

BYLAWS OF
EASTERN MAINE HEALTHCARE SYSTEMS

ARTICLE I
Name, Purpose, Registered Agent, Office, Seal

Section 1. **Name.** The name of this Corporation shall be Eastern Maine Healthcare Systems.

Section 2. **Purposes and Disposition of Assets.** The purposes of this Corporation and the disposition of its assets upon dissolution are as stated in its Articles of Incorporation.

Section 3. **Registered Agent.** The Clerk of the Corporation shall be the registered agent of the Corporation so long as the Clerk remains a resident of Maine. In the event of the disqualification or vacancy in the office of Clerk, the Secretary shall be the registered agent.

Section 4. **Registered Office.** The registered office of the Corporation in the State of Maine shall be located in the City of Brewer, County of Penobscot. The Corporation may have such other offices, either within or without the State of Maine, as the Board of Directors may designate or as the business of the Corporation may require.

Section 5. **Corporate Seal.** The Corporation shall have a circular seal containing the name of the Corporation, the year of its creation, and the word "Maine."

ARTICLE II
Membership

Section 1. **Corporators.** The Corporation shall have no fewer than one hundred (100) and no more that two hundred (200) Corporators. Corporators shall be representative of the nine-county region served and of the skills required to fulfill the duties of membership.

Corporators shall be divided into three delegations of equal size, as near as may be. One delegation shall be elected each year for a three-year term. Corporators may be elected to no more than four (4) consecutive terms. Each year

at the Annual Meeting the Corporators shall, subject to the concurring separate vote of the Board of Directors, elect Corporators and the Directors for the ensuing term.

The Corporators' approval shall be required to ratify any amendment adopted by the Board of Directors to the Articles or to the Bylaws changing the number, geographic distribution, qualifications, organization or election of Corporators as set forth above; or changing the election of Directors as set forth above; or to ratify any merger, consolidation or dissolution of the Corporation.

Section 2. Annual Meeting. The annual meeting of Corporators shall be held in the month of April in each year, or in such other month as may be designated by the Board of Directors, on such day and at such hour and place as may be designated in notice thereof.

Section 3. Special Meetings. Special meetings of the Corporators for any purpose or purposes shall be called by the Secretary upon request of the Chair of the Board, the President of the Corporation or at least three (3) Directors, or by at least ten percent (10%) of the Corporators.

Section 4. Notice of Meetings. Written notice of an annual or special meeting of the Corporators shall be delivered personally to the Corporator or sent by first class mail to the address of each Corporator as it appears on the records of the Corporation. The notice shall be published in a newspaper of general circulation in the region served no more than fourteen (14) and no fewer than seven (7) days in advance of the date set for the meeting, and mailed or delivered not less than seven (7) days in advance of the date set for the meeting.

Section 5. Quorum. The attendance in person or by proxy of sixty percent (60%) of all Corporators at any meeting shall constitute a quorum for the meeting. In the absence of a quorum, no business may be transacted except the adjournment of the meeting.

Section 6. Voting. Voting at meetings of Corporators may be by voice, by show of hands, or, at the discretion of the person presiding at the meeting, may be by written ballot. Cumulative voting shall not be permitted. The act of a majority of Corporators present in person or by proxy and voting at any meeting at which a quorum is present shall be considered the act of the Corporators, unless otherwise provided in these Bylaws.

Section 7. **Quorum Initially Present.** A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Corporators if any action is approved by at least a majority of the required quorum for such meeting.

Section 8. **Elections.** Corporators shall vote on each slate of nominees for election as Corporators or Directors respectively in its entirety. If a slate receives the affirmative vote of less than a majority of Corporators' votes cast, the meeting shall, after conducting what other business may remain, be adjourned until a new slate can be nominated and submitted to the Corporators. If a slate receives the affirmative vote of a majority of Corporators' votes cast, it shall be submitted to the Board for a concurring vote. If the Board fails to elect the slate, a new slate shall be nominated and a special meeting of Corporators called for election. Corporators and Directors shall continue to serve until their replacements have been elected.

