

**BYLAWS  
OF  
ACCLAIM PHYSICIAN GROUP, INC.**

**ARTICLE I  
STRUCTURE, PURPOSES AND INDEPENDENCE OF MEMBER**

**Section 1. Structure.** Acclaim Physician Group, Inc. (the "Corporation") is a charitable organization created by Tarrant County Hospital District d/b/a JPS Health Network and d/b/a John Peter Smith Hospital (the "District") pursuant to the authority granted by the Texas legislature in Section 281.0565 of the Texas Health & Safety Code. The Organization is a non-profit corporation with one (1) Member, and is organized under and governed by Chapter 22 of the Texas Business Organizations Code (the "TBOC").

**Section 2. Certification as a Health Organization.** The Corporation is organized and is to be operated as a health organization that is described in Section 162.001 of the Texas Medical Practice Act and that meets qualifications for certification that are contained in the rules promulgated by the Texas Medical Board ("TMB"), specifically the rules for the certification of nonprofit health organizations found at 22 Texas Administrative Code §§ 177.1–177.13 (the "Rules"). In accordance with the Rules:

- (a) The Corporation is formed solely by persons licensed by the TMB;
- (b) The Corporation is not established or operated in contravention of or with the intent to circumvent any of the provisions of the Texas Medical Practice Act; and
- (c) The Corporation will make application, submit reports, pay fees, and otherwise comply with the provisions of the Rules.

**Section 3. Purposes.** The purposes for which the Corporation is organized and operated are exclusively charitable, educational, and scientific within the meaning of section 501(c)(3) of the Internal Revenue Code or the corresponding provisions of any successor or subsequent federal tax law (the "Code") and under the laws of the State of Texas. The Corporation is organized and shall be operated to facilitate the management of the District's health care programs by providing or arranging health care services, developing resources for health care services, providing ancillary support services for the District, under the direction of the Member - the District - to support, promote, and advance the mission of the District in providing medical services and health-related education for the benefit of the community, and to further benefit the District by emphasizing clinical, educational, and scientific aspects of medical care within the State of Texas as follows: engaging in scientific research and research projects in the public interest in the fields of medical sciences, medical economics, public health, sociology, and related areas; providing, improving and developing capabilities of and support for individuals and institutions studying, teaching, and practicing medicine; delivering health care to the public; improving population health and care management, engaging in the instruction of the general public in the area of medical science, public health, and hygiene and related instruction useful to

the individual and beneficial to the community; and engaging in other activities useful or appropriate to the accomplishment of the foregoing purposes. In furtherance of its purposes as aforesaid, the Corporation shall have all the applicable powers enumerated in Sec. 2.101–2.114 of the TBOC, and, subject to such limitations and conditions as are or may be prescribed by law, the Corporation shall exercise such other powers which now or hereafter may be conferred by law upon a corporation organized for the purposes hereinabove set forth, or necessary or incidental to the powers so conferred, or conducive to the attainment of the above-stated purposes of the Corporation. In addition, the Corporation's purposes shall include the performance of such other activities or functions that the Member deems appropriate or necessary for the accomplishment of the purposes of the Corporation. The Corporation hereby pledges its assets for use in performing the charitable, scientific, and educational purposes described herein.

**Section 4. Other Interests and Activities.** The Member understands and acknowledges that the Corporation does not hold any rights of exclusivity or priority with respect to the Member's ability to engage in other interests, endeavors and activities of any nature, at any time before, during or after the Member's association with the Corporation. The Member understands and acknowledges that the Member owns, controls, governs and operates other business interests and entities, including (but not limited to) inpatient and outpatient healthcare operations, academic programs, and undergraduate and graduate medical education and residency programs. The Member, by mere virtue of its membership in the Corporation, does not contribute, transfer, pledge, sell, assign or delegate any ownership, control, authority or discretion that it may hold in any other business interest or entity to the Corporation. The fact that the Member is a member of this Corporation shall not limit or prohibit such Member's other interests and activities, including such Member's right to enter into business arrangements with other entities outside of the Corporation at any time. Similarly, the fact that the Member is a member of the Corporation shall not vest in the Corporation the right to receive and enjoy profits and compensation from the Member's other interest or activities.

**Section 5. Intent to Obtain and Maintain Tax Exemption.** The Corporation intends to obtain and maintain status as an organization exempt from federal income tax under section 501(a) of the Code by virtue of being an organization described in section 501(c)(3) of the Code that is not a private foundation by reason of being an organization described in Section 509(a)(3) of the Code. Toward that end, certain provisions contained in these Bylaws are drafted to comply with the Texas Medical Practice Act and the Rules as applicable to organizations seeking to obtain and maintain tax exemption, including, but not limited to, Article II, Section 5; Article IV, Sections 1, 4, 5, 6 and 7; and Article X.

