

PETERSBURG MEDICAL CENTER
BYLAWS OF THE HOSPITAL BOARD

DEFINITIONS

1. The term "Hospital" shall mean the Petersburg Medical Center.
2. The term "President" shall refer to the then acting President of the Board as further defined in Article IV of these Bylaws.
3. The term "Medical Staff" shall refer to the organized Medical Staff as further defined in Article VII of these Bylaws.
4. The term "Board" shall refer to the Board of Directors of the Hospital as defined in Article II of these Bylaws.
5. The term "Chief Executive Officer" or "CEO" shall refer to the Chief Executive Officer of the Hospital as defined in Article VI of these Bylaws.
6. The term "Medical Director" refers to the Medical Director of the Hospital who works closely with the executive management team of the Hospital to implement strategies that enhance patient care and improve the practice of medicine within the Hospital.

ARTICLE 1
NAME AND PURPOSE

The Petersburg Medical Center is referred to in these Bylaws as the "Hospital." The Hospital is operated exclusively for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) (the "Code") and is owned by the Petersburg Borough and is a component of the Petersburg Borough. The governing body of the Hospital is the Petersburg Medical Center Board, referred to in these articles as the "Board."

The purpose of the Hospital is:

- 1) To provide quality health care services to the residents and visitors of Petersburg and the surrounding area within the available resources

without regard to race, creed, age, sex, handicap, socioeconomic status, or national origin.

- 2) To promote and improve health in the community through education, preventive medicine, and quality health care.
- 3) To take actions and make choices that will best ensure the financial stability of the Hospital into the future, and thereby ensure the availability of health care services today and tomorrow.

ARTICLE II **BOARD OF DIRECTORS**

SECTION 1. POWERS. The Board shall be the governing body of the Hospital, overseeing the management of its business and affairs, including management of patient care, in a manner consistent with those powers granted to it by the Charter of the Petersburg Borough, the Petersburg Municipal Code, these Bylaws, and other applicable law reasonably incident and necessary for the management of the Hospital.

SECTION 2. MEMBERSHIP. Membership of the Board is in accordance with the Charter of the Petersburg Borough and the Petersburg Municipal Code. As such, Board members must be a qualified Petersburg Borough voter and have resided in the borough for a period of one year prior to taking office. The Board shall be composed of no more than seven (7) voting members. Each member shall serve a three-year term, and the terms must be staggered to allow for the uninterrupted continuation of Board functions. Notwithstanding anything in Article II to the contrary, membership, qualifications, and appointment of members of the Board shall be controlled and governed by the laws of Alaska as it presently exists or may hereafter be amended from time to time.

SECTION 3. VACANCIES. In the event of vacancy on the Board prior to a regularly scheduled election, the Board will follow Borough Charter Section 3.04.060 to fill the vacancy.

SECTION 4. QUALIFICATIONS. No Board member shall be an employee of the Hospital during any part of his/her term of office or have served as an employee of the Hospital within the preceding twelve (12) month period.

SECTION 5. ABSENCES/ATTENDANCE. A vacancy is created on the Board for any of the reasons stated in Borough Charter Section 3.50.020 (B) and Borough Charter Section 2.04 (A) and (B).

ARTICLE III **MEETINGS**

SECTION 1. AUTHORITY ON PROCEDURE. The latest available edition of ROBERTS RULES OF ORDER, REVISED, shall apply to all questions of procedure not specified in these Bylaws.

SECTION 2. REGULAR MEETING. Regular meetings shall be held monthly, or no fewer than ten (10) times per year, at a time and place designated by the Board after the installation of officers. Regular meetings may be suspended or postponed by the President or by a quorum of the Board.

SECTION 3. SPECIAL MEETINGS. Special meetings may be called by the President of the Board or by a quorum of the Board. No less than three (3) days' notice shall be given to allow for notification of the Board and public advertising in accordance with Alaska law.

