



Bylaws of the Medical University Hospital Authority Board of Trustees

169 ASHLEY AVENUE
CHARLESTON, SOUTH CAROLINA 29425
DECEMBER 9, 2016

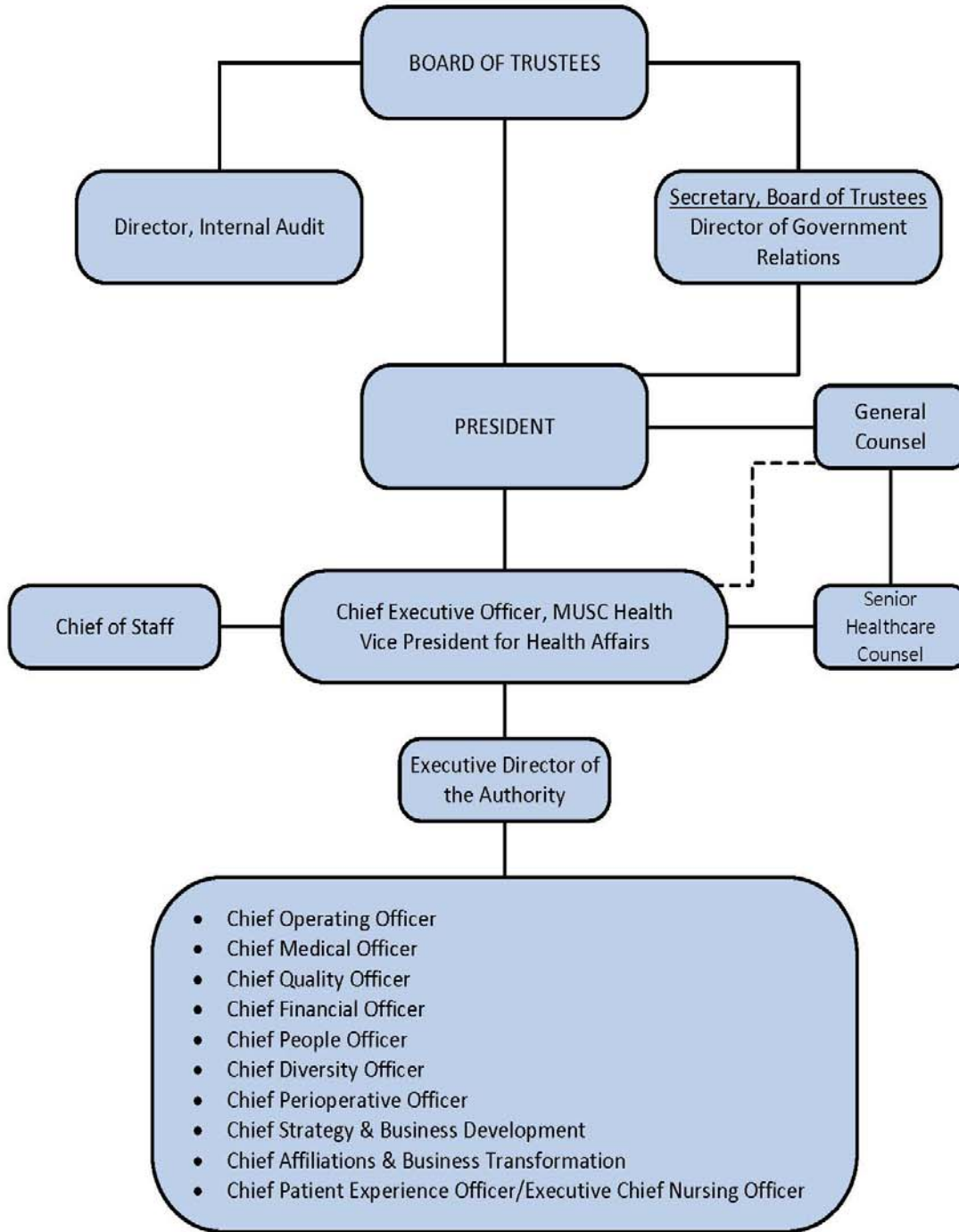
TABLE OF CONTENTS

FOREWORD	1
CENTRAL ADMINISTRATION ORGANIZATION.....	2
BYLAWS OF THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY BOARD OF TRUSTEES	3
Section I. Powers and Duties of the Board of Trustees	3
Section II. Meetings of the Board of Trustees	3
Section III. Officers of the Board of Trustees	4
Section V. The Officers and Administration of the Authority	12
Section VI. The Executive Medical Director and Medical Staff.....	14
Section VII. Appeals to the Board.	15
Section VIII. Certain Income Tax Exemption Purposes Matters.	15
Section IX. Requirements of Section 242 of National Housing Act, As Amended.	16
Section X. Amendment.	17

