

RESTATED
BYLAWS
OF
PORTAGE HEALTH, INC.

Definitions

For the purposes of these Bylaws, the terms herein referred to shall have the following meanings:

1. The term "Corporation" means Portage Health, Inc. of Hancock, Michigan, a Michigan non-profit corporation, incorporated under the laws of the State of Michigan.
2. The term "Board" or "Board of Directors" means the Board of Directors of the Corporation.
3. The term "member" means a person who shall hold a position as Director of the Corporation.
4. The term "written notice" means a written message whether delivered through the mail, by facsimile or by e-mail.

Article I Office, Purpose and Mission

Section 1.1 Office

The name of this Corporation shall be PORTAGE HEALTH, INC. Its location and principal offices shall be at 500 Campus Drive, Hancock, Michigan.

Section 1.2 Purpose

General Purposes

- A. The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and in furtherance of such purposes, shall be operated exclusively as an organization described in sections 170(b)(1)(A)(iii) and 501(c)(3) of the Internal Revenue Code of 1986, as amended. In furtherance of such purposes, the Corporation may solicit and receive substantial financial support through gifts, contributions, and grants, hold, administer, convert, invest and reinvest, and manage such funds, and engage in any lawful activities within the purposes of which the Corporation is organized.

- B. No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to a private individual, but the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Bylaws.
- C. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation; nor shall it in any manner or to any extent participate in, or intervene in, any political campaign on behalf of any candidate for public office; nor shall the Corporation engage in any activities that are unlawful under applicable federal, state or local laws.
- D. It is intended that the Corporation shall have and continue to have the status of a Corporation which is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and successor statutes and which is other than a private foundation as defined in section 509 of the Internal Revenue Code of 1986, as amended, and these Bylaws and Articles of Incorporation shall be construed accordingly and all powers and activities hereunder shall be limited accordingly.

Specific Purposes

- A. To do all acts necessary to conduct, maintain and operate facilities and programs for the rendering of health care, and to provide all services without regard to race, creed, color, sex or national origin.
- B. To participate in any activity related to the promotion of health, which in the opinion of the Board of Directors may be justified by the facilities, personnel, funds or other requirements that are or can be made available.
- C. To engage in any and all activities consistent with or in furtherance of the above purposes.

Section 1.3 Mission

The mission of Portage Health is to improve the health of our community.

Article II Corporation Membership

Section 2.1 Membership

The number of members of the Corporation shall be not less than thirteen (13), nor more than twenty-one (21), as may be fixed from time to time by the Board of Directors. The number of Directors shall also be the number of members. A person becoming a Director shall

automatically become a member. However, a person becoming an Honorary Director shall not become a member. When a person ceases to be a Director, he shall no longer be either a member or Director. The members and the Directors will always be the same persons, but will, because of distinctions drawn by Michigan statutes, act in different capacities. The term of office of members and Directors, and the manner of electing or appointing Directors (who thereby become members), whether to fill vacancies or otherwise, shall be as provided in these Bylaws.

No membership or Directorship, or interest in the Corporation, shall be assignable inter vivos, nor shall any membership, Directorship or interest in the Corporation pass to any personal representative, heir or devisee of a member or of a Director.

The right to vote at meetings of members shall be vested exclusively in the members, each of whom shall be entitled to one (1) vote.

Section 2.2 Qualification of Members

Members shall be natural persons only. The members shall not be elected, but a person shall automatically become a member when elected a Director; likewise a member shall automatically cease to be a member upon ceasing to be a Director.

Section 2.3 Annual Meeting of Members

The annual meeting of the members, for the election of Directors and the transaction of such other business as may come before the meeting, shall be held at Portage Health, in the City of Hancock, Michigan, or at such other place as may be designated by the Board of Directors, at such date and time as shall be stated in a written notice of the meeting, and notice thereof shall be served upon each member entitled to vote, either personally or by mailing such notice, postage prepaid, addressed to him or her at the address set forth in the records of the Corporation, not less than five (5) days prior to the time of the meeting.