SECTION 4. QUORUM. Four Board members, attending in person, telephonically, or electronically, shall constitute a quorum for the transaction of all business of the Board.

ARTICLE IV **OFFICERS**

SECTION 1. OFFICERS. The officers of the Board shall be the President, Vice-President, and Secretary.

SECTION 2. ELECTION OF OFFICERS. Election of officers shall be held annually, at the first meeting following the general municipal election. Nominations shall be made from the floor, followed by the election. A majority vote of all members of the Board shall be necessary to elect. The terms shall begin upon adjournment of the meeting at which the election is held.

SECTION 3. PRESIDENT. The President shall preside at all meetings of the Board and shall exercise and discharge other powers and responsibilities as may be required by the Board, by these Bylaws, or by the Medical Staff Bylaws. The President's responsibilities may include but are not limited to making recommendations to the Board, from time-to-time, as the President determines appropriate, on policies and matters that the President believes require Board action, as well as attending meetings of the Board and Medical Staff unless the President appoints a designee. The President will also serve as liaison among the Board, the Medical Staff, and the Hospital.

SECTION 4. VICE-PRESIDENT. The Vice-President shall, in the absence or refusal to act of the President, perform the duties of the President, and shall perform all such other duties as may be required by the Board, by these Bylaws, or by the Medical Staff Bylaws.

SECTION 5. SECRETARY. The Secretary of the Board shall keep an accurate record of all meetings of the Board; shall conduct all correspondence of the Board as directed; shall file all documents and correspondence belonging to the Board; shall keep these Bylaws and the Medical Staff Bylaws current for reference; and shall conduct an election of a President pro tem in the event that the President and Vice President are absent from or otherwise unable to participate in a meeting of the Board. The secretary may receive assistance from Hospital staff in carrying out these duties and responsibilities.

SECTION 6. TERM OF OFFICE. The term of office for all officers shall be one year. Officers shall be eligible for re-election to the same or other positions as officers.

SECTION 7. REMOVAL OF OFFICERS. Any officer may be removed with cause by a two-thirds majority vote of the Board for any of the reasons enumerated in the Borough Charter Section 2.04 (B).

ARTICLE V **COMMITTEES OF THE BOARD**

SECTION 1. COMMITTEES GENERALLY. Committees of the Board may be standing or special. Each committee shall exercise such power and carry out such functions as are designated by these Bylaws or are delegated by the Board. Except as otherwise specified in this Article V, each committee shall adhere to the following procedures:

- A. Meetings. The President of the Board or committee chair shall determine the schedule that each committee shall be required to meet. Reasonable notice of the meetings of any committee shall be given to the committee members and to the President and any such other individuals as may be designated by the Board from time to time, each of whom shall have the right to attend and participate in the deliberations of the committee except as otherwise expressly noted in these Bylaws. The President of the Board or the committee chair may invite to any committee meeting such individuals as they may select who may be helpful to the deliberations of the committee.
- B. Minutes. Each committee shall record minutes of its deliberations, recommendations, and conclusions and shall deliver a draft copy of such minutes to the Secretary, the President, and such other individuals

designated by the Board from time to time for review and comment prior to completion.

- C. Quorum. Subject to the provisions otherwise identified in these Bylaws, a majority of the members of each committee shall constitute a quorum for the transaction of business.
- D. Rules. Each committee may adopt rules for its own operations and that of its subcommittees consistent with these Bylaws or the policies of the Board. The Board must approve any such rules before they become effective.

SECTION 2. APPOINTMENT TO COMMITTEES. The chair and members of each committee, except as otherwise provided in these Bylaws, shall be appointed annually by the President and confirmed by a majority of the Board.

SECTION 3. STANDING COMMITTEES. Standing committees shall consist of the Quality Improvement Committee, Joint Conference Committee, and the Resource Committee.

