

**The North Carolina Healthcare Information and
Communications Alliance, Inc. (NCHICA)**

BYLAWS
(AMENDED AND RESTATED)

as of February 12, 2010

**NORTH CAROLINA HEALTHCARE INFORMATION
AND COMMUNICATIONS ALLIANCE, INC.
A NONPROFIT CORPORATION**

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(AMENDED AND RESTATED)**

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ARTICLE I -- Name, Purpose and Offices

1. Name. This Corporation shall be known as North Carolina Healthcare Information and Communications Alliance, Inc., and is referred to in these Bylaws as the "Corporation".

2. Purposes. The corporation is organized and shall be operated in the public interest exclusively for charitable, scientific and educational purposes, including, without limiting the generality of the foregoing, to foster the development and implementation of health care information systems for the purpose of improving the delivery, quality, accessibility and efficiency of health care services by utilization of advanced information, telecommunications, and telemedicine technologies.

Solely for the above purposes, but not by way of limitation, the Corporation is empowered:

A. To research, test, develop and promote the optimum application of information, telecommunications, and telemedicine technologies to health care services in all settings;

B. To effect the on-going development and implementation of open architecture, secure, interoperable, integrated and interactive information systems in health care in all settings with fully articulated linkages to health care information networks and with attention to national and international health care information systems and standards;

C. To effect the on-going design, development and implementation of distributed database management capability on a scale necessary to support a wide range of applications on health care information networks including, among others, clinical, emergency response, administrative, research and educational applications;

D. To foster development and installation of on-line standardized, computerized medical record and information systems in regional medical centers to enable utilization by remote providers of centralized diagnostic, treatment planning, expert consultation services, and medical reference, resource and training materials, with interactive question, answer and messaging capabilities;

E. To improve health care information systems utilized by participants in public and community-level health care delivery networks comprised, among others, of hospitals, clinics, physician and dental offices, group practices, emergency medical systems, nursing homes, home care services, long-term care facilities, public health facilities, pharmacies, company and school medical and wellness programs, social service agencies, medical, nursing and health administration schools, and telemedicine providers;

F. To assist small and remote rural hospitals, clinics, provider groups and other health-related organizations in becoming an integral part of distributed health care information systems;

G. To provide education and training in, and coordination with respect to, the use of information, telecommunications, and telemedicine technologies by health care providers, suppliers, patients, educators and public agencies;

H. To provide governmental entities data and analysis for the purpose of health care policy development and decision making;

I. To provide a mechanism for on-going evaluation of hardware and software performance, clinical effectiveness and administrative efficiency of health care information systems and to provide a mechanism for feedback, redesign and upgrade of system capabilities;

J. To support the adoption and implementation of standards for computerized patient records and computerized patient histories;

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K. To support an environment in which clinical and health services research can be undertaken while protecting the confidentiality of identifying patient information;

L. To encourage the development of emerging businesses in the medical information, computer science, telecommunications, and telemedicine fields through research and education;

M. To foster cooperation among regional and national public and private interests to carry out the above purposes; and

N. To exercise all rights and powers conferred by the laws of North Carolina upon nonprofit corporations.

3. Corporation Not an Agency of any state or of the United States. The Corporation is not an agency of any state or the United States and has no authority to act on behalf of any state or the United States, meaning, among other things, that the Corporation has no authority to set health policy for any state or the United States, to enter into contracts or agreements on behalf of any state or the United States, or to make payments to or reimburse expenses of persons engaging in transactions with any state or the United States.

4. Registered Office. The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office, and shall be located at the place determined by the Board of Directors from time to time.

5. Other Offices. The Corporation may have any number of additional offices, at such other places as the Board of Directors may from time to time determine, or as the affairs of the Corporation may require.

ARTICLE II -- Membership and Dues Structure

1. Eligibility for and Classes of Members. Membership in the Corporation will be open to any healthcare provider, any person providing services to healthcare providers, any governmental entity, any educational or scientific research organization and any other non-governmental entity serving the healthcare industry. Membership in the Corporation, unless otherwise provided by the Board of Directors, will be required for participation in any of the projects sponsored by the Corporation. The membership categories described below apply to the primary focus of the organization:

(a) Provider. Enterprises with medically-trained personnel that provide direct medical services and/or managed care services to patients

(b) Corporate. For-profit corporations, partnerships and other entities serving the healthcare community

(c) Public Agency. Any city, county, special district, state or federal agency.

(d) Other Organizations. Any nonprofit professional, charitable, scientific or education organization that would qualify under Section 501(c) of the Internal Revenue Code that does not include a hospital or other substantial healthcare product or service business unit.

(e) Individual. Individuals who wish to support the Corporation or who wish to be kept directly informed of the Corporation's activities. Individual members will not have the right to vote or the automatic right to the intellectual property of the Corporation.

(f) Other Classes. The Board of Directors may establish additional categories of membership.

2. Qualification for Membership.

(a) Application. An applicant for membership shall submit in writing to the Corporation's principal office such forms as may be prescribed by the Board of Directors to enable the Corporation to determine if the applicant meets the requirements of one of the classes of membership. Such application shall contain an agreement to pay the annual dues of the Corporation.

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(b) Effective Date. Memberships shall become effective upon receipt of the application and correct fee amount. Notification will be made to the Board of Directors on a regular basis of new members.

