

RESTATED CORPORATE BYLAWS
OF
BELL MEMORIAL HOSPITAL
A Michigan Nonprofit Corporation

DEFINITIONS

The following terms have the following meanings:

1. “Act” means the Michigan Nonprofit Corporation Act, as the same may be amended from time to time.
2. “Articles of Incorporation” means the Restated Articles of Incorporation of the Corporation, as they may be further amended or revised from time to time.
3. “Board” or “Board of Directors” means the board of directors of the Corporation and the term “Director” means an individual member of the Board, unless, from their context or use, such terms clearly have different meanings.
4. “Corporation” means Bell Memorial Hospital, a Michigan nonprofit corporation.

ARTICLE I
CORPORATION

- 1.1 NAME.** The name of the Corporation is Bell Memorial Hospital.
- 1.2 PLACES OF BUSINESS.** The Corporation shall have its principal place of business in the City of Ishpeming, Michigan, and may have such other places of business as the Board of Directors may, from time to time, determine.
- 1.3 PURPOSE.** The purposes for which the Corporation is organized are as set forth in the Restated Articles of Incorporation.
- 1.4 NONPROFIT ORGANIZATION.** The Corporation shall be operated exclusively for charitable, scientific and educational purposes as a nonprofit corporation. No individual member or director of the Corporation shall have title to or interest in the corporate property or earnings in his or her individual or private capacity and no part of the net earnings of the Corporation shall inure, to the benefit of any director, officer, individual member or any private individual. No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, nor shall the Corporation participate in or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office.

ARTICLE II
MEMBER

2.1 MEMBER. The corporate member of the Corporation is Superior Healthcare System, a Michigan nonprofit corporation (the “Member”).

2.2 MEMBER RESERVED RIGHTS. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation except that the Member reserves to itself the following two categories of actions.

A. Class I Member Reserved Rights

(1) Addition, deletion or reconfiguration of services of the Corporation.

(2) Establishment of overall capital and operating budgets and strategic plans applicable to the Corporation, including the use of the funds of the Corporation.

(3) Exclusive authority to enter into managed care contracts on behalf of the Corporation.

(4) Approval of contracts on behalf of the Corporation (but the Member may establish policies from time to time providing that only specific types of contracts or contracts involving obligations in excess of specified financial levels or terms need to be approved by the Member).

(5) Authority to establish fees and charges on behalf of the Corporation (but in compliance with the debt instruments of the Corporation).

(6) Determination of whether the Corporation should join any other networks or alternative or integrated delivery systems.

(7) Establishment of employment fringe benefits and other policies applicable to all personnel employed by the Corporation.

(8) Establishment of a community benefit plan for the Corporation.

(9) Establishment of investment policies with respect to the cash and other assets of the Corporation, and the authority to co-mingle the cash and other assets of the Corporation for purposes of such investments, as long as the ownership of the Corporation in such co-mingled assets can be identified on the books and records of the Corporation.

(10) Approval of incurrence of any Indebtedness of the Corporation (in excess of amounts established from time to time by the Member below which the Board of Directors may approve such Indebtedness).

(11) Promulgation of standards and targets for quality of care applicable to the Corporation.

(12) Approval of the philosophy, mission statement and purposes of the Corporation.

(13) Approval of non-substantive changes in the Articles of Incorporation and Bylaws of the Corporation.

(14) Approval of the additional entities formed by the Corporation or the establishment of additional Corporation affiliates or subsidiaries.

(15) Approval of major changes in programs or services of the Corporation.

(16) Approval of the purchase, sale, transfer, or other encumbrance of assets of the Corporation above specified levels established by the Member.

B. Class II Member Reserved Rights

(1) The termination of all services and closure of a hospital facility of the Corporation.

(2) Change in the name of a hospital facility of the Corporation.

(3) Substantive changes in the Articles of Incorporation and Bylaws of the Corporation, including any change that would modify the board structure of the Corporation.