- A. QUALITY IMPROVEMENT COMMITTEE. The Quality Improvement Committee shall review and report on matters of patient care and safety of patients, staff, and Hospital visitors. This committee shall identify, assess, and recommend solutions of Hospital-wide problems concerning the standard of care provided by the Hospital's employees, agents, independent contractors, and Medical Staff. The committee shall review and report on systems of performance evaluation for all clinical and administrative staff; membership by individuals on the Medical Staff; scope of privileges held by members of the Medical Staff and others; and litigation and claims related to malpractice, non-feasance or misfeasance by employees, agents, independent contractors, and members of the Medical Staff. The committee shall include, at a minimum, one member of the Board, the CEO, the director of nursing, the medical records director, and one member of the Medical Staff. The committee shall meet at least ten (10) times per year and shall report to the Board as requested by the President.
- B. RESOURCE COMMITTEE. The Resource Committee shall review and make recommendations to the Board with respect to the financial and strategic planning needs and activities of the Hospital. These include, but are not limited to, debt structure; purchase, sale or encumbrance of real property; financial feasibility of projects; adoption of the annual budget; policies of the Hospital on bad debts; donated services; insurance held by the Hospital;

reports of the auditors; and other matters that might affect the financial condition and future direction of the Hospital.

- C. JOINT CONFERENCE COMMITTEE. The Joint Conference Committee shall act as an intermediary between the Board and the Medical Staff. It shall consist of the President of the Board, the CEO, and the Chief of Medical Staff. In the absence of the President, another officer of the Board shall represent the Board.

The chair of the committee shall alternate annually between the President, who shall serve in even-numbered years, and the Chief of the Medical Staff, who shall serve in odd-numbered years. An alternate chair may be appointed by mutual agreement of the President and the Chief of the Medical Staff.

The Joint Conference Committee shall hear grievances and make recommendations to the Board and to the Medical Staff. It shall review proposed amendments to the Medical Staff Bylaws and rules and regulations. The committee shall meet quarterly or at the request of the President or the Chief of the Medical Staff and shall report to the Board as requested by the President.

SECTION 4. SPECIAL COMMITTEES. Special committees may be designated by the President with the approval of a majority of the Board. A special committee shall limit its activities to the task for which it is appointed. Upon completion of the task for which it was appointed, a special committee shall be dissolved without further Board action.

SECTION 5. AUXILIARY AND ASSOCIATED ORGANIZATIONS. The Board may authorize the formation of auxiliary and associated organizations to assist in the fulfillment of the purposes of the Hospital. Each such organization shall exercise such power and carry out such functions as are designated by these Bylaws or delegated by the Board. Each organization shall keep regular minutes of its proceedings and shall report to the Board when requested to do so.

ARTICLE VI **Chief Executive Officer (CEO)**

SECTION 1. SELECTION, AUTHORITY, AND EVALUATION OF CEO. The Board shall select and employ a competent and experienced CEO who shall be its direct executive representative in the management of the Hospital.

The CEO shall have the general supervision, administration and direction of all the Hospital's activities and departments, in accordance with the Petersburg Municipal Code and subject to the direction of the Board. The CEO shall perform all the duties

commonly incident to his/her office and authorized by the Petersburg Municipal Code. The CEO shall act as the Board's duly authorized representative in all matters in which the Board has not formally designated some other person for that specific purpose.

The Board shall evaluate the performance of the CEO annually based on mutually agreed upon goals and objectives. This evaluation shall be performed in an executive session of the Board and a written record of the evaluation shall be made part of the personal and confidential file of the CEO.