## **ARTICLE II** **MEMBERS OF THE CORPORATION; EXECUTIVE COMMITTEE**

**Section 1. Member.** The Member of the Corporation is the District.

**Section 2. Powers and Duties.** The Member shall exercise such rights and perform such duties as may be provided by law, the Corporation's Certificate of Formation (the "Certificate of Formation"), or these Bylaws (the "Bylaws"). In order to obtain and maintain federal tax exemption, the Member shall appoint and remove Directors of the Corporation in accordance with the provisions of Article IV of these Bylaws. In addition to the authority specifically granted to the Member by the TBOC, the Certificate of Formation, and these Bylaws, the Member is hereby granted exclusive authority to take any action on behalf of, or with respect to, the Corporation which is not inconsistent with the TBOC or the Texas Medical Practice Act and which is required by law to achieve any compliance, qualification, or benefit including, without limitation, the benefit of obtaining or maintaining tax exemption. In all cases, the determination of the requirements of law shall be made by the Member in their sole discretion and may be based upon any reasonable ground including, without limitation, a request or direction of any legislative, administrative, regulatory, or judicial agency having authority with respect to the subject matter under consideration or an opinion or other guidance of counsel. The Member shall take action on any matter in any manner as provided in these Bylaws.

**Section 3. Annual Meeting of Member.** The annual meeting of the Member as represented by a quorum of the Board of Managers ("BOM") present, shall be held at such time and place as shall be designated by the Chairman of the BOM for the purpose of appointing the Corporation's Directors for the ensuing year and transacting such other business as may be properly brought before such annual meeting. Notice of such annual meetings shall be in accordance with the Texas Open Meetings Act.

**Section 4. Special Meetings of Member.** Special meetings of the Member (represented by at least a quorum of the BOM present) for matters relating to the Corporation shall be held whenever called by the Member in accordance with the Bylaws of the Member. Notice of special meetings of the Member shall be in accordance with the Texas Open Meetings Act.

**Section 5. Powers and Actions Reserved to and Delegated by the Member.**

**Section 5.1. Authority Reserved Solely to the Member.** Notwithstanding any provision of these Bylaws to the contrary, no action may be taken by the Corporation or its Board of Directors with respect to any of the matters indicated below, and all other financial and operating decisions, except as are specifically granted to the Board of Directors under Article IV, Section 1 and Article VII, Sections 6 and 7 of these Bylaws. The authority to act with respect to the following matters shall, following consultation with the Board of Directors (consultation as used in these Bylaws is hereby defined as meaning on or before 72 hours prior to any action of the Member on any issue affecting the Corporation, the Member informing in writing the Members of the Board of Directors of any such issue and obtaining Members of the Board of Directors input in writing prior to the Member taking any action on any issue affecting the corporation), be reserved solely to the Member:

- (a) Approval and modification of annual capital and operating budgets for the Corporation;

- (b) Creation, ownership, acquisition of (whether in whole or in part), or affiliation with, any other organization; and the dissolution of or termination of affiliation with such organization;
- (c) Approval of any unbudgeted financial commitment, obligation, or expenditure by the Corporation that exceeds Two Hundred Thousand and 00/100 Dollars (\$200,000.00);
- (d) Any acquisition, purchase, sale, lease, mortgage, or other transfer or encumbrance of any real property of the Corporation, irrespective of the value;
- (e) Approval of any transfer of any personal property of the Corporation, if the value of such transferred personal property exceeds Two Hundred Thousand and 00/100 Dollars (\$200,000.00) per transfer;
- (f) Participation in accountable care organization(s);
- (g) Approval of long range financial and strategic plans;
- (h) Establishment, modification, carrying on and termination by the Corporation of any training or residency supervision services or program;
- (i) Amendments to the Certificate of Formation of the Corporation;
- (j) Amendments to the Bylaws of the Corporation with approval of at least a majority vote of the Board of Directors unless required by law including requirements to obtain or maintain tax exemption for the Corporation;
- (k) Borrowing or lending of money or the incurrence or guarantee of any debt or other financial obligation, directly or indirectly, by the Corporation or by any subsidiary of the Corporation that exceeds Two Hundred Thousand and 00/100 Dollars (\$200,000.00) per transaction;
- (l) Development, approval, adoption and modification of any strategic plan, business plan, or mission plan of the Corporation;
- (m) Creation, ownership, or acquisition (whether in whole or in part) and dissolution of any subsidiaries of the Corporation;
- (n) Any dissolution, merger, consolidation, sale, or other corporate restructuring of the Corporation or any dissolution, merger, consolidation, sale or other modification of the Corporation;
- (o) The giving, seeking or receiving and oversight of the Executive Committee's administration or use of grants and other contributions and gifts;

- (p) Establishment, adoption or amendment of any indemnification rights or obligations affecting the Corporation;
- (q) Approval of the settlement of any litigation or claim in excess of Two Hundred Thousand and 00/100 Dollars (\$200,000.00);
- (r) Appointment or removal of the Corporation's Directors in accordance with Article IV of these Bylaws;
- (s) Appointment or removal of Executive Committee member by the Member in accordance with this Article II of these Bylaws;
- (t) The filing of any voluntary petition in bankruptcy or any other petition or pleading seeking any reorganization, receivership or similar relief under federal or state law; and
- (u) Any other matters with respect to which exclusive authority is granted to the Member by law, the Certificate of Formation, or these Bylaws.

