

# Bylaws of Lana'i Community Health Center

## Article I. Mission and Activities

- 1.01 **Mission.** The Lānaʻi Community Health Center's mission is to take care of the community of Lānaʻi. A 501c3 nonprofit organization, LCHC takes care of the community with a focus on physical, mental, emotional, intellectual and spiritual welfare and by enriching and empowering lives to help build healthy families in a supportive environment.

LCHC carries out its mission:

By directly providing comprehensive health and wellness services  
By working collaboratively with partners to provide needed services for Lānaʻi.

- 1.02 **Activities.** The activities of the Corporation shall be those necessary and appropriate to accomplish the purposes of the Corporation as stated in these By-Laws and in the Articles of Incorporation.

## Article II. Offices

- 2.01 **Offices.** The principal office of the Corporation shall be 333 Sixth Street, Lana'i City, Hawaii, 96763, or such other place as shall be designated by the Board of Directors.

## Article III. Members

- 3.01 **Members.** The Corporation shall have no members.

## Article IV. Directors

- 4.01 **Number of Directors.** The Board of Directors will consist of at least nine (9) but not more than twenty-five (25) members. The number of directors for the ensuing year shall be fixed by the directors of the Corporation prior to each annual meeting.

- 4.02 **Composition.** The Board of Directors shall have the following composition:

- a. At least fifty-one percent (51%) of the directors shall be patients served by the Corporation's health center and who, as a group, represent the individuals served by the health center, in terms of demographic factors such as race, ethnicity and sex. A patient is an individual who has received at least one service from the health center in the past twenty-four (24) months that generated a health center visit, where both the service and the site where the service was received are with

the health center's scope of project as approved by the Health Resources and Services Administration.

- b. No more than fifty percent (50%) of the remaining directors may be individuals who derive more than ten percent (10%) of their annual income from the health care industry.
- c. The remaining directors shall be representative of the community in which the Corporation's health center is located and shall be selected for their expertise in community affairs, local government, finance and banking, legal affairs, trade unions, and other commercial and industrial concerns, or social service agencies within the community.
- d. No director shall be an employee of the Corporation, or a spouse, child, parent, brother or sister, by blood or marriage, of such an employee, except that the Executive Director shall serve as an ex-officio, non-voting member of the Board of Directors.

4.03 **Powers of Board of Directors.** Subject to the limitation of law, or the Articles of Incorporation and of these Bylaws, all corporate powers shall be exercised by or under authority of, and the business and affairs of the Corporation shall be controlled by a Board of Directors.

The Board of Directors' specific duties and authorities shall include:

- a. Approving the selection, and termination or dismissal of the health center's Executive Director;
- b. Approving the health center's program project budget and applications;
- c. Approving the health center's services and locations and hours of operations;
- d. Evaluating the health center's performance, including
  - i. Achievement of project objectives;
  - ii. Service utilization patterns;
  - iii. Quality of care;
  - iv. Efficiency and effectiveness of the health center
  - v. Patient satisfaction, including resolution of any patient grievances;
- e. Establishing or adopting policy related to the operations of the health center; and
- f. Assuring the health center operates in compliance with applicable Federal, State, and local laws and regulations

4.04 **Election; Term of Office.** The directors shall be elected at the annual meeting of the Board of Directors or at a special meeting called for that purpose. Each director of the Corporation shall serve for a term of three (3) years and may be elected to successive terms. The directors' term of office shall begin immediately after election. Terms shall be staggered to provide election of approximately one-third (1/3) of the Board of Directors annually.

4.05 **Vacancies.** Any vacancy occurring in the Board of Directors may be filled by the Board of Directors or, if the directors remaining in office constitute less than a quorum, by the

affirmative vote of a majority of the remaining directors. A director elected to fill a vacancy shall serve until the next election of directors. Candidates shall be nominated by the directors remaining in office. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

- 4.06 **Removal of Directors.** Any individual director may be removed from office, with or without cause, by a vote of two-thirds (2/3) of the directors then in office. If a director misses three consecutive regular meetings without notice to the President or his or her designee within twenty-four (24) hours prior to the scheduled meeting, he or she may be removed by a vote of a majority of the directors then in office.
- 4.07 **Annual Board of Directors' Meetings.** The annual meeting of the Board of Directors, upon notice hereinafter provided, shall be held at the principal office of the Corporation or at another location as determined by the Board of Directors, at a date and time determined by the Board of Directors, at which meeting the directors shall elect new directors to fill any expiring or vacant positions, consider reports of the affairs of the Corporation, and transact such other business as may properly be brought before the meeting.
- 4.08 **Regular Meetings.** Meetings of the Board of Directors shall be held at least once a month or at such other intervals determined by the Board of Directors.
- 4.09 **Special Meetings.** Special meetings of the Board of Directors for any purpose shall be called at anytime by the President or by at least twenty percent (20%) of the directors then in office.
- 4.10 **Place of Meetings.** Meetings of the Board of Directors shall be held at the principal office of the Corporation in the State of Hawaii or such other place as designated for meetings of the Board of Directors from time to time by resolution of the Board of Directors or written consent of all of the members of the Board of Directors.
- 4.11 **Notice of Meetings.** Annual and regular, if any, meetings of the Board of Directors may be held without notice, unless as otherwise provided herein. Special meetings of the board shall be preceded by at least two (2) days notice to each director of the date, time and place and purpose of the meeting.

