

**AMENDED AND RESTATED
CORPORATE BYLAWS**

OF

**TAOS HEALTH SYSTEMS, INC.,
A NEW MEXICO NONPROFIT CORPORATION**

NMSCC #1046416

(Approved by the Board of Directors)
October 3, 2018

TABLE OF CONTENTS

Page

ARTICLE I **NAME, OFFICES, PURPOSES AND DEFINITIONS**

1.1	Name	1
1.2	Offices.....	1
1.3	Purposes	1
1.4	Definitions	2

ARTICLE II **BOARD OF DIRECTORS**

2.1	Powers	3
2.2	Number of Directors	4
2.3	Qualifications.....	4
2.4	Composition of Board	4
2.5	Medical Staff Participation in Board Meetings.....	5
2.6	Management Contract with Specified Service Provider	5
2.7	Term of Office	5
	2.7-1 Staggered Terms	5
	2.7-2 Chief of Staff.....	6
2.8	Resignation and Removal	6
	2.8-1 Resignation	6
	2.8-2 Removal	6
2.9	Board Vacancies	6
	2.9-1 Vacancies for a Full Term.....	6
	2.9-2 Vacancies for Partial Term	7
2.10	Meetings of Directors.....	7
	2.10-1 Attendance	7
	2.10-2 Annual Meeting	7
	2.10-3 Regular Meetings	7

2.10-4 Special Meetings.....	7
2.10-5 Notice.....	7
2.10-6 Quorum	8
2.10-7 Voting	8
2.10-8 Manner of Acting.....	8

ARTICLE III

OFFICERS AND CHIEF EXECUTIVE OFFICER

3.1 Officers	11
3.2 Election and Tenure	11
3.3 Resignation and Removal of Officers	11
3.3-1 Resignation	11
3.3-2 Removal	11
3.4 General Duties of the Board	11
3.5 Vacancies	12
3.6 Duties of Officers	12
3.6-1 Chair	12
3.6-2 Vice-Chair	12
3.6-3 Secretary	13
3.6-4 Treasurer	13
3.7 Administrator/CEO	13
3.7-1 Authority and Duties	13
3.7-2 Removal	15

ARTICLE IV

BOARD COMMITTEES

4.1 Principles Governing Board Committees	15
4.1-1 Standing Board Committees	15
4.1-2 Ad Hoc Committees	16
4.1-3 Creation and Combination of Committees and Reassignment of Functions	16

4.1-4	Powers and Reporting.....	16
4.1-5	Tenure	16
4.1-6	Additional Advisors	16
4.1-7	Resignation and Removal	17
4.1-8	Vacancies	17
4.1-9	Meetings and Notice	17
4.1-10	Quorum	17
4.1-11	Manner of Acting	17
4.2	Executive Committee	18
4.2-1	Composition	18
4.2-2	Powers and Functions	18
4.3	Joint Conference Committee	18
4.3-1	Composition	18
4.3-2	Powers and Functions	19
4.4	Finance and Planning Committee	19
4.4-1	Composition	19
4.4-2	Powers and Functions	19
4.5	Nominating Committee	20
4.5-1	Composition	20
4.5-2	Powers and Functions	21
4.5-3	Stakeholder Groups.....	21
4.6	Personnel/Labor Relations Committee	22
4.6-1	Composition	22
4.6-2	Powers and Functions	22
4.7	Lifewings Quality and Safety Council	23
4.7-1	Composition	23
4.7-2	Powers and Functions	23
4.8	Retirement Fund Investment Committee	24
4.8-1	Composition	24
4.8-2	Powers and Functions	24

4.9	Compliance Oversight Committee	25
4.9-1	Composition	25
4.9-2	Powers and Functions	26

ARTICLE V

QUALITY REVIEW AND IMPROVEMENT (QI)

Quality Review and Improvement (QI)	27
---	----

ARTICLE VI

MEDICAL STAFF

6.1	Organization	27
6.2	Medical Staff Appointment and Clinical Privileges	28
6.2-1	Delegation to the Medical Staff	28
6.2-2	Action by the Board	28
6.2-3	Terms and Conditions of Medical Staff Appointment Status and Clinical Privileges	28
6.2-4	Procedure	29
6.3	Fair Hearing Plan	29

ARTICLE VII

MEDICAL STAFF BYLAWS

ADOPTION AND AMENDMENT PROCESS

7.1	Delegation to the Medical Staff	29
7.2	Favorable Board Action	30
7.3	Special Notice of Concerns	30
7.4	Board Action Following Medical Staff Response	30
7.5	Effect of Board Action	30
7.5-1	Medical Staff Recommendation Accepted	30
7.5-2	New Opinion Communicated	31
7.5-3	Delegation Rescinded	31

ARTICLE VIII
MISCELLANEOUS

8.1	Conflict of Interest	31
8.2	Non-Compensation of Board Members	32
8.3	Volunteer Groups	32
	8.3-1 Holy Cross Hospital Auxiliary and Other Volunteer Groups	32
	8.3-2 Individual Volunteers	33
8.4	Fiscal Year	33
8.5	Corporate Seal	33
8.6	Notice of Meetings	33
	8.6-1 Manner	33
	8.6-2 Waiver of Public Notice	33
8.8	Construction of Terms and Headings	34
8.9	Indemnification	34
	8.9-1 Right to Indemnification	34
	8.9-2 Right of Indemnity to Bring Suit	35
	8.9-3 Non-exclusivity	35
	8.9-4 Insurance	35

ARTICLE IX
AMENDMENT TO BYLAWS

9.1	Procedure	36
9.2	Review	36

SECRETARY'S CERTIFICATE

Signature Page and Secretary's Certificate	36
--	----

**AMENDED AND RESTATED
CORPORATE BYLAWS
OF
TAOS HEALTH SYSTEMS, INC., A NEW MEXICO CORPORATION**

**ARTICLE I
NAME, OFFICES, PURPOSES AND DEFINITIONS**

1.1 NAME:

The name of the corporation is Taos Health Systems, Inc.

1.2 OFFICES:

The principal office of the corporation shall be located in the County of Taos. The current address of the corporation is 1397 Weimer Road, Taos, New Mexico 87571. The corporation shall have and continuously maintain in this State a registered office and a registered agent, and may have such offices as the Board may determine from time to time.

1.3 PURPOSES:

The corporation is organized exclusively for charitable, scientific and educational purposes as a nonprofit corporation, as set forth in its Articles of Incorporation, as amended from time to time; and its activities shall be conducted for the aforesaid purposes in such a manner that no part of its net earnings shall inure to the benefit of any Board member, officer or individual.

The corporation shall have such purposes as are now or may hereafter be set forth in the Articles of Incorporation, as amended from time to time, and shall have and exercise such powers in furtherance of its purposes as are now or may hereafter be set forth therein or granted by law, including but not limited to:

- A.** Maintain and operate an accredited acute care general hospital institution or institutions within the State of New Mexico, with permanent facilities that include inpatient beds and medical services to provide diagnosis and treatment for patients and associated services; to maintain and operate other medical institutions, including without limitation extended care, outpatient care, and home care institutions, and to provide the highest reasonable standard of medical care to the patients and to the community;
- B.** Carry on any educational activities related to rendering care to the sick and injured, or to the promotion of health, that in the opinion of the Board of Directors may be justified by the needs of the community and by the facilities, personnel, funds and other requirements that are or can be made available;

- C. Promote and carry on scientific research related to the care of the sick and injured insofar as, in the opinion of the Board, such research can be carried on in or in connection with the corporation; and
- D. Participate; so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community served by the corporation.

1.4 **DEFINITIONS:**

- A. **Board Committee:** a body created by these bylaws or by resolution of the Board. The Board shall designate the membership of such committees, including those members who are members of the Board. The committee shall be authorized to exercise a designated portion of the Board's responsibilities. (See Article Four).
- B. **Board of Directors or Board:** governing body of the corporation.
- C. **Chair:** the individual elected by the Board to serve as the principal corporate officer of the corporation. When not capitalized "chair" may refer to the individual selected to serve as the principal corporate officer of a committee appointed by the Board.
- D. **Chief Executive Officer or CEO:** the individual appointed by the Board to act on its behalf in the overall executive management of the Hospital. The CEO may be an employee or a designee of a contracted management company.
- E. **Chief Financial Officer or CFO:** the individual appointed by the CEO and approved by the Board to act on its behalf in the overall financial management of the Hospital.
- F. **Chief Nursing Officer or CNO:** the individual appointed by the CEO and approved by the Board to act on its behalf in the overall clinical management of the Hospital.
- G. **Chief of Staff:** the individual appointed by the Medical Staff pursuant to the Medical Staff Bylaws, as amended from time to time.
- H. **Clinical Privileges or Privileges:** the permission granted to a practitioner to provide those diagnostic, therapeutic, medical, dental, podiatric or surgical services, specifically delineated to her/him.
- I. **Ex Officio:** service as a member (voting or non-voting) of a body by virtue of an office or position held.
- J. **Hospital:** Holy Cross Hospital, Taos, New Mexico.