SECTION 2. RESPONSIBILITIES AND DUTIES. Responsibility and duties of the CEO shall include, but not be limited to:

- A. Responsibility for carrying out all policies established by the Board;
- B. Preparation and submission to the Board for approval of a plan or organization of the personnel and others concerned with the operation of the Hospital;
- C. Preparation of an annual budget showing the expected revenue and expenses of the Hospital;
- D. Selection, employment, control and discharge of all employees, including the development and maintenance of personnel policies and practices of the Hospital;
- E. Responsibility for the repair and operating condition of all physical properties;
- F. Supervision of all business affairs of the Hospital and ensuring that all funds are collected and expended to the best possible advantage to the Hospital;
- G. Working with the Medical Staff and with all those concerned with providing professional services to the Hospital so that the best possible care may be rendered to all patients;
- H. Preparation of periodic reports to the Board reflecting the activities of the Hospital, and the preparation of any special reports as may be requested by the Board;
- I. Attendance at all meetings of the Board;
- J. Performance of any other duty assigned by the Board or that may be necessary in the interests of the Hospital;

- K. The CEO shall be responsible for establishing policies for services provided by individual volunteers.

ARTICLE VII **MEDICAL STAFF**

SECTION ONE. ORGANIZATION, APPOINTMENTS AND HEARINGS.

- A. The Medical Staff shall be organized into a responsible administrative unit, and be a self-governing body, having its own Bylaws, rules, policies and regulations, subject to approval by the Board. It shall be comprised of physicians who are graduates of recognized medical schools.
- B. The Medical Staff shall be responsible to the Board for the scientific work and the clinical work of the Hospital and it shall respond to the Board when called upon to advise the Board regarding professional problems and policies.
- C. The Medical Staff shall make recommendations to the Board on individuals who apply for appointment to the Medical Staff, allied health professional staff, and dependent practitioner staff, and the Board shall consider the Medical Staff's recommendations in deciding whether the applicant should be appointed. Any differences in recommendations concerning Medical Staff appointments, reappointments, terminations of appointments, and the granting and revision of clinical privileges shall be resolved within a reasonable period of time by the Board and the Medical Staff. Each appointee to the Medical Staff shall have the appropriate authority to care for their patients subject to such limitations and restrictions as are contained in these Bylaws and in the policies, Bylaws, rules and regulations for the Medical Staff, and, further subject to any limitations which may be attached to his or her appointment. Final authority and responsibility governing the Medical Staff shall reside with the Board.
- D. The Board shall specify the authority and responsibility for selection of Medical Staff officers, section chairmen, and any other positions deemed appropriate by the Board.
- E. The Medical Staff shall recommend to the Board the appointment of the medical and surgical privileges for each member of the Medical Staff annually.

SECTION TWO. MEDICAL CARE AND ITS EVALUATION.

- A. The Board shall assign to the Medical Staff reasonable authority for ensuring appropriate professional care of the Hospital's patients. The Medical Staff is responsible for the review/revision of policies and procedures that affect the Medical Staff as warranted. The period between reviews shall not exceed three (3) years.
- B. The Medical Staff shall conduct an ongoing review and appraisal of the quality of professional care rendered in the Hospital and shall report such activities and the results to the Board.
- C. The Board may refer specific matters to the Medical Staff for their consideration and recommendations concerning:
 - 1. Appointments, reappointments and other changes in staff status;
 - 2. Granting clinical privileges;
 - 3. Disciplinary actions; and
 - 4. All matters relating to professional competency.
- D. The Board shall ensure the Medical Staff contributes to the quality of care by coordinating their work with that of other leaders and those responsible for governing the organization. The Board shall also:
 - 1. Ensure all Medical Staff members responsible for assessing, caring for, or treating patients are clinically competent and that clinical care rendered is appropriate; and
 - 2. Ensure the Medical Staff contributes to the organization's planning, budgeting, safety management, and overall performance improvement activities.

SECTION THREE. The Board shall invite the Chief of the Medical Staff or its designee to its regularly scheduled meetings, The Chief of the Medical Staff or designee as spokesman for the Medical Executive Committee ("MEC") will be required to present the activities carried out and the recommendations made by the Medical Staff and MEC during the preceding month, as appropriate. These recommendations may include:

- A. The structure of the Medical Staff

- B. The mechanism used to review credentials and to delineate individual clinical privileges.
- C. Individuals for appointment to the Medical Staff.
- D. Delineated clinical privileges for each eligible individual.
- E. The Medical Staff's participation in organization-wide performance improvement activities.
- F. The mechanism by which appointment on the Medical Staff may be terminated.
- G. The mechanism for the fair-hearing process.