(4) Approval of the philosophy, mission statement and purposes of the Corporation (or a fundamental change in the philosophy, mission statement or purpose of the Corporation).

(5) The merger, consolidation, dissolution, sale or other transfer of substantially all assets of the Corporation or other change in corporate form, causing a fundamental reorganization of the Corporation.

(6) With regard to any assets of the Corporation that the Member determines are no longer required in the operation of the Corporation, approval of any sale or other disposition of any assets not in the ordinary course which have a value in excess of five percent of the net book value of the assets of the Corporation, and with regard to all other assets of the Corporation, the approval of any sale or other disposition of such assets not in the ordinary course.

2.3 ACTION BY MEMBER. The Member shall exercise its rights by resolution duly approved by its Board of Directors at any annual, regular or special meeting (or authorized by unanimous consent resolution of the Member's Board of Directors). As long as Superior Healthcare System ("SHS") is the sole member of this Corporation, no meetings of the

membership shall be required. SHS shall adopt resolutions electing members of the Board of Directors of this Corporation at the annual meeting of its Board of Directors as provided by Article III, Section 3.3, below. If, for any reason, the annual meeting of the Board of Directors of SHS is not held during any year, any business with respect to this Corporation which could have been conducted at that meeting may be conducted by resolution adopted at any later annual, regular, or special meeting of its Board of Directors (or adopted by written consent resolution of the directors).

ARTICLE III **BOARD OF DIRECTORS**

3.1 GENERAL POWERS OF THE BOARD OF DIRECTORS. Subject to the reserved rights of the Member set forth in these Restated Bylaws and in the Articles of Incorporation of the Corporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Articles of Incorporation of the Corporation or these Restated Bylaws reserved to the Member of the Corporation. The authorities of the Board of Directors of the Corporation shall include, without limitation, those powers set forth in Article III, Section 2 below.

3.2 SPECIFIC BOARD AUTHORITIES. Subject to the Member reserved rights set forth in Article II, Section 2.2, the authorities of the Board of Directors of the Corporation shall include, without limitation, the following:

- (a) Develop and recommend to the Member for approval the philosophy, mission statement and purposes of the Corporation.
- (b) Develop and recommend to the Member for approval changes in the Articles of Incorporation and Restated Bylaws of the Corporation.
- (c) Develop and recommend to the Member for approval the merger, consolidation, dissolution, sale or other transfer of substantially all assets of the Corporation, or other change in corporate form, causing a fundamental reorganization of the Corporation.
- (d) Approval of the incurrence of Indebtedness by the Corporation at or below limits established by the Member (and with respect to Indebtedness that exceeds such limits, recommend to the Member for approval the incurrence of such Indebtedness).
- (e) Develop and recommend to the Member for approval strategic plans, operating and capital budgets of the Corporation.
- (f) Approval of operating and capital expenditures in accordance with the approved budgets and, with respect to capital expenditures, as long as they are at or below limits established by the Member from time to time (and with respect to expenditures that exceed such limits, recommend to the Member for approval the incurrence of such expenditures).

(g) Approval of medical staff credentialing and privileging decisions of the Corporation (subject to such policies, if any, established from time to time by the Members, including such policies as may relate to the quality of care provided by the physicians and other members of the medical staff).

(h) Approval of any name changes of the Corporation (subject to the Member's Reserved Powers).

(i) Approval of the President of the Corporation (following selection by the Member).

(j) Approval of the purchase, sale, transfer or encumbrance of the assets of the Corporation at or below limits established by the Member (and with respect to such matters in excess of such limits, recommend to the Member for approval those matters).

(k) Exercise all powers of the Corporation relative to those entities under the purview of the Corporation, subject to the reserved rights of the Member.

3.3 NUMBER, SELECTION AND QUALIFICATION OF DIRECTORS.

(a) The Board of Directors shall consist of not less than nine (9) nor more than thirteen (13) persons. Directors shall be elected by the Member to serve for three (3) year terms or until their successors are elected. Terms shall be considered to commence at the beginning of the annual meeting of the Board of Directors in June and shall be arranged so that approximately one-third (1/3) of the terms expire each year. Directors shall be eligible for re-election.