**Section 5.2. Authority Delegated to the Executive Committee.** The Member shall establish a committee to manage the day-to-day operations of the Corporation (the “Executive Committee”) which will consist of seven (7) members who shall hold the following positions: (1) Chairman of the Board of Managers of the District, (2) Vice Chairman of the Board of Managers of the District, (3) President and CEO of the District, (4) Executive Vice President and COO of the District, (5) Executive Vice President and CFO of the District, (6) President of the Corporation and (7) the Chairman of the Board of the Corporation. The Vice Chair of the Board of Managers of the District shall be the Chairman of the Executive Committee. In governing the Corporation, the Executive Committee shall exercise the rights and duties of the Member not specifically reserved solely to the Member or granted to the Board of Directors. Rights and duties of the Member delegated to the Executive Committee include the following, each after consultation with the Board of Directors:

- (a) Development of a recommendation to the Member for approval of the annual capital and operating budgets for the Corporation and make recommendations to the Member for any modifications to the annual capital or operating budgets during the fiscal year of the Corporation;
- (b) Termination of any staffing assignment, physician or other, to the Corporation for reasons other than those that fall within the exclusive authority of the Board of Directors (such as the medical, professional, and ethical aspects of the practice of medicine, including credentialing, quality assurance, utilization review, and peer review);
- (c) Approval of policies and procedures governing all budgeted financial commitments, obligations, and expenditures by the Corporation, and of any budgeted or non-budgeted expenditure of less than Two Hundred Thousand and 00/100 Dollar (\$200,000.00) per transaction;

- (d) Approval of policies and procedures governing any transfer of any personal property of the Corporation, if the value of such transferred personal property is less than Two Hundred Thousand and 00/100 Dollars (\$200,000.00) per transfer;
- (e) Approval, adoption, modification and termination of any affiliation, contract, risk sharing arrangement, retention, indemnification, or other arrangement between the Corporation and any insurer, managed care organization, or other healthcare payer, whether governmental or private;
- (f) In consultation with the Member, development and implementation of the long range financial and strategic plans of the Corporation consistent with the mission of the Corporation;
- (g) Establishment, modification, management, and termination by the Corporation of any corporate compliance program;
- (h) Selection and retention of the Corporation's auditors and legal counsel and other consultants or advisors;
- (i) Initiation of such studies, audits, and other periodic reviews as are deemed necessary with respect to the existing or planned operations of the Corporation;
- (j) Development, adoption, approval, and amendment of salaries and other compensation (including the awarding of any incentive compensation) and benefits and the other terms of employment or engagement of the officers and employees, including physician employees of the Corporation, and physicians who are independent contractors to the Corporation;
- (k) Purchase, adoption, amendment, cancellation, or replacement of any insurance coverage for the Corporation or its Directors, officers, employees, and agents;
- (l) The commencement, management, or settlement of claims, including litigation or alternative dispute resolution and settle any claims or litigation for less than Two Hundred Thousand and 00/100 Dollars (\$200,000.00);
- (m) Establishment, adoption, approval, or amendment of fee schedules relating to patient services and other services provided by the Corporation, its employees and contractors;
- (n) Approval of any material changes in the services offered by the Corporation, including the range of physician specialties employed by or contracted by the Corporation with prior disclosure to the Board of Managers of the District and consistent with the District's policies and mission;
- (o) Appointment and removal of the Corporation's officers in accordance with the Bylaws and prescribe any powers and duties for them that are consistent with the Corporation's Certificate of Formation and Bylaws;

- (p) Determination to what extent, if any, the Corporation's cash on hand exceeds its current and anticipated needs, including, without limitation, operating expenses, debt service, acquisitions and a reasonable contingency reserve, and if an excess exists, may make a charitable contribution to the Member; and
- (q) Any other matters with respect to which exclusive authority is not reserved to the Member and/or the Board of Directors.

**Section 6. Action of the Member.**

**Section 6.1. Definition of Member.** The Member, as that term is used anywhere in these Bylaws, means a majority of a quorum of the BOM present at a properly called meeting under the Texas Open Meetings Act.

**Section 6.2. Authority Reserved Solely to the Member.** The Member shall exercise its powers and authority as the Member of the Corporation, including the power and authority to vote and any action that may be required by law, the Certificate of Formation, or these Bylaws, by and through a majority vote of the BOM, with a quorum of the BOM present at a properly called meeting of the Member or through a person or persons instructed and authorized by the Member to take a particular action.

