

**BYLAWS**

**OF**

**THE HENNEPIN HEALTHCARE SYSTEM, INC.**  
**(Ninth Amended)**

Effective 01/01/2024

## **TABLE OF CONTENTS**

	<u><b>Page</b></u>
<b>ARTICLE I. PURPOSES</b>	<b>5</b>
<b>ARTICLE II. OFFICES AND CORPORATE SEAL</b>	<b>5</b>
Section 2.1    Principal Office	5
Section 2.2    Seal	6
<b>ARTICLE III. GOVERNING MEMBER (Hennepin County)</b>	<b>6</b>
Section 3.1    Member	6
Section 3.2    Governing Member	6
Section 3.3    Actions by the County	6
Section 3.4    Reserved Powers of the County	6
Section 3.5    Meetings	8
<b>ARTICLE IV. BOARD OF DIRECTORS</b>	<b>9</b>
Section 4.1    Corporate Powers	9
Section 4.2    Other Powers	11
Section 4.3    Composition and Election	11
Section 4.4    Terms	12
Section 4.5    Compensation	12
Section 4.6    Costs and Reimbursement	12
Section 4.7    Voting Rights	12
Section 4.8    Resignation	12
Section 4.9    Removal of Directors by Corporation Board	12
Section 4.10    Removal of Directors by the County Board	13
Section 4.11    Vacancies	13
Section 4.12    Open Meeting Law	14
Section 4.13    Annual Meetings	14
Section 4.14    Regular Meetings	14
Section 4.15    Special Meetings	14
Section 4.16    Notice of Meetings	15
Section 4.17    Place of Meetings	15
Section 4.18    Time of Meetings	15
Section 4.19    Waiver of Notice	15
Section 4.20    Electronic Communications	15
Section 4.21    Quorum and Manner of Acting	15
<b>ARTICLE V. OFFICERS</b>	<b>15</b>
Section 5.1    Number	15
Section 5.2    Board Officers	16

Section 5.3	Operating Officers	17
Section 5.4	Term of Office	17
Section 5.5	Resignation; Removal; Vacancies	17
Section 5.6	Costs and Reimbursement	18
<b>ARTICLE VI. SUBSIDIARY CORPORATIONS OR AUXILIARY ORGANIZATIONS</b>		<b>18</b>
<b>ARTICLE VII. COMMITTEES</b>		<b>18</b>
Section 7.1	Committees	18
Section 7.2	Open Meeting	18
Section 7.3	Executive Committee	19
Section 7.4	Finance Committee	19
Section 7.5	Audit and Compliance Committee	19
Section 7.6	Governance Committee: Nomination to the Board, Vacancies	19
Section 7.7	Quality and Safety Committee	20
Section 7.8	Mission Effectiveness	20
Section 7.9	Other Committee(s)	20
Section 7.10	Advisory Bodies	20
<b>ARTICLE VIII. FISCAL YEAR</b>		<b>20</b>
<b>ARTICLE IX. FINANCIAL MATTERS; BOOKS AND RECORDS</b>		<b>20</b>
Section 9.1	Books and Records	20
Section 9.2	Documents Kept at Principal Office	21
Section 9.3	Accounting System and Audit	21
Section 9.4	Data Practices Act	21
Section 9.5	Contracts, Checks, Drafts and Other Matters	21
<b>ARTICLE X. CONFLICTS OF INTEREST; CONFIDENTIALITY</b>		<b>22</b>
Section 10.1	Annual Statements	22
Section 10.2	Duty to Disclose	22
Section 10.3	Procedures	22
Section 10.4	Violations of the Conflicts of Interest Policy	22
Section 10.5	Records of Proceedings	22
Section 10.6	Compensation Matters	23
Section 10.7	Confidentiality	23
<b>ARTICLE XI. STANDARDS OF CONDUCT; INDEMNIFICATION</b>		<b>23</b>
Section 11.1	Prudent Person; Business Judgment; Not Trustees	23
Section 11.2	Reliance	24
Section 11.3	Indemnification	24
Section 11.4	Advances	24
Section 11.5	Determination of Eligibility	25
Section 11.6	Insurance	25

Section 11.7	Other Persons	25
Section 11.8	Cumulative Rights	25
Section 11.9	Sovereign Immunity	25
Section 11.10	Severability	25
<b>ARTICLE XII. EXEMPT ACTIVITIES</b>		<b>26</b>
<b>ARTICLE XIII. ASSETS UPON DISSOLUTION</b>		<b>26</b>
<b>ARTICLE XIV. RULES OF ORDER</b>		<b>26</b>
<b>ARTICLE XV. AMENDMENT</b>		<b>26</b>
<b>ARTICLE XVI. EFFECTIVE DATE</b>		<b>27</b>

**BYLAWS**  
**OF**  
**THE HENNEPIN HEALTHCARE SYSTEM, INC.**

**Preamble**

In 2005, the Minnesota Legislature passed legislation enabling the Hennepin County Board of Commissioners to create Hennepin Healthcare System, Inc. (the "Corporation"), a public corporation to be operated as a subsidiary of the County. The purpose of the Corporation is to deliver health care and related services to the general public, including persons experiencing indigency, and to engage in related programs of education and research. The Corporation will continue the operation of Hennepin County Medical Center ("HCMC") and may develop other health care services in the future.

The legislation and these Bylaws describe certain powers that Hennepin County, through its Board of Commissioners, continues to retain over the assets, operations and mission of the Corporation. Subject to those powers, the Corporation's Board of Directors has the authority and power to regulate and manage the affairs of the Corporation, consistent with the law and these Bylaws.

These Bylaws are adopted to regulate and manage the internal affairs of Hennepin Healthcare System, Inc., which is formed pursuant to Minnesota Statutes Section 383B.901, et seq. (the "Act").

**ARTICLE I.**  
**PURPOSES**

The purposes of the Corporation are to engage in the organization and delivery of health care and related services to the general public, including persons experiencing indigency as defined by state and federal law and as determined by the Hennepin County Board of Commissioners, and to conduct related programs of education and research. The Corporation is organized exclusively for charitable and educational purposes under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

**ARTICLE II.**  
**OFFICES AND CORPORATE SEAL**

**Section 2.1    Principal Office.** The Corporation may have such offices and places of business at such locations, within the State of Minnesota, as the board of directors of this

Corporation (collectively, the “Board of Directors” and individually “Director(s)”) may from time to time designate, or the business of the Corporation may require.