FOREWORD

1. The Medical University Hospital Authority (MUHA) does not discriminate on the basis of race, color, religion, sex, age, national origin, disability, veteran status, genetic information, sexual orientation or gender identity in the administration of admission policies, educational policies, financial aid, employment, or any other University activity, except where sex is a bona fide occupational qualification.
2. Since the English language contains no singular pronoun which includes both sexes, wherever a masculine term appears in this document it signifies both genders.
3. The meetings of the Board of Trustees are held in conformance with the Freedom of Information Act as amended, S.C. Code Ann. § 30-4-10, *et seq.*

**MEDICAL UNIVERSITY HOSPITAL AUTHORITY
CENTRAL ADMINISTRATION ORGANIZATION**
(As referenced in the MUHA Board of Trustees Bylaws)



BYLAWS OF THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY BOARD OF TRUSTEES

Section I. Powers and Duties of the Board of Trustees

(A) The final authority and responsibility for the governance of the Medical University Hospital Authority (the "Authority," MUHA, or the Medical Center), its hospitals and clinics (the "Medical Center"), the outreach programs, and ancillary functions are vested in the Board of Trustees of the Authority in accordance with the statutes of the State of South Carolina pertaining thereto.

(B) The Board of Trustees, directly or through its authorized committees, shall establish the general policies of the Authority, shall define its general program of educational activity, shall annually at or before its August meeting fix and approve the Authority's application for State appropriations, if any, and shall approve the budget for the next fiscal year.

(C) The Board of Trustees avoids conflict of interest. Any Trustee having a potential or perceived conflict of interest should make a full disclosure of the facts to the Chairman and should refrain from voting, participating or influencing a decision on the matter. The minutes of the meeting should reflect that disclosure was made and the member abstained from voting.

(D) The Board of Trustees shall name the principal officers of the Authority as prescribed in Section V of these Bylaws, but it may delegate to those elected officers the employment of subordinate officers and employees.

(E) The Board of Trustees shall review or review and revise these Bylaws at least every four (4) years or earlier if a material change occurs.

Section II. Meetings of the Board of Trustees

(A) **Regular Meetings.** Regular meetings of the Board of Trustees shall be held on the second Friday of February, April, August, October, and December, and on the day before the commencement of the Medical University of South Carolina, provided that the place and/or time of any regular meeting may be changed by the Chairman of the Board of Trustees. Any change in the date, place and/or time of any regular meeting shall be publicly noticed in accordance with S.C. Code of Laws §30-4-80.

(B) **Special Meetings.**

(1) Special meetings of the Board of Trustees may be called at the will of the Chairman; or

(2) Upon the written request of three or more members, the Chairman shall call a special meeting of the Board.

At least 24-hour's notice of any such meeting shall be given to the members of the Board of Trustees. The 24-hour's notice will not apply to emergency meetings in accordance with S.C. Code of Laws §30-4-80. Special meetings of the Board of Trustees may be in person, or via teleconference or video-conference. Trustees must be in attendance in person, or via teleconference or videoconference to vote

on an action item at a Special Meeting. The vote will occur publicly, either by written ballot, roll call or other electronic means approved by a majority of the Trustees in attendance at the time of the vote.

(C) **Agenda.** Prior to each regular meeting of the Board of Trustees and with the notice of any special meeting, the Secretary of the Board shall include a proposed agenda and pertinent information for the meeting. Any changes to the agenda shall be done in accordance with S.C. Code of Laws §30-4-80.

(D) **Quorum.** A majority of the elected and ex-officio voting Trustees shall constitute a quorum.

(E) **Voting.** Except as otherwise specifically provided herein, all matters coming before the Board or a committee thereof for determination shall be determined by a majority of the members present by voice acclamation. Upon request of any Board or committee member, a vote by the Board or committee, as applicable, shall be by a call of the roll and results of such roll call vote shall be recorded in the minutes of the Board or committee.

(F) **Order of Business.** The order of business for all meetings of the Board of Trustees shall be as follows:

(1) Roll call.

(2) Corrections and approval of all minutes of regular and special Board and Committee meetings not previously approved.

(3) Reports and recommendations of the President, who may at his discretion call upon other officials of the Medical Center for reports on their areas of authority.

(4) Reports of standing committees.

(5) Reports of special committees.

(6) Old business.

(7) New business.

(G) **Rules of Order.** Except as charged by specific rules and regulations of the Board of Trustees, the current edition of *Robert's Rules of Order* shall constitute the rules of parliamentary procedure applicable to all meetings of the Board and its several Committees.