(b) As the terms of the members of the Board expire, a Board Development Committee will recommend to the Member the reappointment or replacement of those Board members. The Member shall have the discretion to appoint either the persons recommended by the Board Development Committee or other persons selected by the Member. Notwithstanding the foregoing, no member of management or other employee of the Corporation may serve on the Board of Directors with the exception of the Corporation President. Directors shall be selected for their interest in and experience, skills and ability to serve the Corporation. Members of the Medical Staff are eligible to serve as directors of the Corporation.

(c) The Chief of Staff, by virtue of holding such office, shall be elected by the Board of Directors as a director. The current Chief of Staff shall fulfill the duties and obligations of a director of the Corporation. Upon expiration of the current Chief of Staff's term of office, the newly elected Chief of Staff shall fulfill the duties of a director on this board. In the event that the Chief of Staff is removed during the term of office or is otherwise unable to fulfill the duties of a director, the members of the Medical Staff shall appoint a representative to serve as the director representing the Medical Staff.

3.4 REMOVAL. Any director may be removed from office with or without cause by action of the Member.

3.5 VACANCIES. Vacancies occurring in the Board of Directors by reason of retirement, removal, death, resignation, or for any other reason shall be filled by the Member as provided by Section 2.2(b) of these Restated Bylaws. Directors so elected shall hold office for the remainder of the term of the former director whose position has become vacant.

3.6 REGULAR MEETINGS. The Board of Directors shall establish a schedule of the time and place for regular meetings which shall include regular monthly meetings. The regular meeting in June shall be the annual meeting of the Board. Notice of regular meetings shall be mailed to each director not less than five (5) days prior to the date of the meeting.

3.7 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called by the President or Secretary upon written request by any two (2) directors. Notice of the special meetings shall be mailed to each director not less than two (2) days prior to the date of the meeting or shall be delivered personally or by telephone to each director not less than twenty-four (24) hours prior to the meeting and shall state the time and place of the meeting and the business to be transacted. No business other than that stated in the notice of the meeting shall be conducted at any special meeting.

3.8 WAIVER OF NOTICE OF MEETINGS. Notice of any regular or special meeting of the Board of Directors may be waived in writing before or after the meeting. Attendance at any meeting constitutes waiver of notice of the meeting.

3.9 MEETING ATTENDANCE. Directors are expected to attend the meetings of the Board of Directors and of the committees on which they serve. Attendance records will be considered in determining which directors should be recommended for re-election and in making appointments to committees.

3.10 PARTICIPATION BY MEANS OF COMMUNICATION EQUIPMENT. A member of the Board of Directors or of a committee of the Corporation may participate in a meeting by means of conference telephone or similar equipment by means of which all persons participating in the meeting can hear one another. Participation in a meeting in this manner constitutes presence in person at the meeting.

3.11 ACTION WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee of the Corporation may be taken without a meeting, without prior notice, and without a vote, if, before or after the action, all of the directors or committee members entitled to vote thereon severally or collectively consent in writing. Such written consents shall be filed with the minutes of the proceedings and shall have the same effect as a vote of the Board or of the committee for all purposes.

3.12 QUORUM AND VOTING REQUIREMENTS. All actions of the Board of Directors of the Corporation must be approved by a majority vote unless a different voting requirement is established by Superior.

3.13 COMPENSATION. No member of the Board of Directors shall be entitled to any compensation for his or her services as a director. Provided, however, that the foregoing shall not prevent the Board from providing reasonable compensation to a director for services

which are beyond the scope of his or her duties as a director, from reimbursing any director for expenses actually and necessarily incurred by the director in the performance of his or her duties as a director, or from entering into a contract directly or indirectly with a director for the providing of goods or services to the Corporation, if such contract is in the best interest of the Corporation, in fair and reasonable terms and if the director's interest is disclosed in writing to the Board of Directors and the contract is authorized by a vote of the Board sufficient for the purpose without counting the vote of any interested director.