**Section 2.2    Seal.** The Corporation shall have no corporate seal.

**ARTICLE III.**  
**GOVERNING MEMBER (Hennepin County)**

**Section 3.1    Member.** The Corporation shall have one (1) class of members: a Governing Member (as defined in **Section 3.2**).

**Section 3.2    Governing Member.** The Governing Member of the Corporation is the County of Hennepin, Minnesota (the “County”), as represented by the Hennepin County Board of Commissioners (collectively, the “County Board” and individually, “Commissioner(s)”). The County has all the rights, duties and privileges as to all matters specified under the Act and these Bylaws. The Board of Directors of the Corporation shall be empowered to carry out rights, duties and privileges of the Corporation to the extent specified in **Sections 4.1** and **4.2** of these Bylaws, and subject to the Reserved Powers of the County specified herein.

**Section 3.3    Actions by the County.** Any vote or other action required or permitted by the Act or these Bylaws to be taken by the County as Governing Member of the Corporation shall be duly and validly cast or taken if such vote or action is cast or taken pursuant to a resolution of the County Board.

**Section 3.4    Reserved Powers of the County.**

As specified under the Act, this **Section 3.4** and other sections of these Bylaws, the County shall have the following specific powers relating to the governance and operation of the Corporation (“Reserved Powers”). Final decisions with respect to the following listed matters shall be subject to the approval by majority vote of the County Board.

(i)      Any change in these Bylaws relating to:

(1)      the mission of the Corporation, the current statement of which is

“We partner with our community, our patients and their families to ensure access to outstanding care for everyone, while improving health and wellness through teaching, patient and community education, and research.”

(2)      board composition, board and officer selection, terms, removal, or qualifications;

(3)      the County Board’s reserved powers as specified in these Bylaws;

- (4) the ability of the Corporation to engage in joint ventures;
- (5) the ability of the Corporation to incur debt through the County;
- (6) the ability of the Corporation to create subsidiaries;
- (7) the ability of the Corporation to use subsidiaries to undertake functions or activities performed by employees of the Corporation; and
- (8) the ability of the Corporation to merge or dissolve;
- (ii) Appointment of the initial Board of Directors of the Corporation, and thereafter, appointment of Directors by slate to open positions due to completion of a Director's term. The slate shall be nominated by the Governance Committee as specified in **Section 7.6**;
- (iii) Appointment of two County Commissioners to the Board of Directors;
- (iv) Removal of individual Directors or the entire Board of Directors as specified in **Sections 4.9 and 4.10**;
- (v) Approval of the hiring of the first Chief Executive Officer of the Corporation;
- (vi) Approval of any debt incurrence, excluding de minimus debt. De minimus debt is defined as debt that on a cumulative basis 1) has annual debt service of less than 1.5% of budgeted revenues, 2) outstanding principal of less than 7.5% of budgeted revenues, and 3) has a maximum maturity of ten (10) years or less at the time of issuance. For the purpose of this section, debt will be defined according to Generally Accepted Accounting Principles (GAAP);
- (vii) Approval of the annual budget of the Corporation including;
  - (1) approval of the capital budget in the aggregate and line item review and approval (a) when the aggregate budgeted spending for capital (excluding items previously approved) is greater than ten percent (10%) of budgeted revenues or (b) when an individual capital expenditure or project (excluding items previously approved) is greater than one percent (1%) of budgeted revenues. In addition, approval is required when any expenditure causes the total capital expenditures in a given year to exceed the approved budgeted amount; and
  - (2) approval of the operating budget;
- (viii) Approval of any joint venture when the Corporation's potential capital commitment (current and future) is greater than one percent (1%) of the then-current-year's budgeted revenues;

(ix) Approval of the health services plan. Once every three (3) years, a health services plan will be prepared by the Corporation in coordination with the Community Health Needs Assessment and implementation plan required under the regulations relating to Section 501(r) of the Internal Revenue Code. The health services plan will draw from a population health needs assessment, and will delineate the Corporation's role in the community, including education, research, and services to improve the health status of the community, including populations experiencing indigency. The health services plan shall contain a description of how the Corporation shall continue to coordinate with the County to provide health-related services to the residents of Hennepin County, including persons experiencing indigency as defined by state and federal law and as determined by the Hennepin County Board of Commissioners. More specifically, the health services plan shall describe the principal health services to be provided by the Corporation, significant changes in the pattern of community health needs and significant plans for change in deployment of resources or sites to meet those needs, in coordination with the efforts of other responsible parties, including the Hennepin County Public Health Authority. The health services plan shall discuss the primary thrust of workforce plans for the Corporation, including major training initiatives. The health services plan shall discuss the operation and the effect of the indigent care formula established between the County and the Corporation pursuant to Minnesota Statute Section 383B.928 on the services provided or anticipated to be provided by the Corporation and on the fiscal health of the Corporation;

(x) Any decision to conduct an independent audit of the finances of the Corporation;

(xi) Any decision to dissolve, merge, consolidate, transfer, liquidate or otherwise dispose of or distribute all or substantially all of the Corporation's assets;

(xii) Any decision to create a subsidiary, for profit or not-for-profit;

(xiii) Any assignment, sublease, or facility-wide management contract of this Corporation that may substantially impact the County Board's Reserved Powers as specified in this **Article III**;

(xiv) Any decision to change the name of the hospital from "Hennepin County Medical Center";

(xv) Any decision to sell, assign or otherwise transfer the Corporation's licensed bed capacity; and

(xvi) Approval of all legislative initiatives and positions of the Corporation and coordination of all lobbying efforts.

**Section 3.5 Meetings.** At least quarterly, the Chair of the Board of Directors or the Chief Executive Officer or their designee shall brief the County Board on matters concerning the



Corporation. Notice of the meeting shall be provided according to the procedures established by the County Board.