Section 2.4 Special Meeting of Members

Special meetings of the members shall be held at such place as may be designated in the notice thereof, and shall be called at any time by the Secretary or any other officer, whenever directed by the Board of Directors, by the Chief Executive Officer, or upon written request of at least two members entitled to vote on the business to be transacted at such meeting. Notice of every special meeting shall be given by a written or printed notice served upon each member either personally or by first class mail addressed to his or her address set forth in the records of the Corporation, at least five (5) days prior to the time of the meeting.

Section 2.5 Quorum

For any annual or special meeting of the members, a simple majority of the members entitled to vote shall constitute a quorum. Voting by proxy shall not be permitted. When a quorum is present at any meeting of members, a majority vote of the members, unless otherwise provided

by law, the Restated Articles of Incorporation, or these Bylaws, may decide any questions brought before the meeting.

Section 2.6 Presiding Officer

The Chairman of the Board, or in his absence, the Vice Chairman, or in the absence of both, any executive officer of the corporation, shall call all meetings of the members to order, and, unless otherwise ordered by the members, shall act as Chairman of such meeting.

Section 2.7 Records

The Secretary of the corporation shall act as secretary of all meetings of the members, or in his absence, the presiding officer may appoint any person to act as secretary.

Article III Board of Directors

Section 3.1 Powers of the Board

The affairs of the Corporation shall be managed by its Board of Directors, which shall have responsibility for the control and management of the property, funds and operations of the Corporation. The Board of Directors shall have full power and authority to do any and all acts and perform any and all functions which are not inconsistent with the laws governing the operations of the Corporation or with these Bylaws. The Board of Directors' powers shall include without limitation the authority:

- A. To approve the bylaws and articles (and all amendments thereto) of all subsidiary organizations of the Corporation including but not limited to the Medical Staff, Health Foundation, Auxiliary, Mercy EMS, Inc. and other organizations.
- B. To enhance the quality and safety of patient care services provided with the establishment of a Quality Assessment and Performance Improvement Plan including credentials review and privilege delineation.
- C. To appoint, terminate or modify membership in the Medical Staff of Portage Health.
- D. To review and approve the mission, vision, values and strategic goals of the Corporation.
- E. To elect the officers of the Corporation in accord with the procedures set forth herein.
- F. To delegate, in the case of the absence or disability of any officer or Director of the Corporation, the powers or duties of such office to any other officer or to any Director until the absence or disability has ceased.

- G. To review and approve the selection of auditors, operating budget and capital budget for the Corporation.
- H. To develop overall policies for the operation of the Corporation.
- I. To approve the salary and benefit plans of the Corporation by directors who are not precluded from matters pertaining to compensation.

Section 3.2 Functions of the Board

The Board of Directors is responsible for all governance, management and operation of the Corporation. The Board will ensure accomplishment of the following functions as stated below:

- A. **Planning:** The planning function of Portage the Corporation shall be accomplished through an ongoing strategic planning process. This process shall include the establishment of strategic goals and annual performance objectives. The process shall include broad representation of the Board, Medical Staff and Management. Results of the planning process shall be reported to the Management, Medical Staff and Board.
- B. **Annual Performance Objectives:** The President shall submit annual performance objectives to the Board for approval on an annual basis. These annual performance objectives shall be consistent with the corporation's strategic goals as established by the Board. Annually, and periodically throughout the year, the President shall report on accomplishment of the annual performance objectives to the Board.
- C. **Qualified Personnel:** The President shall submit to the Board for approval on an annual basis evidence that all individuals who provide patient care services but who are not subject to the Medical Staff privilege delineation process, are competent to provide such services as appropriate to the ages of the patients served. The Board shall assure competency of its Medical Staff by establishing a Credentials review and privilege delineation process.
- D. **Financial Integrity:** The Board shall ensure ongoing financial viability and integrity of the corporation by establishing effective policies for its financial management. Specifically, the Board shall:
 - 1) Annually approve the Corporation's operating and capital budgets.
 - 2) Examine on a regular basis the financial reports and obtain satisfactory explanations for variances from budget.
 - 3) Approve all policies regarding the financial management of the corporation.