Any Board of Directors action to remove a director or to approve matters concerning:

- a. director's conflict of interest;
- b. indemnification;
- c. amendment of the Corporation's Articles of Incorporation;
- d. a plan of merger or conversion;
- e. the sale or mortgage of all or substantially all of the Corporation's assets; or
- f. dissolution;

shall not be valid unless each director is given at least seven (7) days written notice that the matter will be voted upon at a Board of Directors meeting, unless notice is waived in writing, signed by the director so waiving notice, and filed with the Corporation's minutes.

A director's attendance at or participation in a meeting waives any required notice, unless the director at the beginning of the meeting or prior to the vote on a matter not noticed objects to lack of notice.

Written notice shall be communicated to each member of the Board of Directors in person, by mail, by private carrier or by electronic transmission, with the consent of the director. Notice given in person is effective when communicated. If mailed, notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the director at the director's address as it appears on the records of the Corporation. Notice given by electronic transmission shall be deemed given (i) when directed to an electronic mail address at which the director has consented to receive notice, or (ii) when directed to a facsimile number at which the director has consented to receive notice.

A director's consent to receive notice by electronic transmission may be revoked by the director by written notice or by notice by electronic transmission to the Corporation.

Consent to electronic transmission shall be deemed revoked if

- a. The corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation; and
- b. The inability to deliver becomes known to the Secretary or other person responsible for giving notice.

4.12 **Action Without a Meeting.** Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if all directors (i) execute a consent in writing setting forth the action to be taken, or (ii) transmit an electronic transmission consenting to the action to be taken. The consent shall be included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this Section is effective when the last director signs the consent or gives consent by electronic transmission, unless the consent specifies a different effective date.

4.13 **Participation in Meetings through Electronic Communications.** Members of the Board of Directors of the Corporation, or any committee designed by such Board of Directors may participate in a meeting of such Board of Directors or committee through the use of any means of communication whereby all persons participating in the meeting can simultaneously hear each other, and participation in a meeting in such manner shall constitute presence in person at such meeting.

4.14 **Quorum and Vote.** Fifty-one percent of the members of the Board of Directors in office immediately before a meeting begins shall constitute a quorum for the transaction of

business. When a quorum is present, the affirmative votes of a majority of the directors present at any meeting are required to approve a corporate act. In the absence of a quorum, directors may meet from time to time to discuss matters under consideration by the Board of Directors, but may not transact any business. No proxies shall be allowed.

4.15 **Compensation.** Directors and members of all committees shall not receive any salary or other compensation for their services as such.

4.16 **Board Committees.** In addition to the standing committees set forth below, by resolution adopted by a majority of the directors in office, the Board of Directors may designate and appoint one or more Board committees and appoint members of the Board of Directors to serve on them. Such committees, to the extent provided in the resolution shall have such powers and authority as the Board of Directors shall delegate to it, except that no such committee shall have the authority of the Board of Directors in reference to (1) amending, altering or repealing the By-Laws, (2) electing, appointing or removing any member of any such committee or any director or officer of the Corporation, (3) amending the Articles of Incorporation, restating the Articles of Incorporation, (4) authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation, (5) authorizing the voluntary dissolution of the Corporation or revoking proceedings therefore; (6) adopting a plan for the distribution of the assets of the Corporation, or (7) amending, altering or repealing any resolution of the Board of Directors. All directors are expected to serve on at least one committee.

4.17 **Standing Committees.** The Board of Directors shall have the following standing committees:

a. **Executive Committee.** The Executive Committee shall be comprised of the officers of the Corporation elected pursuant to Article V. Subject to any limitations imposed by the Board of Directors, the Executive Committee shall have the power to act on behalf of the entire Board regarding issues which arise during the period between meetings of the Board of Directors.