**Section 6.3. Authority Delegated to the Executive Committee.** To the extent the Member has delegated authority and discretion to the Executive Committee, as governed by Article II, Section 5.2 of these Bylaws, the Executive Committee shall make decisions and exercise powers and authority on behalf of the Member. Any decision made or action taken by the Executive Committee must be made in writing or recorded in the minutes of meetings of the Executive Committee and maintained as part of the permanent record of the Corporation.

**Section 6.4. Action Without a Meeting by the Executive Committee; Telephone Meetings.** Any action required by law or these Bylaws to be taken at a meeting of the Executive Committee, or any action which may be taken at a meeting of the Executive Committee, may be taken without such a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the members of the Executive Committee. Such consent shall have the same force and effect as a unanimous vote at a meeting. . Subject to the requirements of law regarding notice of meetings, unless otherwise restricted by the Certificate of Formation or these Bylaws, the members of the Executive Committee, may participate in and hold a meeting of the Member, of the Executive Committee, by means of a conference telephone, or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

**Section 7. Non-Liability of Member.** The Member shall not be liable for the debts, liabilities, or obligations of the Corporation.

**Section 8. Successor Member(s) of the Corporation.** The Member may designate additional or successor Member(s), consistent with the legal requirements to maintain the

Corporation's tax exemption as an organization described in Section 501(c)(3) of the Code that is not a private foundation by reason of being an organization described in Section 509(a)(3) of the Code.

### **ARTICLE III** **OFFICES**

**Section 1.** Principal Place of Business. The principal place of business of the Corporation shall be located at 1500 S. Main Street, Fort Worth, Texas 76104. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

**Section 2.** Registered Office and Registered Agent. The Corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent whose office is the Corporation's registered office, as required by the TBOC. The registered office may, but need not be identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Joint Executive Committee in accordance with applicable law.

### **ARTICLE IV** **BOARD OF DIRECTORS**

**Section 1.** Powers. Subject to the restrictions imposed by law, the Certificate of Formation, and these Bylaws (expressly including all powers and actions reserved to the Member in Article II above and all powers and actions delegated by the Member to the Executive Committee in Article II, Section 5.2), the Board of Directors of the Corporation (the "Board of Directors" or the "Board") shall have the responsibility and authority for the day-to-day management of the Corporation and its property, business, and affairs. The Board of Directors shall exercise independent judgment in all matters, including matters relating to credentialing, quality assurance, utilization review, peer review and the practice of medicine, and shall have the exclusive authority to (i) establish the Corporation's policies with respect to the medical, professional, and ethical aspects of the practice of medicine, including credentialing, quality assurance, utilization review, and peer review; and (ii) after consultation with the Executive Committee, either directly or indirectly through its physician designee(s), determine whether to accept any physician's assignment to work for the Corporation and whether to terminate the retention of any physician who provides medical services on behalf of the Corporation during such physician's term of retention, and such termination shall be subject to such due process procedures as may be adopted by the Board of Directors or its physician designee(s), unless due process procedures are included in the retention agreement. If due process procedures are included in the retention agreement, such due process procedures shall supersede the due process procedures adopted by the Board of Directors or its physician designee(s). Directors shall exercise best efforts to cause the Corporation to comply with all relevant provisions of the Rules and the Texas Medical Practice Act.

**Section 2. Relationship, Violations of Medical Practice Act and Disclosures.** Each Director shall individually disclose to the Member, the Executive Committee, and to the Board of Directors (at the times of nomination and appointment) and to the Texas Medical Board (at the times of initial application and biennial reports) the identity of each financial relationship known to such Director, if any, which such Director has with the Member, any member of the Joint Executive Committee, any other Director, any supplier of the Corporation (as defined in the Rules), or any affiliate of the Member, any member of the Executive Committee, other Director of the Corporation, and shall provide a concise explanation of the nature of each such financial relationship. Such disclosure shall be submitted on forms specified by the Texas Medical Board or, if no forms are specified by the Texas Medical Board, on forms specified by the Corporation. In addition, as required by the Rules, each Director is required to immediately report to the Texas Medical Board any action or event which such Director reasonably and in good faith believes constitutes a violation or attempted violation of the Texas Medical Practice Act or the Rules.

**Section 3. Qualification.** Each Director shall at all times be a physician duly licensed to practice medicine by the Texas Medical Board, who is actively engaged in the practice of medicine as defined in the Rules. In addition, each Director shall at all times possess such qualifications and meet the requirements for such position as are set forth in Section 162.001 of the Texas Medical Practice Act, Texas Occupations Code Annotated, Subtitle B and the Rules.