Section III. Officers of the Board of Trustees

(A) **Ex-Officio Chairman.** The Governor of the State of South Carolina is the voting ex-officio Chairman of the Board of Trustees and he shall preside at those meetings of the Board which he attends. The Governor's designee will vote for the Governor in his absence.

(B) **Chairman.** The Chairman of the Board of Trustees of the Medical University of South Carolina shall serve as the Chairman of the Board of Trustees of the Authority. The Chairman shall:

- (1) Preside at all meetings at which the ex-officio Chairman does not preside,
- (2) Appoint all board committees not otherwise provided for,
- (3) Be an ex-officio member of all standing committees of the Board,
- (4) Execute all legal documents and instruments on behalf of the Board, and
- (5) Represent the Board in making any budget requests to the General Assembly of the State.

The Chairman of the Board shall be the official spokesman of the Board.

(C) **Vice Chairman.** The Vice Chairman of the Board of Trustees of the Medical University of South Carolina shall serve as the Vice Chairman of the Board of Trustees of the Authority. The Vice Chairman shall perform the duties of the Chairman in his absence, disability, or unavailability.

(D) **Secretary.**

(1) The Secretary of the Board of Trustees of the Medical University of South Carolina shall serve as the Secretary of the Board of Trustees of the Authority. The Secretary shall also serve as Secretary of all committees of the Board.

(2) Duties. It is the duty of the Secretary to arrange for all Board meetings and to act as Secretary to all Board committees, to keep records and minutes of Board actions, to review and prepare proposed revisions to the Bylaws of the Board every four (4) years or earlier if a material change occurs, and to complement the links with the President. In this role, the Secretary's primary responsibility is to the Board members. **SPECIFICALLY, THE SECRETARY WILL:**

(a) Prepare agenda, place requests in proper format for Board meetings and Board action, record minutes of all meetings, and mail notices and other information to Trustees;

(b) Assist the Board in reviewing, and prepare proposed revisions to, the bylaws of the Board every four (4) years or earlier if a material change occurs. Upon completion of the review by the Board, incorporate all adopted amendments, and submit changes to other parts of the bylaws which are reasonably implied by the adopted amendments;

(c) Obtain necessary legal opinions pertaining to the Board of Trustees as an entity and to individual members in their official capacities;

(d) Receive all direct correspondence, reports, telephone calls, etc., for the Board. Formulate proposed actions and communicate results to the Chairman and Board members;

(e) Relay to the President requests received by Board members from constituents;

- (f) Make all arrangements for meetings of the Board of Trustees and committees; make travel accommodations and meal arrangements, including social functions when appropriate;
- (g) Keep all records of Board actions taken via mail or telephone between meetings;
- (h) Process the Board of Trustees including supplies, printing, binding, travel, subsistence and per diem;
- (i) Take care of routine correspondence on behalf of the Chairman and Board members;
- (j) Provide copies of minutes of Board of Trustees meetings to members and other addressees as appropriate;
- (k) Arrange for screening of the General Assembly's daily calendars and journals, proposed legislation, relevant newspapers, and other information sources. Report pertinent information to the Board and to the President;
- (l) Keep a log of term of office and appropriate filing duties and procedures for Trustee members;
- (m) Insure compliance with the requirements of the South Carolina Freedom of Information Act as it pertains to Board meetings and records; and
- (n) Ensure that the Chairman of the Board of Trustees fills certain seats on affiliate boards, as specified by the affiliates' Bylaws. As such positions become available all Board members will be made aware of the open seat prior to the Chairman appointing an individual to fill the seat. Where two or more seats are available on an affiliate board consideration shall be given to filling the slots with one professional and one lay person from the Board of Trustees.

(E) Internal Auditor.

(1) The Internal Auditor of the Medical University of South Carolina shall serve as the Internal Auditor of the Authority. The Board directs that the Internal Auditor's position and its support staff shall report and be accountable directly to the Board of Trustees. It is further directed that the Board of Trustees of the Medical University of South Carolina shall be responsible for managing the Internal Auditor's tenure and for setting the financial budget for the Internal Audit Department, including salaries, operational expenses, and support costs.

(2) Duties. The Internal Auditor is responsible for managing a professional Internal Audit Department to provide analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed to management, and ultimately to the Board of Trustees.

(3) The Internal Auditor is also responsible for providing the Board of Trustees with information about the adequacy and effectiveness of the organization's system of internal control and the quality of performance.

(4) The Internal Auditor will assist the Audit Committee of the Board of Trustees in carrying out its duties as stated in Section IV(D)(3) of these Bylaws.