- E. Quality: The Board shall ensure that patient care services are provided in a safe and quality-driven manner. Specifically, the Board shall:
- 1) Review and take action on activities, findings and actions of the medical staff and management with respect to quality assessment and performance improvement.
 - 2) Initiate effective monitoring and evaluation of safe patient care processes and systems.
 - 3) Review and take action on patient satisfaction survey results.
 - 4) The President shall report all licensure and accreditation inspection results to the Board for review and action.
- F. Oversight: The Board shall provide a substantive review process, specifically, the Board shall:
- 1) Fulfill its responsibilities working with Management and independent auditors to promote accurate, high quality and timely disclosure of financial and other information to the Board, financial institutions, government agencies and any other organizations required by contract or license.
 - 2) Review and recommend a corporate compliance program with ongoing monitoring

Section 3.3 Number and Qualification

The number of Directors shall be not less than thirteen (13), nor more than twenty-one (21), as may be fixed from time to time, by the Board of Directors. At least five (5) directors shall be members of the Portage Health Medical Staff. The Medical Staff President, the immediate past President of the Medical Staff, and the Medical Director of the Corporation shall serve on the Board of Directors ex officio, with full voting power. Of the other two (2) physician directors elected by the Board of Directors, at least one shall be a member of the Portage Health Medical Group. The President/CEO shall be an ex officio member of the Board of Directors, with full voting power. An election of Directors (except for ex officio directors) shall be held at the Annual Meeting. Directors of the Board who serve unexpired terms shall be elected by the Board of Directors.

Section 3.4 Term of Office

Directors (except for ex officio directors) shall serve for a term of four years or until their successors shall be elected and take office. Directors appointed to unexpired terms shall serve for the period remaining in such terms or until their successors shall be elected and take office.

Directors may be elected to a maximum of three successive terms; after a director has been elected to three successive terms, the director may not be elected to another term until twelve full months have elapsed from the time the director completed his or her third successive term.

Section 3.5 Resignation and Removal

A director may resign at any time by giving written notice to the Chairman or to the Secretary of the Board of Directors (hereinafter called the "Secretary"). Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in it. Directors (including ex officio directors) may be removed at any time, with or without cause, by a majority vote of the members. Directors elected to fill unexpired terms caused by resignation, removal or death shall be made in the manner set forth in Section 3.2 above. However, if a vacancy is created by the resignation or removal of the medical staff's president or immediate-past president then the medical staff shall within 21 days of that person's resignation or removal nominate a replacement (who shall be a member of the medical staff). If the medical staff, in the time allowed, nominates a replacement, the directors shall vote concerning the ratification of the medical staff's nominee. If the directors vote not to ratify the election of the medical staff's nominee or if the medical staff fails to timely nominate a replacement, then the members shall appoint another member of the medical staff to fill that vacancy.

Section 3.6 Meetings of Directors

- A. Annual Meeting: The regular annual meeting of the Board of Directors shall be held during the month of June.
- B. Regular Meetings: The Board of Directors shall meet at least eight times per year; however, the Board of Directors may resolve (either by a majority vote at a prior meeting or by a consent resolution signed by a majority of the directors) not to hold a meeting. Regular meetings shall be held at such places and times as the Board shall provide by resolution.
- C. Special Meetings: Special meetings of the Board of Directors may be called at any time by the Chairman. The Chairman shall be required to call a special meeting of the Board of Directors if a special meeting is requested in writing by any three (3) members of the Board of Directors.
- D. Place: All meetings of the Board of Directors shall be held at the principal office of the Corporation, or at such other places as may be agreed upon and consented to by a majority of the Board of Directors.
- E. Notice: The Secretary shall give notice of all meetings to directors by mailing written notice thereof, stating the date, hour and place of the meeting and the general nature of the business to be transacted, to each director at his or her last known post office address, postage prepaid, at least five (5) days (exclusive of the day of mailing) before the date of the meeting, or by giving such notice personally

or by telephone to each director at least three (3) days before the date of the meeting. If the Secretary is unable or unwilling to give this notice, the notice may be given by any other officer.