Section 9. **Balloting.** In the case of elections written ballots and any accompanying information shall be mailed no more than twenty-one (21) and no fewer than fourteen (14) days in advance of the date set for the ballot count. Members shall vote on the entire slate of nominees submitted as a whole. If a quorum has not voted, or if a quorum has voted but a slate receives less than a majority of affirmative votes cast at the time set for the ballot count, the Board may but is not required to resolicit the ballots of Members who failed to cast a vote, providing a seven (7) day opportunity to respond and have the additional votes counted. A slate must receive the affirmative vote of a majority of votes cast to be elected as well as the concurring separate vote of the Board. If a slate is not elected, a new slate shall be submitted by the Governance Committee.

ARTICLE III

Board

Section 1. **Responsibility.** Except as otherwise provided by the Articles of Incorporation or by the Bylaws, the management of the affairs of this Corporation shall be vested in a Board of Directors (the "Board"). In addition to the foregoing, the Board shall have the sole power and authority to exercise this Corporation's rights as member or shareholder of any corporation of which this Corporation is a corporate member or shareholder.

Section 2. **Number.** The minimum number of Directors shall be nine (9) and the maximum number of Directors shall be twenty-four (24) including the

President of the Corporation and the Chair of the Clinical Coordinating Committee as ex officio Directors. Elected Directors shall have the skills required to fulfill the duties of Directorship.

There shall always be serving as an elected Director for a single three-year term a physician member of the Active Medical Staff (the Incumbent) of an Affiliated Hospital (the Incumbent Hospital). This Directorship shall rotate among all the Affiliated Hospitals in an order initially determined by lot. Any new Affiliated Hospital shall be last in rotation counting from the Incumbent Hospital as the first. If, at the time of nomination, the designated Incumbent Hospital is the same as that from which the Chair of the Clinical Coordinating Committee (the Chair) is drawn, then the nominee as Incumbent shall be drawn from the next Affiliated Hospital in the rotation, and the hospital otherwise designated as the Incumbent Hospital will become the next Incumbent Hospital in the rotation on an ongoing basis.

[Note: Rotation is SVH, EMMC, AHC, BMMH, IH, CAD, TAMC.]

No more than 49% of Directors may be “financially interested” as defined in Article VII, Section 3.

Unless a majority of the Board is “independent” as defined in Article VIII, Section 4, any Director elected to replace another Director must be independent.

Until the number of Directors shall have been reduced to no more than fifteen (15): (i) no Director shall be elected to replace any Director who ceases to serve as a result of being term-limited; and (ii) the number of Directors to be elected shall not exceed the number of Directors whose terms are otherwise expiring at any annual meeting. Numerical ranges stated above shall be adjusted downward consistent with the operation of this paragraph.

The Board shall determine the number of Directors within the range prescribed by the Articles of Incorporation and as further limited by these Bylaws.

Section 3. **Election.** Directors shall be elected by the Corporators using written ballots, subject to the concurrent separate vote of the Board of Directors at any meeting held for the purpose. Balloting by Corporators shall be conducted as set forth in Article II, Section 9.

Section 4. **Terms.** Each Director shall hold office for a term of three (3)

years or until his or her successor has been elected and installed. The terms of office of the Directors shall be established in such a manner that one-third (as nearly as may be) of the Directors' terms expire at each annual meeting. In the event of a change in the number of Directors, the staggering of terms shall be preserved. In the ordinary course, an elected Director shall serve no more than four (4) consecutive terms. Exceptions may be made in the discretion of the Board.

Section 5. **Quorum.** Except as may be otherwise provided in these Bylaws, a majority of the Directors present shall constitute a quorum at any meeting of the Board.

Section 6. **Quorum Initially Present.** A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors if any action is approved by at least a majority of the required quorum for such meeting.

Section 7. **Regular Meetings.** An annual meeting of the Board shall be held as soon as practicable following the annual meeting or balloting of the Corporators for the purpose of electing Corporators, Directors and officers and transacting such other business as may properly come before the meeting. Other regular meetings of the Board shall be held regularly without notice, at such times and places as may be fixed by the Board from time to time.

Section 8. **Special Meetings.** Special meetings of the Board shall be called by the Secretary at any time upon request of the Chair, the President, or any three (3) Directors.