**ARTICLE IV.**  
**BOARD OF DIRECTORS**

**Section 4.1    Corporate Powers.** Except as otherwise specified in these Bylaws or under the Act, and subject to the Reserved Powers and authority of the County as specified in **Article III**, the property, affairs, activities, and business of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to all other powers and authority conferred upon them by these Bylaws and under the Act, the Board of Directors shall have the power to do all lawful acts necessary and expedient to conducting the affairs of the Corporation that are not prohibited by these Bylaws, the Act or other applicable law. The Corporation, through its Board of Directors, shall, relative to the delivery of health care services, have the authority and legal capacity of a nonprofit corporation under Minnesota Statutes Chapter 317A. Specifically, the Corporation, through its Board of Directors, shall have the authority and all necessary power to:

- (1)    have its Directors, officers or administrators serve as directors, officers, or employees of the Corporation's ventures or subsidiary corporations;
- (2)    hire and discharge a Chief Executive Officer of the Corporation;
- (3)    approve personnel policies and practices, any applicable labor agreements, and levels of compensation and benefits;
- (4)    use employees, agents, consultants, and facilities of the County, as necessary in the discretion of the Board of Directors, paying the County its agreed proportion of the compensation or costs pursuant to an agreement with the County;
- (5)    spend funds, including public funds in any form, or devote the resources of the Corporation to recruit and retain physicians and other professionals and supportive personnel whose services are necessary or desirable for meeting the health care needs of the population and for the successful performance of the public purposes of the Corporation. Allowable uses of funds and resources include the retirement of medical education debt, payment of onetime amounts in consideration of services rendered or to be rendered, payment of recruitment expenses, payment of moving expenses, and the provision of other financial assistance necessary for the recruitment and retention of physicians, provided that the expenditures in whatever form are lawful and reasonably necessary under the facts and circumstances of the situation;
- (6)    offer, directly or indirectly, products and services of the Corporation and/or affiliated entities to individuals, organizations and the general public, and retain any net

margin earned through the provision of these products and services for the purpose of advancing the mission of the Corporation;

(7) own shares of stock in business corporations;

(8) borrow money and issue bonds in support and promotion of the Corporation's purposes and mission;

(9) accept gifts, grants, loans, or contributions of funds or property or financial or other aid in any form from, and enter into service contracts or other transactions with, the federal government, the State of Minnesota, third-party payors, or any other lawful source, and lawfully to use any gifts, grants, loans, contributions or payments for any of its corporate purposes;

(10) enter shared service and other cooperative ventures;

(11) join or sponsor membership in organizations intended to benefit the Corporation;

(12) enter partnerships, joint ventures, or other business arrangements to advance the mission of the Corporation;

(13) sue or be sued;

(14) incorporate other corporations, both for profit and nonprofit, subject to any conditions in the Act;

(15) appoint such officers, employees, and agents as this Corporation may require for the performance of its duties;

(16) appoint an Executive Committee (as specified in **Section 7.3**) and other committees of the Board of Directors (as specified in **Article VII**); provided, however, that all committees must operate under the authority and control of the Board of Directors, and no committee may impair the authority and obligation of the Board of Directors to provide ongoing oversight and governance of the Corporation's activities and operations;

(17) appoint advisory committees and other ad hoc committees, including but not limited to community or advisory committees, provided that no such committees shall exercise the ultimate authority vested in the Board of Directors;

(18) advance or reimburse reasonable expenses to the members of the Board of Directors' committees and advisory boards, as specified in **Section 4.6**;

(19) arrange or contract for the provision of health care and related services, including, but not limited to, the provision of medical care for underserved persons;

(20) enter into obligations or contracts, and carry out any acts useful to the transaction and promotion of this Corporation's purposes, including but not limited to purchasing insurance or arranging for self-insurance;

(21) acquire, hold, mortgage, pledge, or dispose of shares, bonds, membership interests, securities and other evidence of equity or debt of any domestic or foreign corporation or business entity, either profit or nonprofit, and either public or private, and, if the owner thereof, to exercise all rights, powers, and privileges of ownership, including the right to vote;

(22) purchase, sell, own or lease, manage, obtain and use or dispose of real and personal property, in advancement of the purposes of the Corporation;

(23) make donations to other charitable entities, domestic or foreign, consistent with the purposes of this Corporation; and

(24) conduct this Corporation's affairs within and outside the State of Minnesota.

**Section 4.2 Other Powers.** Subject to the Act and the Reserved Powers specified in **Article III**, the Board of Directors shall have all the powers necessary and convenient for the operation, administration, management, and control of the Corporation's affairs. The enumeration of specific powers in **Section 4.1** is not intended to restrict the powers of the Corporation to take any action which is not prohibited by law or the Reserved Powers and limitations as specified in **Article III**, and in the exercise of the Board of Directors' discretion, is deemed necessary or convenient to further the purposes of the Corporation, whether or not the powers to take the action are necessarily implied from the powers expressly granted under these Bylaws.

**Section 4.3 Composition and Election.** The Board of Directors shall consist of between eleven (11) and fifteen (15) Directors. The Board of Directors shall include two (2) Commissioners currently serving on the County Board, the Chief Executive Officer of the Corporation and the President of the HHS Medical Staff as *ex officio* voting members of the Board, and other persons as described below. Directors shall possess a high degree of experience and knowledge in relevant fields and possess a high degree of interest in the Corporation and support for its mission. Directors shall be appointed based in part on the objective of ensuring that the Corporation includes diverse and beneficial perspectives and experience including, but not limited to, those of medical or other health professionals, urban, cultural and ethnic perspectives of the population served by the Corporation, business management, law, finance, health sector employees, public health, serving the uninsured, health professional training, and the patient or consumer perspective.

Directors shall be selected in the manner described in **Section 7.6**.

**Section 4.4    Terms.** The terms of the County Commissioner members of the Board shall be one (1) year. The term of the Chief Executive Officer and the President of the HHS Medical Staff on the Board shall be coterminous with their service in those roles. Other Directors shall serve staggered three (3) year terms, for a maximum of nine (9) years, after which they shall no longer be on the Board of Directors for at least one (1) year before they shall again be eligible to serve on the Board of Directors. A Director shall hold office until expiration of the Director's term and a successor has been elected and qualified or until the earlier death, resignation, removal or disqualification of the Director. The Chief Executive Officer and President of the HHS Medical Staff shall not be subject to the nine (9) year maximum specified above.

**Section 4.5    Compensation.** Directors, other than the Chief Executive Officer and the President of the Medical Staff, shall not be compensated for services rendered to the Corporation in their capacity as Directors and, if applicable, as members of committees or advisory bodies of the Corporation.

**Section 4.6    Costs and Reimbursement.** Pursuant to policies established by the Board of Directors, the Corporation may advance or reimburse Directors (and members of committees and advisory bodies) for reasonable costs and expenses necessary for travel or other purposes as requested for the advancement of this Corporation's purposes.

**Section 4.7    Voting Rights.** Each Director may cast one (1) vote on any matter that comes before the Board of Directors. No Director shall have the right to vote by proxy. Unless otherwise provided under the Act or these Bylaws, an action of the Board of Directors shall be passed by a simple majority vote of those present at a meeting duly called and at which a quorum was present when the meeting was convened. Cumulative voting is not permitted.