3.14 EXECUTION OF CONTRACTS. Subject to the powers reserved to the Member, (i) the Board of Directors may in any instance designate one or more officers, agents or employees to execute any contract, conveyance, mortgage or other instrument on behalf of the Corporation, and such authority may be general or confined to specific transactions. The Board of Directors may also ratify any execution, and (ii) when the execution of any instrument has been authorized without specifying the executing officers or agents, the Chairman of the Board or any Vice Chairman or the President or any Vice President and the Secretary or Treasurer may execute such instrument on behalf of the Corporation.

ARTICLE IV **OFFICERS**

4.1 OFFICERS. The officers shall be the Chairman of the Board, the President, the Secretary and the Treasurer. There may also be one or more Vice Chairmen, one or more Vice Presidents, and such assistant officers as the Board of Directors deem appropriate.

4.2 ELECTION AND TERM OF OFFICE. Except for the President, all officers shall be elected for a term of one (1) year (or until their successors have been elected) by the Board of Directors at its annual meeting. The Chairman and any Vice Chairmen shall be members of the Board but other officers need not be directors. Two or more offices may be held by the same person, except that no person may serve as the Chairman and Vice Chairman or as the President and Vice President or as the Chairman and President. No person may execute, acknowledge or verify any instrument in more than one capacity.

4.3 REMOVAL. Except for the President, who may be removed by the Member, but only after consultation with the Board, any officer may be removed with or without cause by vote of a majority of the directors then in office.

4.4 VACANCIES. Except for the President (who shall be selected by the Chief Executive Officer designated by the Member subject to the approval of the Board of Directors), in the event of the death, resignation, removal or other inability to serve of any officer, the Board of Directors shall elect a successor who shall serve until the expiration of the normal term of such officer or until a successor shall be elected.

4.5 CHAIRMAN OF THE BOARD. The Chairman shall preside at all meetings of the Board of Directors and shall nominate directors to serve as members of the standing committees of the Corporation and shall appoint the members of all special committees. The Chairman shall be privileged to attend, participate in and vote at meetings of all committees of which the Chairman is not otherwise a member.

4.6 VICE CHAIRMEN. If Vice Chairmen are elected, one Vice Chairman shall be designated as the Senior Vice Chairman who shall act as the Chairman in the absence of the Chairman, and, when so acting, shall have all the power and authority of the Chairman. The Senior Vice Chairman shall have such other powers, duties and authority as the Board of Directors shall determine from time to time. In the absence of the Senior Vice Chairman, one or more other Vice Chairmen shall be designated to have the powers, duties and authority of the Senior Vice Chairman and to act as the Chairman in the absence of the Chairman.

4.7 PRESIDENT. The President shall have such authority and perform such duties in the management of the Corporation as usually are vested in or incident to the office of the President of a corporation. The President shall be selected by the Member subject to the approval of the Board of Directors. He shall be privileged to attend and participate without vote in the meetings of all committees of which the President is not otherwise a member. In addition, subject to the rights reserved to the Member, the President will:

- (a) Be responsible for implementing established policies in the operation of the Corporation;
- (b) Provide liaison among the Board, the member, the Medical Staff, the departments of the hospital, and other subsidiaries of the member;
- (c) Provide periodic reports to the Board and Medical Staff on the overall activities of the hospital and appropriate federal, state and local developments that affect the operation of the hospital;
- (d) Provide the board and Board committees with such staff and administrative support and personnel as may be reasonably required;
- (e) Provide the hospital's professional staff with the administrative support and personnel reasonably required to carry out their review and evaluation activities;
- (f) Organize administrative functions of the Corporation, delegate duties, and establish formal means of accountability on the part of subordinates;
- (g) Save responsibility, except as otherwise provided by the Board, for selecting, employing, controlling, and discharging employees, and for developing and maintaining personnel policies and practices for the Corporation in accordance with federal, state and local law and regulations;
- (h) Establish such administrative departments as are necessary, provide for departmental and inter-departmental meetings, and attend or be represented at such meetings;
- (i) Assist in the development of the annual operating budget and review of the implementation of the plan;