3. Termination, Suspension and Expulsions

(a) Termination. Membership in the Corporation may terminate by voluntary withdrawal as herein provided, or otherwise in accordance with these Bylaws. Upon termination, all rights, privileges and interests of a member in the Corporation shall cease. Any member may, by giving written notice to the principal office of the Corporation, withdraw from membership. Withdrawal shall be effective upon receipt of such notice by the Corporation; provided, however, that after termination a former member shall remain obligated to fulfill all obligations and financial liabilities to the Corporation prior to the date of withdrawal.

(b) Suspension and Expulsion. Any member may be suspended or expelled from membership for violation of the Bylaws or any other lawful rule or requirement duly adopted by the Corporation's members or Board of Directors, including, without limitation, the failure to pay dues, or for any other conduct prejudicial to the interests of the Corporation. Suspension or expulsion shall be by the Board of Directors (or in the case of suspension or expulsion for failure to pay dues that are at least sixty (60) days overdue, by the Board of Directors or the Executive Committee of the Board of Directors), provided that the Corporation shall have sent a statement of the charges by certified mail to the last recorded address of the member at least twenty (20) days before final action is taken. The member shall have the opportunity to appear in person and be represented by counsel and to present any defense to such charges before final action is taken. All privileges of membership shall terminate upon final suspension or expulsion of a member and the Corporation shall not be liable to said member for refund or repayment of any portion of the membership dues; provided, however, that after suspension or expulsion a former member shall remain obligated to fulfill all obligations and financial liabilities to the Corporation prior to the date of withdrawal. The Board of Directors may also rescind any such action and reinstate the member.

(c) Transferability of Membership. Membership in the Corporation is nontransferable and nonassignable.

ARTICLE III -- Dues Payment

1. Membership Dues. The annual dues payable to the Corporation by members of each class shall be in such amounts as may be determined by resolution of the Board of Directors, except that the Board may resolve that the dues payable by a particular member shall be zero. The first annual dues shall be payable and submitted in full with the application for membership. Future annual dues shall be payable in advance upon renewal of membership.

2. No Assessments. Members shall not be liable for any assessments by the Corporation.

3. Liability of Members. The liability of members for dues may be enforced by legal action and by forfeiture of membership at the direction of the Board of Directors. The liability of any member to the Corporation is limited to dues and contractual obligations or other agreements that may be entered into between the Corporation and the member.

ARTICLE IV -- Voting and Meetings of Members

1. Annual Meeting. The annual meeting of the members of the Corporation shall be held during the Annual Conference of each year, commencing in 1997, for the purpose of electing directors of the Corporation and for the transaction of such other business as may be properly brought before the meeting.

2. Substitute Annual Meeting. If the annual meeting shall not be held as designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 3 of this Article. A meeting called in this manner shall be designated and treated for all purposes as the annual meeting.

3. Special Meetings. Special meetings of the members may be called at any time by the Board of Directors, the Chair of the Board, the Vice Chair of the Board, the President, or at least five (5) members of the Board of Directors of the Corporation. In addition, a special meeting of the members shall be held within thirty (30) days after members holding at least ten percent (10%) of all votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and

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deliver to the Corporation's Secretary one or more written demands for the meeting and describing the purpose or purposes for which it is to be held.

4. Place of Meetings. All meetings of members shall be held at the principal office of the Corporation, or at such other place, either within or without the State of North Carolina, as shall be determined by the Board of Directors or agreed upon by a majority of the members entitled to vote at such meeting, and designated in the notice of the meeting.

5. Notice of Meetings. Written or printed notice stating the time and place of the meeting shall be delivered not less than ten (10) (or, if notice is mailed other than by first class, registered or certified mail, no less than thirty (30) days) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Chair of the Board, the Vice Chair of the Board, the President, or other person calling the meeting, to each member of record entitled to vote at such meeting. Notice of an annual meeting shall also include a description of any matter or matters that shall be approved by the members under North Carolina General Statutes Sections 55A-8-31 (director conflict of interest); 55A-8-55 (determination and authorization of indemnification); 55A-10-03 (amendment of articles requiring member approval); 55A-10-21 (amendment of bylaws requiring member approval); 55A-11-04 (articles of merger); 55A-12-02 (sales of assets other than in the ordinary course); or 55A-14-02 (dissolution of the association). Notice of a special meeting shall also include a description of the matter or matters for which the meeting is called. In addition, in the case of an annual or special meeting in which a proposed amendment to the Articles of Incorporation or these Bylaws is to be considered by the members, the notice of the meeting shall contain or be accompanied by a copy or summary of the amendment.

In the case of an annual meeting, the notice of meeting need not specifically state the business to be transacted unless it is a matter, other than the election of directors, on which the vote of members is expressly required by the provisions of the North Carolina Nonprofit Corporation Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

When a meeting is adjourned, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken, unless a new record date is or must be fixed under the provisions of the following Section 6. If a new record date is or must be so fixed, notice of the adjourned meeting must be given in accordance with this Section 5 to persons who are members as of the new record date.