**Section 4.8    Resignation.** A Director may resign at any time by giving written notice to the Chair or Chief Executive Officer of the Corporation. A resignation shall take effect at the later of the time specified in the resignation or upon delivery of the written resignation to the Chair or Chief Executive Officer.

**Section 4.9    Removal of Directors by Corporation Board.** Any Director, except a Director who is also a Commissioner, the Chief Executive Officer or the President of the HHS Medical Staff, may be removed without cause by a two-thirds (2/3) majority vote of the Directors in office. In addition, if any Director attends less than seventy percent (70%) of the regular Board meetings and seventy percent (70%) of the regular meetings of committees of which they are a member in any given year, the remaining Directors shall consider whether there is good cause to retain that Director, taking into account whether the Director is otherwise making substantial contributions to the benefit of the Corporation and whatever other factors they deem in their discretion to be relevant to good cause. If a majority of the

remaining Directors find that there is not good cause to retain that Director, that Director shall be deemed automatically removed. Notwithstanding the foregoing, only the County Board shall have the right to remove a Director who is also a County Commissioner. Similarly, notwithstanding the foregoing, the Chief Executive Office and President of the HHS Medical Staff may be removed by a simple majority vote of the Directors in office.

#### **Section 4.10 Removal of Directors by the County Board.**

(i) **Directors Who Are Commissioners.** A Director who is a County Commissioner may be removed by a majority vote of the County Board and shall automatically cease being a member of the Board of Directors upon the loss of their position as a County Commissioner.

(ii) **Non-Commissioner Directors.** The County Board may remove any Director of the Corporation for violation of the Director's ethical and legal duties as specified in Minnesota Statute Section 383B.905 or for the repeated failure to act in the best interests of the Corporation.

(iii) **The Entire Board.** The County Board may remove the entire Board of Directors of the Corporation in order to resume management of Hennepin County Medical Center, upon a two-thirds (2/3) vote of the entire County Board.

**Section 4.11 Vacancies.** If a vacancy arises in a Director position held by a County Commissioner, the County Board shall appoint a different Commissioner to that position.

For a vacancy in a Non-County Position occurring prior to the completion of a term, the Governance Committee shall recommend to the Board of Directors one (1) or more candidates for such a position. The Board of Directors may, by majority vote, appoint a person to fill such vacancy for the unexpired term, provided that the appointment is submitted to the County Board for approval, and is then approved, when the next slate of Directors is submitted to the County Board for approval.

For vacancies in a Non-County Position that occur because of expiring terms, the Governance Committee shall nominate a slate of candidates of a number at least sufficient to fill all expiring terms of Directors (as well as any vacancies).

The Governance Committee shall present its slate of candidates to the Board of Directors for approval and the Board of Directors shall forward its recommended slate to the County Board. The County Board shall choose to accept or reject the entire proposed slate of such candidates. If the County Board rejects the slate of such candidates, the Board of Directors shall propose a new slate of such candidates for approval by the County Board. This process shall continue until the County Board has approved a slate of candidates recommended by the Board of Directors.

#### **Section 4.12 Open Meeting Law.**

(i) The Board of Directors of the Corporation is subject to Minnesota Statutes Chapter 13D, the Minnesota Open Meeting Law.

(ii) The Board may close all or part of a Board meeting when discussing competitive data or considering strategic, business, planning, or operational issues the disclosure of which, in its discretion, it determines could cause competitive disadvantage to the Corporation, including causing adverse effects on the current or future competitive position of the Corporation or the entities, facilities, and operations for which it is responsible. Meetings of committees of the Board of Directors may, at the discretion of the Board, be closed to the public.

(iii) In addition, the following meetings of the Corporation shall be held and shall be open meetings: (1) an annual public meeting to report on the affairs of the Corporation and the goals for the future, including a report on the health services plan specified in Minnesota Statute Section 383B.918; (2) meetings of the Corporation held during the development and implementation phase of the health services plan for the purpose of informing the public and receiving public comment; and (3) that portion of a meeting at which the Board of the Corporation approves the annual budget prior to submission to the County Board for approval. Meetings held under clause (1) or (2) may be chaired by a Director or a member of the administration as designated by the Board of Directors. Except as provided in paragraphs (i), (ii), and (iii) above, other meetings of the Corporation are not subject to Minnesota Statutes Chapter 13D.

**Section 4.13 Annual Meetings.** The Board of Directors shall hold an annual public meeting to report on the affairs of the Corporation and on the health services plan, which shall be a regular meeting of the Corporation for purposes of the manner of notice to be provided to the Directors as specified in **Section 4.16**. The Chair shall designate one (1) regular meeting as the Board of Directors' annual meeting.

**Section 4.14 Regular Meetings.** The Board of Directors shall hold regular meetings at least six (6) times a year, the schedule for which shall be kept at the Corporation's principal place of business. If the time or place of a regular meeting is to be changed, notice shall be given to each Director as specified in **Section 4.16**. Notice of any adjourned meeting shall be made by announcement at the meeting at which adjournment is taken.

**Section 4.15 Special Meetings.** In addition to its regular meetings, the Board of Directors may hold "special" and "emergency" meetings, as those terms are used in the Minnesota Open Meeting Law, Minnesota Statute Section 13D.04. Such meetings of the Board of Directors may be called by the Chair and must be called by the Chair whenever requested in writing by any four (4) or more Directors.

**Section 4.16 Notice of Meetings.** Notice of a meeting, whether a regular, special or emergency meeting, shall comply with the requirements of the Minnesota Open Meeting Law, Minnesota Statutes Chapter 13D. For regular meetings, notice shall be: (i) mailed to each Director addressed to a Director's residence or usual place of business, at least five (5) days before the day on which the meeting is to be held; or (ii) delivered personally, by telephone, facsimile, or other electronic means of communication, not less than three (3) days before the day on which such meeting is to be held. The notice shall state the time and place of the meeting.

**Section 4.17 Place of Meetings.** The Board of Directors may hold its meetings at the general business offices of this Corporation or at such place or places as the Board of Directors may, from time to time, determine, consistent with the Minnesota Open Meeting Law.

**Section 4.18 Time of Meetings.** The Board of Directors may hold its meetings at such times as it determines, consistent with the Minnesota Open Meeting Law.

**Section 4.19 Waiver of Notice.** A Director may waive notice of a meeting of the Board of Directors. A waiver of notice by a Director is effective whether given before, at, or after the meeting, and whether given in writing, or by attendance as described in the next sentence. Attendance by a Director at a meeting constitutes a waiver of notice of such meeting, unless such Director objects at the beginning of the meeting to the transaction of such business because the meeting is not lawfully called or convened and does not participate in the meeting.