(j) Maintain active contact with other hospitals within the state and participate in state associations to provide leadership for hospital personnel and counsel for the Board of Directors;

(k) Perform any duties within the express or implied terms of the duties hereunder that may be necessary for the best interests of the hospital;

(l) Perform such other duties as the Board shall from time to time direct.

4.8 VICE PRESIDENTS. There may be one or more Vice Presidents who shall have such duties as determined from time to time by the Board of Directors or the President. In the absence of the President, one or more vice Presidents shall be designated who shall perform the duties of the President in the President's absence.

4.9 SECRETARY. The Secretary shall send or cause to be sent notices of all meetings; shall record all proceedings of the meetings of the directors shall receive and attend to all correspondence of the Board of Directors shall have the custody of all documents belonging to the Corporation (except as otherwise provided by these bylaws); and shall perform such other duties as usually pertain to the office or as shall be determined from time to time by the Board of Directors.

4.10 TREASURER. The Treasurer shall see that an accounting system is maintained which will give a true and accurate accounting of the financial transactions of the Corporation; shall render reports from time to time, as requested by the Board of Directors of the financial condition of the Corporation; and shall perform such other duties as usually pertain to the office as may be determined from time to time by the Board of Directors.

ARTICLE V **COMMITTEES**

5.1 COMMITTEES. The Board of Directors may establish such standing or special committees from time to time as it shall deem appropriate to conduct the activities of the Corporation, and shall define the powers and responsibilities of such committees. Persons who are not members of the Board shall be eligible to serve on committees other than the Executive Committee. The members and chairmen of all committees shall be elected by the Board of Directors for a one (1) year term or until their successors are duly elected, but shall be subject to removal at any time by vote of majority of the Board then in office. Medical Staff members shall be included on committees that deliberate issues affecting the discharge of Medical Staff responsibilities.

5.2 EXECUTIVE COMMITTEE. The Board of Directors may elect an Executive Committee consisting of the Chairman of the Board, any Vice Chairmen, the President (if a member of the Board), the Secretary (if a member of the Board), the Treasurer (if a member of the Board) and such additional directors as the Board may determine from time to time. Subject to the powers reserved to the Member, the Executive Committee may exercise all powers and authority of the Board of Directors in management of the Corporation between meetings of the Board (within limits prescribed by law) or may have such specific powers and responsibilities as determined by the Board of Directors.

ARTICLE VI
MEDICAL STAFF

6.1 ORGANIZATION. The Board of Directors shall cause to be created a Medical staff organization, to be known as the Medical Staff of Bell Memorial Hospital, whose membership shall be comprised of professionally competent Doctors of Medicine, Doctors of Osteopathy, and Doctors of Podiatric Medicine who continuously meet the qualifications, standards, and requirements set forth in the Bell Memorial Hospital Bylaws of the Medical Staff and associated policies. Membership in this Medical Staff organization shall be a prerequisite to exercise of clinical privileges in the hospital, except as otherwise specifically provided in the Medical Staff Bylaws. Only members of the Medical Staff with clinical privileges shall be directly responsible for a patient's diagnosis and treatment.

6.2 RESPONSIBILITY FOR PATIENT CARE. In the care of his or her individual patient, the physician duly appointed to the Medical Staff shall have full authority and responsibility, subject however, to the ultimately authority of the Board of Directors and such limitations as the Board of Directors may formally impose through all bylaws, rules and regulations of the Medical Staff.