(5) The Internal Auditor will assist the Audit Committee in the selection, oversight, and evaluation of the External Auditor.

(F) **Trustees Emeriti.** The Board of Trustees of the Medical University Hospital Authority may recognize a former trustee for loyal, dedicated and significant service to the Authority. Trustee Emeritus status will be granted when a former Board member is nominated in writing by a current Board member and elected by a two-thirds majority vote. To be eligible, the former Board member must have served at least eight (8) consecutive years or have been awarded an honorary degree by the Medical University of South Carolina.

Trustees Emeriti will be elected for life. Trustees Emeriti will be non-voting, ex-officio members who are not reimbursed from appropriated funds. These Board Members will be invited to all Board functions and events and will provide support for the Authority as knowledgeable friends and ambassadors.

Section IV. Committees of the Board.

(A) **Standing Committees.** In addition to such special committees as from time to time may be appointed or elected by the Board of Trustees, there shall be the following standing committees:

- (1) Audit
- (2) Operations, Quality and Finance
- (3) Physical Facilities

(B) **Organization and Terms of Office.** All standing committee assignments shall be made by the Chairman of the Board of Trustees from the membership of the Board within 30 days following the August meeting each even numbered year. Their terms of service shall be for two (2) years. Each standing committee shall be composed of a minimum of three (3) members. Each standing committee shall elect its own chairman from its members by a majority vote taken by voice acclamation at the first committee meeting following the August meeting of the Board at which a Board Chairman is elected, excluding special elections, or at the first regular meeting of a new standing committee. Upon request of any standing committee member, a vote by the committee shall be by call of the roll and results of such roll call vote shall be recorded in the minutes of the committee. Board members may only serve as Chairman of more than one standing committee of the Authority or the Medical University of South Carolina Boards when the same committee (e.g., Physical Facilities, Audit) serves both entities.

(C) **Quorum.** A majority of the membership of any standing committee shall constitute a quorum.

(D) **Powers and Duties of Standing Committees.** The standing committees shall have the following powers and duties:

(1) Audit Committee.

(a) The Audit Committee shall concern itself with assisting the Board of Trustees in discharging its fiduciary and stewardship obligations relative to the reliability and integrity of 1) systems of internal control, 2) accounting practices, 3) annual reporting, 4) internal and external audit processes, 5) management of business exposures and 6) compliance with legal, regulatory, and ethical requirements.

(b) The Committee will provide an open avenue of communication among the internal and external auditors, management, and the Board. The full Board will continue to have complete access to management and the Internal Audit department and may continue to request the Internal Audit department to review areas of concern to them.

(c) The role of the Committee is oversight. It is not the duty of the Committee to prepare financial statements or to conduct audits to independently verify management's representations or to determine that the financial statements are complete and fairly present the financial condition of MUHA. These are the responsibilities of management and the external auditors.

(d) The Audit Committee has the full authority to review/investigate any matter or activity within the scope of its responsibilities. It shall have direct access to management, Internal Audit, Legal Counsel and any other members of or resources within MUHA and its affiliated organizations. All employees shall be directed to cooperate as requested by members of the Committee. The Committee shall also have the resources and authority to retain special legal, accounting, or other experts it deems necessary in the performance of its responsibilities.

(e) In accordance with Section IV(B) of these bylaws, the Chairman of the Board shall appoint the Audit Committee members, all of whom shall be Trustees, and the Committee members will elect one individual to serve as Committee Chairman. Each member of the Committee, including the Chairman, shall be independent and by reason of education or experience possess such degree of financial literacy as required to oversee the performance of the internal and external auditors, review MUHA's financial statements, and otherwise faithfully execute the role of the Audit Committee set forth in the bylaws. At least one member of the Committee should have appropriate experience with internal controls, an understanding of applicable accounting principles, the application of such principles in preparing or auditing financial statements, and an understanding of audit committee functions.

(f) Members of the Committee shall uphold their duty of care by attending and participating in meetings, strengthening his or her understanding of the institution and its operations, maintaining professional skepticism, addressing appropriate subjects, gathering adequate facts, making reasonable and prudent inquiries before making a decision, and seeking outside counsel when necessary.

(g) The Audit Committee shall meet at least two times per year. Internal Audit will coordinate the Committee's agenda in consultation with the Committee Chair. All Board members are encouraged to attend and participate in the Audit Committee meeting.

(h) The Committee will set the appropriate tone in communicating the importance of internal control and direct management to establish appropriate internal controls.

(i) The Management Development and Compensation Sub-Committee shall be a subcommittee of the Audit Committee and reports to the Board through the Audit Committee.