**Section 4.20 Electronic Communications.** Directors or members of any committee or advisory body appointed by the Board of Directors may participate in a meeting by means of telephone conference or similar communications equipment, which enables all persons participating in the meeting to hear each other during such meeting. Such participation shall be considered presence in person at such meeting for purposes of notice and quorum requirements as specified in these Bylaws.

**Section 4.21 Quorum and Manner of Acting.** A majority of the Directors in office constitutes a quorum for the transaction of business. A majority of the Directors present may adjourn the meeting until a quorum is present. Except as otherwise specified in the Act or in these Bylaws, the Board of Directors may act by a majority vote of those present so long as a quorum was present at the time the meeting was convened.

## **ARTICLE V. OFFICERS**

**Section 5.1 Number.** The Corporation shall have the following officers of the Board (collectively the "Board Officers"): a Chair, a Vice Chair, a Secretary and a Treasurer. The Corporation shall also have a Chief Executive Officer who is an Operating Officer. The Board Officers and Operating Officers are collectively referred to as the "Officers." The Board of

Directors may designate such additional Officers as it determines are necessary for the management of the affairs of the Corporation. Subject to these Bylaws, the Board of Directors shall fix the powers and duties of all Officers.

**Section 5.2 Board Officers.** The Board Officers shall hold office for terms of two (2) years and may be re-elected for additional two-year terms. Board Officers shall be elected by majority vote of the Directors in office, and except for the Chair and Vice Chair, need not be Directors, but shall be accountable to the Board of Directors in their role as Board Officers. Board Officers shall not be compensated for services rendered to the Corporation in their capacity as Board Officers, or if applicable, as members of committees or advisory bodies. The Board Officers have the following duties:

(i) **Chair.** The Chair shall (a) preside at meetings of the Board of Directors at which they are present; (b) develop mechanisms to implement the actions approved by the Board of Directors and ensure that all orders and resolutions of the Board of Directors are carried into effect; and (c) perform all other lawful duties as specified in these Bylaws or as may, from time to time, be prescribed by the Board of Directors. The Chair shall be a community member who is not employed by the County or the Corporation.

(ii) **Vice-Chair.** In the absence of the Chair, the Vice Chair shall perform the duties of Chair, and when so acting, shall have all the powers of and be subject to all the restrictions placed upon the Chair under the Act and these Bylaws. The Vice Chair also shall perform all other lawful duties as specified in these Bylaws or as may, from time to time, be prescribed by the Board of Directors. The Vice Chair shall be a community member who is not employed by the County or the Corporation.

(iii) **Secretary.** The Secretary shall: (a) act as the secretary at all meetings of the Board of Directors, unless an assistant secretary or some other person is appointed to act as secretary; (b) give or cause to be given proper notice of the meetings of the Board of Directors and committees or advisory bodies; (c) maintain or supervise the maintenance of the Corporation's records, these Bylaws (as amended or restated), and the minutes of all meetings of the Board of Directors and committees or advisory bodies; and (d) perform all other lawful duties as specified in these Bylaws or as may, from time to time, be prescribed by the Board of Directors.

(iv) **Treasurer.** The Treasurer shall: (a) have control over the corporate funds and securities of the Corporation; (b) cause to be kept full and accurate accounts of receipts and disbursements of the Corporation; (c) cause all monies and other valuables to be deposited to the credit of the Corporation in such depositories as may be designated by the Board of Directors, (d) disburse the funds of the Corporation pursuant to the policies established by, or as ordered by, the Board of Directors; (e) report to the Board of Directors and account for such transactions; and (f) perform all other lawful duties as specified in these Bylaws or as may, from time to time, be prescribed by the Board of Directors.



**Section 5.3    Operating Officers.** Operating Officers other than the Chief Executive Officer need not be Directors of the Corporation. The Chief Executive Officer shall hold office at the discretion of the Board of Directors. Operating Officers may receive compensation from the Corporation for their services as Operating Officers, regardless of whether they are Directors.

(i)    **Chief Executive Officer.** The Chief Executive Officer shall serve as an *ex officio* voting member of the Board of Directors and provide regular reports to the Board of Directors. Subject to the ultimate authority of the Board of Directors under law or these Bylaws, the Chief Executive Officer of the Corporation shall: (i) have overall responsibility for management of the Corporation; (ii) work with the Chair to ensure that orders and resolutions of the Board of Directors are properly implemented; (iii) sign and deliver, in the name of the Corporation, deeds, mortgages, bonds, contracts or other instruments pertaining to the business of this Corporation, except in cases in which the authority to sign and deliver such documents is required by law under the Act to be exercised by another person on behalf of the Governing Member or is expressly delegated by the Act, these Bylaws, the Board of Directors, or the Chief Executive Officer to another Officer, agent, or duly-appointed representative of this Corporation or to the Governing Member; (iv) maintain records of and, when necessary, certify proceedings of the Board of Directors; (v) perform the duties of a Hospital Administrator unless such duties are assigned by the Board of Directors to another Officer or individual; (vi) determine the compensation for such other Operating Officers of the Corporation as the Board shall establish, subject to the parameters established by the Board; and (vii) perform such other duties permitted hereunder as are customary to such office or are prescribed by the Board of Directors. The Board of Directors may, from time to time, appoint other key personnel to assist the Chief Executive Officer as it deems necessary to carry out the duties and obligations of the Board of Directors.

**Section 5.4    Term of Office.** An Officer shall hold office until a successor is elected or until the Officer's death, resignation or removal from office as hereinafter provided.

**Section 5.5    Resignation; Removal; Vacancies.** A Board Officer may resign at any time by giving written notice of resignation to the Chair of the Board of Directors or the Chief Executive Officer of the Corporation. A resignation takes effect at the later of the time specified in the written notice or at the time when the written notice is given. A Board Officer may be removed by two-thirds (2/3) majority vote of the Directors in office. A Board Officer whose removal is under consideration by the Board of Directors is not entitled to vote on the question of their removal as a Board Officer and shall not be counted in determining the presence of a quorum. Any Director who is removed as specified in **Sections 4.9 or 4.10** or resigns as specified in **Section 4.8** and who is also a Board Officer shall be deemed to have resigned as a Board Officer, effective as of the date such Board Officer is removed as a Director. Any person appointed an Officer by reason of being a management employee of the Corporation shall be deemed to have resigned as an Officer, effective as of the date such employee is no longer employed by the Corporation. The removal of an Officer is without prejudice to contractual rights of the Officer, if any. A vacancy in any Board Officer position

occurring for any reason shall be filled for the unexpired portion of such term by the affirmative vote of a majority of the remaining Directors present at any meeting of the Board of Directors, provided that if the Board Officer also is to serve as a Director, such appointment must be approved as otherwise provided in these Bylaws.