Section 9. **Notice.** Notice of any special meeting shall be given by any usual means of communication at least two (2) days prior to the meeting. Any Director may waive notice of any meeting by signing a waiver of notice, either before or after the meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting has not been properly called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of the meeting unless provided otherwise elsewhere in these Bylaws.

Section 10. **Manner of Acting.** Except as may otherwise be provided in

these Bylaws, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board. Proxies shall not be used either to establish a quorum or to transact business. In the absence of a quorum, no business may be transacted except the adjournment of the meeting as herein provided. If at any time there are fewer Directors in office than one half of the number fixed in accordance with these Bylaws, the Board members may transact no other business than the filling of vacancies on the Board until sufficient vacancies have been filled so that there are in office at least one half of the number of Directors fixed in accordance with these Bylaws.

Section 11. **Action Without a Meeting.** Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting, if prior or subsequent to such action a written consent thereto is signed by all Directors in office and such written consent is filed with the minutes of the proceedings of the Board.

Section 12. **Vacancies.** Except as otherwise provided by law, any vacancy on the Board, whether by reason of death, resignation or removal, shall be filled as soon as reasonably practicable at a Special Meeting of the Directors. Vacancies, when filled, shall be filled from a list of nominees submitted to the Board prior to the meeting by the Governance Committee. Any Director may submit an additional name or names (total not to exceed the number of vacancies to be filled) at the meeting.

Section 13. **Presumption of Assent.** A Director who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless such Director's abstention or dissent shall be entered in the minutes of the meeting or unless such Director shall file a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation by the next business day after adjournment of the meeting. Such rights of dissent shall not apply to a Board member who voted in favor of such action.

Section 14. **Remote Participation in Meeting.** Directors, or members of any Board committee, may participate in a meeting of the Board or such committee by means of telephone or video conference or similar communications equipment by which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 15. **Attendance.** If a Director fails to attend a majority of either Board meetings or committee meetings held in a calendar year or three (3) consecutive Board meetings without being excused, then the Chair shall inquire whether that Director desires to remain on the Board.

Section 16. **Place.** The Board shall hold its meetings at the principal office of the Corporation or such other place as it may designate.

Section 17. **Compensation of Directors.** Directors shall receive no compensation as such, provided, however, that they may be reimbursed from time to time for all expenses incurred on behalf of the Corporation.

ARTICLE IV Officers

Section 1. **Officers.** The officers of the Corporation shall consist of a Chair, Vice Chair, President, Secretary, Treasurer, Senior Vice Presidents and such Vice Presidents and other officers as may be deemed to be necessary. The Chair and Vice Chair shall be elected by the Board. The Chair and Vice Chair shall hold office until the next organizational meeting of the Directors and until their respective successors shall have been duly elected and qualified. The President shall be elected by, and serve at the pleasure of the Board. The chief executive officer of each Hospital Subsidiary shall serve ex officio as a Senior Vice President.

The President shall appoint the Secretary, Treasurer and other officers of the Corporation (except as provided above). The appointed officers shall serve at the pleasure of the President and shall have such powers and duties, in addition to those specified in these Bylaws, as may be delegated by the President.

Section 2. **Vacancy.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, shall be filled in the same manner as the office is regularly filled.

Section 3. **Chair.** The Chair shall preside at all meetings of the Board, and of the Corporators. Except where, by law, the signature of the President is required, the Chair shall possess the same power as the President to sign all certificates, contracts, or other instruments of the Corporation when he or she is so authorized by the Board. The Chair shall exercise and perform such other powers and duties as may be prescribed by the Board from time to time. The Chair shall,

in his/her discretion, attend and participate in such meetings of the subsidiary boards and committees as deemed desirable. The Chair shall serve no more than five (5) consecutive one-year terms.

Section 4. **Vice Chair.** In the absence of the Chair or in the event of the Chair's disability, inability, or refusal to act, the Vice Chair shall perform all of the duties of the Chair and in so acting shall have all of the powers of the Chair. The Vice Chair shall have such other powers and perform such other duties as may be prescribed from time to time by the Board or by the Chair. The Vice Chair shall serve no more than five (5) consecutive one-year terms.