6.3 MEDICAL STAFF BYLAWS, RULES AND REGULATIONS.

(a) Purpose. The Medical Staff organization shall propose and adopt Bylaws, rules and regulations for its internal governance which shall be effective when approved by the Board of Directors. These Bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the Medical Staff by the Board of Directors. The Bylaws, rules and regulations shall state the purposes, functions and organization of the staff and shall set forth the policies by which the Medical Staff shall exercise and account for its delegated authority and responsibilities.

(b) Procedure. The Medical Staff shall have the initial responsibility to formulate, adopt and recommend to the Board of Directors Medical Staff Bylaws, rules and regulations and amendments thereto which shall become effective when approved by the Board of Directors. Recommendations by the Medical Staff shall be carefully considered by the Board of Directors during its deliberations and in its actions. In the event the Board of Directors determines that the Corporation's interests would be materially adversely affected unless changes are adopted in the Medical Staff bylaws, rules or regulations (which changes are not initially recommended by the Medical Staff), it shall submit such suggested changes to the Medical Staff for its consideration along with an explanation for the proposed amendment(s). The Medical Staff shall promptly consider and submit to the Board of Directors its recommendations relative to the proposed amendment(s). The Board of Directors shall, in good faith, consider the Medical Staff's recommendations. Neither the Medical Staff nor the Board of Directors shall unilaterally adopt, repeal, amend or modify the Medical Staff Bylaws. Any adoption or repeal of, or amendment or modification to the Medical Staff Bylaws shall be done according to the Medical Staff Bylaws.

6.4 MEDICAL STAFF EXECUTIVE COMMITTEE ACCESS TO THE BOARD OF DIRECTORS. The Medical Staff Executive Committee may make recommendations concerning issues including structure of the Medical Staff, the mechanism used to review credentials and to delineate individual clinical privileges, recommendations for Medical Staff membership, recommendations for delineated clinical privileges for each eligible individual, the organization of the quality assessment and improvement activities of the Medical Staff and the mechanisms used to conduct, evaluate and revise activities, the mechanism in which Medical Staff membership may be terminated, and the mechanism for a fair hearing process, directly to the Board of Directors.

6.5 MEDICAL STAFF MEMBERSHIP AND CLINICAL PRIVILEGES.

(a) Delegation to the Medical Staff. The Board of Directors shall delegate to the Medical Staff the responsibility and authority to investigate and evaluate all matters relating to Medical Staff membership status, clinical privileges and corrective action, and shall require that the Medical Staff adopt and forward to it specific written recommendations with appropriate supporting documentation to allow the Board of Directors to take informed action.

(b) Action by the Board of Directors. Final action on all matters relating to Medical Staff membership, clinical privileges and corrective action shall be taken by the Board of Directors after considering the recommendations of the Medical Staff, consistent with established Medical Staff criteria, and State and Federal law and regulation.

(c) Criteria for Board of Directors Action. In acting on matters of Medical Staff membership status, the Board of Directors shall consider the Medical Staff's recommendations, the hospital's and community's needs, and such additional criteria as are set forth in the Medical Staff Bylaws. In granting and defining the scope of clinical privileges to be exercised by each practitioner, the Board of Directors shall consider the Medical Staff's recommendations, the supporting information on which they are based, and such criteria as are set forth in the Medical Staff Bylaws. No aspect of membership status nor specific clinical privileges shall be limited or denied to a practitioner on the basis of sex, race, religion, color, national origin, age, disability or any other legally protected status to the extent that the practitioner is otherwise qualified.

(d) Terms and Conditions of Staff Membership and Clinical Privileges. The terms and conditions of membership status in the Medical Staff, and of the exercise of clinical privileges, shall be as specified in the Medical Staff Bylaws, rules and regulations and as more specifically defined in the notice of individual appointment.

(e) Procedure. The procedure to be followed by the Medical Staff and the Board of Directors in acting on matters of membership status, clinical privileges, and corrective action shall be specified in the Medical Staff Bylaws. Said Bylaws shall provide that whenever the Board of Directors (or its appointed appellate review committee) does not concur with a recommendation of the Medical Executive Committee regarding clinical privileges, a joint committee of the Medical Staff and the Board of

Directors shall convene to consider the matter and submit recommendations to the Board of Directors before a final decision is reached by the Board of Directors.