6. Record Date. For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof or determining members entitled to take any other action, the Board of Directors may fix any future date as the record date provided that such date is not more than seventy (70) days before the date set for the meeting or action. A new record date must be established if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

7. Voting Lists. On or before the second business day after notice of a meeting of members is given, the Secretary shall prepare an alphabetical list of the members who are entitled to vote at such meeting. The list shall be arranged by voting group and show the address of and number of votes held by each member. In addition, the Secretary shall prepare on a current basis through the time of the membership meeting, a list of members, if any, who are entitled to vote at the meeting but not entitled to notice of the meeting. The member list shall be available for inspection by any member, beginning two (2) business days after notice of the meeting is given and continuing through the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held.

8. Quorum. Members entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum exists with respect to that matter. Unless the North Carolina Nonprofit Corporation Act provides otherwise, persons representing ten percent (10%) of the voting members in good standing who are entitled to vote on the matter by the voting group shall constitute a quorum of that voting group for action on that matter; provided, however, that unless one-third or more of the votes entitled to be cast in the election of directors is represented in person or by proxy, the only matters that may be voted on at an annual meeting are those matters described in the meeting notice. If there is no quorum at the opening of a meeting of members, such meeting may be adjourned from time to time by the vote of a majority of the members voting on the motion to adjourn; and, at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. Once a member is represented for any purpose at a meeting, the member is

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deemed present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting unless a new record date is or must be set for the adjourned meeting.

9. Voting and Proxies. Each member (other than a member who is an individual) shall designate in writing to the Corporation the identity of its principal voting delegate and an alternate, either of whom shall be eligible to vote on behalf of the member. Such vote may be in person by either the principal delegate or the alternate (or the individual member) or by one or more agents authorized by a written proxy executed by the principal delegate or alternate (or the individual member) or by the duly authorized attorney-in-fact of the principal delegate or alternate (or the individual member). A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein some other period of time for which it is to continue in force, or limits its use to a particular meeting. Each instrument designating a proxy shall be exhibited to the Secretary of the Corporation and shall be filed with the records of the Corporation.

10. Action of Members at a Meeting. Unless the Articles of Incorporation provide otherwise, each member having voting rights with respect to a matter submitted to a vote at a meeting of members shall be entitled to one vote on such matter. If a quorum exists, action on a matter (other than the election of directors) by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation, a Bylaw adopted by the members or the North Carolina Nonprofit Corporation Act requires a greater number of affirmative votes. Voting on all matters, except the election of directors, shall be by voice vote or by a show of hands, unless the holders of ten percent (10%) of the votes represented at the meeting shall, prior to the voting on any matter, demand a ballot vote on that particular matter.

11. Action of Members by Unanimous Written Consent. Any action which may be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members who would be entitled to vote upon any such action at a meeting, and filed with the Secretary of the Corporation to be kept in the corporate minute book. Unless otherwise fixed in accordance with Section 6 above or the North Carolina Nonprofit Corporation Act, the record date for determining members entitled to take action without a meeting is the date the first member signs the consent. If the North Carolina Nonprofit Corporation Act requires that notice of the proposed action be given to nonvoting members, written notice of the proposed action must be given to the nonvoting members at least ten (10) days before the action is taken by unanimous consent of the voting members.

12. Action of Members by Written Ballot

(a) Action without Meeting. Whenever, in the judgment of the Board of Directors, any question arise which should be put to a vote of the membership and it is inexpedient to call a meeting to consider such question including, without limitation, the election of directors, the Board of Directors may, unless otherwise required by these Bylaws, submit such question to the membership by delivering a written ballot to every member entitled to vote on the matter. Any action taken by written ballot shall be binding upon the Corporation in the same manner as action taken at a duly-called meeting.

(b) Use of Ballot. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this Article shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the same total number of votes were cast. All solicitations for votes by written ballot shall indicate the time by which a ballot shall be received by the Corporation in order to be counted. A written ballot shall not be revoked.

13. Amendments to Articles of Incorporation and Bylaws.

(a) Actions Requiring Class Votes. If an amendment to the Articles of Incorporation or these Bylaws would affect the voting rights of a class of members in a manner that is different from the manner in which such amendment would affect another class, then the members of the class so affected shall be entitled to vote as a class on the amendment. Further, if a class of members is to be divided into two or more classes as a result of an amendment to the Articles of Incorporation or the Bylaws, then the amendment shall be approved by the members of each class that would be created by the amendment. If a class vote is required to approve an amendment to Articles of Incorporation or these Bylaws, the amendment shall be approved

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by the members of the class by two-thirds of the votes cast by the class or a majority of the votes entitled to be cast by the class on the amendment, whichever is less.

(b) Other Actions Requiring Member Votes. If an amendment to the Articles of Incorporation or these Bylaws would either (i) increase the quorum required for any member action or (ii) increase or decrease the vote required for any member action, then the amendment shall be approved by the members entitled to vote on that action. Further, if an amendment to the Articles of Incorporation or these Bylaws would either (i) change the number of Directors from a fixed number to a variable range (or vice versa), or (ii) change the range, if a variable range has been set, then the amendment must be approved by the members entitled to vote for directors.

14. Limitation on Other Voting Rights. Except as otherwise provided in these Bylaws, the Articles of Incorporation or the North Carolina Nonprofit Corporation Act, members shall not be entitled to vote on any matter, including, without limitation, the election of directors, amendments to the Articles of Incorporation or these Bylaws, a plan of merger, a proposed sale of assets other than in the ordinary course of business, or the proposed dissolution of the Corporation.