Section 5. **President.** The President shall be the chief executive officer of the Corporation and shall have the necessary authority and responsibility to operate the Corporation in all of its activities, subject to such policies as may be adopted and such orders as may be issued by the Board or by any of its committees to which the Board has delegated power for such action. The President shall be a voting ex officio Director. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally designated some other person to act. The President may sign deeds, mortgages, bonds, contracts, checks, drafts or other orders for the payment of money, or other instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President. The President shall have such additional powers and duties as may be delegated by the Board. The President shall, in his/her discretion, attend and participate in such meetings of the subsidiary boards and committees as deemed desirable.

Section 6. **Secretary.** The Secretary shall keep or cause to be kept a book of minutes at the principal office of the Corporation, or at such other place as the Board may order, of all meetings of the Board and of the Corporators with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those present at Board meetings, and the proceedings thereof. The Secretary shall keep or cause to be kept a membership register showing the name of the Corporators and their addresses. The Secretary shall give or cause to be given notice of all meetings of the Corporators and of meetings of the Board, required by these Bylaws or by law to be given, and the Secretary shall keep the seal of the Corporation in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board from time to time.

Section 7. **Treasurer.** The Treasurer shall act as the chief financial officer of the Corporation and shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any Director. The Treasurer shall be charged with safeguarding the assets of the Corporation and shall sign financial documents on behalf of the Corporation in accordance with the established policies of the Corporation. He or she shall have such other powers and perform such other duties as may be prescribed by the President from time to time.

The Treasurer is specifically delegated the authority to designate one or more banks for use by the Corporation in depositing and withdrawing funds, including the authority to determine the number of persons required to sign checks.

Section 8. **Second Certifying Officer.** The Treasurer is designated as a second certifying officer for the execution of documents, pursuant to Section 104(1)(B)(2) of the Maine Nonprofit Corporation Act.

Section 9. **Delegation of Authority.** In the case of any absence of the President, the Board may delegate some or all of the powers or duties of the President to any other Director, officer or to any employee or agent for whatever period of time seems desirable. The President may similarly delegate powers or duties of other officers except the Chair and the Vice Chair.

ARTICLE V Committees

Section 1. **Committees Generally.** Committees of the Board shall be standing or special. Each committee shall carry out such functions as are designated by these Bylaws or as delegated by the Board from time to time. Except for committees which hold board-delegated authority, committees shall be advisory only. All committees shall be subject to the control of the Board. Committees may consult with such other persons as they deem desirable. Written minutes of all committee meetings shall be prepared and furnished to the Board at its next meeting.

Section 2. **Standing Committees.** Standing committees shall consist of the

- a. Governance Committee,
- b. Strategic Planning Committee,
- c. Audit and Compliance Committee,
- d. Clinical Coordinating Committee,
- e. Executive Compensation Committee, and
- f. Finance Committee

Section 3. **Special Committees.** The Chair may appoint a special committee for any specific purpose or function and shall prescribe its duties. Any such committee may be terminated at any time by the Chair and upon the completion of its duties shall cease to exist.

Section 4. **Designations.** Except as precluded by any requirement for committee member independence or otherwise specifically provided below: (i) the Chair shall be a member ex officio of each committee; (ii) the President shall be a member ex officio of each committee except the Executive Compensation Committee and the Audit and Compliance Committee; and (iii) the chair and other members of each committee shall be appointed by the Chair annually for standing committees and as needed for other committees. Individuals other than Directors may serve on all committees except the Audit and Compliance Committee, the Executive Compensation Committee and committees which hold board-delegated authority, provided nevertheless that the chair of each committee shall always be a Director. Committee chairs shall serve no more than five (5) consecutive one-year terms.

Section 5. **Quorum, Meetings.** A majority of the members of any committee shall constitute a quorum at any meeting of that committee. Each committee shall meet as often as indicated below. Special meetings may be called by the committee chair as needed. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of members, and any action may be taken if approved by at least a majority of the required quorum for each meeting, or such greater number as is required by these Bylaws.

Section 6. **Vacancies.** Vacancies in any committee shall be filled for the unexpired portion of the term in the same manner as the original position was filled.

Section 7. **Function Leaders.** The chair of each committee may appoint from time to time from among those committee members who are Directors function leaders to take primary responsibility within the committee for an issue or

aspect of the committee's charge. Function leaders may, with the consent of the committee chair, call upon Corporate and affiliate personnel or outside experts, in addition to committee members, to assist them in their work, provided nevertheless that no compensation shall be granted except by the President.