**Section 5.6 Costs and Reimbursement.** Pursuant to policies established by the Board of Directors, the Corporation may advance or reimburse an Officer for reasonable costs and expenses necessary for travel or other purposes for the advancement of this Corporation's purposes.

## **ARTICLE VI.**

### **SUBSIDIARY CORPORATIONS OR AUXILIARY ORGANIZATIONS**

Subject to approval by the County Board as specified in **Article III**, this Corporation may create one (1) or more subsidiary corporations, business entities or auxiliary organizations, to operate for the benefit of the Corporation and assist the Corporation in carrying on its own purposes as specified in the Act and these Bylaws. The bylaws of such subsidiary corporation or auxiliary organization shall specify its purposes and the details of its organization, and any amendments thereto, and shall be subject to the control of the Corporation and its Board of Directors as the sole governing member of such corporation or organization, unless determined otherwise by the Board of Directors of the Corporation.

## **ARTICLE VII.**

### **COMMITTEES**

**Section 7.1 Committees.** Committees of the Board of Directors shall be standing or special committees. Standing committees shall include at least the following: an Executive Committee, a Finance Committee, an Audit and Compliance Committee, a Governance Committee, a Quality and Safety Committee, and Mission Effectiveness Committee. Each shall meet at least once a year. Each Committee shall have at least three (3) Board members, unless otherwise specified in these Bylaws. The Chair shall appoint a Director to each committee chair position, subject to the approval of the Board of Directors. Each committee, whether standing or special, shall have such membership, rights, powers, authority, duties, and responsibilities as are determined by the Board of Directors. Such committees shall, at all times, be subject to the direction and control of the Board of Directors and shall report to the Board of Directors upon request or as otherwise specified in these Bylaws.

**Section 7.2 Open Meeting.** Meetings of committees of the Board of Directors may, at the discretion of the Board, be closed to the public. Any meeting of a committee of the whole, however, may only be closed when discussing competitive data or considering strategic, business, planning, or operational issues the disclosure of which, in the committee's discretion, it determines could cause competitive disadvantage to the Corporation, including causing

adverse effects on the current or future competitive position of the Corporation or the entities, facilities, and operations for which the Board is responsible.

**Section 7.3    Executive Committee.** The Executive Committee shall consist of the Chair of the Board, Vice-Chair of the Board and the Chairs of the Finance, Audit and Compliance, Governance, Quality and Safety Committees, and Mission Effectiveness of the Board serving as ex-officio voting members of the Executive Committee. One County Commissioner Director will be offered an opportunity to be an E&G member if there is no current County Commissioner member acting as a Committee Chair. The Chief Executive Officer shall be an *ex officio* nonvoting member of the Executive Committee. The Executive Committee shall have the power to transact all regular business of the Corporation during the period between meetings of the Board of Directors (subject to any prior limitation or direction imposed by the Board of Directors or the County as Governing Member, as applicable), and to perform such other functions as lawfully may be delegated to it by the Board of Directors, including but not limited to oversight of such areas as clinical quality and safety, medical staff issues, strategic planning and human resources. The Executive Committee shall recommend compensation for the Chief Executive Officer to the Board of Directors, which shall have the ultimate authority on the issue.

**Section 7.4    Finance Committee.** The Finance Committee shall be responsible for those duties and obligations related to the annual budgets, financial plans, financial performance and similar matters of this Corporation as the Board of Directors delegates to it from time to time.

**Section 7.5    Audit and Compliance Committee.** The Audit and Compliance Committee shall be responsible for those duties and obligations related to the Annual Audit of the finances and the compliance functions of the Corporation as the Board of Directors delegates to it from time to time.

**Section 7.6    Governance Committee: Nomination to the Board.** The Governance Committee shall consist of at least five (5) members. The Governance Committee shall be responsible for those duties and obligations related to this Corporation's compliance with the legal requirements and governance documents, including specifically the Act and these Bylaws, governing the business and affairs of this Corporation and such other governance and management issues as the Board of Directors may delegate to it from time to time.

In addition, the Governance Committee shall serve as the nominating committee for vacancies (other than vacancies in the positions occupied by County Commissioners and ex-officio Directors) on the Corporation's Board of Directors (hereinafter, a "Non-County Position"). For Non-County Positions, this Committee shall provide a public announcement of such vacancies on the Board of Directors in the manner normally used by Hennepin County to provide public notice of open appointments.

**Section 7.7    Quality and Safety Committee.** The Quality and Safety Committee shall be responsible for ensuring that the patient care services of the Corporation are performed under processes that are designed to continuously improve quality. The Quality and Safety Committee shall review such areas as patient safety, quality, clinical performance improvement, risk management, regulatory and accreditation compliance, and credentialing and privileging within the Corporation. The Quality and Safety Committee shall have no independent decision-making authority, but shall study, advise, comment and make appropriate recommendation(s) to the Board.

**Section 7.8    Mission Effectiveness.** The Mission Effectiveness Committee shall be responsible for monitoring and assessing the effectiveness of the Corporation in achieving its mission and for advising the Corporation on the best ways to advance its mission as the Board of Directors delegates to it from time to time.

**Section 7.9    Other Committee(s).** The Board of Directors may, by majority vote, establish one (1) or more additional standing or ad hoc committees. Each committee shall consist of at least three (3) or more members, including at least one (1) Director, who shall serve as chair. Any committee shall, if so requested by the Board of Directors, provide recommendations and other actions or advice to the Board of Directors toward accomplishment of specific objectives of this Corporation for which the committee was formed.

**Section 7.10   Advisory Bodies.** The Board of Directors may, by majority vote, designate one (1) or more organizations, governmental representatives, individuals, or other persons to serve on an advisory body reporting to the Board of Directors, with such powers, duties and obligations as may be designated by the Board of Directors. Advisory bodies shall have no voting rights and shall solely be advisory to the Board of Directors.

## **ARTICLE VIII. FISCAL YEAR**

The fiscal year of this Corporation shall be based on a calendar year ending December 31.