ARTICLE V -- Directors

1. General Powers. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors or under the direction of such committees as the Board may establish pursuant to these Bylaws.

2. Number, Term, and Qualification. The number of directors of the Corporation shall be thirty-six (36) directors. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. Directors need not be residents of the State of North Carolina.

3. Composition of Board.

(a) Designation of Directors. The Board of Directors shall consist of four (4) persons appointed by the Governor of North Carolina (each also called, a "Governor Director") to serve at the Governor's pleasure. In addition, a representative designated by the North Carolina Department of Health & Human Services, and a representative designated by each of the Founding Medical Center Members (Duke University Medical Center & Health System; the Carolinas HealthCare System; The University of North Carolina at Chapel Hill Division of Health Science /UNC Hospitals; the East Carolina University School of Medicine; Wake Forest University Baptist Medical Center) shall serve as directors. Twenty-one (21) directors (the "Class Directors") shall be divided into three classes of seven (7) directors, designated as Class 1, Class 2 and Class 3, and shall be elected by the members. Each such director must be employed by or be an officer or director of a member. The term of office of Class 1 shall expire at the fourth annual meeting of members, the term of Class 2 shall expire at the fifth such annual meeting and the term of Class 3 shall expire at the sixth such annual meeting. After the first term of the directors in a class expires, the term of the successor directors in such class shall thereafter expire on each third annual meeting of members held after the term of the class begins. When the terms of directors in a class expires, directors to succeed those whose terms have expired shall be elected at the annual meeting of members at which their terms expire or by ballot as provided in Paragraph 12 of Article IV taken prior to an annual meeting, provided that the terms of directors elected by written ballot shall not begin until the results of the ballot are announced at the annual meeting following the ballot. A director in a class whose term has expired shall be eligible to succeed himself. If a Class director ceases to be employed by or to serve as an officer or director of a member, then the directorship held by such person shall be deemed vacant and shall be filled as described in Section 6 of this Article. In addition, the Board of Directors, in its discretion, may elect five (5) directors for three-year terms expiring at the annual meeting closest to the end of the three-year period of election.

(b) Election of Class Directors. Each member voting in the election of Class Directors may vote for as many persons as there are Class Directors to be elected, however, no member may cast more than one vote for a single candidate. The seven (7) persons receiving the highest number of votes in each Class (or if less than seven (7) persons receive votes, the number of persons receiving votes) shall be elected as the directors for the respective Class. If any member so demands, an election of directors that occurs at an annual meeting of members shall be by written ballot.

4. Removal. A Governor Director may be removed from office with or without cause by the Governor or at a meeting of the Board of Directors called for that purpose. The directors' positions filled by the representatives of the Founding Medical

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Center Members or the North Carolina Department of Health & Human Services may be removed with or without cause in accordance with the governing instruments of those organizations. Each of the Class Directors may be removed with or without cause by a vote of the members at a meeting called for that purpose. In the case of a meeting of the Board of Directors called to remove a Governor Director, or a meeting of the members called to remove a Class Director, any such director proposed to be removed shall be entitled to at least five (5) days' notice in writing of the meeting in which such removal is to be voted upon and shall be entitled to appear before and be heard at such meeting and be represented by counsel. If Class Directors are so removed at a meeting of members, new Class Directors may be elected by a vote at the same meeting to fill the unexpired terms of the Class Directors so removed. In the case of a Governor Director or a director whose term on the Board begins after January 19, 1995 (including a renewal term), if such director is absent, without being excused by the Chair of the Board, the Vice Chair of the Board, or the President, from three Board of Director meetings in any twelve month period, that director may be removed from office by a resolution of the Board adopted by a majority of all the directors in office when the action is taken.

5. Vacancies. Only the Governor may fill a Governor Director vacancy. The director positions filled by the representative designated by the North Carolina Department of Health & Human Services, and by the representatives of the Founding Medical Center Members may be filled only in accordance with the governing instruments of those organizations. A Class Director vacancy (including a vacancy that occurs as a result of less than seven (7) persons being elected in a Class by the members) may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director. The members may elect a director at any time to fill a Class Director vacancy not filled by the Board. Whether elected by the directors or the members, a director elected to fill a Class Director vacancy shall be elected for the unexpired term of his predecessor in office.

6. Compensation of Directors. The Board of Directors may cause the Corporation to compensate directors for their services as directors and may provide for reasonable reimbursement of expenses incurred by them in the performance of their duties. Such authorization may prescribe the procedure for approval and payment of such expenses by designated officers of the Corporation.

7. Resignations. Any director may resign at any time by giving written notice to the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, or if no time is specified therein, at the time such resignation is received by the President or Secretary of the Corporation unless it shall be necessary to accept such resignation before it becomes effective, in which event the resignation shall take effect upon its acceptance by the Board of Directors. Unless otherwise specified therein, the acceptance of any such resignation shall not be necessary to make it effective.

ARTICLE VI -- Meetings of Directors

1. Regular Meetings. The annual meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of members at the place of the annual meeting of members. In addition, the Board of Directors may provide, by resolution, for the holding of additional regular meetings.

2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chair of the Board, the Vice Chair of the Board, the President, or any five (5) directors.