**Section 4. Number.** The initial Board of Directors shall consist of five (5) Directors named in the initial Certificate of Formation of the Corporation as filed with the Texas Secretary of State pursuant to the TBOC and approved by the Member, all as required for the purposes of obtaining and maintaining tax exemption for the Corporation. The number of Directors may be increased or decreased (provided such decrease does not have the effect of shortening the term of any incumbent Director) from time to time by designation of the Member, provided that the number of Directors shall always be an odd number and shall never be less than five (5) nor more than nine (9).

**Section 5. Appointment and Term.** The initial Board of Directors shall be those persons named as Directors in the Corporation's initial Certificate of Formation. Subsequent Directors shall be appointed by the Member, with a recommendation from the Board of Directors to the Executive Committee and with a recommendation from the Executive Committee to the Member, with approval of at least a majority vote of the Board of Directors unless required by law including requirements to obtain or maintain tax exemption for the Corporation. Annually the Member, with a recommendation from the Board of Directors to the Executive Committee and with a recommendation from the Executive Committee to the Member, with approval of at least a majority vote of the Board of Directors unless required by law including requirements to obtain or maintain tax exemption, shall appoint Directors for the Directors' positions for which terms have expired or are unfilled in the case of Directors who have died, resigned, or been removed. The terms for each Director position shall be two (2) years from the date of the Annual Meeting at which such Directors were elected to the second next Annual Meeting. No Director may serve more than two (2) consecutive full terms. A former Director may be eligible for reappointment as a Director after an absence from serving as a Director for at least two (2) years. The Directors will be divided into two (2) classes, of as nearly equal numbers of Directors as the odd number of Directors will allow, with the membership of the initial Board of Directors being

designated into classes by the Members upon their appointment with one class of Directors serving for a one (1) year term and a second class of Directors serving for a two (2) year term. Each person serving as a Director shall serve until the earlier to occur of (a) the expiration of his/her term, or (b) such Director's failure of eligibility, death, resignation, or removal, as provided in these Bylaws.

**Section 6.** Removal. Any Director may be removed from office at any time with or without assigning cause by the Member. The Member shall have the right to remove any Director with or without assigning cause inasmuch as such right is required for the purposes of obtaining and maintaining tax exemption for the Corporation.

**Section 7.** Vacancies. Any vacancy occurring in the office of a Director, whether by death, resignation, removal or otherwise, shall be filled by the Member with a recommendation from the Board of Directors to the Executive Committee and with a recommendation from the Executive Committee to the Member for the balance of the unexpired term, as required for the purposes of obtaining and maintaining tax exemption. The appointment of such Director may be at an annual meeting of Member, at a special meeting of Member or at any other time.

**Section 8.** Meetings of Directors. The Directors may hold meetings, maintain an office, and keep the Corporation's books and records at such place or places within or without the State of Texas as the Board of Directors may from time to time determine, consistent with the powers reserved to the Member in Article II above; provided, however, that in the absence of any such determination, such place shall be the Corporation's principal office in the State of Texas.

**Section 9.** Annual Meetings. The annual meeting of the Board of Directors ("Annual Meeting") shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors, or, if not so designated, the annual meeting of the Directors shall be the first regular meeting of the Board of Directors as set forth in Section 10 below at the Corporation's principal office for the purpose of transacting such business as may be properly brought before such Annual Meeting. Notice of Annual Meetings shall be required.

**Section 10.** Regular Meetings. Regular meetings of the Board of Directors ("Regular Meetings") shall be held quarterly at such times and places as shall be designated from time to time by resolution of the Board of Directors. Notice of Regular Meetings shall be required.

**Section 11.** Special Meetings. Upon the written request of any Director, the Member, or the Executive Committee, special meetings of the Board of Directors ("Special Meetings") shall be held at such times and places as shall be designated from time to time by the Chairman of the Board of Directors. Notice of Special Meetings shall be required.

**Section 12.** Notice of Meetings. The Secretary of the Corporation shall give notice of the time and place of each Regular and Special Meeting to each Director and to the Member in person, or by mail, telegraph, facsimile, e-mail or telephone, at least five (5) days before such meeting, unless otherwise provided by the Member. Unless otherwise indicated in such notice or otherwise provided by the Member and the Executive Committee, any and all matters pertaining to day-to-day management of the Corporation and accomplishing the Corporation's purposes

may be considered and acted upon at such meeting. At any such meeting at which a majority of the Directors are present, even though without notice, any matter pertaining to the Corporation's purposes may be considered and acted upon.

**Section 13.** Action Without a Meeting by Directors; Telephone Meetings. Any action required by law or these Bylaws to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors, may be taken without such a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Directors. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State. Subject to the requirements of law regarding notice of meetings, unless otherwise restricted by the Certificate of Formation or these Bylaws, members of the Board of Directors may participate in and hold a meeting of such Board of Directors by means of a conference telephone, or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Further, with respect to meetings of the Board of Directors, if any two (2) Directors request in writing or by telephone at least twenty-four (24) hours prior to a scheduled meeting of the Board of Directors that the meeting be held by means of a conference telephone or similar communications equipment, a telephone meeting shall be held in lieu of meeting in person.