Seventy-five percent of the members of the Executive Committee shall constitute a quorum necessary for transaction of business. If a quorum is present, the affirmative votes of a majority of the members voting on any matter are required to approve any action taken by the Executive Committee on behalf of the Board of Directors.

b. **Finance/Audit Committee.** The Finance/Audit Committee shall be comprised of the Treasurer and at least one other director. The Finance/Audit Committee shall oversee the fiscal and accounting matters of the Corporation and the audit of the Corporation. The Finance/Audit Committee shall also perform such other appropriate duties as may be prescribed by the Board.

c. **Quality Assurance Committee.** The Quality Assurance Committee shall be comprised of at least two directors. The Quality Assurance Committee shall monitor and evaluate patient care and identify, study and recommend improvements in the

Corporation's patient care delivery process. The Quality Assurance Committee shall also perform such other appropriate duties as may be prescribed by the Board.

- 4.18 **Advisory Committees.** The Board of Directors may designate and create one or more advisory committees, each of which shall consist of at least one director and such other persons appointed by the Board. Such advisory committees shall provide advice to the Board of Directors but shall have no power or authority to act on behalf of the Corporation.
- 4.19 **Honorary Directors.** The Board of Directors may appoint persons who have given long and outstanding service to the Corporation as honorary directors. Honorary directors shall serve at the pleasure of the Board and shall have the right to receive notice of, attend and have all privileges of the floor at meetings of the Board of Directors; provided, however, that honorary directors shall not be counted in determining whether a quorum is present at any meeting or have the right to vote. Honorary directors shall be entitled to indemnification by the Corporation in accordance with Article VII of these Bylaws. The Board may establish such other duties and privileges of the honorary directors.
- 4.20 **Code of Ethics/Conflict of Interest.** A strict code of ethics shall exist among the Board of Directors. Directors are expected to abide by the same Code of Conduct that applies to members of Lana'i Community Health Center's workforce and disclose any potential conflict of interest prior to participating in the Board of Director's deliberations on any matter in which they may have a personal financial interest. No one may become a director solely for the purpose of furthering his or her individual business or organizational interest. In order to avoid any appearance of any conflict of interest, no director will be permitted to vote or influence the remainder of the directorship vote in his or her behalf on any matter, which would serve his or her individual interest.
- 4.21 **Disclosure.** The real and potential interests of any director in any financial transaction, contract or agreement arising in the course of affairs of the Corporation shall be fully disclosed to the Board of Directors at the earliest opportunity or practicable date, as set forth in the conflict of interest policy adopted by the Board of Directors.

## **Article V. Officers**

- 5.01 **Designation.** The officers of the Corporation shall be a President, a Vice-President, a Secretary and a Treasurer and such other officers as may be designated by the Board of Directors.
- 5.02 **Election and Term of Office.** Officers shall be elected by members of the Board of Directors at the Annual Meeting or at a special meeting called for that purpose and installed as the first order of business to assume office for the remainder of the meeting. Term of office shall begin with the meeting at which such election occurs and shall be for three (3) years. An officer who has completed two (2) consecutive terms in the same office shall not be re-elected to that office of the ensuing year.

- 5.03 **Qualification.** The officers shall be directors in good standing who reside on the Island of Lanai, State of Hawaii.
- 5.04 **Compensation.** All officers shall serve without compensation except for necessary expenses required in the discharge of their duties. Such expenses shall be authorized and approved prior to actual expenditure by the Board of Directors.
- 5.05 **Removal and Resignation.** Any officer may be removed, with or without cause, by the Board of Directors at any regular or special meeting. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 5.06 **Vacancies.** Any vacancy in any office because of death, resignation, removal, disqualification or other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.
- 5.07 **The President.** The President shall be selected from the Board of Directors and shall preside over all meetings of the Board of Directors. He or she shall be kept advised of the general affairs of the Corporation and ensure that all orders, resolutions and policies of the Board of Directors are carried into effect. He or she shall chair the Executive Committee and serve as ex-officio member of all other committees. He or she shall have the usual power and duties customarily vested in the office of the President. If for any reason it becomes necessary to replace the President prior to expiration of his/her office the Vice President shall fill the unexpired term, and the Board of Directors shall elect a new Vice-President
- 5.08 **The Vice President.** In the absence of the President, the Vice President shall perform duties of the President, and when so acting, shall have all the powers and be subject to the same restrictions of the President. The Vice President shall also perform such other duties as may be assigned by the Board of Directors.
- 5.09 **Secretary.** The Secretary shall keep, or cause to be kept, a book of minutes, at the principal office or such other place as the Board of Directors may order, of all meetings of directors, with the time and place of holding, whether regular or special, and if special, how authorized the notice thereof given, the names of those present at directors meeting and the proceeding thereof. The Secretary shall keep, or cause to be kept, at the principal office of the Corporation a copy of the Articles of incorporation and By-Laws. The Secretary shall keep a record of the Corporation's directors, showing each director's name and address. The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors required by the By-Laws or by law to be given and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

- 5.10 **Treasurer.** The Treasurer shall be the financial and accounting officer of the Corporation. The Treasurer shall monitor the receipt and payment of all the funds of the Corporation in the manner authorized by the Board of Directors. The Treasurer shall cause to be kept a book or books setting forth a true record of receipts and expenditures, assets and liabilities, losses and gains of the Corporation and shall send or cause to be given to the directors such financial statements and reports as required to be given by law, these By-Laws or by the Board of Directors.