3. Place of Meeting. All meetings of the Board of Directors shall be held at the principal office of the Corporation or at such other place, either within or outside the State of North Carolina, as may be designated in the notice of the meeting or as agreed upon by a majority of the directors.

4. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least twenty-four (24) hours before the meeting and not more than thirty (30) days prior to the meeting, give notice thereof by any usual means of communication (including oral notice). The notice of a special meeting need not state the purpose or purposes for which the meeting is called. Notwithstanding the foregoing, at least five (5) days' prior written notice shall be given of any meeting at which an amendment to the Articles of Incorporation or these Bylaws is to be considered and the notice shall state that the purpose, or one of the purposes, of the meeting is to consider such amendment and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment. Attendance by a director at, or his participation in, a meeting shall constitute a waiver of

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notice of such meeting, unless the director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

5. Voting. Each director shall be entitled to one (1) vote on each matter submitted to a vote at a meeting of the Board of Directors. Voting on all matters shall be by voice vote or by show of hands unless more than one-half of the directors present at a meeting where there is a quorum shall demand, prior to the voting on any matter, a written ballot vote on that particular matter.

6. Conflicts of Interest.

(a). General Rule. A conflict of interest transaction is a transaction with the corporation in which a director of the Corporation has a direct or indirect interest. The Board of Directors shall follow the conflict of interest policy applicable to North Carolina nonprofit corporations as set forth in Section 55A-8-31 of the North Carolina Nonprofit Corporation Act or in any corresponding provision of succeeding law. A copy of said statute is attached to these Bylaws as Exhibit A.

(b). Procurement. Notwithstanding any provision herein to the contrary, a director of the Corporation who has a direct or indirect interest in a procurement transaction with the Corporation shall be disqualified from voting on any issue related to that transaction, and any vote cast by that director on such issues shall be null and void. For purposes of determining the existence of a quorum or a majority of directors present at any meeting of the Board of Directors at which a vote is to be held concerning a procurement transaction in which a director has a direct or indirect interest, that director shall be deemed absent from the meeting; provided, however, that nothing herein shall disqualify said director from being deemed present or from voting on any issue with respect to which he or she has no conflict of interest. Each director shall notify the Chairman of the Board of any direct or indirect interest he or she has in any procurement transaction with respect to which a vote is to be held at any meeting of the Board of Directors.

7. Quorum. A majority of the directors fixed by or pursuant to these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

8. Manner of Acting. Except as otherwise provided in the Articles of Incorporation or in these Bylaws, if a quorum is present when the vote is taken, the act of a majority of the directors present shall be the act of the Board of Directors.

9. Telephonic Meetings. Unless otherwise restricted by the Articles of Incorporation, the Board of Directors may permit any or all of the directors to participate in a regular or special meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

10. Action Without Meeting. Action taken by a majority of the directors without a meeting is nevertheless Board action, if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken. The action taken without a meeting shall be effective when the last director signs the consent, unless the consent specifies a different effective date.

ARTICLE VII -- Committees of the Board

1. Executive Committee. The Board of Directors, by resolution adopted by a majority of all the directors in office when the action is taken at any regular or special meeting of the Board, may designate three (3) or more directors to constitute an Executive Committee. The Executive Committee shall be filled only by persons holding the following offices or positions, provided however, such persons are currently serving as directors: the Chair of the Board, the Vice Chair of the Board, the President of the Corporation, the Vice Presidents of the Corporation, the Secretary of the Corporation, the Treasurer of the Corporation, the immediate past President of the Corporation, a director who is a representative of a Founding Medical Center Member and a director who is a representative of either a Large Corporate, Emerging Business or Small Business member ("Eligible Directors"); provided, however, that a director who is the immediate past President of the Corporation, the representative of a Founding Medical Center Member, or the representative of either a Large Corporate, Emerging Business, or Small Business member shall serve only until the annual meeting of the Board of Directors next following the meeting at which such director is elected to the Executive Committee unless re-elected by the Board. The representative of the Founding

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Medical Center Member shall be nominated by the Founding Medical Center Members, and the representative of the Large Corporate, Emerging Business or Small Business member shall be nominated by the Executive Committee. No director may serve on the Executive Committee unless such director is elected to the Executive Committee by a majority vote of all the directors in office when the action is taken at any regular or special meeting of the Board. The election by a majority vote of all the directors in office when the action is taken of a director to the office of Chair of the Board, Vice Chair of the Board, President of the Corporation, Vice Presidents of the Corporation, Secretary of the Corporation or Treasurer of the Corporation shall also constitute election of such person to the Executive Committee and, in the case of the election to the office of the President, of the Corporation shall also constitute election to the Executive Committee when such person becomes the immediate past President of the Corporation. If a person is on the Executive Committee and ceases to be an Eligible Director, then such person shall cease to be a member of the Executive Committee and a vacancy shall be deemed to exist on the Executive Committee which shall be filled as set forth in Section 5 of this Article.

2. Powers of the Executive Committee. The Executive Committee shall have and may exercise, in the interim between meetings of the Board or Directors, all of the authority of the Board of Directors in the management of the Corporation, except as set forth in Section 10 of this Article.