- K. Medical Appointment Status or Appointment Status:** all matters relating to medical/dental/podiatric appointments and re-appointments, to department (or, service) and other clinical unit affiliations, and to Medical Staff category assignments.
- L. Medical Staff:** all practitioners who are appointed and are privileged to attend patients or to provide other diagnostic, therapeutic, teaching or research services in the Hospital.
- M. Medical Executive Committee or MEC:** a body consisting of the Medical Staff Officers, the past, present, and upcoming Chief of Staff, the Chairperson of each of the Medical Staff Committees as defined in the Medical Staff Bylaws, as amended from time to time, which reviews recommendations from each Medical Staff Committee and, as appropriate, passes on these recommendations to the Board of Directors for final review/approval.
- N. Physician:** an individual with an M.D. or D.O. degree who is licensed to practice medicine in this State.
- O. Practitioner:** unless otherwise expressly limited, any Physician, Oral Surgeon, Dentist, Podiatrist, Psychologist, Certified Advanced Practice Nurse, Nurse Anesthetist, Nurse Midwife, or Physician Assistant, applying for or exercising Clinical Privileges or providing other diagnostic, therapeutic, teaching or research services.
- P. Special Notice:** written notification sent by certified mail, return receipt requested, or personal delivery service with signed acknowledgment of receipt.
- Q. Taos Health Systems, Inc.:** Taos Health Systems, Inc., a New Mexico Non-Profit Corporation, also sometimes referred to as the “corporation.”
- R. This State:** the State of New Mexico.

ARTICLE II

BOARD OF DIRECTORS

2.1 POWERS:

Except as otherwise provided by law, by the Articles of Incorporation, or by these Bylaws, the Board shall have and exercise full power and authority to do all things deemed necessary and expedient in the governance, management and control of the business and affairs of the corporation, including, without limitation, establishing policies to guide the operation of the corporation and determine the corporation program of services. All officers, practitioners, allied health professionals, employees and agents are subject to control, direction and

removal by the Board; provided however, that there shall be no discrimination in the admission of patients due to disability, ethnicity, creed, national origin or religious denomination or in the control, direction or removal of officers, practitioners, allied health professionals, employees or agents.

2.2 NUMBER OF DIRECTORS:

The Board shall consist of not less than nine (9) and not more than thirteen (13) Directors. The exact number of the Board, which shall include *ex officio* members, shall be determined by resolution adopted from time to time by the Board.

2.3 QUALIFICATIONS:

Directors shall be selected for their experience, relevant areas of interest and expertise, and ability and willingness to participate effectively in fulfilling the Board's responsibilities. Each Director shall participate in an orientation session upon first becoming a Director and periodically thereafter in continuing education programs relevant to her/his responsibilities as a Director.

2.4 COMPOSITION OF BOARD:

The current Chief of Staff shall serve on the Board as a full voting *ex officio member*. One Director shall be a physician member representing the Physician Hospital Organization ("PHO"), but shall not be a paid agent of the PHO. The Board shall have a third physician member who shall be appointed by the Medical Executive Committee of the Hospital.

It shall be a goal of the board, although not a requirement, that one Director shall represent the Hospital Auxiliary, one Director shall be a financial professional, and one Director shall represent a governmental entity located in the Hospital service area.

Due to the requirement contained in the lease between Taos County and the Corporation that Taos County have no involvement in the operation or management of the Hospital, no member of the Taos County Board of Commissioners may serve on the Board of the Hospital. However, the Taos County Manager shall serve on the Board as a non-voting liaison between the Board and the County. The Taos County Manager will be allowed to attend Finance Committee meetings and the portion of Executive Session meetings that deal with organization finance issues and will not count toward a quorum at any meeting.

The remaining Directors shall be selected, insofar as is reasonably possible, to reflect geographic diversity within the Hospital's service area. Examples of areas to be considered for representation may include: Costilla, Peñasco, Questa, Red River, Taos/north, and Taos/south.

No person, with the exception of Physician Board members as defined above, shall serve on the Board while employed by or contracted with Taos Health Systems, Inc. the Hospital.

2.5 MEDICAL STAFF PARTICIPATION IN BOARD MEETINGS:

It is the desire of the Board that at least one (1) Physician Board member shall be included in any Board of Directors meeting and any committee meeting that deliberates issues affecting the discharge of Medical Staff responsibilities. However, the absence of a Physician Board member at a meeting shall not preclude the Board from taking needed action.

2.6 MANAGEMENT CONTRACT WITH SPECIFIED SERVICE PROVIDER:

In the event that Taos Health Systems, Inc. shall enter into a Management Contract with a person or entity who is neither a governmental unit nor a Section 501(c)(3) organization, under which the Service Provider provides services involving all, a portion, or any function of the Hospital, then, with respect to such Service Provider:

- A. not more than twenty percent (20%) of the voting members of the Taos Health Systems, Inc. Board shall be shareholders, directors, officers, or employees of the Service Provider;
- B. not more than twenty percent (20%) of the voting members of the governing body, if applicable, of the Service Provider shall be shareholders, directors, officers, or employees of Taos Health Systems, Inc.;
- C. no member of the Taos Health Systems, Inc. Board shall be the chief executive officer or chairman of the governing body of the Service Provider;
- D. no member of the governing body of the Service Provider shall be the chief executive officer or chairman of the Board of Taos Health Systems, Inc.; and
- E. Taos Health Systems, Inc. and the Service Provider shall not be members of the same “controlled group” within the meaning of Section 1.150-1(e) of the Treasury Regulations, or “related persons”, within the meaning of the Code Section 144(a)(3).

2.7 TERM OF OFFICE:

2.7-1 Staggered Terms:

Memberships of the Board of Directors shall have staggered terms, so that approximately one quarter of the terms will begin each year. Each elected Director shall hold office for a term of four (4) years and until a successor is elected and qualified. Board Terms expire on May 31st in the appropriate year. At the expiration of a term, a vacancy shall be created on the Board.

2.7-2 Chief of Staff:

The Chief of Staff, who serves as an *ex officio* voting member of the Board, shall have a term for the duration of his or her tenure in such position.

2.8 RESIGNATION AND REMOVAL:

2.8-1 Resignation:

A Director may resign at any time by giving written notice to the Chair or to the Secretary of the Board. Such resignation takes effect on the date of receipt by the Chair or Secretary of the Board or at any later time specified in the written resignation.

Any Director, who misses at least three (3) regular meetings of the Board in a year, without an absence excused by the Chair and noted by the Board, shall be deemed after a majority vote of the Board to have submitted a voluntary resignation to the Board.

2.8-2 Removal:

Any Director may be removed from office at any time with or without cause by a two thirds (2/3) vote of the Board.

2.9 BOARD VACANCIES:

2.9-1 Vacancies for a Full Term:

At least ninety (90) days prior to an anticipated vacancy due to an increase in the number of Directors or the expiration of a term, the Board Chair shall notify the Board at a regular meeting, and in writing as part of the Minutes to all members of the Board, that a prospective vacancy exists which is to be filled pursuant to the following process:

- A. Upon receipt of such notice, the Chair of the Board shall cause the Nominating Committee to convene.
- B. The Nominating Committee shall convene a meeting to orient its members to the process and the procedures for the selection of nominees, and elect a chairperson of the Nominating Committee.
- C. After the Committee orientation, the Nominating Committee shall select at least one nominee for each vacancy on the Board. Any incumbent Board member who expresses a willingness to serve another term shall be included as a candidate.

D. The chair of the Nominating Committee shall forward the names of the nominees to the Chair of the Board not less than fifteen (15) days prior to the expiration of the term of the incumbent Board member.

E. The Board shall then accept or reject new Board members from the proposed slate of nominees.

2.9-2 Vacancies for Partial Terms:

The Board shall elect a replacement to fill any vacancy for any regular member who dies, resigns, or is removed from the Board, for the remainder of the fiscal year. Any remaining portion of that term shall be filled via the Nominating Committee process. The Board has the option to seek assistance from the Nominating Committee for partial term vacancies.

2.10 MEETINGS OF DIRECTORS

2.10-1 Attendance:

Regular attendance at Board meetings is essential for the Board to effectively carry out its duties. Members should notify the Chairperson or the CEO when they know they will be absent from a meeting. As indicated in Section 2.8, failure of a Director to consistently attend meetings may be cause for removal from the Board.

