantage of an opportunity that he / she has reason to believe would be of interest to the Corporation.
- The Corporation adopts a policy that provides a significant non-financial benefit to an interested Party.

### Section 3: DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

An interested party is under a continuing obligation to disclose any potential conflict of interest as soon as it is known or reasonably should be known. Disclosure statements will be submitted as follows. For a Director and Executive Director, the disclosure statement shall be provided to the Secretary of the Board of Directors. In the case of employees with significant decision-making authority, the disclosure statements shall be provided to the Executive Director. In all cases, the

recipient is the designated reviewing official responsible for bringing potential conflicts to the attention of the appropriate authorities. The Secretary shall file copies of all Board disclosure statements with the official corporate records of the Corporation. The President shall maintain a file of all employee disclosure statements.

#### Section 4: PROCEDURES FOR REVIEW OF POTENTIAL CONFLICTS

Whenever there is reason to believe that a potential conflict of interest exists between the Corporation and a member of the Board of Directors or the Executive Director, the Board of Directors shall determine the appropriate response. This shall include, but not necessarily be limited to, invoking the procedures described below with respect to a specific proposed action, policy or transaction. The designated reviewing official has a responsibility to bring a potential conflict of interest to the attention of the Board of Directors promptly for action at the next regular meeting of the board or during a special meeting called specifically to review the potential conflict of interest. Where the potential conflict involves an employee of the Corporation other than the Executive Director, the President shall be responsible for reviewing the matter and may take appropriate action as necessary to protect the interests of the Corporation.

#### Section 5: PROCEDURES FOR ADDRESSING CONFLICTS OF INTEREST - BOARD MEMBER OR EXECUTIVE DIRECTOR

Where a potential conflict exists between the interests of the Corporation and a member of the Board of Directors or Executive Director with respect to a specific proposed action, policy or transaction, the Board of Directors shall consider the matter during a meeting of the board. The Corporation shall refrain from acting until such time as the proposed action, policy or transaction has been approved by a majority of the disinterested members of the Board of Directors. The disinterested members of the Board of Directors may approve the proposed action, policy or transaction upon finding that it is in the best interests of the Corporation. The Board of Directors shall consider whether the terms of the proposed action, transaction or policy are fair and reasonable to the Corporation and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.

#### Section 6: VIOLATIONS OF CONFLICT OF INTEREST POLICY

If the President or Executive Director has reason to believe that an interested party has failed to disclose a potential conflict of interest, he or she shall inform the person of the basis for such belief and allow the person an opportunity to explain the alleged failure to disclose.

**ARTICLE XVIII: DISSOLUTION**

Section 1: In the event that the Corporation shall ever be dissolved, its assets shall inure to the benefit of a successor corporation (or corporations), provided that:

- a. The successor corporation(s) is qualified under the terms of section 501(c)(3) of the Internal Revenue Service Code, as amended (or any successor provision to that code); and,
- b. That the successor corporation must have similar restrictions or limitations of use of funds upon its own dissolution as contained in these bylaws.
- c. The successor corporation must have similar aims to the Corporation, addressing the health and wellness of people residing in Maine.

Section 2: None of the Corporation’s assets shall inure to the benefit of any members, director or employee of the Corporation.

**Dates of Approvals and Amendments of Bylaws:**

These Bylaws were approved by majority vote of the Members present at a meeting warned and held for the purpose of voting on adopting these Bylaws, on the \_\_\_\_\_, day of \_\_\_\_\_, 2024 (\_\_\_\_ in favor; \_\_\_\_\_ opposed; \_\_\_\_\_ abstained). In turn, these Bylaws replaced the Bylaws which were approved on May 23, 2006.