## **ARTICLE IX. FINANCIAL MATTERS; BOOKS AND RECORDS**

**Section 9.1    Books and Records.** The Board of Directors shall cause to be kept:

- (i) records of proceedings of the Board of Directors and all committees;

- (ii) records of actions of the County acting as Governing Member related to the Corporation;
- (iii) customary financial books, accounts, and records concerning the Corporation; and
- (iv) such other records and books of account of the Corporation as shall be necessary or appropriate to the conduct of the Corporation's business.

**Section 9.2 Documents Kept at Principal Office.** The Board of Directors shall cause to be kept at the principal office of the Corporation originals or copies of:

- (i) records of proceedings of the Board of Directors and all committees;
- (ii) records of actions of the County as Governing Member related to the Corporation;
- (iii) all financial statements of this Corporation; and
- (iv) a copy of the Act and these Bylaws, including any amendments and restatements thereof.

These records shall be open to inspection by the County or by a Director of the Corporation, or the agent or attorney of either, for any proper purpose.

**Section 9.3 Accounting System and Audit.** The Board of Directors shall cause to be established and maintained, in accordance with generally accepted accounting principles for similar organizations applied on a consistent basis, an appropriate accounting system for the Corporation. The Board of Directors shall cause the records and books of account of the Corporation to be audited by an independent certified public accounting firm at least once each fiscal year and at such other times as the Board of Directors may, in its discretion, deem necessary or appropriate.

**Section 9.4 Data Practices Act.** The Corporation shall be subject to the Minnesota Government Data Practices Act to the extent provided in the Act.

**Section 9.5 Contracts, Checks, Drafts and Other Matters.** All deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the Corporation, and all checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by the officer(s), agent(s), or other duly-appointed representatives of the Corporation, and in such manner as may be determined by the Board of Directors.

**ARTICLE X.**  
**CONFLICTS OF INTEREST; CONFIDENTIALITY**

**Section 10.1 Annual Statements.** Each Director, Officer and member of a committee with Board delegated powers shall annually sign a statement which affirms that such person has received a copy of the Standard of Conduct and Conflict of Interest Policy, has read and understands the policy, and agrees to comply with the policy. Any physician employed by the Corporation who serves on the Board of Directors or any committee thereof does so to advance the interests of the Corporation as a whole.

**Section 10.2 Duty to Disclose.** A Director, Officer, or member of a committee with Board delegated powers must disclose in writing, when possible, or orally when time does not allow for written disclosure the existence and nature any actual or potential conflict of interest they may have, including their relationship or material financial interest that gives rise to the actual or potential conflict. Disclosure shall be made to the Directors and members of committees with Board-delegated powers considering the proposed transaction or arrangement at or prior to the meeting at which the proposed transaction or arrangement is considered.

**Section 10.3 Procedures.** The procedures set forth in the Conflict of Interest Policy shall be followed to ensure that a transaction or arrangement is not void or voidable under state law and is consistent with the Corporation's status as a tax-exempt organization. These procedures are not required, however, if the transaction or arrangement under consideration is between related organizations.

**Section 10.4 Violations of the Conflicts of Interest Policy.** If the Board or committee has reasonable cause to believe that an individual has failed to disclose an actual or potential conflict of interest, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose. If, after hearing the response and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the individual has in fact failed to disclose a conflict of interest, it shall take appropriate disciplinary and corrective action.

**Section 10.5 Records of Proceedings.** The minutes of the Board and all committees with Board-delegated powers shall contain (a) the names of the Directors, Officers or committee members who disclosed or otherwise were found to have a potential or actual conflict of interest in connection with a proposed or existing transaction or arrangement with the Corporation and the nature of the relationship or material financial interest; (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, evidence as to comparability (surveys, etc.) and a record of any votes taken in connection therewith.

**Section 10.6 Compensation Matters.** A Director or committee member who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to their compensation. When establishing the compensation of any Officer, Director or other individual in a position to exercise substantial influence over the affairs of the Corporation, the Board or committee shall obtain and rely on appropriate data as to comparability (surveys, etc.) prior to making its decision. A physician who is a Director and receives compensation, directly or indirectly, from the Corporation for services is precluded from deliberating and voting on matters pertaining to that physician's or other physicians' compensation. No physician or Physician Director, either individually or collectively, is prohibited from providing information to the Board of Directors regarding physician compensation.

**Section 10.7 Confidentiality.** Any Director, Officer, or member of any committee of the Board or advisory body to the Board with access to trade secrets and other confidential business information of the Corporation (collectively, "Insiders") shall keep such information confidential, and shall not disclose any such information to any person, firm, or other third party without authorization to do so pursuant to policies adopted by the Corporation, nor use any such information for any purpose other than as authorized by the Corporation through its established management processes. Any disclosure or use of information concerning the Corporation in violation of this **Section** shall be grounds for removal from the role the Insider serves with the Corporation, and other appropriate administrative or legal actions including potentially subjecting the person, in addition, to any damages for breach of this **Section** or remedies available to the Corporation at law or in equity, including, without limitation, the right to obtain injunctive relief to prevent any threatened or pending disclosure or use of information in violation of this **Section**. This duty of confidentiality and nondisclosure shall not preclude sharing of information with other Insiders or with the County's employees who have need to know such information in connection with their work performed for or on behalf of this Corporation, or work performed on behalf of the County as Governing Member in connection with this Corporation (both subject to the Corporation's usual management processes), or in circumstances for which the Board of Directors has determined that disclosure shall not be subject to this **Section**. Each Insider shall also comply with state and federal laws and regulations concerning confidentiality of records.

## **ARTICLE XI.**

### **STANDARDS OF CONDUCT; INDEMNIFICATION**

**Section 11.1 Prudent Person; Business Judgment; Not Trustees.** Officers and Directors of the Corporation shall discharge their duties in good faith, in the manner the Officer or Director reasonably believes to be in the best interests of the Corporation and with the care an ordinary prudent person, in a like position, would exercise under similar circumstances. The business judgment rule shall apply to such actions, in accordance with law. Accordingly, Officers and Directors are not to be considered trustees with respect to the Corporation and

property held or administered by the Corporation, including without limitation, property that may be subject to restrictions imposed by the donor or transferor of the property.

**Section 11.2 Reliance.** A Director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by (a) one (1) or more Operating Officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent on matters presented; (b) counsel, public accountants, or other persons as to matters that the Director reasonably believes are within the person's professional or expert competence; (c) a committee of the Board upon which the Director does not serve, duly established under **Article VII** of these Bylaws, as to matters within its designated authority, if the Director reasonably believes the committee to merit confidence; or (d) instructions or other determinations of the County as Governing Member. A Director is not entitled to rely on any of the above, however, if the Director has actual knowledge concerning the matter in question that makes the reliance that would otherwise be permitted unwarranted.