2.10-2 Annual Meeting:

An annual meeting of the Board shall take place in June of each year. At the annual meeting, the Board shall elect officers, ratify the Chair's appointment of members of Board Committees, and conduct such other business as may come before it.

2.10-3 Regular Meetings:

Regular meetings of the Board shall be held in Taos, New Mexico on the fourth (4th) Wednesday of every month, except November and December, for which a single combined regular meeting shall be scheduled by Board vote.

2.10-4 Special Meetings:

Special meetings of the Board may be called by the Chair or at the request of one third (1/3) of the Board (rounded down) or at such other time or place as the Board provides by resolution.

2.10-5 Notice of Meetings to the Board:

Written notice of the time and place of any meeting of the Board, except regular meetings, shall be given to each Director personally, by telephone, by e-mail or by postage paid first class mail, or by telefax addressed to the Director at her/his last known address appearing on the records of the corporation, not less than two (2) days before the date of such meeting; provided however, in the event of an emergency, the

notice period may be reduced as necessary. The reason for the emergency meeting shall be stated in the notice.

In the case of a special meeting, the notice shall also state the purpose for which the meeting is called. Oral or written notice of the postponement of any scheduled regular meeting shall be given to each Director at least twenty four hours prior to the meeting.

2.10-6 Quorum:

A majority of the Directors then in office constitutes a quorum for the transaction of business at any meeting of the Board. The Chair's presence counts towards the quorum of each Board committee. A quorum must be maintained throughout a meeting in order for the Board to conduct business.

2.10-7 Voting:

- A. Each voting Director is entitled to one vote on any matter before the Board. The Chair is a voting member of the Board and each committee of the Board.
- B. Majority vote – most matters on which the Board votes shall be decided by a simple majority of those Board members in attendance at a meeting in which a quorum has been achieved.
- C. Two thirds majority vote – on matters in which these Bylaws require a two thirds majority, the number of aye votes required to approve/pass the vote will be nine (9). If nine (9) Board members are not present at the meeting than the vote either falls or must be tabled until a meeting at which at least nine (9) Board members are in attendance.

2.10-8 Manner of Acting:

- A. Unless otherwise required by law, the Articles of Incorporation, as amended from time to time, these Bylaws, or the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board. Any action required or permitted to be taken by the Board under any provision of law, the Articles of Incorporation, as amended from time to time, and/or these Bylaws may be taken without a meeting by the consent of two thirds (2/3) of the Directors in writing (this shall include fax and email communication), setting forth the action so taken. Such written consent shall be filed with the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of the Directors. Any certificate or other document filed under law relating to action so taken shall state the action was taken by unanimous vote of the Directors. Any certificate or other document filed under law relating to action so taken shall state the action was taken by unanimous written consent of the Board without a meeting and that the Bylaws authorize the Directors to so act.

- B.** All meetings of a quorum of members of the Board held for the purpose of formulating policy, including the development of personnel policy, rules or regulations or discussing corporate business or for the purpose of taking any action with the authority of the Board shall be public meetings open to the public at all times except that the Board may go into executive session for the meeting or portions of meetings.
- C.** The following rules shall apply to Executive Sessions of Board meetings or board committees:
- a.** The Board or one of its committees may go into Executive Session when the following types of discussions need to take place:
 - i.** When action involving a physician or other health care professional with Privileges at the Hospital is considered, discussed, or otherwise dealt with. The physician or other health care professional with Privileges at the Hospital may request that the meeting be open to the public but such request shall not be binding on the Board and the Board may remain in Executive Session at its sole discretion;
 - ii.** Decisions concerning purchases in an amount exceeding Ten Thousand (\$10,000.00) dollars that can be made only from one source. The actual approval of purchase of the item is to be made in an open meeting;
 - iii.** Meetings subject to the attorney-client privilege including threatened or pending litigation in which the Board, Board members, or the corporation is or may become a participant;
 - iv.** Discussion of the purchase, acquisition or disposal of real property or water rights by Taos Health Systems, Inc.;
 - v.** Meetings where strategic and long range business plans are discussed;
 - vi.** Meetings where matters relating to individual patients are discussed;
 - vii.** Meetings where matters which are required to be confidential by federal or state laws, rules, and/or regulations are discussed;
 - viii.** Meetings where matters relating to quality assurance and/or risk management are discussed;

- ix. Meetings where the credentialing of physicians is discussed (actual granting of Privileges shall be made in an open meeting);
 - x. Meetings during which compliance matters are discussed; and
 - xi. Meetings on any other matter about which the Board or committee determines that confidentiality must be maintained.
 - b. No decisions may be made or actions taken while the Board or committee is in Executive Session. Agreement/consensus on a topic can be reached but the action to implement that agreement or consensus must be made in open session.
 - c. Unless otherwise noted in the motion to go into Executive Session, only Board or committee members may attend Executive Sessions. The Board or committee may invite advisors or other non-members to attend the Executive Session and such invitation should be noted in the motion. As noted in Section 2.4 above, the Taos County Manager may attend the portion of Executive Sessions that deal with organization finance issues.
- D.** Reasonable notice of all meetings at which a quorum of the Board is expected for the conducting of corporate business shall be given to the public. The Board shall determine at least annually in a public meeting what notice is reasonable. Notice shall include any of the following options: broadcast stations licensed by the Federal Communications Commission, newspapers of general circulation in Taos County which have provided a written request for such notice, posting of the meeting day/time on the organizations website, and/or public posting of the Board meeting schedule.
- E.** Except for Executive Sessions, the Board shall keep written minutes of all its meetings. The minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposal considered and a record of any decisions and votes taken. Except as hereinafter specifically provided, all minutes shall be open to public inspection. Draft minutes shall be prepared within thirty (30) days after the meeting at which a quorum is present. Minutes shall not become official until approved by the Board. Minutes, while subject to inspection, are not to be copied by any party outside of the Board membership, and its legal counsel, without appropriate Judicial Order. The provisions of this Subsection 2.10-8(E) shall not apply to the substance of matters or any other thing done or discussed during any Executive Session. There will be no minutes of Executive Sessions.

- F. At the Annual Meeting, the Board shall designate the method of parliamentary procedure that it shall use to govern its meetings.

ARTICLE III

OFFICERS AND CHIEF EXECUTIVE OFFICER

3.1 OFFICERS:

The officers of the corporation shall be a Chair, a Vice-Chair, a Secretary, and a Treasurer, and such other officers as the Board may elect or appoint. The Board shall appoint a Chief Executive Officer to carry out the duties and responsibilities as outlined in these Bylaws. The CEO shall have such a title as designated by the Board. Any person may hold two or more offices, except that no person may hold both the offices of Chair and Secretary.

3.2 ELECTION AND TENURE:

The Board shall elect the officers of the corporation at its Annual Meeting, and except as otherwise provided in Section 3.3., each shall hold office for a one-year term and until her/his successor is elected. All officers must be selected from among the Directors of the corporation. If an election of officers is not held at the annual meeting, it shall be held as soon thereafter as convenient.

3.3 RESIGNATION AND REMOVAL OF OFFICERS:

3.3-1 Resignation:

Any officer may resign at any time by giving written notice to the Chair or to the Secretary. Such resignation, takes effect on the date of receipt or at any later time specified in it.

3.3-2 Removal:

Any officer elected or appointed may be removed by a two thirds (2/3) vote of the Board whenever, in their judgment, the best interest of the corporation will be served thereby.

3.4 GENERAL DUTIES OF THE BOARD:

Board Performance - The Board, at the Annual Meeting, shall assess Board and strategic plan performance for the past year and consider future direction for Taos Health Systems, Inc. The Board may adopt its own procedures for the annual performance of its members and the entire Board.

CEO Performance - The Board shall monitor the performance of the CEO on an ongoing basis, and shall conduct a formal performance evaluation once a year. The evaluation shall include the duties of the CEO as outlined in Article 3.7-1.

Quality of Care - The Board shall have overall responsibility for the quality of care provided by Taos Health Systems, Inc. and shall be assured that patients receive quality care without regard to their ability to pay through a system of reporting from Taos Health Systems, Inc.'s Quality Improvement Program, as overseen by the Lifewings Quality and Safety Council. The Board shall require the Medical Staff and the Hospital's departments and services to report, at least quarterly, via the Hospital's Quality Improvement Program, regarding the quality and appropriateness of care and services provided. This report shall include elements from Holy Cross Hospital's Risk Management and Safety Programs. The Board recognizes that such reporting requires the provision of adequate resources and support, and to accomplish ongoing monitoring and analysis and herewith pledges to assure that these resources are provided.