**Section 14.** Copies of Minutes of Director Meetings. The Secretary of the Corporation shall deliver to the Member and the Directors copies of the minutes of each meeting of the Board of Directors and each meeting of any committee of the Board of Directors (created pursuant to Article V below), or the written consents in lieu of any such meetings, within thirty (30) days of the date of such meeting or at such other time(s) as shall be provided by the Member.

**Section 15.** Quorum. A majority of the then-acting Directors shall constitute a quorum for the consideration of any matters pertaining to day-to-day management of the Corporation and accomplishing the Corporation's purposes. If at any meeting of the Board of Directors there is less than a quorum present, a majority of those present may adjourn the meeting from time to time without further notice. Proper notice must be given and a quorum must be present at any reconvened meeting in order to transact business. 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 of Directors, unless the act of a greater number is required by law, the Certificate of Formation, these Bylaws, or as otherwise provided by the Member.

**Section 16.** Voting. Any Director may vote in person or by written consent in accordance with the terms and conditions of Article VII, Section 4 of these Bylaws. Any Director may vote by proxy only if so authorized by action of the Member and under such terms and conditions as are prescribed by the Member. No proxy shall be valid after three (3) months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and unless otherwise made irrevocable by law.

**Section 17.** Conduct of Business. At meetings of the Board of Directors, matters pertaining to the day-to-day management of the Corporation and accomplishing the Corporation's purposes shall be considered. At all meetings of the Board of Directors, the Chairman of the Board shall preside, and in the absence of the Chairman of the Board, the Vice Chairman shall preside. The Secretary of the Corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the chairman may appoint any person to act as secretary of the meeting. The Chairman of any meeting of the Board of Directors shall determine the order of business and the procedure of the meeting, including, without limitation, conduct of the discussion and the order of business.

**Section 18.** Compensation of Directors; Expenses. Persons serving as Directors shall not receive any salary or compensation for their services as Directors, provided, however, that nothing contained herein shall be construed as precluding any Director from receiving compensation in a reasonable amount for professional physician services rendered (other than services rendered as a Director) that are reasonable and necessary in carrying out the Corporation's purposes as the Executive Committee may from time to time determine. A Director shall be entitled to reimbursement for reasonable expenses incurred by him in carrying out his duties as a Director as the Executive Committee may determine.

**Section 19.** Reserved Power, Authority, and Actions. Notwithstanding any provision of these Bylaws to the contrary, no action may be taken by the Board of Directors with respect to any of the subjects indicated in Article II, Sections 5 or 6 above, and the power and authority to act with respect to the subjects indicated in such sections shall be reserved solely to the Member, pursuant to Article II, Sections 5 and 6 or to the Executive Committee pursuant to Article II, Section 6, in order to obtain and maintain the Corporation's tax exemption. Any action taken by any Directors in contravention of Article II, Sections 5 or 6 above shall be null and void.

## **ARTICLE V** **COMMITTEES**

**Section 1.** Committees. The Executive Committee or the Board of Directors may from time to time create one or more committees of the Executive Committee or of the Board of Directors in accordance with the TBOC for such purposes as the Executive Committee or the Board of Directors may determine in the resolution creating the committee; provided that any such committee shall not have or exercise any of the powers of the Board of Directors, unless specifically permitted by the Board of Directors, the Member, and these Bylaws, and provided further that any such committee may include persons not on the Board of Directors.

**Section 2.** Procedures; Meetings; Quorum. Any committee created by the Executive Committee, the Board of Directors, or these Bylaws, unless otherwise expressly provided herein, shall (a) have a chairman designated by the Committee, (b) fix its own rules or procedures consistent with its scope of authority, (c) meet at such times and at such place or places as may be provided by such rules or by resolution of such committee, and (d) keep regular minutes of its meetings and cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation, report the same to the Board of Directors at its next succeeding

meeting, and submit such minutes to the Executive Committee. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members at a meeting at which a quorum is present shall be necessary for the adoption by it of any action, unless otherwise expressly provided in the committee's rules or procedures or these Bylaws, or by the Executive Committee.

**Section 3. Telephone Meetings.** Subject to any requirements of law regarding notice of meetings, unless otherwise restricted by the Certificate of Formation or these Bylaws, members of any committee may participate in and hold a meeting of such committee by means of a conference telephone, or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

## **ARTICLE VI** **OFFICERS**

**Section 1. Number, Titles and Term of Office.** The officers of the Corporation shall consist of a Chairman of the Board, a Vice-Chairman of the Board, a President, a Secretary, a Treasurer, and such other officers and assistant officers as the Executive Committee may from time to time elect or appoint. Such other officers and assistant officers shall have such authority and responsibility as may be assigned to them by the Executive Committee. Any two (2) or more offices may be held by the same individual, except the offices of President and Secretary. The Chairman of the Board and Vice-Chairman of the Board shall be members of the Board of Directors; the other officers of the Corporation need not be members of the Board of Directors. The initial President shall be appointed by the Member and the initial Secretary of the Corporation shall be appointed by the Executive Committee. Thereafter, such officers and all other officers of the Corporation shall be appointed by the Executive Committee in accordance with this Article IV. The term of each officer shall be as determined by the Executive Committee at the time of selection; in any event, a duly elected officer shall serve in the office to which he or she is elected until his or her successor has been duly elected and qualified.