6.6 FAIR HEARING PROCESS. The Board of Directors shall require that any qualifying adverse recommendation made by the Medical Executive Committee or any adverse action taken by the Board of Directors under circumstances in which no prior right to request a hearing existed with respect to a practitioner's staff appointment, re-appointment, department affiliation, staff category, admitting prerogatives or clinical privileges, shall, except under circumstances for which specified provision is made in the Medical Staff Bylaws, be accomplished in accordance with the Medical Staff Bylaws fair hearing plan then in effect. The fair hearing plan shall provide for procedures to assure fair treatment and afford an opportunity for presentation of all pertinent information. For purposes of this section the terms "adverse recommendation" and an "adverse action" shall have the same meaning as defined in the fair hearing plan of the Medical Staff Bylaws.

6.7 ALLIED HEALTH PROFESSIONALS. The Board of Directors shall delegate to the Medical Staff the responsibility and authority to investigate and evaluate each application by an Allied Health Professional (AHP) for specific services, department affiliation, and modification in the services such AHP may perform, and shall require the staff or a designated component thereof to make recommendations to it or its designee thereon.

ARTICLE VII **QUALITY OF PROFESSIONAL SERVICES**

7.1 BOARD OF DIRECTORS RESPONSIBILITY. The Board of Directors shall require, receive, consider and act upon recommendations of the Medical Staff and the Allied Health Professional staff providing patient care services and quality assurance activities to assess, preserve and improve the overall quality and efficiency of patient care in the hospital. The Board of Directors, through the President, shall provide whatever administrative assistance is reasonably necessary to support and facilitate the implementation and the ongoing operation of these review and evaluation activities.

7.2 ACCOUNTABILITY TO THE BOARD OF DIRECTORS. The Medical Staff and other Allied Health Professional staff providing patient care services shall conduct activities that contribute to the preservation and improvement of the quality, appropriateness and efficiency of patient care and shall account to the Board of Directors regarding such activities which shall include:

- (a) Review and evaluation of the quality of patient care on a prospective, concurrent and retrospective basis, as appropriate, through a reliable and effective quality assurance program;
- (b) Ongoing monitoring of patient care practices through the defined functions of the Medical Staff, other professional services, and the President;
- (c) Definition of clinical privileges which may be appropriately granted within the hospital and within each department, delineation of clinical privileges for members of the Medical Staff commensurate with individual credentials and

demonstrated ability and judgment, and assignment of patient care responsibilities to Allied Health professionals consistent with individual qualification and demonstrated ability;

(d) Provision of continuing professional education, shaped primarily by the needs identified through the review and evaluation activities;

(e) Review of utilization of the hospital's resources to provide for allocation to patients in need of them;

(f) Such other measures as the Board of Directors may, after considering the advice of the Medical Staff, the other professional services and the President, deem necessary for the preservation and improvement of the quality and efficiency of patient care.

ARTICLE VIII

AUXILIARY AND VOLUNTEER ORGANIZATIONS

8.1 AUXILIARY BOARD AND AFFILIATED VOLUNTEER GROUPS. The Board of Directors authorizes the establishment of the auxiliary board of the hospital composed of guilds, clubs, and other affiliated volunteer groups, to assist in the fulfillment of the purposes of the hospital. The auxiliary board shall establish its bylaws, rules and regulations and make amendments thereto which shall be subject to Board of Directors approval and which shall not be inconsistent with these Restated Bylaws or any standing rules of the Board of Directors. Activities of the auxiliary board and affiliated volunteer groups shall be conducted so that:

(a) The bylaws of the auxiliary board shall be approved by this Board of Directors;

(b) The auxiliary board and its affiliated volunteer groups shall render services to the hospital and its patients through methods proposed or approved by the President;

(c) The auxiliary board, affiliated guilds and volunteer groups shall not:

(i) Undertake fundraising or any other project in the name of the hospital which might result in liability or affect public relations of the hospital without prior approval of the President;

(ii) Undertake any activity on the premises or release any publicity (other than meeting notices) without the approval of the President.