## **Article VI. Corporate Records and Reports**

- 6.01 **Records.** The Corporation shall maintain adequate and correct accounts, books and records of its business and properties and minutes of the proceedings of its Board of Directors. All of such books, records and accounts shall be kept at its principal place of business in the State of Hawaii as fixed by the Board of Directors from time to time.
- 6.02 **Signing of Checks.** All checks, drafts or other orders for payment of money, notes, or other indebtedness, issued in the name of or payable to the Corporation shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.
- 6.03 **Execution of Contracts.** The Board of Directors may authorize any one or more officers, employees or agents to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. Unless so authorized, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.
- 6.04 **Annual Reports.** The Board of Directors shall cause an annual report to be delivered to the Director of the Department of Commerce and Consumer Affairs for filing as required by law.

## **Article VII. Indemnification of Directors and Officers**

- 7.01 **Indemnification.** To the fullest extent permitted by Hawaii law, the Corporation shall indemnify each director, officer and employee of the Corporation who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, because such person is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including reasonable attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding.
- 7.02 **Advances for Expenses.** The Corporation shall advance funds to pay for or reimburse the reasonable expenses and attorneys' fees incurred by a director, officer or employee before final disposition of an action, suit or proceeding, provided that such person

delivers a written affirmation of such person's good faith belief that such person has met the requisite standard of conduct for indemnification and delivers a written undertaking to repay such amount if it is ultimately determined that such person did not meet the standard of conduct.

- 7.03 **Continuing Indemnification.** The indemnification provided for in Sections 7.01 and 7.02 of this Article shall be cumulative and not exclusive, and shall be in addition to any other indemnification provided by law or by any other agreement. Any repeal, amendment or modification of this Article shall not affect the indemnification provided in this Article for any acts or omissions occurring prior to such repeal, amendment or modification. The indemnification provided for in this Article shall continue as to any person who has ceased to be a director, officer or employee of the Corporation and shall inure to the benefit of such person's heirs, personal representatives, executors and administrators.
- 7.04 **Insurance.** The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

#### **Article VIII. Amendment to By-Laws**

- 8.01 **Amendment by Majority Vote.** The By-Laws of this Corporation may from time to time be repealed, amended or altered, or new By-Laws may be adopted, by the Board of Directors.
- 8.02 **Limitation on Amendment.** Anything herein to the contrary notwithstanding, these By-Laws shall not be amended in any manner which: alters the basic purpose of the Corporation as set forth herein and in the Articles of Incorporation, conflicts with any applicable law or government regulation; causes the diversion of any part of the Corporation for the purposes other than those authorized herein, deprives any eligible beneficiary of benefits; or causes the Corporation to lose its tax exempt status under State and Federal laws.

#### **Article IX. Dispute Resolution**

Any and all disputes between or among any parties to these By-Laws or anyone claiming rights by, through or under any parties to these By-Laws that arise from or in any way relate to these By-Laws or any of their subject matter will be resolved by mediation pursuant to then applicable Mediation Rules, Procedures and Protocols of Dispute Prevention and Resolution, Inc. or its successor ("DPR"), and if not resolved by that mediation, then will be determined by final and binding arbitration pursuant to then applicable Arbitration Rules, Procedures and Protocols of DPR. The arbitrator will have

the authority and discretion to determine and award legal and equitable relief, attorneys' fees and costs and arbitration fees and costs as the arbitrator deems fair and just. The arbitration award will be final and binding and will be enforceable as and by a court with jurisdiction over the parties and subject matter pursuant to Chapter 658A of the Hawaii Revised Statutes as amended.

#### **Article X. Legal Standing**

If any part of these By-Laws is illegal or invalid, such illegality or invalidity shall not affect the remaining parts of these By-Laws, unless such illegality or invalidity prevents the Board of Directors from accomplishing the purposes of the Corporation. If any illegality or invalidity exists, the Board of Directors shall immediately make the necessary amendments to eliminate the illegality or invalidity, and shall promulgate a new legal provision as similar as possible to the illegal or invalid provision, keeping the intent, as close as possible, of the illegal or invalid provision.

I certify that I am the Secretary of the Corporation and that the foregoing By-Laws, as amended, were adopted as the By-Laws of the Corporation by its Board of Directors on 12-17-2018.

*Delroy delo Cruz*  
Secretary

12/17/18  
Date