The Board shall strive to ensure compliance with the regulations and requirements of applicable licensing and accreditation bodies, including the New Mexico Department of Health and the Centers for Medicare and Medicaid Services and other agencies, as determined by the Board, in furtherance of the goal of providing quality patient care.

3.5 VACANCIES:

A vacancy in any office may be filled by the Board for the unexpired portion of the term.

3.6 DUTIES OF OFFICERS:

3.6-1 Chair:

The Chair is the principal corporate Officer of the corporation and presides at all meetings of the Board and the Executive Committee. Except as otherwise specified, he/she or her/his designee is an *ex officio* member with vote on all Board committees. Except as otherwise specified, the Chair appoints the members and chair of each committee, subject to the approval of the Board. At least two (2) members of each board committee shall be members of the Board. The Chair may sign on behalf of the corporation any documents or instruments which the Board has authorized to be executed, except where the signing and execution thereof is expressly delegated by the Board or by these Bylaws to some other Officer or agent, or is required by law to be otherwise signed or executed. The Chair shall also perform all duties incident to the office of Chair and such other duties as may be prescribed by the Board from time to time. The Chair may delegate to the CEO the authority to sign specific contracts.

3.6-2 Vice-Chair:

The Vice-Chair shall perform such duties as may be assigned to her/him by the Board or the Chair. In the absence of the Chair or when, for any reason, the Chair is unable

or refuses to perform her/his duties, the Vice-Chair shall have the full powers of, subject to any restriction on, the Chair.

3.6-3 Secretary:

The Secretary shall provide for the keeping of minutes of all meetings of the Board and Board committees, and shall assure that such minutes are filed with the records of the corporation. The Secretary 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/She shall perform all duties incident to the office and such other duties as may be assigned from time to time by the Chair of the Board. The Secretary may delegate any of her/his duties to a Recording Secretary.

3.6-4 Treasurer:

The Treasurer shall keep or cause to be kept correct and accurate accounts of the properties and financial transactions of the corporation and in general perform all duties incident to the office and such other duties as may be assigned from time to time by the Chair of the Board. If required by the Board, the Treasurer shall give a bond for the faithful discharge of her/his duties in such sum and with such surety as the Board shall determine; the Treasurer shall be reimbursed for the cost of this bond. The Treasurer shall chair the Finance and Planning Committee. The Treasurer may delegate any of her/his duties to any duly elected or appointed Assistant Treasurers or to the CFO of Taos Health Systems, Inc.

3.7 ADMINISTRATOR/CEO:

The CEO serves as administrator of Board Policy. The Board of Directors shall select and employ, or contract for, a CEO, qualified by appropriate graduate education and experience in health care administration, who shall be its direct administrative representative in the management of Holy Cross Hospital as well as of other divisions of Taos Health Systems, Inc. No member of the Board of Directors may be the CEO. The CEO shall be given the necessary authority and be held responsible for the administration of Holy Cross Hospital and other divisions of Taos Health Systems, Inc. in all its activities and departments, subject only to such policies as may be adopted and such order as may be issued by the Board of Directors. The CEO shall act as the duly authorized representative of the Board of Directors in all matters in which the Board of Directors has not formally designated some other person for that specific purpose.

3.7-1 Authority and Duties:

The authority and duties of the CEO shall be:

- A. To submit to the Board of Directors for approval a plan of the staffing and organization of the personnel and others concerned with the operation of

Holy Cross Hospital as well as for other divisions of Taos Health Systems, Inc. This plan of organization shall clearly outline the chain of administrative command, the number of full time employees and expenses necessary;

- B.** To prepare an annual and capital budget showing the expected receipts and expenditures, as required by the Board of Directors;
- C.** To see that all physical properties are kept in good state of repair and operating condition;
- D.** To supervise all business such as the collections of accounts, purchase and issuance of supplies, and make all proper efforts to collect the funds due so as to maintain the financial solvency of the Hospital and other divisions of Taos Health Systems, Inc.;
- E.** To develop criteria utilized to select, employ, evaluate, control and discharge all employees as authorized by the Board of Directors. To provide for personnel policies necessary to foster and maintain a work environment responsive to changing business conditions, regulatory requirements, and fairness to the employees of Holy Cross Hospital and other divisions of Taos Health Systems, Inc.. Criteria utilized in establishing job performance expectations and evaluation indicators will apply to both contractors and employees.
- F.** To work in cooperation with the Medical Staff to develop the criteria for clinical providers that shall reflect the skills needed to age appropriate assessments and treatment plans; such age appropriate assessment and treatment planning criteria shall also be developed, with the collaboration of the Medical Staff for their utilization in recommending reappointment and privileging. In no case however, shall the CEO be expected to clinically supervise, evaluate the clinical performance of or competence of Medical Staff members;
- G.** To cooperate with the Medical Staff and to secure like cooperation on the part of those concerned with the rendering of professional services to the end that a satisfactory level of care may be rendered to all patients within the capability of the facilities and Medical Staff, including the provision of necessary administrative, fiscal and personnel resources to assist the Medical Staff and departmental/service staff in implementing Taos Health Systems, Inc.'s facility Quality Improvement, Risk Management and Safety Programs. In no case however, shall the CEO be expected to clinically supervise, evaluate the clinical performance of or competence of Medical Staff members;

- H. To attend all meetings of the Board of Directors, and Medical Staff committees.
- I. To submit regularly to the Board of Directors periodic reports showing the professional services and financial activities of the Hospital, and other divisions of Taos Health Systems, Inc., and to prepare and submit such other special reports as may be required by the Board of Directors, and to facilitate the reporting of Quality Improvement by the Medical Staff to the Board;
- J. To perform any other duties as directed by the Board of Directors for the best interests of Holy Cross Hospital and other divisions of Taos Health Systems, Inc., including compliance with all local, state, and federal laws and regulations;
- K. To serve as liaison officer and channel of communications for official communications between the Board of Directors and the Medical Staff, and other staff, contractors and employees;
- L. To provide and update capital expenditures plan as required by applicable laws and regulations and as directed by the Board of Directors;
- M. To prepare a Strategic Plan for Holy Cross Hospital and other divisions of Taos Health Systems, Inc. and submit the plan to the Board for their approval once each three years and give the Board regular updates as to the progress of the Strategic Plan; and
- N. To perform such other duties as may be determined by the Board of Directors, pursuant to a Job Description for the CEO, approved by the Board, as may be amended from time to time.

3.7-2 Removal:

The CEO may be removed, with or without cause, by a two thirds vote of the Directors of the Board.

ARTICLE IV
BOARD COMMITTEES

4.1 PRINCIPLES GOVERNING BOARD COMMITTEES:

4.1-1 Standing Board Committees:

The corporation shall have the following standing Board Committees: Executive Committee, Joint Conference Committee, Finance & Planning Committee, Nominating Committee; Personnel/ Labor Relations/Public Relations Committee, and Lifewings Quality and Safety Council, Retirement Fund Investment Committee, and Compliance Oversight Committee. Any Board member may attend meetings of

the Finance & Planning Committee, the Personnel/Labor Relations Committee, Lifewings Quality and Safety Council, the Retirement Fund Investment Committee, and the Compliance Oversight Committee but shall not vote at meetings of any of the foregoing committees.

4.1-2 Ad Hoc Committees:

The Board of Directors shall have the power to create ad hoc committees.

4.1-3 Creation and Combination of Committees and Reassignment of Functions:

The creation of standing or ad hoc Board committees is discretionary with the Board. If the Board determines that any one or more of such committees should not exist, it may assign the functions of such committee to a new or existing committee of the Board, to the Board acting as a committee of the whole, or to an individual officer or agent of the corporation.

If a new Board committee is established, the resolution creating it must designate: a) at least two Directors who are to serve amongst its voting members; b) the chair of the committee; c) the authority of the Board which the committee shall have if any, d) any limitations thereon; and e) the function(s) the committee shall discharge. The chair of the committee shall continue in office until her/his resignation or replacement by the Chair with the approval of the Board.

4.1-4 Powers and Reporting:

Each Board committee shall have and exercise the powers and authority of the Board granted to it in the resolution creating it or in these Bylaws. Each Board committee shall keep minutes of its proceedings and report its action to the Board. Actions of a Board committee are effective only when ratified by the Board unless otherwise specified in the resolution creating such committee.

4.1-5 Tenure:

Each member of any Board committee holds office until the next annual election of Directors and until her/his successor as a member of such Board committee is appointed by the Chair with the consent of the Board, unless he/she sooner ceases to be a Director, or resigns or is removed from the committee. A member of a Board committee may succeed her/himself.