- F. Waiver of Notice: Any director may waive notice of any meeting. The attendance of director at any 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 is not lawfully called or convened.
- G. Quorum: A simple majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If less than such quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.
- H. Voting: At each meeting of the Board of Directors, each voting director shall be personally entitled to cast one vote on all matters presented to the Board for its approval. Voting by proxy shall not be permitted.
- I. Manner of Acting: The act of a majority of the directors present at a meeting at which a quorum exists shall be the act of the Board of Directors. A consent resolution, approved in writing by all members of the Board of Directors, shall be valid and binding as if said resolution were passed at a meeting called pursuant to these Bylaws.
- J. Attendance at Meetings: Directors are expected to attend regularly all meetings of the Board of Directors and of their respective assigned committees. A member of the Board of Directors may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participating in a meeting in this manner shall constitute presence at the meeting, and votes cast by persons participating in this manner shall be counted as if they had been cast at the meeting. Should a director fail to attend at least one-half (1/2) of regular, special, and committee meetings during any twelve-month period, the Chairman of the Board shall meet with the Executive Committee to review that director's attendance and to recommend a course of action which may include removal from the Board. For purposes of determining whether a director is subject to review and/or removal from the Board, the attendance reflected in the minutes of the meetings during the relevant twelve-month period shall be conclusive.
- K. Rules: The Board of Directors may adopt rules governing its procedures not inconsistent with these bylaws, which may be amended or modified by the Board of Directors at any meeting without advance notice.
- L. Additional Advisors: The Board of Directors or the Chairman may invite additional individuals with expertise in a pertinent area to meet with and assist the

Board of Directors. Such advisors shall not vote or be counted in determining the existence of a quorum and may be excluded from any executive session of the Board of Directors by a simple majority vote of the directors present.

Section 3.7 Honorary Directors

The Board of Directors may from time to time elect as Honorary Directors, persons who, in the judgment of the Board, have rendered faithful or meritorious service to or conferred notable benefits upon, the Corporation. Such Honorary Directors shall not be entitled to vote. Their respective terms of office shall not be fixed, but shall be discretionary with the Board of Directors. Election as Honorary Director shall not, however, confer membership in the Corporation.

Article IV Corporation Officers

Section 4.1 Officers

The officers of the Corporation shall include a Chairman of the Board, Vice Chairman of the Board, Secretary of the Board, Treasurer of the Board, President and such other officers and assistant officers as may be determined by the Board of Directors.

Section 4.2 Election and Tenure

The officers of the Corporation shall be elected by the Board of Directors at its annual meeting or at a special meeting by affirmative vote of the majority of the directors then in office and shall hold office for a one (1) year term, or until their successors are duly elected and qualified, unless sooner removed by the Board of Directors.

Section 4.3 Resignation and Removal

Any officer may resign at any time by giving written notice to the Chairman of the Board or to the Secretary of the Board. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in it.

Any officer elected or appointed by the Board of Directors may be removed by a simple majority vote of all the directors then in office whenever in the judgment of the Board of Directors the best interests of the Corporation shall be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4.4 Vacancies

The Board of Directors may fill any vacancy in any office occurring after any regular annual meeting or any vacancy created by the creation of a new office until the next annual meeting by affirmative vote of the majority of the directors then in office providing that prior notification has been given to the directors that the subject will be on the agenda at the next meeting.

Section 4.5 Duties of Officers

- A. **Chairman:** The Chairman of the Board of Directors ("Chairman") shall be the principal presiding officer of the Corporation and shall preside at all meetings of the Board of Directors and shall be by virtue of his office, a member of all committees. The Chairman may sign on behalf of the Corporation any documents or instruments which the Board of Directors has authorized to be executed, except where the signing and execution thereof is expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent, or is required by law to be otherwise signed or executed. He or she shall also perform all duties incident to the office of the Chairman and such other duties as may be prescribed from time to time.
- B. **Vice Chairman:** The Vice Chairman of the Board of Directors ("Vice Chairman") shall perform such duties as may be assigned by the Board of Directors or the Chairman. In the absence of the Chairman or in the event of an inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all of such powers of and be subject to all of the restrictions upon the Chairman.
- C. **Secretary:** The Secretary of the Board of Directors ("Secretary") shall (1) be a member of the Board of Directors; (2) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (3) keep a register of the post office address of each director of the Corporation which shall be furnished to the Secretary by such person; and (4) perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him or her by the Board of Directors. The Board of Directors may designate a non-director assistant secretary to act as recording secretary for recording proceedings of the Board of Directors.
- D. **Treasurer:** The Treasurer of the Board of Directors ("Treasurer") shall be a member of the Board of Directors. The Treasurer shall see that a financial accounting system is maintained in such a manner as to give a true and accurate accounting of the financial transactions of the Corporation. The Treasurer shall perform any other duties assigned to him by the Board of Directors.
- E. **President:** The President of the Corporation will be the Chief Executive Officer (with authority and responsibility as outlined in Article 6 of these Bylaws) and, by virtue of his office, shall be a member of all committees.