Section 8. **Governance Committee.**

Section 8.1 The Governance Committee and its chair shall be appointed by the Chair and ratified by the Board. It shall be composed of at least nine members of the Board, including the Chair and the President. A majority of the members of the Committee must be "independent" as defined in Article VIII.

Section 8.2. The Governance Committee shall exercise such power and authority to perform such duties and responsibilities in the management of the business and affairs of the Corporation as may be delegated to it from time to time by the Board, subject to any limitations imposed by the Board or by law; provided, however, that the delegation of such authority shall not operate to relieve the Board or any individual member of the Board of any responsibility imposed by the Articles of Incorporation, by the Bylaws, or by law.

Section 8.3. The Governance Committee shall meet as needed and at least two times annually. It shall also meet on call of the Chair, the President, or any two members of the committee.

Section 8.4. The Governance Committee shall have the following functions:

Section 8.4.1. **Bylaws.** The Governance Committee shall be responsible to monitor, evaluate and make recommendations to the Boards of the Corporation and of its subsidiaries concerning their respective corporate bylaws and other governance issues.

Section 8.4.2. **Nominations.** The Governance Committee shall have the following duties:

- a. To nominate for election each year those persons to serve as Directors of the Corporation;
- b. To nominate for election each year those persons to serve as Corporators of the Corporation; and

- c. To nominate for election at the Board's annual meeting those persons to serve as Chair and Vice Chair.

Only members of the committee who are "independent" as defined in Article VIII may participate in the nomination process.

Each year, at least ninety (90) days prior to the Annual Meeting or time set for Corporator balloting, the Chair of the Committee shall send a notice to all Corporators advising them that they may submit names of individuals to be considered by the Committee for nomination as Corporators and Directors. The notice will include a list of objective qualifications, if any, as determined by the Committee. Corporators must submit names to be received by the Secretary of the Corporation by the close of business thirty (30) days after the notice. The Committee shall have complete discretion to nominate or designate a sufficient number of qualified individuals to serve, from among the names submitted or otherwise. If the Committee fails to accept an individual name because the individual fails to meet the stated qualifications, the Committee shall record that finding in its minutes.

The names of the individuals nominated by the Committee to serve as Corporators and Directors shall be included in the notice of the annual meeting or solicitation of ballots required by Article II.

Section 8.4.3. Self Assessment and Board Development and Education. The Governance Committee shall conduct periodic Board self-assessment and Board education relative to corporate governance and other appropriate topics.

Section 9. Strategic Planning Committee. The Strategic Planning Committee shall be responsible to monitor, evaluate and make recommendations to the Board with respect to the Corporation's strategic planning activities, including the development and implementation of an ongoing strategic plan. This committee shall meet regularly and at least two times annually.

Section 10. Audit and Compliance Committee. The Audit and Compliance Committee shall be comprised of five or more Directors, none of whom may be an officer or employee of the Corporation, its subsidiaries or affiliates. Committee members shall be "independent" as defined in Article VIII. It shall oversee the integrity of the Corporation's financial statements, oversee the Corporation's compliance with legal and regulatory requirements, oversee the

independent auditors qualifications and independence, oversee the performance of the Corporation's internal audit function and independent auditor, and oversee the Corporation's system of internal controls regarding finance, accounting, legal compliance, and the Code of Conduct that management and the Board have established. It shall have authority to meet independently of management with its internal and external auditors and to select and engage outside auditors and other consultants. It shall meet at least annually with the Corporation's independent auditors.