4.1-6 Additional Advisors:

The chair of any Board committee may invite additional individuals with expertise in a pertinent area to meet with and assist the committee. Such advisors shall not vote or be counted in determining the existence of a quorum and may be excluded from any Executive Session of the committee as defined in **Section 2.10-8.C.c** above.

4.1-7 Resignation and Removal from a Committee:

- A. Resignation: Any member of a Board committee may resign at any time by giving written notice to the chair of the committee. Such resignation takes effect on the date of receipt or at any later time specified in it.
- B. Removal: A request to remove any member of a Board committee, except an *ex officio* member, may be voted on by a majority of the Directors serving on that Board committee. The request shall be forwarded to the Board Chair for review and possible action. If appropriate, the Board Chair will remove the Board member in question and will appoint a new Board member to serve on the Committee and submit that appointment to the Board for ratification (See Section 4.1-8). Any *ex officio* member of a Board committee ceases to be such if he/she ceases to hold a designated position, which is the basis of *ex officio* membership.

4.1-8 Vacancies:

A vacancy on any Board committee and any increase in the membership thereof may be filled for the unexpired portion of the term by the Board chairperson with ratification a majority vote of the Board.

4.1-9 Meetings and Notice:

Meetings of a Board committee may be called by the Chair of the Board, the chair of the committee, the CEO or any two of the committee's voting members. Each committee shall meet as often as is necessary to perform its duties. Oral or written notice of the time and place of any meeting of a Board committee shall be given, except in an emergency, at least twenty four (24) hours prior to the meeting.

4.1-10 Quorum:

A majority of the voting members of a Board committee constitutes a quorum for the transaction of business at any meeting of such committee. The Board Chair qualifies as a voting member of any board committee attended and, if in attendance, counts towards the quorum requirement of that committee.

4.1-11 Manner of Acting:

The act of a majority of the members of a Board committee present at a meeting at which a quorum is present shall be the act of the committee so meeting. No act taken at a meeting at which less than a quorum was present is valid, unless approved in writing by the absent members. Action may be taken without a physical meeting if done in writing setting forth the action so taken, signed by each member of the committee entitled to vote thereat, with an affirmative vote in the majority.

4.2 EXECUTIVE COMMITTEE:

4.2-1 Composition:

The Executive Committee shall be composed of the Chair of the Board as the Chair, with the right to vote, the CEO as an *ex officio* non-voting member, the immediate past Board Chair, and the other current Officers of the Board i.e. the Vice-Chair, the Treasurer, and the Secretary as members. All members of the Executive Committee, with the exception of the CEO, must be current voting members of the Board. A quorum shall be defined as three or more voting members present.

4.2-2 Powers and Functions:

When the Board is not in session, the Executive Committee shall have and exercise the power and authority of the Board to transact all regular business of the corporation, subject to any prior limitations imposed by the Board or by statute. In addition, the Executive Committee shall:

- A. Establish standards for and review the performance of the individual Directors and of the officers of the corporation and report thereon to the Board;
- B. Meet with the CEO on an annual basis, concurrent with the end of the fiscal year, for an evaluation of her/his performance, which evaluation shall be based upon the duties of the CEO as outlined in Article 3.7-1.
- C. Make recommendations to the Board concerning the compensation and terms of employment of the CEO and other salaried officers as designated from time to time by the Board;
- D. Review and make recommendations to the Board on the composition and services of Board and Board committees;
- E. Implement the conflict of interest policies of the corporation; and
- F. Develop and oversee a program for the orientation of new Board members and for continuing education of all Directors.

4.3 JOINT CONFERENCE COMMITTEE:

4.3-1 Composition:

The Joint Conference Committee shall consist of at least three but not more than five Directors, and three but not more than four members of the Medical Staff. The CEO and CNO shall be *ex officio* members without vote.

4.3-2 Powers and Functions:

The Joint Conference Committee is a problem solving and strategic planning forum, specifically with regard to clinical services and medical staff development, and shall have the authority to recommend action on behalf of the Board with respect to the functions assigned to it, subject to any prior limitations imposed by statute, by these Bylaws, as amended from time to time, and/or by the Board. Specifically, the Joint Conference Committee shall:

- A. Cooperate with and assist the Medical Staff and other health care professionals providing patient care services in establishing a Quality Improvement program that includes systems to review, evaluate and monitor the quality and efficiency of care delivered within the Hospital and receive written reports on the general findings of, and specific recommendations resulting from, the QI program activities;
- B. Continuously assess the results and effectiveness of the QI program, evaluate changes that have been or should be made to improve the quality and efficiency of patient care within the Hospital, and take action as warranted by its findings;
- C. Perform such other duties concerning professional Medical Staff matters as may be assigned to it by the Board; and
- D. Resolve conflicts and/or differences in interpretation of past actions, policies, rules and regulations, etc. between the Medical Staff and the Board.

4.4 FINANCE & PLANNING COMMITTEE:

4.4-1 Composition:

The Finance & Planning Committee shall be chaired by the Treasurer and include at least three additional Board members, including the financial professional. The CEO, the CFO and any senior leaders shall serve as *ex officio* members without vote.

4.4-2 Powers and Functions:

The Finance & Planning Committee has general responsibility for the investments of all endowment and other capital funds of Taos Health Systems, Inc., excluding retirement funds, for the financial planning for the Hospital and other divisions of Taos Health Systems, Inc. and for the coordination of all programs affecting the fiscal affairs or financial condition of the Hospital and other divisions of Taos Health Systems, Inc. Specifically, the Finance & Planning Committee shall:

- A. Assist in preparation, review and approval of the annual operating budget and the capital expenditure plan;

- B.** Review and make recommendations on all proposed capital expenditures, all proposed borrowing by Taos Health Systems, Inc., all deposits to and withdrawals from endowment funds, and all purchases and sales of investment securities and other capital assets of Taos Health Systems, Inc.;
- C.** Review the financial feasibility of corporate projects, acts and undertakings involving major expenditures as defined from time to time by the Board and make recommendations thereon to the Board;
- D.** Receive, review and evaluate the findings and final reports of the annual audit of the corporations' financial records and based thereon, make recommendations to the Board concerning the financial operation of, and services required by and provided to, the corporation;
- E.** Oversee the preparation, modification and implementation of long-range and short-range development plans, including direction and oversight for campus development in order to assure that the total Taos Health Systems, Inc. program is attuned to meeting the health needs of the community served by the Hospital and the purposes of the Corporation, to the extent feasible within Taos Health Systems, Inc.' resources;
- F.** Review the availability of physical and personnel staffing resources , consistent with defined Taos Health Systems, Inc. objectives and planned mix of services , and alternatives to corporate projects, acts and undertakings referred to it by the Board and make recommendations thereon to the Board;
- G.** Provide information to the Board on changes and trends in the health care field that may influence the modification of Taos Health Systems, Inc.'s services;
- H.** Perform such other duties related to planning matters as may be assigned to it by the Board or the Chair; and
- I.** Provide input into the budget preparation, the three year capital and land use projections, monitor investment funds, provide for an outside audit and in general see to the overall financial wellbeing of Taos Health Systems, Inc.

4.5 NOMINATING COMMITTEE:

4.5-1 Composition:

The Nominating Committee will be composed of nine (9) members, the majority of which will be from the community. The Nominating Committee shall include three representatives from the current Taos Health Systems, Inc. Board, one physician

representative, who may or may not be serving on the Board, and five (5) community members appointed one each respectively by:

- The Taos County Board of Commissioners
- The Questa Village Council;
- The Taos Ski Valley Village Council;
- The Red River Town Council; and,
- The Town of Taos Town Council

The only member of the Taos Health Systems, Inc. Board who may not serve on the Nominating Committee is the governmental entity representative, due to a possible conflict of interest. The current CEO of Taos Health Systems, Inc. shall be an *ex officio* member of the Nominating Committee without vote.

4.5-2 Powers and Functions:

The Nominating Committee has responsibility for nominating qualified members from the community to serve as voting members of the Board of Directors. In discharging this obligation, the Nominating Committee shall evaluate Taos Health Systems, Inc.'s Board membership needs, paying particular attention to the changing challenges of healthcare finance, business operations, and socio-economic issues. The Nominating Committee shall strive to nominate community leaders who are willing and able to fulfill the requirements of a Director's job description, and who will bring positive value to the image and reputation of Taos Health Systems, Inc. Specifically, the Nominating Committee shall:

- A. Upon being convened by the Chair of the Board pursuant to Section 2.9 hereof, select at least one nominee (who may be an incumbent Board member) for each vacancy on the Board;
- B. Require each incumbent who wishes to serve an additional term, and each applicant, including applicants nominated by the PHO, Auxiliary and/or Medical Staff (the "Stakeholder Groups"), to complete a Board application, which must include a resume, statement of interest, and acceptance of the Taos Health Systems, Inc. Conflict of Interest Policy and Job Description for Director; and
- C. Meet in April/May of any year in which it has been convened to review applications, and make recommendations to the Board in time for the May Board meeting and election.