(d) All funds solicited from the public by the auxiliary board, affiliated guilds and volunteer groups may be accumulated but those funds must be used only for specific hospital projects subject to the President's approval. Funds may not be used for operating expenses or membership benefits.

(e) No rules, regulations, nor policies shall be adopted by the auxiliary board or affiliated volunteer groups which shall be in conflict with the Bylaws of the hospital.

ARTICLE IX
INDEMNIFICATION

9.1 INDEMNIFICATION. The Corporation shall, to the maximum extent allowed by law, indemnify those persons who

(a) are serving or have served as members, trustees, directors, sponsors, officers, nondirector volunteers, employees, committee or subcommittee members, or agents of the Corporation, or

(b) are serving or have served at the request of the Corporation as a member, trustee, director, sponsor, officer, nondirector volunteer, employee, committee or subcommittee member, agent, manager, or partner of another corporation, partnership, joint venture, trust, employee benefit plan, limited liability company or other enterprise, whether for profit or nonprofit,

against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with such action, suit, or proceeding.

9.2 INSURANCE. Except as may be limited by law, the Corporation may purchase and maintain insurance on behalf of any person who

(a) is or was a member, trustee, director, sponsor, officer, nondirector volunteer, employee, committee or subcommittee member, or agent of the Corporation, or

(b) is or was serving at the request of the Corporation as a member, trustee, director, sponsor, officer, nondirector volunteer, employee, committee or subcommittee member, agent, manager, or partner of another corporation, partnership, joint venture, trust, employee benefit plan, limited liability company or other enterprise, whether for profit or nonprofit, to protect against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not this Corporation would have power to indemnify him or her against such liability under state law.

9.3 STANDARD OF CARE. Each Director shall stand in a fiduciary relation to the Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances.

9.4 JUSTIFIABLE RELIANCE. In performing his or her duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) One or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented.

(b) Counsel, public accountants or other persons on matters that the Director reasonably believes to be within the professional or expert competence of such person.

(c) A committee of the Board upon which he or she does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

9.5 CONSIDERATION OF FACTORS. In discharging the duties of their respective positions, the Board of Directors, committees of the Board and individual Directors may, in considering the best interests of the Corporation, consider the effects of any action upon employees, upon suppliers and customers of the Corporation and upon communities in which offices or other establishments of the Corporation are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of the standards described herein.

9.6 PRESUMPTION. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any actions shall be presumed to be in the best interests of the Corporation.

9.7 PERSONAL LIABILITY OF DIRECTORS. No Director shall be personally liable for monetary damages for any action taken, or any failure to take any action, unless the Director has breached or failed to perform the duties of his or her office under the standards described herein, has engaged in self-dealing, or the action or inaction constitutes willful misconduct or recklessness. The provisions of this Section shall not apply to the responsibility or liability of a Director pursuant to any criminal statute or the liability of a Director for the payment of taxes pursuant to local, state or federal law.

Nothing in this Article IX is intended to preclude or limit the application of any other provision of law that may provide a more favorable standard or higher level of protection for the Corporation's Directors.

ARTICLE X **AMENDMENTS**

10.1 AMENDMENTS. The Board of Directors shall review these Restated Bylaws from time to time, but at a minimum every three years, and shall recommend revisions to the Member. These Restated Bylaws, may be amended by the Member. No amendment of the Restated Bylaws that is inconsistent with the Articles of Incorporation shall become effective prior to an amendment that may be required in the Articles of Incorporation.

Reviewed and Revised 10/28/92

Reviewed and Revised 1/3/96

Reviewed and Revised 10/27/04

Reviewed and Revised __/__/10

Secretary, Board of Directors