3. Other Committees. The Board of Directors, by resolution adopted by a majority of all the directors in office when the action is taken at any regular or special meeting, may designate one or more additional committees, each of which shall consist of three (3) or more directors, each of which, to the extent authorized by law and provided in the resolution shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation, except as set forth in Section 10 of this Article.

4. Advisors. The Board of Directors may designate individuals or organizations to serve in an advisory capacity to the Board and/or to Working Groups of Corporation members.

5. Vacancy. Any vacancy occurring in an Executive Committee or other committee shall be filled by the Board of Directors by resolution adopted by a majority of all the directors in office when the action is taken at any regular or special meeting.

6. Removal. Any member of an Executive Committee or other committee may be removed at any time, with or without cause, by the Board of Directors by resolution adopted by a majority of all the directors in office when the action is taken at any regular or special meeting.

7. Quorum and Voting. A majority of directors on the Executive Committee or other committee shall constitute a quorum for the transaction of business at any meeting of such committee. Each committee member shall be entitled to one (1) vote on each matter submitted to a vote at a committee meeting. If a quorum is present when the vote is taken, the act of a majority of the committee members present shall be the act of the committee.

8. Minutes. The Executive Committee and each other committee that may exercise the authority of the Board of Directors shall keep regular minutes of its proceedings and report the same to the Board when required.

9. Responsibility of Directors. The designation of an Executive Committee or other committee and the delegation thereto of authority shall not alone operate to relieve the Board of Directors or any member thereof, of any responsibility or liability imposed upon it or him by law.

10. Restrictions on Committees. Neither the Executive Committee nor any other committee shall have the authority to: (a) authorize distributions, (b) recommend to members or approve the dissolution, merger or consolidation of the Corporation or the sale, pledge, or transfer of all or substantially all of the Corporation's assets, (c) elect, appoint or remove directors, or fill vacancies on the Board of Directors, (d) designate any such committee or fill vacancies on any such committee, (e) adopt, amend, or repeal the Articles of Incorporation or Bylaws of the Corporation, (f) amend or repeal any resolution of the Board of Directors which by its terms shall not be so amendable or repealable; or (g) fix of compensation for directors for serving on the Board of Directors or on any such committee.

11. Action without Meeting and Telephonic Meetings. The Executive Committee and other committees shall have the same power to act without a meeting as is provided in Section 10 of Article VI with respect to the Board of Directors and the

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members of the Executive Committee and other committees shall have the same right to participate in committee meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, as is provided with respect to members of the Board of Directors in Section 9 of Article VI.

ARTICLE VIII -- Officers

1. Officers. The officers of the Corporation shall be Chair of the Board of Directors, Vice Chair of the Board of Directors, President, 1st Vice President, 2nd Vice President, Secretary, Treasurer, Assistant Secretary, and Assistant Treasurer.

2. Election and Term. The Officers shall be elected by the Board of Directors at any regular or special meeting of the Board for one-year terms or until their successors are elected and qualified; provided, however, that the 1st Vice President so-elected by the Board also shall be elected as President-elect and shall succeed to the office of President in the year following the year of service as 1st Vice President, and each following person elected by the Board as 1st Vice President in like manner shall be elected as President-elect and shall succeed to the office of President in the year following the year of service as 1st Vice President. In a like manner, the 2nd Vice President elected by the Board shall succeed the 1st Vice President in that office and become President in the year following service as 1st Vice President. Each officer elected shall be a director of the Corporation with the exception of the Assistant Secretary and Assistant Treasurer who may be but are not required to be a director of the Corporation. If any officer resigns or is removed as a director of the Corporation, then the office held by such officer shall be deemed vacant and shall be filled as set forth in Section 5 of this Article.

3. Removal. Any officer, during the period that he or she is appointed by the Governor, may be removed, with or without cause, by the Governor. The officers elected by the Board of Directors may be removed, either with or without cause, by a vote of the Board of Directors. The removal of any person from office shall be without prejudice to the contract rights, if any, of the person so removed.

4. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Corporation. Any such resignation shall take effect upon receipt of the notice or, if later, at the time specified in the notice.

5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these Bylaws for regular appointment or elections to such offices.

6. Compensation. The compensation of all officers of the Corporation shall be fixed by the Board of Directors, except that the Board may delegate to any officer who has been given the power to appoint subordinate officers, the authority to fix the salaries of such appointed officers. No officer shall be prevented from receiving a salary as an officer by reason of the fact that the officer is also a member of the Board of Directors.

7. Chair of the Board. The Chair of the Board of Directors shall preside at all meetings of the Board of Directors and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Bylaws.

8. Vice Chair of the Board. The Vice Chair of the Board of Directors shall preside at all meetings of the Board of Directors in the absence of the Chair of the Board and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Bylaws.

9. President. The President shall be the principal executive officer of the Corporation and shall supervise and control the management of the Corporation. In addition, the President shall preside at meetings of the Board of Directors in the absence of the Chair of the Board and Vice Chair of the Board. The President shall be subject to the control and direction of the Board of Directors, and in general, he shall perform all duties incident to the office of President and shall perform such other duties and have such other powers as the Board of Directors or the Chair or Vice Chair of the Board shall prescribe from time to time.