SECTION FOUR. The Medical Staff shall adopt policies, Bylaws, rules and regulations and amendments as may be appropriate, setting forth its organization and governing its conduct. These policies, Bylaws, rules and regulations and any amendments thereto are subject to the approval of the Board.

SECTION FIVE. FAIR HEARING. The Board of Directors shall require that any adverse recommendation made by the Medical Executive Committee or any adverse action taken by the Board with respect to a practitioner's Medical Staff appointment, reappointment, category, admitting prerogatives, or clinical privileges, shall, except under circumstances for which specific provision is made in the Medical Staff Bylaws, be accomplished in accordance with the fair hearing provisions of the Medical Staff Bylaws, then in effect. These fair hearing provisions shall provide for procedures to assure fair treatment and afford opportunity for the presentation of all pertinent information. For the purpose of this Section, an "adverse recommendation" of the Medical Executive Committee and "adverse action" of the Board of Directors shall be as defined in these fair hearing provisions.

ARTICLE VIII **INDEMNIFICATION**

To the extent permitted by the Charter of the Petersburg Borough and the Petersburg Municipal Code, the Hospital shall indemnify, defend and hold harmless the CEO, the Chief of the Medical Staff, and any Board Member who was or is made a party, or is threatened to be made a party, to any threatened, pending or completed action, lawsuit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was an officer, representative, employee or agent of the Hospital, or is or was serving as an officer, representative, employee or agent of the Hospital in any matter, including a peer review proceeding or in any proceeding relating to the

discipline or licensure of a Medical Staff member, against all expenses, attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by that person in connection with the action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in the best interest of the Hospital, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

The determination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of a *nolo contendere* or equivalent, shall not, by itself, create a presumption that the person did not act in good faith or in a manner which he or she did not reasonably believe to be in the best interests of the Hospital and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Except as otherwise set forth in this Article VIII, the Hospital may not indemnify an CEO, Chief of Medical Staff, or Board Member (i) in connection with any proceeding by or in the right of the Hospital in which the individual is or has been adjudged liable to the Hospital; or (ii) in connection with any other proceeding charging that the individual derived an improper personal benefit, whether or not involving action in an official capacity, in which proceeding the individual was adjudged liable on the basis that the individual derived an improper personal benefit. Notwithstanding the foregoing, the Hospital shall indemnify any CEO, Chief of the Medical Staff, or Board Member to the extent properly ordered to do so by a court of competent jurisdiction.

ARTICLE IX

CONFLICT OF INTEREST

A Board member shall be considered to have a conflict of interest if he or she has an existing or potential financial interest which impairs or might reasonably appear to impair such member's independent, unbiased judgment in the discharge of his or her responsibilities to the Hospital. All Board members shall disclose to the Board any possible conflict of interest at the earliest practical time.

A Board member shall recuse himself or herself from voting or otherwise participating in any matter under consideration at a Board or committee meeting in which he or she has a conflict of interest. The minutes of each meeting shall reflect any recusals. A Board member who is uncertain whether a conflict of interest exist in any matter shall disclose the possible conflict and request the Board or committee to resolve the question by majority vote without his or her participation.

ARTICLE X

DISSOLUTION OF HOSPITAL

If the Hospital Board is dissolved and/or the operations of the Hospital cease, the assets of the Hospital will revert back to the Borough or such other governmental entity identified by the Borough for a public purpose, or to such other nonprofit corporation identified by the Borough for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

ARTICLE XI **AMENDMENTS**

These Bylaws may be amended or have additional articles or sections added at any regular meeting of the Board by four votes, provided the amendment or additions have been submitted in writing and read at the previous regular meeting.