**Section 2. Removal.** The initial officers of the Corporation and any officer or agent or member of a committee elected or appointed by the Executive Committee may be removed by the Executive Committee, but such removal shall be without prejudice to the contract rights, if any, of the individual so removed. Election or appointment of an officer or agent or member of a committee shall not of itself create contract rights.

**Section 3. Vacancies.** Any vacancy occurring in any office of the Corporation may be filled by the Executive Committee.

**Section 4. Powers and Duties of the Chairman of the Board.** The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such other powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Executive

Committee. The Chairman of the Board shall be responsible for ensuring that the President carries out the plans and policies of the Executive Committee, the Board of Directors, and these Bylaws. The Chairman of the Board shall be appointed by the Executive Committee from among the members of the Board of Directors. In the absence of the President, the Chairman of the Board may exercise the power of the President.

**Section 5. Powers and Duties of the Vice-Chairman of the Board.** The Vice-Chairman of the Board shall discharge the duties of the Chairman of the Board in the absence of the Chairman of the Board, and shall have such other powers and duties as may be assigned to such office in these Bylaws or from time to time by the Executive Committee. The Vice-Chairman of the Board shall be appointed by the Executive Committee from among the members of the Board of Directors. In the absence of the President and Chairman of the Board, the Vice-Chairman of the Board may exercise the power of the President.

**Section 6. Powers and Duties of the President.** The President (the “President”) shall be the principal executive officer of the Corporation. The President of the Corporation shall be a physician and shall serve as the Chief Medical Officer of the Corporation. Subject to the control of the Executive Committee, the President (i) shall have general executive charge, management, and control of the properties, business and operations of the Corporation with all such powers as may be reasonable incident to such responsibilities; (ii) shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness, and other obligations in the name of the Corporation subject to the approval of the Member or the Executive Committee consistent with the provisions of Article II, Sections 5 and 6; (iii) shall have the power to appoint and remove all non-physician subordinate employees of the Corporation who are not officers; and (iv) shall have such other powers and duties as may be designated in these Bylaws and as may be assigned to such officer from time to time by the Executive Committee. The President shall report to the Board of Directors and to the Member through the Executive Committee.

**Section 7. Powers and Duties of Vice Presidents.** The Vice Presidents, in order of rank, shall (subject to the control of the President) discharge the duties of the President in the event of the President's absence or disability for any cause whatever. They shall also perform such additional duties as may be prescribed from time to time by the President. Such Vice Presidents shall be appointed by the President.

**Section 8. Powers and Duties of the Secretary.** The Secretary of the Corporation (i) shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; (ii) shall attend to the giving and serving of all notices; (iii) in furtherance of the Corporation's purposes and subject to the limitations contained in the Certificate of Formation, may sign with the President in the name and on behalf of the Corporation and/or attest the signatures thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments of the Corporation; (iv) shall have charge of the Corporation's books, records, documents, and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board of Directors may direct, all of which shall be open at reasonable times to the inspection of any Director, the Executive Committee and the Member and/or the Member's designee including, but not limited to, the Member's Internal Auditor and Corporate Compliance Director,

at the Corporation's office; and (v) shall in general perform all duties incident to the office of Secretary subject to the powers and authorities reserved to the Member or delegated to the Executive Committee pursuant to Article II, Sections 5 and 6.

**Section 9.** **Powers and Duties of the Treasurer.** The Treasurer shall be responsible for custody of all of the Corporation's funds and securities. When necessary or proper, the Treasurer (i) may endorse or cause to be endorsed, in the name and on behalf of the Corporation, checks, notes, and other obligations for collection and shall deposit or cause to be deposited the same to the credit of the Corporation in such bank or banks or depositories and in such manner as shall be designated and prescribed by the Executive Committee; (ii) may sign or cause to be signed all receipts and vouchers for payments made to the Corporation either alone or jointly with such other officer as may be designated by the Executive Committee; (iii) whenever required by the Board of Directors, the Executive Committee or the Member, shall render or cause to be rendered a statement of the cash account; (iv) shall enter or cause to be entered regularly in the Corporation's books, to be kept by such officer for that purpose, full and accurate accounts of all moneys received and paid out on account of the Corporation; (v) shall perform all acts incident to the position of Treasurer subject to the powers and authorities reserved to the Member or delegated to the Executive Committee in Article II, Section 5 and 6, and shall, if required by the Executive Committee, give such bond for the faithful discharge of such officer's duties in such form as the Member may require.