The specific duties of the President shall be described in an agreement between the corporation and President. Those duties described shall include but not be limited to the following:

- 1) Provides leadership to the corporation and all its entities carrying out the mission and values of the Corporation.
 - 2) Maintains an effective working relationship with the Board of Directors.
 - 3) Maintains effective working relationships with the Medical Staff, employees, the civic community, other healthcare organizations and professional organizations.
 - 4) Provides direction and control of all business and financial affairs of the corporation.
 - 5) Provides for the quality and accessibility of healthcare programs and services to meet the needs of the community and the mission and strategic goals of the corporation.
 - 6) Provides for the planning and organization of the corporation and its entities to successfully carry out the mission and goals of the corporation.
 - 7) Established the human resources policies and directives to ensure quality of services and respect for employees.
 - 8) Provides for mechanisms to carry out the policies established by the Board.
 - 9) Provides direction and control over all physical assets of the corporation.
- F. Additional Officers: The Board of Directors may from time to time elect or appoint such additional officers or assistant officers as the Board of Directors may deem necessary.

Article V Committees, Board of Directors

Section 5.1 Committees

Committees of the Board of Directors shall be standing and special. Standing committees shall be an Executive Committee, a Compensation Committee, a Finance Committee, an Audit Committee, and a Quality Committee. The Chairman of the Board, by virtue of his office, is a member of all committees. The President or the President's designate will be represented on all Committees with the exception of the Audit and Compensation Committees.

Section 5.2 Appointment

The Chairmen and members of all committees shall be appointed each year by the Chairman of the Board in consultation with the President. Membership on Board Committees may include non-directors. The appointments shall be reported to the Board at the annual meeting of the Board of the Corporation or as soon thereafter as possible.

A member of any committee whose jurisdiction includes compensation matters and who received compensation, directly or indirectly, from the Corporation for services is precluded from participating on matters pertaining to compensation. Physicians who receive compensation, directly or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters.

Section 5.3 Meetings

All committees shall meet regularly as schedule by the chairman or a special meeting may be called by the chairman or at the request of two committee members.

Section 5.4 Quorum

At committee meetings a quorum shall be one half the number of members on the committee.

Section 5.5 Function

Committee function shall be that of review, analysis and recommendation. Recommendations of the Committee will be presented to the Board of Directors for action.

Section 5.6 Executive Committee

The Executive Committee shall be responsible for acting in behalf of the Board of Directors except as regards the following matters, which require action of the board of Directors: undertaking any commitments for construction or remodeling purposes which require regulatory approval; the election or removal of officers; the creation or discontinuance of clinical programs; and final resolutions of disputes involving the organized Medical Staff. The Committee shall be responsible for corporate Bylaws revision and review, The Board self-evaluation process,

nomination of Board members and officers and other governance related issues. The Committee shall consist of the officers of the Corporation and the Medical Staff President.

Section 5.7 Compensation Committee

The Compensation Committee shall be responsible for annually evaluating the performance and compensation of the Chief Executive Officer of the Corporation. The Committee shall evaluate the standards for any employment agreements for professional staff. The Committee will evaluate the salary and benefit programs for the organization as well as ratifying or recommending approval of collective bargaining agreements. The Committee shall consist of the same outside Directors who serve on the Audit Committee.

Section 5.8 Finance Committee

The Finance Committee shall be responsible for the review of all financial reports and appropriate recommendations. The Committee shall review and recommend an annual operating budget. The Committee shall review and recommend an annual capital budget, access to capital options and capital finance projects. The Committee shall review and recommend investment options. The Committee shall review and recommend policy which directs the financial affairs of the Corporation. The Committee shall consist of the Treasurer and not less than three (3) other members of the Board of Directors.