- i. The Management Development and Compensation Sub-Committee shall ensure that executive management and employees of the entities receive compensation that is market-level competitive, supports achieving the entities' strategic objectives, and is relevant to the individual's annual job performance while being sensitive to funding availability and longer term budget goals. The sub-committee will review all policy matters related to evaluation and compensation of the President, the Vice Presidents, the Administrators, the Secretary of the Board (collectively "Executive Leadership"), and any other positions the sub-committee may decide. The sub-committee will make recommendations to the Board via the Audit Committee regarding these matters. The sub-committee will assist the Board in determining a compensation package for the President and advise the President regarding appropriate compensation structures for other members of Executive Leadership.
- ii. The sub-committee shall review, at least annually, MUHA's assessment of potential candidates for promotion (Key Employees) to, at a minimum, a Vice President, Administrator, or other senior executive position designated by the Board. The assessment should identify candidates potential for promotion, professional development needed to address perceived deficiencies in a candidate's preparedness for promotion, or other actions to develop a "deep bench" of potential MUHA leaders. The sub-committee shall assist the President in determining appropriate professional development assistance for the MUHA Key Employees and in determining the best approaches to providing that assistance. The sub-committee shall review, at least annually, the Management Development plans in place and planned to ensure that all employees are encouraged to continuously improve their professional capabilities.
- iii. As with other standing committees, members of this sub-committee will be appointed by the Chairman of the Board of Trustees and is not limited to members of the Audit Committee. The Chairman of the Audit Committee will serve as chairman of this sub-committee.
- iv. The Management Development and Compensation Sub-Committee shall meet as needed. All Board members are encouraged to attend and participate in the sub-committee meetings.

- v. No offer of compensation, whether written or oral, subject to the review of the Management Development and Compensation Sub-Committee shall be effective as binding on the entities without the required approval(s).

(j) The Committee shall report to the Board on all financial matters in its area of concern.

(2) Operations, Quality and Finance Committee.

(a) The principal objectives of the Authority and the Medical Center, to include all hospitals and clinics, the outreach programs, and all services rendered to all patients, are to support the tri-part mission of the Medical University of South Carolina and the Medical University Hospital Authority including:

- i. To deliver direct health services as a corollary to the primary objective of education and to establish a medical center for the needs of the State of South Carolina, and
- ii. To improve the organization and delivery of the health care system to society as a demonstration of responsibility, in conjunction with the appropriate State professional organizations.

(b) In order to implement these objectives, the Operations, Quality and Finance Committee shall concern itself with the operations of the Medical Center, to include all hospitals and clinics, the outreach programs, and all services rendered all patients. This Committee will recommend and seek Board approval for necessary outpatient clinics in off-campus locations. With Board approval, these recommendations will be forwarded to the Physical Facilities Committee.

(c) In like manner, the planning of hospital services; the organizational structure for the delivery of health care; human, financial, and informational resources of the Medical Center and related activities to include the development and approval of the budget, and all other specific financial and contractual matters, quality of care, quality assurance mechanisms, credentials review and privilege delineation, and review of the Committee's performance annually are also responsibilities of this Committee.

(d) The Executive Medical Director of the Medical Center, or his designee, shall report quality assurance findings to the Operations, Quality and Finance Committee at each meeting. This report shall include quality indicators, departmental activities and mechanisms for resolving patient care problems. The quality assurance findings of the Operations, Quality and Finance Committee shall be reported to and acted upon by the full Board of Trustees. These reports should include activities related to hospital-wide quality assurance.

(e) The Operations, Quality and Finance Committee shall review the recommendation of the President for the Executive Director of the Authority and the recommendation of the

Executive Medical Director of the Authority for the medical staff and department chairmen and shall make its recommendations thereon to the Board of Trustees.

(f) The Operations, Quality and Finance Committee shall concern itself with the broad financial overview of the Authority, as well as with the operation, routine care, and maintenance of the existing physical facilities of the Authority. Specific financial details for physical facilities will be provided in the Physical Facilities Committee of the Board of Trustees.

(g) The Committee shall especially concern itself with such matters as procurement, accounting, budgeting, and information systems.

(h) The Committee shall concern itself with the financial and fiscal policies and procedures of the Authority.

(i) The Committee will assist the Audit Committee in setting the appropriate tone in communicating the importance of internal control and directing management to establish appropriate internal controls.

(j) The proposed annual budget for the Authority shall be prepared by the appropriate Authority officers for review by the Committee.

(k) The Committee shall concern itself with personnel policies and personnel administrative programs to achieve satisfactory quality, productivity, and morale of personnel of the Authority.