4.5-3 Stakeholder Groups:

The Stakeholder Groups shall be entitled to submit their own candidate or, if they so choose, candidates, to the Nominating Committee for submission to the Board. The Nominating Committee shall review the Board application, resume, and statement of

interest for these candidates, and shall communicate any concerns regarding any such candidate with the Stakeholder Group which nominated the candidate in question, including requesting the Stakeholder Group to withdraw such nomination or to select an alternate nominee. In the event a Stakeholder Group fails to submit a candidate, the Nominating Committee shall endeavor to recruit a candidate from the Stakeholder Group.

4.6 PERSONNEL/LABOR RELATIONS/ COMMITTEE:

4.6-1 Composition:

The Personnel/Labor Relations Committee shall be composed of at least (3) three but no more than five (5) Directors. The CEO, CFO, CNO and Director of Human Resources shall serve as *ex officio* nonvoting members. The Personnel/Labor Relations Committee shall meet on an as needed basis, but at least once each year.

4.6-2 Powers and Functions:

The Personnel/Labor Relations Committee shall consider and approve all matters of policy governing personnel or labor relations matters as are submitted to it by the CEO. In exercising its authority and performing its duties, the Personnel/Labor Relations Committee shall not have the power to take any action with regard to the processing and resolution of collective bargaining contract grievances. Specifically, the Personnel/Labor Relations Committee shall:

- A.** Review and approve all non-financial policy decisions by the CEO relating to personnel, labor relations, and public relations functions affecting the management and administration of the Hospital and other divisions of Taos Health Systems, Inc.;
- B.** Offer guidance and when the Board is not in session, within guidelines set by the Chair or the Board itself, give counsel and input relating to collective bargaining and contract negotiations;
- C.** Keep all proceedings strictly confidential by both the voting and non-voting members, except that the Chair of the Personnel/Labor Relations Committee shall report the actions taken by the Personnel/Labor Relations Committee to the Chair of the Board of Directors of Taos Health Systems, Inc.;
- D.** Work with Hospital staff concerning community projects such as the scholarship program.

4.7 LIFEWINGS QUALITY AND SAFETY COUNCIL:

4.7-1 Composition:

The Lifewings Quality and Safety Council shall be composed of at least three but not more than five Directors, at least one of whom shall be a physician member of the Medical Staff. The CEO, CNO, Director of Quality Improvement, Safety/Risk Management Director, and Compliance Officer shall be voting committee members. The co-chairs of the Council may invite other individuals to serve on the Committee as either *ex officio* voting or non-voting members. The committee will be co-chaired by be a member of the Board and the CEO.

4.7-2 Powers and Functions:

The Lifewings Quality and Safety Council will require and review the processes designed to assure that all individuals who provide patient care services, and are subject to Privilege delineation via Medical Staff channels, are reviewed as a part of Taos Health Systems, Inc.'s Performance Improvement Plan and are found competent in specific skills including assessment and age appropriate treatment.

The Lifewings Quality and Safety Council shall, together with the medical staff and the Performance Improvement Committee, implement and manage the Hospital's Performance Improvement Plan.

The Lifewings Quality and Safety Council shall require a mechanism to assure that all patients receive quality services in all Taos Health Systems, Inc. facilities, regardless of ability to pay.

The Lifewings Quality and Safety Council shall require the Medical Staff and other employees and contractors of Taos Health Systems, Inc. to implement and regularly report to the Board on the activities and mechanisms for quality and risk issues associated with all patient populations and for compliance issues as noted below:

Monitoring and evaluating the quality of patient care;

- A. Identifying and resolving problems;
- B. Identifying opportunities to improve patient care;
- C. Identifying and reporting risk management issues and safety incidents and trends; and
- D. Reporting compliance issues that are of concern and may create risk for the Hospital.

The Lifewings Quality and Safety Council shall recommend to the Board policies for educational programs, scholarships, and continuing education efforts.

The Board will ensure that adequate resources are available for the Lifewings Quality and Safety Council to perform the functions outlined above in this Section.

4.8 **RETIREMENT FUND INVESTMENT COMMITTEE:**

4.8-1 Composition:

- A. Membership on the Investment Committee shall include:
 - a. Three (3) members of the Board, one of whom shall be the Finance Committee Chairperson (who shall serve as chair of the Investment Committee);
 - b. The CEO;
 - c. The CFO;
 - d. The Human Resources Director;
 - e. The Human Resources Benefit Coordinator; and
 - f. Two or three members of the 1199NM Union.
 - g. The Investment Manager shall be an ex officio committee member without vote.

4.8-2 Powers and Functions:

- A. The Board bears ultimate responsibility for the Retirement Fund and the appropriateness of its investment policy and execution. This includes:
 - a. Establishing clear and reasonable investment objectives and policies.
 - b. Establishing an Investment Committee that will be delegated certain responsibilities in the administration of the Fund in accordance with established Guidelines.
 - c. Approving the recommendations of the Investment Committee as to administration of the Fund, selection or termination of investment managers, mutual funds, limited partnerships, other commingled investment vehicles, custodians and any changes or additions to this Statement.
- B. The Investment Committee is responsible for:

- a. The day-to-day oversight of the Fund;
- b. Implementing approved policy guidelines and objectives;
- c. Evaluating the performance of the investment managers and any mutual funds, limited partnerships and other commingled investment vehicles with regard to investment goals, guidelines and objectives stated herein;
- d. Recommending to the Board the selection or termination of custodians and Investment Managers for the Fund's assets;
- e. Recommending to the Board any changes or additions to the Investment Policy.

4.9 **COMPLIANCE OVERSIGHT COMMITTEE**

4.9-1 **Composition:**

- A. Membership on the Compliance Oversight Committee shall include:
 - a. Three (3) members of the Board, one of whom shall serve as chair of the Committee;
 - b. The CEO;
 - c. The CFO;
 - d. The CNO;
 - e. The Chief Compliance Officer;
 - f. The Privacy Officer;
 - g. The Information Security Officer;
 - h. The Assistant Vice-president of Risk Management;
 - i. The Assistant Vice-president of Quality;
 - j. The Assistant Vice-president of Ancillary Services;
 - k. The Director of Patient Financial Services;
 - l. The Human Resources Director;
 - m. The Physician Practice Director;

- n. A medical staff member appointed by the Medical Executive Committee;
 - o. Other positions as shall be determined by the Chairperson of the Compliance Committee, the CEO, and/or the Chief Compliance Officer.
- B.** Note: The titles of some positions on this list may evolve over time. In the event that happens, the individual responsible for the duties as included on this list shall be members of this committee.

4.9-2 Powers and Functions:

- A.** The Board bears ultimate responsibility for the Compliance Committee and the appropriateness of its compliance program. This includes:
- a. Designating an individual to serve as the Chief Compliance Officer;
 - b. Establishing clear and reasonable compliance objectives and policies; and
 - c. Establishing, reviewing, and, as appropriate, approving the recommendations of the Compliance Committee that will be delegated certain responsibilities in the oversight of all compliance activities.
- B.** The Compliance Committee:
- a. The Chief Compliance Officer will report to the Governing Board the activities of the Compliance Committee;
 - b. The Compliance Committee shall meet no less than quarterly. A majority of the Committee membership constitutes a quorum for the transaction of business.
 - c. The Committee shall take action by the affirmative vote of a majority of the Committee members present at a duly held meeting.
 - d. The Compliance Oversight Committee will undertake the following responsibilities and duties and any other activities related to the Compliance Program.
 - e. Oversee the implementation and operations of the Compliance program;

- f. Provide guidance to the Chief Compliance Officer and review reports from the Chief Compliance Officer;
- g. Oversee the development and implementation of the annual Compliance Education Plan;
- h. Oversee the development or modification, issuance, distribution and review of the Code of Conduct, Behavior Standards, and appropriate Compliance policies;
- i. Oversee the development and progress of the Compliance Audit Plan; and
- j. Other duties of the Compliance Oversight Committee shall be established in policy and approved by the Board.

ARTICLE V

QUALITY REVIEW AND IMPROVEMENT (QI)

The quality of patient care is the responsibility of the Board. The Board has adopted a comprehensive Performance Improvement Plan, and delegates the planning, implementation and management of the Performance Improvement Plan to the Lifewings Quality and Safety Council and the Medical Staff. The Performance Improvement Plan shall be regularly evaluated and assessed for effectiveness by the Medical Executive Committee and the Lifewings Quality and Safety Council. The Medical Executive Committee and Lifewings Quality and Safety Council shall submit a report with evaluations, recommendations and proposed modifications, if any, to the Performance Improvement Plan at least annually to the Board. The Board shall review and act upon the recommendations when made.