**Section 11.3 Indemnification.** The Corporation shall defend and indemnify its current and former Officers of the Board, Directors, and Board-appointed committee members having, directly or indirectly, the power to direct or cause the direction of the management or policies of the Corporation, against judgments, penalties, fines, including without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorneys' fees, and disbursements, incurred by such persons in connection with a proceeding in which they are or are threatened to be made a party by reason of their action on behalf of the Corporation. In order to avail themselves of this indemnification provision, however, a person must: (1) not already be indemnified by another organization in connection to the same proceeding and the same acts or omissions; (2) have acted in good faith with respect to the acts or omissions complained of; (3) have received no improper personal benefit; (4) in the case of a criminal proceeding, have had no reasonable cause to believe their conduct was unlawful; (5) in the case of a civil proceeding, have reasonably believed that they were acting in the best interests of the Corporation. The Corporation shall have, with respect to indemnification, the authority and legal capacity of a Minnesota nonprofit corporation under Minnesota Statutes Chapter 317A , as now enacted or as hereafter amended.

**Section 11.4 Advances.** If a person is made or threatened to be made a party to a proceeding for which defense and indemnification would be available under **Section 11.3**, the person is entitled, upon written request to the Corporation, to payment or reimbursement by the Corporation for reasonable expenses, including attorneys' fees and disbursements, incurred by the person in advance of the final disposition of the proceeding, upon receipt by the Corporation of a written affirmation by the person of a good faith belief that the criteria for indemnification in **Section 11.3** have been satisfied and a written undertaking by the person to repay the amounts paid or reimbursed by the Corporation, if it is determined that the criteria for indemnification have not been satisfied; and after a determination that the facts then known to those making the determination would not preclude indemnification under **Section 11.3**.



**Section 11.5 Determination of Eligibility.** Determinations as to whether defense and indemnification of a person is required because the criteria set forth in **Section 11.3** have been satisfied and whether a person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding under **Section 11.4** must be made: (a) by the Board of Directors by a majority of a quorum, but Directors who are at the time parties to the proceeding are not counted for determining a majority or the presence of a quorum; (b) if a quorum under clause (a) cannot be obtained, by a majority of a committee of the Board of Directors, consisting solely of two (2) or more Directors not at the time parties to the proceeding, duly designated to act in the matter by a majority of the full Board of Directors including Directors who are parties; (c) if a determination is not made under clause (a) or (b), by special legal counsel, selected either by a majority of the Board of Directors or a committee by vote under clause (1) or (2), or if the requisite quorum of the full Board cannot be obtained and the committee cannot be established, by a majority of the full Board including Directors who are parties; (d) if a determination is not made under any of the preceding clauses, by the County Board if the County is not a party to the proceeding; or (e) if an adverse determination is made under any of the preceding clauses within sixty (60) days after the termination of a proceeding or after a request for an advance of expenses, by a court in this State, which may be the court in which the proceeding involving the person's liability took place, upon application of the person seeking indemnity and notice the court requires.

**Section 11.6 Insurance.** The Corporation may buy and maintain insurance on behalf of a person in that person's official capacity against liability asserted against and incurred by the person in or arising from that capacity, whether or not the Corporation would have been required to indemnify the person against the liability under this **Article XI**.

**Section 11.7 Other Persons.** This **Article XI** does not limit the power of the Corporation to defend or indemnify other persons as determined by, or pursuant to a policy approved by, the Board of Directors.

**Section 11.8 Cumulative Rights.** The rights of indemnification provided in this **Article XI** shall not limit, but shall not be in addition to, any other rights to which a person may otherwise be entitled by contract, law or statute, or otherwise. In the event of such person's death, such rights shall extend to such person's heirs, legal representatives, or successors.

**Section 11.9 Sovereign Immunity.** Nothing herein shall be deemed to increase, decrease, alter or waive any immunities from suit or liability to which a person, the Corporation or any subsidiary or venture in which it is involved, or the County as Governing Member, may be entitled pursuant to the Act or other applicable law.

**Section 11.10 Severability.** If any provision of this **Article XI** shall for any reason be determined to be invalid, the remaining provisions thereof that reasonably can be given effect apart from the invalid part shall not be affected thereby, but shall remain in full force and effect.

**ARTICLE XII.**  
**EXEMPT ACTIVITIES**

Notwithstanding any other provision of the Act or these Bylaws, this Corporation shall take no action nor carry on any activity which is inconsistent with the exemption from taxation granted by the Act, or with its status as an organization described within Internal Revenue Code Section 501(c)(3), or with the purposes of the Corporation as specified in the Act or these Bylaws, or with the provisions of any amendments or restatements thereof. No part of the net earnings and assets of the Corporation shall inure to the benefit of any private individual, nor shall any part of the income or assets of the Corporation be distributed to or divided among any private individuals as dividends or otherwise.

**ARTICLE XIII.**  
**ASSETS UPON DISSOLUTION**

Upon the dissolution of the Corporation, its assets shall be distributed to Hennepin County, Minnesota, for public purposes.

**ARTICLE XIV.**  
**RULES OF ORDER**

The Board of Directors shall establish its own rules of order, which shall also govern the committees of the Board.

**ARTICLE XV.**  
**AMENDMENT**

These Bylaws may be amended, revised, or restated, from time to time, to include or omit any provision which could lawfully be included therein or omitted therefrom at the time the amendment, revision, or restatement is adopted. Any number of amendments, or an entire revision, or restatement of these Bylaws may be considered, acted upon, and adopted, provided that the amendment, revision, or restatement of these Bylaws is discussed and presented at a meeting of the Board of Directors called for such purpose, and, in the case of a special meeting, provided that the notice of the meeting indicates that the purpose is to present proposed amendments, revisions, or restatements of these Bylaws. Any such amendment, revision or restatement must be approved by (a) the affirmative vote of at least two-thirds (2/3) of the Directors in office, and (b) by the County, through its County Board, if required by **Article III**.

**ARTICLE XVI.**  
**EFFECTIVE DATE**

These Bylaws shall become effective, provided the County Board approves them pursuant to Minnesota Statute Section 383B.906, on \_\_\_\_\_.

**THIS IS TO CERTIFY** that these Bylaws, are current as of January 1, 2024 and include the amendments approved by action of the Board of Directors of Hennepin Healthcare System, Inc. on October 25, 2023.

By: \_\_\_\_\_  
Secretary of Hennepin Healthcare System, Inc.

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