Section 11. Clinical Coordinating Committee. The Clinical Coordinating Committee shall be responsible to monitor, evaluate and make recommendations to the Boards of the Corporation and of the Direct Subsidiaries concerning clinical and quality of care issues as they relate to the Direct Subsidiaries and their subsidiaries. This Committee shall be made up of the following individuals from each Direct Subsidiary or such Direct Subsidiary's subsidiary hospitals: the President of the Medical Staff, the Chief Medical Officer/VPMA, the Chief Clinical or Nursing Administrator. The Committee also shall include a Long Term Care or Homecare Nursing Leadership representative appointed by the Board. The Clinical Coordinating Committee will be responsible to recommend a physician member of the Committee to Chair the Committee. The Chair of the EMHS Board will take that recommendation under advisement, and shall appoint the Chair of the Committee to serve until the next Annual Meeting of the Board or until he/she sooner ceases to serve on the Committee. No one may be appointed as Chair of the Committee for more than six (6) consecutive full or partial one-year terms. Any recommendations which concern a subsidiary shall be made to such corporation's board as well as to the Board of the Corporation. The committee shall meet regularly and at least four times annually.

Section 12. Executive Compensation Committee. The Executive Compensation Committee and its chair shall be appointed by the Chair and ratified by the Board. It shall be composed of at least five (5) Directors, all of whom must be "independent" as defined in Article VIII. The Committee shall monitor and evaluate the performance of the President. It shall have authority to set the compensation of the President, and to review the recommendations of the President with respect to the compensation of the chief executive officers of the Direct Subsidiaries and other key management personnel. The Committee shall meet on the call of the Chair.

Section 13. Finance Committee. The Finance Committee works to ensure that the Board meets its duty of care and fulfills its responsibility for the financial integrity of the organization. The Committee recommends appropriate

financial and investment policies and procedures to the Board and monitors compliance with those policies and procedures to safeguard and preserve the assets of the organization. The scope of work includes all entities for which EMHS has fiduciary responsibility (collectively the System). The Finance Committee shall consist of at least three Directors appointed by the chair, plus the chair of the Investment Function Team, the EMHS board chair, and the EMHS President and CEO. In addition, up to two non-Director members may be appointed if specific skill sets are desired. The Committee shall meet at least quarterly.

The Finance Committee shall be responsible to monitor, evaluate and make recommendations to the Board with respect to the Corporation's and its subsidiaries' investment activities, including investment of endowments, self-insurance funds and assets of benefit plans. The committee shall evaluate, appoint and discharge any investment managers or custodians of such investments.

ARTICLE VI

Control Over Subsidiaries

Section 1. **Bylaws.** The articles of incorporation and the bylaws and any amendments thereto of the direct subsidiaries shall be subject to review and approval by the Board of this Corporation. Such amendments may be initiated only by the board of the respective direct subsidiaries or their subsidiaries.

Section 2. **Allocation of Resources and Strategic Planning.** The Board shall allocate resources and conduct strategic planning overall for the direct subsidiaries as the Board determines appropriate. The Board shall approve summary budgets and strategic plans adopted by the direct subsidiaries so as to accomplish this purpose.

Section 3. **Reserved Powers.** Anything herein to the contrary notwithstanding, the board of each direct subsidiary shall exercise the following reserved powers with respect to that direct subsidiary and any of its subsidiaries.

- a. Investment and application of endowment funds within applicable donor restrictions;
- b. The right of first refusal to offer a proposed new service within a direct subsidiary's primary service area prior to another subsidiary offering such service;
- c. The right to maintain certain traditional services to be identified in,

- and subject to conditions set by, any agreement between the Corporation and the direct subsidiary;
- d. Control over qualifications for, and the granting of, medical staff membership and clinical privileges;
 - e. Disaffiliation from the Corporation pursuant to any agreement between the Corporation and the direct subsidiary;
 - f. The right to initiate other services provided funding sources are found which derive entirely from the endowment of the respective direct subsidiary or any of its subsidiaries, or derive from community support or other independent sources; and
 - g. The right to propose new service through the Clinical Coordinating Committee.

ARTICLE VII Indemnification

Section 1. **Indemnification.** The Corporation shall in all cases indemnify any individual who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by such person in connection with such action, suit or proceeding. Nevertheless, no indemnification shall be provided for any person with respect to any matter as to which such person shall have been finally adjudicated in any action, suit or proceeding not to have acted in good faith in the reasonable belief that such person's action was in the best interests of the Corporation or, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order or conviction adverse to such person or by settlement or plea of nolo contendere or its equivalent shall not of itself create a presumption that such person did not act in good faith in the reasonable belief that such person's action was in the best interests of the Corporation or, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. **Advances Against Expenses.** Expenses incurred in defending any civil or criminal action, suit or proceeding may be paid by the Corporation in

advance of the final disposition of such action, suit or proceeding as authorized by the Board, in the manner herein provided, upon receipt of an undertaking by or on behalf of the Board member, officer, employee or agent to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 1.