(l) The Committee will make appropriate and timely reports and recommendations to the Board of Trustees which, upon approval by the Board of Trustees, shall become established policy.

(3) Physical Facilities Committee.

(a) The Physical Facilities Committee shall concern itself with the real property and improvements thereto of the Medical Center. It shall be responsible for prioritizing and implementing all development plans for Authority properties and their improvements. It shall solicit, evaluate, and select suggestions and proposals from administration, consultants, and other professionals relating to the development and capital improvements of the physical facilities and make recommendations to the Board of Trustees. This Committee will only be concerned with capital projects exceeding cost limits specified in approved Board policies. This Committee shall assume full responsibility of the Medical University Hospital Authority Facility Plan, to include, but not be limited to, 1) selecting architects, engineers and other related professionals; 2) prioritizing all requests for facilities; 3) conducting feasibility studies; and 4) reviewing major renovations required for the installation of equipment.

(b) To help carry out the duties of the Physical Facilities Committee, the Committee Chairman can appoint one member of the Physical Facilities Committee and two members of the Board of Trustees at large as a separate project committee for each major building project for architect/engineer and related construction professionals selections. There may be multiple project committees with different Trustees functioning concurrently for different projects. A project committee is an active part of the Physical Facilities Committee and serves at the supervision, control and direction of the Physical Facilities Committee. The Physical Facilities Committee Chair shall take into account any expertise or experience of Board members and of their willingness to serve on a committee for a specific project.

(c) The Committee shall be familiar with and report to the Board of Trustees preliminary details of costs associated with various developments and improvements of physical facilities.

(d) The Committee shall be charged with the responsibility of all Board matters relating to the physical properties of the Authority; the design and location of new buildings, master planning, and improvements or remodeling of buildings and all other matters having to do with the preservation of the Authority's physical facilities. It shall report to the Board of Trustees with its recommendations thereon and on all contracts relating to new construction, capital improvements, and major repairs/renovations to existing buildings and grounds.

(e) The Committee will establish a formal mechanism decreeing the time and appropriate ceremony to formally accept any completed project.

(f) At each Board meeting, the Executive Director of the Authority or his designee will update the Physical Facilities Committee on: 1) construction progress, 2) budgetary increases on construction/facility improvements, and 3) all change orders to date.

(g) Once the Physical Facilities Committee accepts and prioritizes capital project(s) for development, the project(s) will be forwarded to the Operations, Quality and Finance Committee of the Board of Trustees for funding consideration. The Operations, Quality and Finance Committee will have the responsibility for seeking appropriate funding in consideration of the Authority's budgetary status, bonding requirements and other financial requirements or restrictions of the Authority. In accordance with approved Board policies, the Operations, Quality and Finance Committee will make recommendations for approval of expenditures to the full Board.

(h) The Committee shall report to the Board on all financial matters in its area of concern.

Section V. The Officers and Administration of the Authority.

(A) **The President.** The Chief Executive Officer of the Authority shall be its President who shall be the President of the Medical University of South Carolina.

(1) The President shall have and exercise full executive powers over the Authority and its related operations within the framework of the policies established by the Board of Trustees.

(2) More specifically, the President shall be charged with the organization of the administrative and professional personnel of the Authority and the method of selecting the personnel, subject only to the limitations imposed by these bylaws, South Carolina laws, and applicable State policies and procedures. He shall be the medium of formal communication between the Board of Trustees and the administrative organization of the Authority and also the official spokesman of the Authority except as to matters within the special province of the Board of Trustees, in which realm the Chairman of the Board of Trustees shall be the official spokesman. The President, with his appropriate executive officers and the appropriate committees, shall prepare or receive and forward all requisite reports, budgets, and presentations to public agencies and to the Board of Trustees of the Authority.

(3) The President shall present to the Board of Trustees an organizational chart showing divisions, departments, and lines of reporting and command in the administrative organization of the Authority. After approval of such organizational chart, any changes shall be made only after the proposed change has been approved by the Board.

(B) Chief Executive Officer, MUSC Health and Vice President for Health Affairs. By and with the advice of the President and/or appropriate standing committee, the Board of Trustees shall elect the Vice President for Health Affairs of the Authority and approve his total compensation package and subsequent changes thereto. The Vice President of Health Affairs of the Authority will be elected by a majority vote of the Trustees. Trustees must be present to vote. The vote shall be by signed written ballot unless a Board member requests a vote by call of the roll prior to initial distribution of the ballots. The results of such roll call vote shall be recorded in the minutes of the Board.

