

## **MUNICIPAL ORDER 54-2022**

**A MUNICIPAL ORDER APPROVING CHANGES TO ARTICLES III AND IV OF THE BYLAWS OF OWENSBORO HEALTH, INC., AS REQUIRED BY ITS ARTICLES OF INCORPORATION, AND SECTION 7.01 OF THE BYLAWS WHICH STATES THAT CERTAIN AMENDMENTS ADOPTED BY THE OWENSBORO HEALTH, INC. BOARD OF DIRECTORS ARE SUBJECT TO APPROVAL BY THE CITY AND COUNTY; THE PROPOSED AMENDMENTS TO SECTIONS 3.03, 3.07, 3.10, 4.03(a), 4.05, 4.06, AND 4.07 INCLUDE AN INCREASE IN THE BOARD OF DIRECTORS FROM FOURTEEN (14) TO SIXTEEN (16) MEMBERS, AND AN INCREASE IN THE NUMBER OF CITY APPOINTEES TO THE BOARD OF DIRECTORS FROM THREE (3) TO FOUR (4) MEMBERS.**

**WHEREAS**, on October 28, 2003, Daviess Fiscal Court and the Board of Commissioners of the City of Owensboro enacted a joint ordinance authorizing the surrender of ODCH's interest in Owensboro Medical Health System, now Owensboro Health, Inc., (hereinafter "OH") and simultaneous therewith, approved Amended and Restated Articles of Incorporation of OH; and

**WHEREAS**, KRS 273.191 states that the power to alter, amend or repeal bylaws or adopt new bylaws shall be vested in the Board of Directors of a Nonstock, Nonprofit Corporation, unless otherwise provided in the Articles of Incorporation or bylaws; and

**WHEREAS**, the OH Board of Directors has proposed changes to Article III, Sections 3.03, 3.07 and 3.10, and Article IV, Sections 4.03(a), 4.05, 4.06 and 4.07 of the

bylaws, and are being submitted to the Owensboro Board of Commissioners for its approval, in accordance with Article VII, Section 7.01 of the bylaws.

**NOW, THEREFORE, BE IT ORDERED BY THE CITY OF OWENSBORO, KENTUCKY, AS FOLLOWS:**

**Section 1.** The Owensboro Board of Commissioners hereby grants approval to the following changes to the Bylaws of Owensboro Health, Inc.:

Amend Section 3.03 of the Bylaws to read as follows:

The Corporation's Board of Directors shall have ~~[fourteen]~~ sixteen ~~[(14)]~~ (16) members. Effective ~~[November 1]~~ December, ~~[2003]~~ 2022, and thereafter, members of the Corporation's Board of Directors shall be elected or appointed in the following manner:

- (a) ~~[Three]~~ Four ~~[(3)]~~ (4) directors shall be appointed by the County Judge/Executive of Daviess County ("County Judge") with the consent of the Daviess County Fiscal Court ("County Appointees"); provided that the total number of County Appointees shall not constitute a quorum of the members of Fiscal Court or any other public agency.
- (b) ~~[Three]~~ Four ~~[(3)]~~ (4) directors shall be appointed by the Mayor of the City of Owensboro ("Mayor") with the consent of the Board of the City Commissioners of the City of Owensboro ("City Appointees"); provided that the total number of City Appointees shall not constitute a quorum of the members of the Board of City Commissioners or any other public agency.
- (c) ~~[One (1) director will be appointed jointly by the County Judge and the Mayor ("Executive Appointee"); provided that such person shall be a member throughout his/her entire term of office, and shall not be an elected public official, an employee of the County or the City, or a member of the governing body of any public agency.]~~
- ~~[(d)]~~ ~~[Three (3)]~~ Four (4) members of the Corporation's Board of Directors shall be physicians who are members of the [OH] active Medical Staff of the Owensboro Health ("OH") general acute care hospital in Daviess County (the "Hospital") or members of the active Medical Staff of another general acute care hospital in the Corporation's health care system ("Physician Directors"). The collective Medical Staff of these hospitals are the Medical Staff of the Corporation. One of the Physician Directors may be a physician not on the active Medical Staff of OH Hospital but on the active Medical

Staff of the Corporation. The active members of the OH Hospital Medical Staff shall nominate two members of ~~[its]~~ the active Medical Staff ~~[members]~~ of the Corporation ("Nominees") to the Corporation's Board of Directors for each Physician Director position that is up for election. The notice of the OH Hospital Medical Staff meeting at which the Nominees are to be selected shall include this matter as an agenda item. The method which the OH Hospital Medical Staff uses to select the Nominees shall be determined by the OH Hospital Medical Staff Executive Committee.