10. 1st Vice President. In the absence or disability of the President or in the event of his death, inability or refusal to act, the 1st Vice President unless otherwise determined by the Board of Directors, shall perform the duties and exercise the powers of the President. In addition, the 1st Vice President shall be responsible for overseeing and assisting the clinical and

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programmatic activities of the corporation including those committees, focus groups, task forces or any other body established by the Board of Directors and shall make periodic reports to the Board of Directors and Executive Committee on the status of those activities. Also, the 1st Vice President shall perform such other duties and have such other powers as the Board of Directors or the President shall prescribe from time to time.

11. 2nd Vice President. The 2nd Vice President, in collaboration with the Treasurer, shall oversee the financial, membership, business development, personnel, facilities and other operations of the corporation and shall make periodic reports to the Board of Directors and Executive Committee on the status of these areas. Also, the 2nd Vice President shall perform such other duties and have such other powers as the Board of Directors or the President shall prescribe from time to time.

12. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Board of Directors and of committees of the Board of Directors. If there are members of the Corporation, he shall keep accurate records of all meetings of the members of the Corporation. He shall give all notices required by law and by these Bylaws. He shall have general charge of the corporate books and records and of the corporate seal, and he shall affix, or attest the affixing of, the corporate seal to any lawfully executed instrument requiring it. The Secretary shall keep or cause to be kept the following records of the Corporation at the principal office of the Corporation: (i) the Articles of Incorporation with all amendments thereto currently in effect; (ii) the Bylaws, as amended; (iii) the minute book containing records of the actions and proceedings of the Board of Directors, of committees of the Board of Directors and of the members, (iv) the names and addresses of each member, director and the officer; and (v) the most recent annual report delivered to the Secretary of State of North Carolina. The Secretary shall sign such instruments as may require his signature, and, in general, shall perform all duties as may be assigned to him from time to time by the Chair of the Board, the Vice Chair of the Board, the President, or the Board of Directors.

13. Treasurer. The Treasurer shall have custody of all funds and securities belonging to the Corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose. He shall prepare or cause to be prepared annual financial statements of the Corporation, including a true statement of the assets and liabilities of the Corporation as of the end of the fiscal year. He shall keep on an accrual basis a detailed ledger of all receipts and disbursements of funds by the Corporation, which ledger shall be kept at the principal office of the Corporation or at such other place as is authorized by the Board of Directors, and which shall be open to inspection by any director or member and by others having a legitimate interest in the information contained therein. The Treasurer shall also prepare and file, or cause to be prepared and filed, all reports and returns required by federal, state or local law and shall generally perform all other duties incident to his office and such other duties as may be assigned to him from time to time by the Chair of the Board, the Vice Chair of the Board, the President or the Board of Directors.

14. Duties of Officers May Be Delegated. In case of the absence of any officer of the Corporation or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being provided a majority of the entire Board of Directors concurs therein.

15. Bonds. The Board of Directors may, by resolution, require any or all officers, agents and employees of the Corporation to give bond to the Corporation, with sufficient securities, conditioned on faithful performance of the duties of their respective offices or positions, and to comply with such other conditions as may from time to time be required by the Board of Directors.

ARTICLE IX -- Contracts, Loans and Deposits

1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

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3. Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner as shall from time to time be determined by resolution of the Board of Directors.

4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as the Board of Directors shall direct.

ARTICLE X -- General Provisions

1. Seal. The corporate seal of the Corporation shall be in such form as shall be approved from time to time by the Board of Directors.

2. Waiver of Notice. Whenever any notice is required to be given to any member or director under the provisions of the North Carolina Nonprofit Corporation Act or under the provisions of the Articles of Incorporation or Bylaws of this Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice and delivered to the Corporation for inclusion in the minutes or filing in the corporate records, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

3. Fiscal Year. The fiscal year of the Corporation shall be fixed by the Board of Directors.

4. Voting upon Shares of Other Corporations. Unless otherwise ordered by the Board of Directors, the President shall have full power and authority on behalf of the Corporation to vote either in person or by proxy at any meeting of shareholders of any corporation in which this Corporation may hold shares, and at any such meeting may possess and exercise all of the rights and powers incident to the ownership of such shares, which, as the owner thereof, this Corporation might have possessed and exercised if present. The Board of Directors may confer like powers upon any other person, and may revoke any such powers as granted at its pleasure.

5. Auditors. The Board of Directors shall employ a certified public accountant to audit the books of the Corporation for each fiscal year of the Corporation and at such other time or times and for such periods as the Board may deem advisable, and to furnish certified reports on such audits. A copy of such annual audit reports shall be given without charge to all persons, firms and corporations contributing to the Corporation during the year as much as \$1,000.00 to carry on the services rendered by the Corporation. Providing, however, that the auditing and bookkeeping shall meet federal standards for auditing and bookkeeping. A copy of such annual audit report will be available at the annual meeting of the directors.

6. Prohibition Against Sharing in Corporate Earnings. No member, officer, director, or employee of, or member of a committee of, or person connected with the Corporation, or any other private individual shall receive at any time any of the net earnings or pecuniary profits from the operations of the Corporation, provided that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes as shall be fixed by the Board of Directors; and no such person or persons shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation. All members, directors and officers of the Corporation shall be deemed to have expressly consented and agreed that upon such dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Board of Directors shall be distributed, as the Board of Directors may determine or as may be determined by a court of competent jurisdiction upon application of the Board of Directors, exclusively to charitable, religious, scientific, literary or educational organizations which would then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code, (or corresponding provision of any future federal tax law).