(1) The Vice President for Health Affairs is administratively responsible to the President for the MUSC clinical enterprise and jointly serves as the Chief Executive Officer of the clinical enterprise (MUSC Health). As Vice President, this officer shall report to the President for all clinical matters as they relate to MUSC Health. Associated duties as Vice President for Health Affairs include responsibility for the activities of MUSC Health including purview over the organizations as they relate to the total program of the Medical University.

(2) Except as otherwise provided in these bylaws, the officers and administrators of the Authority shall report to and through this officer to the President.

(3) This officer shall be responsible for the development and implementation of joint initiatives to ensure overall alignment of mission and vision and shall ensure that MUSC Health provides a supportive environment for high quality, sophisticated clinical teaching and research programs carried out by MUSC faculty. This officer shall formulate policies with respect to the educational and research activities of MUSC Health and shall submit such policies to the Board of Trustees for approval.

(B) Executive Director of the Authority. By and with the advice of the President and/or appropriate standing committee, the Board of Trustees shall elect the Executive Director of the Authority and approve his total compensation package and subsequent changes thereto. The Executive Director of the Authority will be elected by a majority vote of the Trustees. Trustees must be present to vote. The vote shall be by signed written ballot unless a Board member requests a vote by call of the roll prior to initial distribution of the ballots. The results of such roll call vote shall be recorded in the minutes of the Board.

(1) The Executive Director of the Authority is administratively responsible to the Vice President for Health Affairs and CEO of MUSC Health for Authority functions and services that it provides and shall exercise control and responsibility for human, financial, and informational resources of the Authority and related activities. Except as otherwise provided in these bylaws, the officers and administrators of the Authority shall report to and through this officer to the Vice President for Health Affairs and CEO, MUSC Health.

(2) The Executive Director of the Authority shall appoint officers and administrators of the Authority other than those whose appointment is otherwise provided for in these bylaws.

(3) The Executive Director of the Authority shall formulate policies with respect to the educational and research activities of the Authority and shall submit such policies to the Board of Trustees for approval.

Section VI. The Executive Medical Director and Medical Staff.

(A) Executive Medical Director. The Executive Director of the Authority in collaboration with the Vice President for Health Affairs will recommend a candidate(s) for the position of Executive Medical Director of the Authority to the President for approval. At the discretion of the Executive Director of the Authority, the responsibilities of the Executive Medical Director of the Authority may be divided between a Chief Medical Officer and a Chief Quality Officer, each of whom shall be subject to the same recommendation and approval procedure set forth hereinabove. The Board of Trustees delegates the general responsibility and authority for the operation of the Authority, the patient care programs, and related activities of the Hospital Authority to the Executive Director of the Authority, under whom specific responsibility and authority for the patient care programs are assigned to the Executive Medical Director of the Authority. The responsibility and authority delegated in this matter by the Board of Trustees are intended to provide for administrative actions as may be deemed necessary or appropriate to the proper and effective conduct of patient care and related programs.

(B) Medical Staff.

(1) The Board shall create a medical staff organization to be known as the Medical Staff of the MUSC Medical Center, whose membership shall be comprised of professional healthcare providers (i.e., physicians, dentists, osteopaths, etc.), who are privileged to attend patients in the Medical Center. The selection of the Medical Staff and department chairmen is made by the Board of Trustees upon the recommendation of the Executive Medical Director of the Medical Center with the review and recommendation of the Operations, Quality and Finance Committee. The Medical Staff shall propose and adopt bylaws for its internal governance, as specified in the

Medical Staff Bylaws, which shall be effective when approved by the Board. According to Joint Commission standards, neither the Board of Trustees nor the Medical Staff can unilaterally amend the Medical Staff Bylaws or Rules and Regulations. These bylaws shall set forth the policies by which the Medical Staff exercises and accounts for its delegated authority and responsibilities. The bylaws shall include a mechanism for review of decisions, including the right to be heard at each step of the process, when requested by a member of the Medical Staff. Whenever the Board does not concur with the Medical Staff recommendation relative to appointment and clinical privileges, there must be a provision in the bylaws for a review of the recommendation by a joint committee of the Medical Staff and the Board before a final decision is reached by the Board.

(2) While the medical care provided to the patients in the Medical Center is the ultimate responsibility of the Board of Trustees, it is the policy of the Board of Trustees to delegate this function, insofar as is legally permissible, to the Medical Staff. Thus, the Medical Staff is responsible for the delivery of health services, for keeping pace with advances in medical science, for evolving new concepts of improved organization and for promoting better health care, education, and research. Nevertheless, the Board shall review the efforts of the Medical Staff in its conduct of ongoing appraisal of the quality of care provided at the Medical Center. In addition, the Board of Trustees shall have the final authority on all appointments, re-appointments, and other changes in the Medical Staff, the granting of clinical privileges, disciplinary actions, including a provision for the termination of professional healthcare providers that are members of the Medical Staff in a medico-administrative position in the Medical Center in accordance with procedures as established in the Medical Staff Bylaws, and all matters relating to professional competency.