No Physician Director shall be (i) an elected public official, (ii) an employee of the County or City, (iii) a member of the governing body of any public agency, or (iv) appointed or elected to his/her position as a Physician Director by any of the persons or entities in (i) through (iii).

- [e](d) Four (4) members of the Board of Directors shall be elected or appointed from the community at large ("Community Directors"). One of the Community Directors may be from outside Daviess County but within the Corporation's service area. The Corporation's Community Director Nominating Committee shall recommend two persons for election for each Community Director position that is open for election.

No Community Director shall be (i) an elected public official, (ii) an employee of the City or County, (iii) a member of the governing body of any public agency, (iv) appointed or elected to his/her position as a Community Director by any of the persons or entities in (i) through (iii), or (v) a physician who is a member of the active Medical Staff of the Corporation.

- [f](e) If the Board fails or refuses to elect a Physician Director from the slate provided by the OH Hospital Medical Staff, or a Community Director from a slate provided by the Community Director Nominating Committee, the OH Hospital Medical Staff or the Community Director Nominating Committee, as the case may be, shall submit two additional nominees for each position that is up for election, and from said slate the Board of Directors shall elect a director to fill the position that is up for election.

- [g](f) No more than four (4) members of the Board of Directors shall be physicians who are members of the active Medical Staff of the Corporation.

- [h](g) No member of the Board of Directors, other than ~~[one member]~~ two members who ~~[is either a]~~ are Physician ~~[Director or the Executive Appointee]~~ Directors, may be, or, while a Board Member, become, an employee of the Corporation. Any person elected or appointed to the Board of Directors who, at the time of election or appointment, fails to meet the criteria for election or appointment, shall not take office; any person elected or appointed to the Board of Directors who, at the time of election or

appointment, meets the criteria for such election or appointment but thereafter fails to do so, other than any Physician Director who thereafter fails to do so because he or she becomes an employee of the Corporation but who may nonetheless continue to serve as a Director for the remainder of his or her term, will be deemed to have resigned his or her position as a Director of the Corporation immediately before the event occurs which would cause him/her to fail to meet the criteria for serving as a member of the Board of Directors.

[i](h) The Community Director Nominating Committee shall develop a director skills selection matrix which, after approved by the Board, shall be used to determine an appropriate candidate for serving as an elected director of the Corporation and which County, City, County Judge and Mayor are encouraged to use in making appointments to the Board.

[i](i) ~~[The members of the Corporation's Board of Directors, effective October 31, 2003, and their term of office is set forth in Article 5, Section 5(f) of the Corporation's Amended and Restated Articles of Incorporation.]~~ Directors shall reside in the Corporation's service area. Each Director appointed ~~[who is a member of the Board of Directors on October 31, 2003 or thereafter]~~ shall serve no more than three (3) consecutive full three-year terms (such limit not including any service for the unexpired term of any vacancy on the Board of Directors); provided, however, a person shall be eligible for election or appointment to the Board of Directors after having been off the Board for three hundred sixty-five (365) days. ~~[Beginning with the Directors appointed or elected after November 1, 2003, the]~~ The Directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three (3) classes, one (1) of which shall consist of ~~[four]~~ six ~~[(4)]~~ (6) Directors and two (2) of which shall consist of five (5) Directors. ~~Beginning with Directors elected or appointed after January 1, 2005, the~~ The terms of office of all of the Directors in each group shall expire at the same time. ~~[For those Directors in office on November 1, 2003, the first day of the nine (9) consecutive year term limitation is November 1, 2003.]~~ The terms of office held by Directors in each group shall be staggered so that the terms of office of the Directors of only one group shall expire each year.

Amend Section 3.07(a) of the Bylaws to read as follows:

#### Section 3.07 – Quorum and Manner of Action

(a) The presence of at least ~~[eight]~~ nine ~~[(8)]~~ (9) Directors, ~~[four]~~ five ~~[(4)]~~ (5) of whom must collectively be Physician and Community Directors, shall

constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Amend Section 3.10 of the Bylaws to read as follows:

Section 3.10 - Removal of Directors.