7. Amendments. Except as otherwise provided herein, in the Articles of Incorporation or in the North Carolina Nonprofit Corporation Act, these Bylaws (including this Section 7) may be amended or repealed and new Bylaws may be adopted by the affirmative vote of a majority of the entire Board of Directors at any regular or special meeting of the Board of Directors; provided, however, that no amendment affecting Governor Directors shall be made without the written consent of the Governor; provided further, however, that no amendment affecting directors designated by the Founding Medical Center Members shall

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be made without the written consent of the Founding Medical Center Members; and provided further, however, that members shall have the right to vote on amendments to the limited extent described in Section 12 of Article IV of these Bylaws.

8. Indemnification. Any person who at any time serves or has served as a director or officer of the Corporation, or in such capacity at the request of the Corporation for any other foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or as trustee or administrator under an employee benefit plan, shall have a right to be indemnified by the Corporation to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

To the extent permitted by law, expenses incurred by a director or officer in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified hereunder by the Corporation.

If a person claiming a right to indemnification under this section obtains a non-appealable judgment against the Corporation requiring it to pay substantially all of the amount claimed, the claimant shall be entitled to recover from the Corporation the reasonable expense (including reasonable legal fees) of prosecuting the action against the Corporation to collect the claim.

Notwithstanding the foregoing provisions, except as otherwise required by law, the Corporation shall not indemnify or agree to indemnify any person against liability or litigation expense he may incur (i) on account of such person's activities which were at the time taken known or believed by such person to be clearly in conflict with the best interests of the Corporation; (ii) any liability of such person expressly provided under an applicable provision of the North Carolina General Statutes or (iii) as a result of any improper personal financial benefit realized by such person.

The Board of Directors of the Corporation shall take all such action as may be necessary and appropriate to authorize the Corporation to pay the indemnification required by this Bylaw, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the members of the Corporation.

Any person who at any time after the adoption of this Bylaw serves or has served in any of the aforesaid capacities for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.

Unless otherwise provided herein, the indemnification extended to a person that has qualified for indemnification under the provisions of this Section 8 shall not be terminated when the person has ceased to be a director, officer, employee or agent for all causes of action against the indemnified party based on acts and events occurring prior to the termination of the relationship with the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.

9. Dissolution. The Corporation may be dissolved and wound up in accordance with Article 14 of the North Carolina Nonprofit Corporation Act or any corresponding provision of succeeding law. Upon dissolution the assets of the Corporation shall be distributed in accordance with Section 6 of this Article.

ARTICLE XI -- Exempt Activities; Nondiscrimination

1. Exempt Activities. Notwithstanding any other provision of these Bylaws, no member, director, officer, employee or other representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code (or corresponding provision of any future federal tax law), or by a corporations, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code, or corresponding section of any future Federal tax code.

2. Nondiscrimination. The Corporation shall not engage in any pattern or practice which results in discrimination because of the race, sex, color, religion, national or ethnic origin, age or handicapped status of any person.

Exhibit A

N.C.G.S. § 55A-8-31. Director Conflict of Interest.

(a) A conflict of interest transaction is a transaction with the corporation in which a director of the corporation has a direct or indirect interest. A conflict of interest transaction is not voidable by the corporation solely because of the director's interest in the transaction if any one of the following is true:

- (1) The material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board and the board or committee authorized, approved, or ratified the transaction;
- (2) The material facts of the transaction and the director's interest were disclosed or known to the members entitled to vote and they authorized, approved, or ratified the transaction; or
- (3) The transaction was fair to the corporation.

(b) For purposes of this section, a director of the corporation has an indirect interest in a transaction if:

- (1) Another entity in which he has a material financial interest or in which he is a general partner is a party to the transaction; or
- (2) Another entity of which he is a director, officer, or trustee is a party to the transaction and the transaction is or should be considered by the board of directors of the corporation.

(c) For purposes of subdivision (a)(1) of this section, a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the directors on the board of directors (or on the committee) who have no direct or indirect interest in the transaction, but a transaction shall not be authorized, approved, or ratified under this section by a single director. If a majority of the directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subdivision (a)(1) of this section if the transaction is otherwise authorized, approved, or ratified as provided in that subdivision.

(d) For purposes of subdivision (a)(2) of this section, a conflict of interest transaction is authorized, approved, or ratified by the members if it receives a majority of the votes entitled to be counted under this subsection. Votes cast by or voted under the control of a director who has a direct or indirect interest in the transaction, and votes cast by or voted under the control of an entity described in subdivision (b)(1) of this section, shall not be counted in a vote of members to determine whether to authorize, approve, or ratify a conflict of interest transaction under subdivision (a)(2) of this section. The vote of these members, however is counted in determining whether the transaction is approved under other sections of this Chapter. A majority of the votes, whether or not present, that are entitled to be cast in a vote on the transaction under this subsection constitutes a quorum for the purpose of taking action under this section.

(e) The articles of incorporation, bylaws, or a resolution of the board may impose additional requirements on conflict of interest transactions. (1985 (Reg. Sess., 1986), c.801, s. 26; 1993, c. 398, s.1.)