Section 3. **Other Rights.** The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which the person indemnified may be entitled under any bylaw, agreement, or vote of disinterested Directors, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs and personal representatives of such a person. A right to indemnification required by these Bylaws may be enforced by a separate action against the Corporation, if an order for indemnification has not been entered by a court in any action, suit or proceeding in respect to which indemnification is sought.

Section 4. **Insurance.** The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against, and incurred by such person in any such capacity, or arising out of such status, whether or not the Corporation would have the power to indemnify such person against such liability under this section.

Section 5. **Agents.** For purposes of this Article VII, the term "agent of the Corporation" shall mean any person serving on a committee (administrative, medical staff or board) within, or teaching in an educational program of, an entity with respect to service on committees or teaching activities. In the case of persons teaching, however, indemnification shall be limited to the amount by which the actual expenses of such person exceed the professional liability insurance limit, if any, required by the entity to be carried by such person as a condition for maintaining clinical privileges.

No other person or entity shall be deemed an "agent of the Corporation" unless so designated by the Board.

ARTICLE VIII

Fiduciary Duty

Section 1. Loans. The Corporation shall make no loans to its Directors, officers or their immediate family members. Any Director or officer who assents to or participates in making any such loan shall be liable to the Corporation for the amount loaned until repaid.

Section 2. Divided Loyalty and Conflict of Interest. To the extent known, each Director shall notify the Board or any committee or function team on which such Director serves, and each officer shall notify the President, if he or she and/or an immediate family member has a voting or equity interest in any entity, or other beneficial interest in a trust or estate, or serves as an executive officer, director, or trustee of, any entity (other than a subsidiary or an entity controlled by a subsidiary) in which the Corporation or a subsidiary proposes to invest, to which the Corporation or a subsidiary proposes to lend, with which the Corporation or a subsidiary proposes to transact business, or with which the Corporation or a subsidiary may be a competitor. In the event a Director or officer or immediate family member has such an interest, the Chair of the Board or committee or function team, or the President, as applicable, shall recuse the individual from decision-making with respect to the interest and may withhold information relevant to it. The individual may be permitted by the Chair of the Board or committee or function team to address the Board or committee or function team, as applicable, with respect to any matter relevant to the interest upon full disclosure thereof, but the individual shall not remain present for any deliberation or voting on the matter. If a majority of the Directors on the Board or committee or function team who have no direct or indirect interest in a transaction vote to approve the transaction, a quorum is present for the purposes of taking action on the transaction. Any Director who disagrees with a decision of the Chair may appeal it to the Board.

Section 3. Financially Interested Person. For purposes of these Bylaws, a “financially interested person” means a Director who, or whose spouse, sibling, parent, or child, has received or is entitled to receive compensation from the Corporation for personal services rendered to the Corporation within the last twelve (12) months, whether as a full-time or part-time employee, independent contractor, consultant or otherwise, excluding any reasonable payments made to Directors for serving as Directors. A Director or his/her spouse, sibling, parent, or child is considered to receive compensation for personal services rendered to the Corporation if the Director or his/her spouse, sibling, parent, or child is entitled to receive, other than as a shareholder of a publicly held corporation, a portion of the net income of a corporate or other business entity that provides, for compensation, personal services to the Corporation.

Section 4. Independent Director. For purposes of these Bylaws, a Director will be regarded as independent only if he or she meets each of the following criteria as of the date of determination:

- a. The Director is not currently, nor within the last two fiscal years has been, an employee of the Corporation or any of its affiliates. Former service as board chair or as interim chief executive officer of the Corporation, or any affiliate of the Corporation, shall not, in and of itself, be deemed to constitute employment for purposes of determining whether a Director is independent.
- b. Neither the Director nor any member of the immediate family of the Director has, within the current or any of the last two fiscal years of the Corporation, accepted payments from the Corporation and/or its affiliates aggregating in excess of \$25,000 other than compensation to an immediate family member employed by the Corporation or any of its affiliates in a non-executive capacity, compensation for former service as chair or interim chief executive officer, or benefits received under a tax-qualified retirement plan.
- c. Neither the Director nor any member of the immediate family of the Director currently is, or within the last two fiscal years has been, a shareholder, director, member, manager or partner of, or has been employed in a professional capacity by, an external auditor that has performed audit services for the Corporation or any of its affiliates within its last three fiscal years.
- d. Neither the Director nor any member of the immediate family of the Director currently is, or within the last two fiscal years has been, employed as an executive officer by any company the compensation committee of which includes any executive officer of the Corporation or its affiliates.
- e. Neither the Director nor any member of the immediate family of the Director currently is, or has been within the last two fiscal years, a partner, member, shareholder or executive officer of a company that made payments to, or received payments from, the Corporation and/or its affiliates in an amount which, in any of the last two fiscal years of the Corporation, aggregated more than \$75,000. For purposes of this section, (i) charitable contributions shall not be deemed to constitute payments, (ii) employee health benefits shall not be deemed to constitute payments, and (iii) a

Director who owns not more than 5% of any class of securities registered under the Securities Exchange Act of 1934 shall not, by virtue of such ownership alone, be deemed not to be an independent Director notwithstanding the fact that the company in which the Director holds such ownership makes payments to, or receives payments from, the Corporation in excess of the limits established by this section.

f. The Board of Directors has affirmatively determined that the Director has no other material relationship with the Corporation or its affiliates (either directly or as a partner, shareholder, member, manager, director or officer of an organization that has a relationship with the Corporation or its affiliates) that would interfere with the exercise of independent judgment by the Director.

Section 4. **Definitions.** For purposes of this Article, (i) a "member of the immediate family" shall include a person's spouse, siblings (by whole or half blood) and their spouses, descendants (children, grandchildren, and great grandchildren) and their spouses, and ancestors (parents and grandparents); (ii) "affiliate" means another person or entity controlled by, or under common control with, the Corporation; (iii) "executive officer" means any position, regardless of formal title, by virtue of which a person is empowered to make or participate in making substantive policy or financial decisions on behalf of an entity; and (iv) "beneficial interest" means profit, benefit, or advantage resulting from ownership in an estate or the right to income or principal of a trust fund as a beneficiary.

ARTICLE IX

General Provisions

Section 1. **Loans.** No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by resolution of the Board. Such authority may be general or confined to specific instances.

Section 2. **Deposits.** All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board or, if so authorized, the Treasurer may select.

Section 3. **Resignations.** Any Director, officer or member of any committee may resign at any time. Such resignation shall be made in writing and

shall take effect at the time specified therein. If no time is specified, it shall take effect from the time of its receipt by the Secretary, who shall record such resignation, noting the day, hour and minute of its receipt. The acceptance of a resignation shall not be necessary to make it effective.

Section 4. **Fiscal Year.** The fiscal year of the Corporation shall end on the last Saturday in September.

Section 5. **Bonding.** All employees handling or directing the use of Corporate funds shall be bonded.

Section 6. **Audit.** At the end of the year the accounts of the Treasurer and all supporting accounts which the Board may authorize to be kept under his direction shall be audited by a firm of disinterested public accountants. The report of the audit shall be submitted to the Audit and Compliance Committee and the Board.

Section 7. **Proxy Attorney.** The Chair, Vice Chair, President and Treasurer are each authorized to act as proxy attorney for the Corporation with respect to any stock, bond, security or other ownership or debt interest or membership interest held by the Corporation in any other corporation, partnership or entity. Each Senior Vice President is so authorized with respect solely to the subsidiary of which s/he is chief executive officer.

ARTICLE X Amendments

Except as provided in Article II, these Bylaws and the Articles of Incorporation may be amended or new Bylaws or Articles may be adopted, by a two-thirds (2/3) majority vote of Directors at any duly called regular or special meeting of the Board at which a quorum of two-thirds (2/3) of the Directors is present; provided that the Board has obtained and considered recommendations of the Governance Committee and further provided that the notice thereof specifies the amendment or adoption as an item of business to be transacted and includes the recommendations thereon, if any, of the Governance Committee.

As amended June 16, 2011

Certified by: _____
Secretary/Clerk