Section VII. Appeals to the Board.

(A) **Medical Staff.** The right of appeal to the Board of Trustees by any member of the Medical Staff of the Medical Center or the administration is a right recognized by the Board and shall be exercised in accordance with the respective grievance procedures for the Medical Staff as approved by the Board of Trustees as outlined in the Medical Staff Bylaws.

(B) **Administrative Personnel.** With respect to administrative personnel, the Board of Trustees, in its sole discretion, may grant a review of any adverse administrative action. However, if this review is granted, the Board shall not be required to conduct a hearing or hear arguments but shall review the record of any proceedings.

Section VIII. Certain Income Tax Exemption Purposes Matters.

(A) **General.** In addition to the other purposes of the Authority as set forth in the Authority's enabling legislation which is codified under South Carolina Code Ann. § 59-123-10 et seq., and other purposes set forth below, the Authority is constituted so as to attract substantial support from contributions, directly or indirectly, from a representative number of persons in the community in which it operates and other sources which are appropriate under the applicable provisions of the Internal Revenue Code of 1986, as amended ("Code"), governing income tax exempt organizations, and has not been formed for pecuniary profit or financial gain, and no part

of the assets, income, or profits of the Authority is or shall be distributable to, or inure to the benefit of, its trustees or officers except to the extent permitted under the applicable laws of South Carolina, and the applicable provisions of the Code governing income tax exempt organizations. No substantial part of the activities of the Authority shall be the carrying on of propaganda, or otherwise attempting to influence legislation; and the Authority shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provisions of the Authority's enabling legislation, which is identified above, the Authority shall not carry on any other activities not permitted to be carried on (i) by a corporation exempt from federal income tax under Code section 501(c)(3) or (ii) by a corporation, contributions to which are deductible under Code section 170(c).

(B) The funds or assets of the Authority shall not be distributed or otherwise made available to any organization or entity other than the State of South Carolina and its agencies and instrumentalities (including, without limitation, The Medical University of South Carolina), unless such funds or assets are transferred or exchanged in accordance with applicable South Carolina law; and in return for goods or services of equal value or unless such funds or assets are distributed or otherwise made available in furtherance of a scientific, educational, or charitable purpose, or for the purpose of lessening the burdens of government, qualifying as exempt under the aforementioned provisions of the Code.

Section IX. Requirements of Section 242 of National Housing Act, As Amended.

(A) The Authority shall provide on a nonprofit basis hospital facilities and services for the care and treatment of persons who are acutely ill who otherwise require medical and related services of the kind customarily furnished most effectively by hospitals, pursuant to Section 242 of the National Housing Act, as amended.

(B) The Authority shall have the power to mortgage or otherwise hypothecate its real and personal property and to do and perform all acts reasonably necessary to accomplish the purposes of the Authority including the execution of a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and of such other instruments and undertakings as may be necessary to enable the Authority to secure the benefits of financing with the assistance of mortgage insurance under the provisions of the National Housing Act. Such Regulatory Agreement and other instruments and undertakings shall remain binding upon the Authority, its successor and assigns, so long as a mortgage on the Authority's property is insured or held by the Secretary of Housing and Urban Development.

(C) So long as a mortgage on the Authority's property is insured or held by the Secretary of Housing and Urban Development, these provisions within the Authority's Bylaws may not be amended without the prior written approval of the said Secretary.

(D) In the event of a conflict between any of the provisions of these Bylaws and any of the provisions of the Note, Mortgage, Security Agreement, or the Regulatory Agreement (the "HUD Loan Documents"), the provisions of the HUD Loan Documents shall govern and be controlling in all aspects.

(E) The Authority may adopt Bylaws at any regular meeting of the Authority or at any special meeting called for that purpose, so long as they are not inconsistent with these Articles or with the Regulatory Agreement between the Authority and the Secretary of Housing and Urban Development.

Section X. Amendment.

These bylaws may be amended at any regular meeting of the Board of Trustees by a favorable vote of at least two-thirds of the members present and voting, but the proposed amendment must first have been stated in writing and sent to each member of the Board at least 15 calendar days prior to such meeting.

Revisions: June 16, 2000, October 12, 2001, December 12, 2003, February 13, 2004, April 7, 2006, April 11, 2008, April 9, 2010, December 14, 2012, August 9, 2013, April 11, 2014, October 9, 2014, October 9, 2015, December 9, 2016.