Section 5.9 Audit Committee

The Audit Committee will monitor the selection, performance and results of the audit process (i.e. the role of the external auditor). The Committee will monitor financial reporting and enforcing full disclosure of financial results with financial disclosures that are clear, accurate and complete. The Committee will monitor compliance with the organization's code of conduct and review and assess transactions involving management, the board and other related parties. The Committee will assess the effectiveness and efficiency of internal and external audit functions. The Committee will select and recommend an external audit firm. The Committee will consist of not less than four (4) outside directors from the Board.

Section 5.10 Quality Committee

The Quality Committee shall be responsible for the review of all quality, safety and risk management reports. The Committee will make recommendations regarding the performance improvement plan, which will include quality, risk management and patient safety goals and initiatives. The Committee shall be responsible for addressing any ethical issues as they occur in conformance with policy. The Committee shall consist of not less than five (5) members of the Board of Directors.

Section 5.11 Special Committees

Special committees shall be approved by the Board of Directors as the need arises. These committees shall limit their activities to the purpose for which they are approved and shall have

no power to act unless such is specifically conferred by action of the Board of Directors. The Chairman shall appoint members of the special committees.

Article VI President

Section 6.1 Authority and Responsibility of the President

The President shall be appointed by the Board of Directors and shall be the Chief Executive Officer of the Corporation and Director ex-officio with vote. The President shall have all authority and responsibility necessary to operate the Corporation in all its activities and departments, similar to the chief executive officer of a business corporation, subject only to such policies as may be issued by the Board or as set forth in the employment agreement referenced under Section 4.5 (E). He shall act as the duly authorized representative of the Board and the Corporation in all matters in which the Board has not formally designated some other person to act. He shall report as directed to the Chairman between Board meetings and to the Board at each meeting on matters relating to the Corporation. In the absence of both the Chairman and the Vice Chairman of the Board or in the event of their inability to act, the President shall assume the duties of the Chairman and in so doing possess all of the powers and authority of the Chairman. In Addition, the President shall have the following specific powers:

- A. To grant temporary privileges to the medical staff applicants in accordance with the provisions of the medical staff bylaws.
- B. To suspend all or any portion of the clinical privileges of a medical staff appointee or other individual whenever the President believes that failure to take such action would result in imminent danger to the health and/or safety of any individual or to the orderly operation of the hospital. Such precautionary suspension shall be deemed an interim precautionary step in the professional review activity related to the ultimate professional review action that will be taken with respect to the suspended individual but is not a complete professional review action in and of itself. It shall not imply any finding of responsibility for the situation that caused the suspension.

Article VII Medical Staff

Section 7.1 Composition and Appointment

The Board of Directors shall appoint a medical staff composed of qualified Osteopathic and Allopathic physicians, podiatrists, dentists and other health professionals who hold licenses to practice in the State of Michigan. The Board of Directors shall encourage the Medical Staff to organize into a responsible administrative unit. This Medical Staff shall adopt such Bylaws, Rules and Regulations for the governance of practice in the Corporation as the Board of Directors, in its discretion, deems to be appropriate for the care of patients in the Corporation and for the furtherance of the objectives of the Corporation in the community.

Section 7.2 Delegation of Authority

The Board of Directors shall assign to the organized Medical Staff the responsibility for overseeing the quality of medical care provided in the institution. In fulfilling its obligation and overseeing the quality of medical care provided in the institution, the Medical Staff shall conduct reviews of the quality of performance and clinical practice of the members of the Medical Staff and submit recommendations to the Board of Directors relating thereto, and shall recommend qualified practitioners for membership and delineate their privileges. The Medical Staff Bylaws shall provide a fair hearing procedure for determining whether the membership or privileges of a member of the Medical Staff should be reduced, altered or in any way modified, and the Medical Staff Bylaws shall provide that the ultimate resolution of any Medical Staff problem shall rest with the Board. The Board of Directors shall require that the Medical Staff maintain policies for the delineation and exercise of clinical functions by practitioners who are not active members of the Portage Health Medical Staff.

Section 7.3 Medical Staff Bylaws

The power of the Board of Directors to adopt or amend Medical Staff Bylaws and Medical Staff Policies shall not be dependent upon prior submission or subsequent ratification by the Medical Staff.