ARTICLE VI

MEDICAL STAFF

6.1 ORGANIZATION:

The Board has created a Medical Staff appointment process within Taos Health System's organization chart which shall be comprised of all practitioners who have been determined to satisfy the qualifications for and have been granted Clinical Privileges by the Board of Directors.

Appointment to the Medical Staff is a prerequisite to the exercise of Clinical Privileges in the Hospital and/or within any division of Taos Health Systems, Inc., except as otherwise specifically provided in the Medical Staff Bylaws, as amended from time to time.

As indicated on the Taos Health Systems, Inc. organization chart, Taos Health Systems, Inc. has an independent Medical Staff structure. However, the Board is ultimately responsible for the appointment of practitioners to the Taos Health Systems, Inc. Medical Staff.

6.2 MEDICAL STAFF APPOINTMENT AND CLINICAL PRIVILEGES:

6.2-1 Delegation to the Medical Staff:

The Board hereby delegates to the Medical Staff, to be exercised through the Medical Executive Committee, the responsibility and authority to investigate and evaluate matters relating to Medical Staff Appointment Status, Clinical Privileges and corrective action, and shall require that the appropriate officers and committees of the Medical Staff adopt and forward to either the Medical Executive Committee or the Joint Conference Committee specific written recommendations on these matters with corrective action, and shall require that the appropriate officers and committees of the Medical Staff adopt and forward to either the Medical Executive Committee or the Joint Conference Committee specific written recommendations on these matters with appropriate supporting documentation that will allow it to make a recommendation to the Board.

6.2-2 Action by the Board:

Final action on all matters relating to Medical Staff Appointment Status, Clinical Privileges, corrective action, and Medical Staff Bylaws, as amended from time to time, shall be taken by the Board only after considering the recommendations of the appropriate Medical Staff officers and committees, provided that the Board must act in any event if the appropriate Medical Staff officers and/or committees fail to adopt and submit any such recommendation within the time periods set forth in the Medical Staff Bylaws, as amended from time to time, and any of its supporting documents. Such Board action without a Medical Staff recommendation must be based on the same kind of documented investigation and evaluation of current ability, judgment, and character as is required for Medical Staff recommendations.

6.2-3 Terms and Conditions of Medical Staff Appointment Status and Clinical Privileges:

The terms and conditions of appointment to Medical Staff, and of the exercise of Clinical Privileges, shall be as specified in the Medical Staff Bylaws and Medical Staff Rules and Regulations, all as amended from time to time, and the credentialing procedures manual, as amended from time to time, and as may be more specifically defined in the notice of individual appointment, reappointment, or grant of Clinical Privileges.

Each appointee to the Medical Staff shall have appropriate authority and responsibility for the care of her/his patients subject to limitations contained in these Bylaws and in the Medical Staff Bylaws, related manuals, rules and regulations, each and all as amended from time to time, and subject to any limitations attached to

her/his appointment. All appointees to the Medical Staff shall, at the time of acceptance of appointment and reappointment, agree in writing to be governed by these Bylaws, the Medical Staff Bylaws, related manuals, rules and regulations, each and all as amended from time to time. Further, each such Medical Staff member shall specifically agree to provide continuous care and supervision to all patients of Taos Health Systems, Inc. for whom he/she has responsibility, and to accept committee assignments and such other duties and responsibilities as shall be assigned to her/him by the Board, the Medical Executive Committee, the Joint Conference Committee, and/or appropriate authorities of the Medical Staff. No appointment or reappointment shall take effect until such a statement has been signed by the individual concerned.

6.2-4 Procedure:

The procedures to be followed by the Medical Staff officers and Medical Staff committees in acting on matters of Appointment Status, Clinical Privileges, and corrective action shall be as specified in the Medical Staff Bylaws and the credentialing manual, each as amended from time to time, and approved by the Board.

6.3 FAIR HEARING PLAN:

The Board shall require that any adverse recommendation made by the Medical Executive Committee or the Board with respect to a practitioners Medical Staff appointment, reappointment, department or other clinical unit affiliation, Medical Staff category, admitting prerogatives and/or Clinical Privileges, shall, except under circumstances for which specific provision is made in the Fair Hearing Plan, be accomplished in accordance with the approved Fair Hearing Plan then in effect. Such plan shall provide for procedures to assure fair treatment and afford opportunity for the presentation of all pertinent information. For the purposes of this Section, an "adverse recommendation" of the Medical Executive Committee and an "adverse action" of the Board shall be treated as provided in the Medical Staff Bylaws and in the Fair Hearing Plan, each as amended from time to time.

ARTICLE VII
MEDICAL STAFF BYLAWS
ADOPTION AND AMENDMENT PROCESS

7.1 DELEGATION TO THE MEDICAL STAFF:

The Board shall hold the Medical Staff responsible for drafting, debating, adopting and recommending to the Board or its authorized committee, in a timely and good faith manner, such Bylaws, rules, regulations, procedure manuals and other organizational protocols and/or amendments thereto as are appropriate for the proper direction and management of the Medical Staff. All such documents and amendments thereto must be consistent with Taos Health Systems, Inc. policy and applicable legal and other requirements and shall not be

effective until acted upon favorably by the Board in accordance with Section 7.2 below. The Bylaws and rules and regulations of the Medical Staff, as amended from time to time, shall conform to the requirements of the appropriate regulatory agencies and when approved by the Board of Directors, shall be signed by each member of the Medical Staff and then kept by the CEO of Taos Health Systems, Inc. Except as defined in Section 7.4, neither the Medical Staff nor the Board shall have the power to unilaterally amend the Medical Staff Bylaws.

7.2 FAVORABLE BOARD ACTION:

The Medical Staff shall review drafts of Medical Staff Bylaws, related documents and/or amendments thereto and shall make recommendations to the Board. Such Medical Staff Bylaws, related documents and amendments are effective as of the date Board approval is given or at such later date as the Board may specify. The Bylaws and rules and regulations of the Medical Staff shall be reviewed bi-annually by the Medical Staff and updated, subject to Board approval, to reflect Taos Health Systems, Inc.'s current practices with respect to Medical Staff organization and function.

7.3 SPECIAL NOTICE OF CONCERNS:

Whenever the Board believes that the Medical Staff's Bylaws, recommendations or existing documents are deficient in one or more respects, it shall, by special notice to the Chief of Staff, inform the Medical Staff of its concerns, of the reasons therefore, and of the date by which the Medical Staff's response is requested, provided that such date shall not be less than thirty (30) days nor more than ninety (90) days from the date the Board's communication has been received by the Chief of Staff.

7.4 BOARD ACTION FOLLOWING MEDICAL STAFF RESPONSE:

If the Medical Staff's response satisfies the Board's concerns that prompted the Section 7.3 notice, the Board shall take favorable action on the matter. If the Medical Staff's response fails to satisfy the Board's concerns or if no Medical Staff response is received within the time frames specified, the Board shall so notify the Medical Staff, through special notice to the Chief of Staff, and the matter will be added to the agenda of the next regular or special Board meeting, for action by the Board.

7.5 EFFECT OF BOARD ACTION:

7.5-1 Medical Staff Recommendation Accepted:

If the Board accepts the Medical Staff's recommendation as originally submitted or as changed pursuant to Section 7.3, the Bylaws, other documents or amendments thereto at issue, are deemed to have been acted upon favorably by the Board and are effective as of the date of the Board's action or at such later date as it may specify.

7.5-2 New Opinion Communicated:

If the Board directs that a new opinion on the issue at hand be communicated to the Medical Executive Committee, the procedures specified in Sections 7.3, 7.4, and 7.5 as applicable, are repeated.

7.5-3 Delegation Rescinded:

If the Board's action is to rescind the particular delegation of authority in question, the Medical Executive Committee shall, with the aid of such Medical Staff assistance and medical, legal, and personnel assistance as it is able to enlist, formulate documents or changes responsive to the Board's concerns and submit the same to the Board and to the active Medical Staff by special notice. Within sixty (60) days of such submission, the Board shall schedule and hold a hearing on the matter open to any member of the active Medical Staff, subject to reasonable rules of time allotted for debate. Thereafter, the Board, by the affirmative vote of a simple majority of the Directors present, may adopt such document or change, with the amendments if any, and direct that the same be circulated to every Medical Staff member for the purpose of obtaining written agreement thereon.