Any Director may be removed by a vote of not fewer than ~~[eight]~~ eleven ~~[(8)]~~ (11) Directors, ~~[four]~~ six ~~[(4)]~~ (6) of whom must collectively be Physician and Community Directors, if such Directors determine that the to-be-removed Director has not acted in the best interests of the Corporation. Notwithstanding the foregoing, a County Appointee and a City Appointee may be removed, at any time with or without cause, by the County and the City, respectively.

Amend Section 4.03(a) of the Bylaws to read as follows:

Section 4.03 - Executive Committee.

- (a) The Board of Directors shall appoint an Executive Committee of the Chairperson, Vice Chairperson, and Secretary of the Board; the Chairperson of the Planning Committee; the Chairperson of the Community ~~[Needs and Strategic Planning]~~ Engagement Committee, the Chairperson of the Finance, Audit and Compliance Committee, and the Chairperson of the Quality, Safety and Clinical Ethics Committee.

Amend Section 4.05 of the Bylaws to read as follows:

Section 4.05 – ~~[[Reserved]]~~ Planning Committee.

- (a) The Planning Committee shall consist of not fewer than four (4) members of the Board of Directors and shall be appointed to the Committee by the Board. The President/CEO, together with his/her designees, shall serve as ex officio members of the Committee.
- (b) The Committee shall oversee the development and implementation of the long-range strategic plan for the Corporation.

Amend Section 4.06 of the Bylaws to read as follows:

Section 4.06 - Community Director Nominating Committee.

- (a) There shall be a Community Director Nominating Committee composed of two Board members (the Board Chair, who shall chair the Community Director Nominating Committee, and one other board member selected by

the Board Chair, with the concurrence of the Board), and up to ten (10) other members ("Community Representatives"). The Community Representatives shall be appointed to the Committee, subject to the Board approval, by the community organization which they represent. The community organizations authorized to appoint a Community Representative to the Community Director Nominating Committee shall be selected, from time to time, by the Board of Directors. It is intended that the community organizations will represent a broad segment of the Owensboro-Daviess County community and the Corporation's service area communities, including, but not limited to, business (large and small), professional organizations, religious community, education (public and private), rural, charitable, health, neighborhood groups and other civic and community interest organizations.

- (b) The Community Director Nominating Committee shall nominate two (2) individuals from the ~~[Owensboro-Daviess County]~~ Corporation's service area for each Community Director position up for election by the Board. In making its determination, the Community Director Nominating Committee shall (a) develop a process to ensure that the individuals, in the aggregate, nominated for directorship possess, on balance, a broad range of community interests, (b) review each candidate by application of the director selection skills matrix, (c) not nominate a person who fails to meet the criteria set forth in the Corporation's Articles of Incorporation and these Bylaws, and (d) not nominate a member of the Community Director Nominating Committee.

Amend Section 4.07 of the Bylaws to read as follows:

Section 4.07 –Community ~~[Needs and Strategic Planning]~~ Engagement Committee.

- (a) The Community ~~[Needs and Strategic Planning]~~ Engagement Committee ("Community Committee") shall consist of the Chairperson of the Board, and such other additional committee members as appointed by the Chairperson of the Board with concurrence of the Board. The Chairperson of the Board may serve as Chairperson of the Community Committee or may appoint a Chairperson of the Community Committee. The Community Committee shall address Board membership criteria and selection, continuing education and development for the Board members, Board self-assessment, recommend and execute Board policies in community engagements and public relations and such other duties as may be assigned by the Board. The ~~[Community Committee shall also oversee the development and implementation of the long-range strategic plan for the Corporation. The]~~ Community Committee shall, at least every three (3) years, review the Corporation's Bylaws and make such recommendations to the Board as it deems appropriate.

**Section 2.** That the Mayor, City Manager, and other City staff as appropriate are hereby authorized and directed to execute any other documents in furtherance thereof.

**INTRODUCED, PUBLICLY READ AND APPROVED ON ONE READING**, this the 20th day of December, 2022.

\_\_\_\_\_  
Thomas H. Watson, Mayor

ATTEST:

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Beth Davis, City Clerk