Section 7.4 Criteria for Appointment and Privileges

In acting on matters of Medical Staff membership status, the Board of Directors shall consider the Medical Staff and administration's recommendations, Portage Health's and community's needs, and such other 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 shall consider the Medical Staff's recommendations, the supporting information on which those recommendations are based, and such criteria as are set forth in the Medical Staff Bylaws. Neither Medical Staff membership nor specific clinical privileges shall be limited or extended to a practitioner on the basis of sex, race, age, creed, color or national origin, or on the basis of criteria unrelated to good patient care at Portage Health, to professional ability and judgment, or to community or Portage Health's needs.

Article VIII Indemnification

Section 8.1 Indemnification Other Than in Actions By or In The Right of the Portage Health

Subject to the Residual Receipts Restriction (defined below), any person 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 (other than an action by or in the right of the Corporation) by reason of the fact that he is or was either a director of the Corporation, an officer of the Corporation or a person described in Section 8.8 shall, to the extent

authorized under Section 8.4, be indemnified by the Corporation against expenses (including without limitation attorneys' fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

Section 8.2 Indemnification in Actions by or in the Right of Portage Health

Subject to the Residual Receipts Restriction, any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was either a director of the Corporation, an officer of the Corporation or a person described in Section 8.8 shall, to the extent authorized under Section 8.4, be indemnified by the Corporation against expenses (including without limitation attorneys' fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation. However, no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the Corporation unless the court in which such action or suit has been brought shall determine upon application that, despite the adjudication of liability and in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity, in which event that person shall be indemnified only for such expenses which the court shall deem proper.

Section 8.3 Partial Indemnification

Subject to the Residual Receipts Restriction, to the extent that any person described in Section 8.1 or Section 8.2 has been successful (on the merits or otherwise) in defense of any action, suit or proceeding referred to in Section 8.1 or Section 8.2, or in defense of any claim, issue, or matter therein, he shall be indemnified by the Corporation to the extent authorized under Section 8.4 against expenses (including without limitation attorneys' fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by him in connection therewith.

Section 8.4 Authorization of Indemnification

Any indemnification under Sections 8.1, 8.2 or 8.3 shall (unless ordered by a court) be made by the Corporation only as authorized in the specific case upon a determination that indemnification of a Director of the Corporation, an officer of the Corporation or a person described in Section 8.8 is proper in the circumstances because he has met the applicable standard of conduct set forth in this Article. Such determination shall be made (1) by the Board of Directors by a majority

vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel (who may be the regular counsel of the Corporation) in a written opinion. Notwithstanding anything to the contrary in these Bylaws, any such indemnification shall only be paid from the Corporation's Residual Receipts, as that term is defined in the Corporation's Regulatory Agreement (the "Regulatory Agreement") with the Secretary of Housing and Urban Development dated March 5, 1998 (the "Residual Receipts Restriction").

Section 8.5 Advancing of Expenses

Subject to the Residual Receipts Restriction, expenses incurred in defending a civil or criminal action, suit, or proceeding described in Section 8.1 or 8.2 may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Directors in the manner provided in Section 8.4 upon receipt of a pledge made by or on behalf of a Director of the Corporation, an officer of the Corporation or a person described in Section 8.8 to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized by this Article.

Section 8.6 Indemnification Hereunder Not Exclusive

Subject to the Residual Receipts Restriction, the indemnification provided by this Article shall not be deemed exclusive of any other rights to which a party seeking indemnification may be entitled under any Bylaw, agreement, vote of disinterested Directors, or otherwise. The right to indemnification under this Article shall continue as to a person who has ceased to be a Director of the Corporation, an officer of the Corporation or a person described in Section 8.8 and shall inure to the benefit of his or her heirs, executors, and administrators.