ARTICLE VIII
MISCELLANEOUS

8.1 CONFLICT OF INTEREST:

Any Director or Officer having an existing or potential interest in a contract or other transaction presented to the Board of Directors or a committee thereof for deliberation, authorization, approval, or ratification, or any such person who reasonably believes such an interest exists in another such person, shall make a prompt, full, and frank disclosure of the interest to the Board or committee at the earliest possible meeting of the Board or such committee, after the interest becomes known. The interested party is required to disclose the nature and extent of her/his interest and any relevant and material facts, known to her/him, about the contract or transaction which might reasonably be construed to be adverse to the corporation's interest and to answer pertinent questions presented to her/him.

The body to which such disclosure is made shall determine, by majority vote, whether the disclosure requires that the non-voting and non-participation provisions must be observed. If so, the conflicted person will not use her/his personal influence on the issue and will be asked to leave the meeting during the discussion of the contract or transaction after the person has presented factual information or responded to questions. 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.

The Board shall adopt conflict of interest policies requiring:

- A. Regular annual statements from Directors, Officers, and members of the Medical Staff, that disclose existing and potential conflicts of interest and
- B. Corrective and disciplinary action with respect to the violation of such policies.
- C. For the purposes of this Section, a person shall be deemed to have an “interest” in a contract or other transaction if he/she, or a member of her/his immediate family, is the party (or one of the parties) contracting or dealing with the corporation, or if he/she, or a member of her/his immediate family, is a Director, or Officer of, or has a significant financial or influential interest in, the entity contracting or dealing with the corporation, or if he/she, or a member of her/his immediate family, is otherwise reasonably likely to gain a significant financial or other personal benefit, directly or indirectly, if the contract or transaction is approved.

8.2 NON-COMPENSATION OF BOARD MEMBERS:

The members of the Board of Directors and the Officers of the corporation shall serve without compensation for their services as Directors or Officers, except that they may be reimbursed for mileage and actual out-of-pocket expenses incurred, with prior approval of the Chair.

8.3 VOLUNTEER GROUPS:

The Board recognizes, acknowledges, and appreciates the existence of the Holy Cross Hospital Auxiliary and authorizes their continuance. The Board may authorize additional volunteer groups.

8.3-1 Holy Cross Hospital Auxiliary, and Other Volunteer Groups:

Subject to the approval of the Board of Directors, each volunteer health care group is authorized to establish a unit of the Hospital for overseeing its own body. It may, for such purposes, subject to approval by the Board of Directors, adopt Bylaws, rules and regulations.

All authorized volunteer groups shall serve without remuneration, with their prime purpose being to support Taos Health Systems, Inc., its Mission and purposes. This support may be given directly by providing services to the patients or Medical Staff and/or by providing contributions to be used by Taos Health Systems, Inc. for equipment, plant improvements, and/or to enhance its operation. No Bylaw, rule or regulation of any authorized volunteer group shall supersede or take priority over the Bylaws, rules and regulations of the Board of Directors of Taos Health Systems, Inc. now in effect or as may hereafter be amended.

Final interpretation of the Bylaws, rules and regulations of any such volunteer group shall be made by the Board of Directors and such interpretation shall be binding on

such volunteer group. No bylaw, rules or regulation shall be adopted by any volunteer group, which is in violation of the purposes of Taos Health Systems, Inc.

8.3-2 Individual Volunteers:

Individual volunteers, who are not members of authorized volunteer groups provided in Section 8.3-1 above, shall be under the supervision of the CEO or her/his designee. Such volunteers may include but are not limited to holiday carolers, specialty group volunteers, and persons assisting in the implementation of the facility disaster plans.

8.4 FISCAL YEAR:

The fiscal year of the corporation shall be from June 1 to May 31.

8.5 CORPORATE SEAL:

The Board may provide for a corporate seal in such form and with such inscription as it shall determine.

8.6 NOTICE OF MEETINGS TO THE PUBLIC:

8.6-1 Manner:

Whenever written notice is required to any person, other than a Director, by the law or these Bylaws, as amended from time to time, it may be given to such person, either in person or by sending a copy thereof, by first class mail, postage prepaid, or by email, to her/his address/email address supplied by her/him to the corporation for the purpose of notice. If the notice is given by mail, it is deemed to have been given to the person when deposited in the United States mail or if the notice is sent by email, it is deemed to have been given to the person at the day/time the email is sent. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by any other provision of law or these Bylaws.

8.6-2 Waiver of Public Notice:

- A. In writing: whenever any notice is required, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, is deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of a regular meeting need be specified. The waiver of notice of a special meeting of the Board shall specify the general nature of the business to be transacted.
- B. By attendance: attendance of a person at any meeting constitutes a waiver of notice of such meeting, except when a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

8.8 CONSTRUCTION OF TERMS AND HEADINGS:

Words used in these Bylaws shall read as the masculine or feminine gender and 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 of effect of any provision of these Bylaws.

8.9 INDEMNIFICATION:

8.9-1 Right to Indemnification.

Each person who was or is made a party to or is involved in a pending or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a “proceeding”), by reason of the fact that he/she, or a person of whom he/she is the legal representative, is or was a Director or Officer of the corporation as a Director, Officer, partner, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other incorporated or unincorporated enterprise, including service with respect to employee benefit plans or trusts, whether the basis of such proceeding is alleged action or inaction, in an official capacity as a Director, Officer, partner, trustee, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the New Mexico Nonprofit Corporation Act as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorney’s fees, judgments, fines, taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a Director or Officer and shall inure to the benefit of her/his heirs, executors and administrators; provided, however, that except as provided in this Article, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or a part thereof) initiated by such person only if such proceeding (or party thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this Article shall be a constant right and shall include the right to be paid by the corporation all expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the New Mexico Nonprofit Corporation Act requires the payment of such expenses incurred by a Director or Officer in her/his capacity as a Director or Officer of the corporation (and not in any other capacity in which service was or is rendered by such person while a Director or Officer, including, without limitation, service to employee benefit plans or trusts) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of a written agreement by or on behalf of such Director or Officer, to repay all amounts so advanced if it shall ultimately be determined in a court of law that such Director or Officer is not entitled

to be indemnified under this article or otherwise. The corporation may, by action of its Board, provide indemnification and advance expenses to employees and agents of the corporation and others permitted to be indemnified by the New Mexico Nonprofit Corporation Act with the same scope and effect as the foregoing indemnification and advancement of expenses of Directors and Officers.

Indemnification rights shall not apply to any a Director, Officer, partner, trustee, employee or agent of another corporation if that person is acting in bad faith or has not complied with established organizational policy or current law or regulation.

8.9-2 Right of Indemnity to Bring Suit:

If a valid claim pursuant to subsection (8.9-1) of this Article is not paid in full by the corporation within ninety (90) days after a written claim has been received by the corporation, the claimant may at any time thereafter, bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be reimbursed her/his reasonable costs and expenses, including attorneys' fees, for prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required written agreement, if any, is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the New Mexico Non Profit Corporation Act for the corporation to indemnify the claimant for the amount claimed, but the burden of providing such defense shall be on the corporation. Neither the failure of the corporation (including its Board, independent Legal Counsel, or its members) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he/she has met the applicable standard of conduct set forth in the New Mexico Nonprofit Corporation Act, nor an actual determination by the corporation (including its Board), independent Legal Counsel, or its members) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

8.9-3 Non-exclusivity:

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the corporation's Articles of Incorporation, as amended from time to time, Bylaws, as amended from time to time, agreement, vote of members or disinterested Directors, or otherwise.

8.9-4 Insurance:

The corporation shall maintain liability insurance, at its expense, to protect itself and any Director, Officer, partner, trustee, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other incorporated or unincorporated enterprise (including an employee benefit plan or trust) against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the New Mexico Nonprofit Corporation Act.

ARTICLE IX
AMENDMENT TO BYLAWS


9.1 PROCEDURE:

These Bylaws may be amended or repealed by a two-thirds (2/3) vote of the Board of Directors at any regular or special meeting, at which a quorum is present, if at least ten (10) days written notice is given of the intention to take such action.

9.2 REVIEW:

These Bylaws shall be reviewed at least bi-annually by the Board or Executive Committee.

DATED THIS 3rd day of October, 2018.

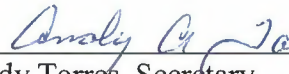


Chris Stagg, Chair
Taos Health Systems, Inc.

SECRETARY'S CERTIFICATE

THIS IS TO CERTIFY THAT the forgoing Bylaws of Taos Health Systems, Inc. have been duly adopted by the Board of said corporation on the 3rd day of October, 2018.

IN WITNESS WHEREOF, the undersigned Secretary of the corporation, has signed this Certificate and affixed the seal of the corporation hereon dated the 3rd day of October, 2018.



Andy Torres, Secretary
Taos Health Systems, Inc.