Section 8.7 Insurance

The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director of the Corporation, an officer of the Corporation or a person described in Section 8.8 or is or was serving at the request of the Corporation as a Director, an officer or a person described in Section 8.8 of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

Section 8.8 Additional Indemnification

The Board of Directors may from time to time designate by resolution officers or other positions within the Corporation or other organizations affiliated with the Corporation, which officers or positions shall qualify for indemnification under this Article. Persons holding such designated offices or positions shall, subject to the Residual Receipts Restriction, be indemnified by the Corporation pursuant to this Article VIII to the full extent that they would qualify for indemnification if such offices and positions were expressly listed in Section 8.1 and Section 8.2

and qualified for indemnification under those Sections. The rights of persons holding such offices and positions shall be contractual, and no subsequent Board resolution or amendment to these Bylaws shall be effective to curtail or limit the Corporation's indemnification obligation for actions taken by any person holding such offices and positions prior to the adoption of that resolution or amendment.

Article IX General Provisions

Section 9.1 Annual Report

Within a reasonable period of time after the close of each fiscal year, the President shall submit to the Board of Directors an annual report which shall contain:

- A. Financial statements for the Corporation's immediately preceding fiscal year.
- B. Major activities completed in the immediately preceding fiscal year.

Section 9.2 Duality of Interest

Any director, officer, employee, Medical Staff member, or committee member having an interest in a contract or other transaction presented to the Board of Directors or a committee thereof for authorization, approval, or ratification shall make a prompt, full, and frank disclosure of his or her interest to the Board or committee prior to its acting on such contract or transaction. The body to which such disclosure is made shall thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use personal influence on, nor participate (other than to present factual information or to respond to questions) in the discussions or deliberations with respect to such contract or transaction. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting and participation, and whether a quorum was present.

For the purposes of this Section, a person shall be deemed to have an "interest" in a contract or other transaction if he or she or a member of his or her immediate family or business partner or associate is the party (or one of the parties) contracting or dealing with the Corporation, or if he or she or a member of his or her immediate family or business partner or associate is a director or officer of, or has a significant financial or influential interest in, the entity contracting or dealing with the Corporation, or if he or she is otherwise reasonably likely to gain a significant financial or other personal benefit if the contract or transaction is approved.

Section 9.3 General Liability

No officer or director of this Corporation or other person shall contract or incur any debts on behalf of the Corporation other than in the regular course of his or her employment, or in any

other way render it liable unless authorized by the Board of Directors. No officer, director, or other person is authorized to promise moral or financial support of any charitable or other objective without the approval of the Board of Directors.

Section 9.4 Auxiliary and Associated Organization

The Board of Directors may authorize the formation of auxiliary and associate organizations to assist in the fulfillment of the purposes of the Corporation. Each such organization shall establish its bylaws, rules and regulations and make amendments thereto which shall be subject to approval of the Corporation Board of Directors and which shall not be inconsistent with these Bylaws or the standing rules of the Board of Directors.

Section 9.5 Fiscal Year

The fiscal year of the Corporation shall commence on July 1 of each and every year.

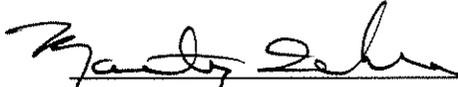
Section 9.6 Procedure

The Board of Directors and committees established by the Board may adopt rules of procedure which shall not be inconsistent with these Bylaws.

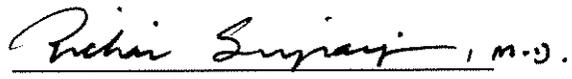
Article X Amendment to Bylaws

Subject to the Portage Health's Restated Articles of Incorporation, these Bylaws may be amended by a vote of two-thirds (2/3) of the directors entitled to vote at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors duly called for such purpose, provided that the amendment shall not be effective until the amendment has been ratified by the members. In the event of any inconsistency or conflict between these Bylaws and Portage Health's Restated Articles of Incorporation, the Restated Articles shall control. Further, the terms and conditions of the Regulatory Agreement shall take precedence in the event of any conflict with the terms of these Bylaws.

THIS IS TO CERTIFY that the foregoing RESTATED BYLAWS of PORTAGE HEALTH have been duly adopted by the Board of Directors of said Health System on April 24, 2007.



Marty Iskra
Chairman of the Board of Directors



Pichai Sripaipan, MD
Secretary of the Board of Directors

Approved: 1/31/95

Revised: 2/27/96
5/30/00
10/30/00
6/24/02
2/25/03
11/25/03
2/22/05
4/24/07