## **ARTICLE VII**

### **MISCELLANEOUS PROVISIONS**

**Section 1.** **Distributions.** Distributions, if any, must be unanimously approved by the Member, and made consistent with State and federal law.

**Section 2.** **Fiscal Year.** The Corporation's fiscal year shall begin on October 1 and end on September 30 of each year.

**Section 3.** **Seal.** The Corporation's seal, if any, shall be such as may be approved from time to time by the Board of Directors.

**Section 4.** **Notice and Waiver of Notice.** Whenever any notice is required to be given by mail under the provisions of these Bylaws, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed, postpaid wrapper addressed to the person or the Member and the Executive Committee entitled thereto at such person's post office address, as such appears in the records of the Corporation, and such notice shall be deemed to have been given on the date of such mailing. A waiver of notice in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

**Section 5.** **Resignations.** Any Director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the Executive Committee. The acceptance of a

resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

**Section 6. Interpretation of Bylaws.** These Bylaws shall be interpreted in a manner that reserves to physicians the sole authority to engage in the practice of medicine and reserves to the Corporation through its Board of Directors the sole authority to direct the medical, professional, and ethical aspects of the practice of medicine through the Corporation.

**Section 7. Corporate Practice of Medicine.** Nothing herein shall be construed as empowering the Member, any officer or employee of the Member, the Executive Committee, or any non-physician whatsoever with the authority to interfere with the independent and professional practice of medicine by any Director of the Corporation or any physician employee or independent contractor of the Corporation, or to intervene in or interfere with the private physician-patient relationship established between any patient and any Director of the Corporation or any physician employee of the Corporation. All such physicians shall remain at all times free to exercise their independent clinical judgments on behalf of their patients, subject only to oversight by and the authority of physician supervisors.

**Section 8. Invalid Provisions.** If any provision of these Bylaws is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable; these Bylaws shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as a part of these Bylaws a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

## **ARTICLE VIII**

### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Chapter 8 of the TBOC permits the Corporation to indemnify its present and former Directors and officers to the extent and under the circumstances set forth therein and herein. The Corporation hereby elects to and does hereby indemnify all such persons to the fullest extent permitted by law promptly upon request of any such person making a request for indemnity hereunder. Such obligation to so indemnify and to so make all necessary determinations may be specifically enforced by resort to any court of competent jurisdiction. Further, the Corporation shall have the power to purchase and maintain at its expense insurance on behalf of such persons to the fullest extent permitted by applicable law, whether or not the Corporation would have the power to indemnify such person under the foregoing provisions. The Corporation shall also have the power to and shall pay and reimburse the reasonable expenses of such persons covered hereby in advance of the final disposition of any proceeding to the fullest extent permitted by Chapter 8 of the TBOC and subject to the conditions thereof and hereof. Notwithstanding the foregoing, the Corporation shall have no obligation to indemnify and no indemnification shall be made (i) unless the favorable determinations are made as required by Sec. 8.101 of the TBOC,

and none of the prohibited circumstances described in Sec. 8.102 of the TBOC is determined to exist, (ii) in an action or suit involving the alleged professional malpractice of such Director or officer in the practice of medicine, or (iii) in any proceeding involving acts or omissions of such Director or officer in such person's personal capacity.

## **ARTICLE IX** **CONFLICTS OF INTEREST**

**Section 1.** Purpose. The purpose of the conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Director of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to non-profit and charitable corporations.

### **Section 2.** Definitions.

**Section 2.1.** Interested Person. Any Director, principal officer, or member of a committee with delegated powers of the Member or Board of Directors who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity in the health care system of which the Corporation is a part, he or she is an interested person with respect to all entities in the health care system.

**Section 2.2.** Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- (a) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
- (b) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
- (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

### **Section 3.** Procedures.

**Section 3.1.** Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose in writing the existence of his or her financial interest and all material facts to the Member, the Executive Committee, Directors or members of committees with delegated powers of the Member, the Executive Committee or Board of Directors considering the proposed transaction or arrangement.

**Section 3.2.** Determining Whether a Conflict of Interest Exists. After disclosure in writing of the financial interest and all material facts, and after any discussion with the interested person, the interested person shall leave the meeting of the Board of Directors or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Board of Directors or committee members shall decide if a conflict of interest exists.

**Section 3.3.** Procedures for Addressing the Conflict of Interest.

- (a) An interested person with a conflict of interest may make a presentation at the meeting of the Board of Directors or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the proposed transaction or arrangement.
- (b) The Chairman of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (c) After exercising due diligence, the Board of Directors or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- (d) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested Directors or committee members whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

**Section 3.4.** Violations of the Conflicts of Interest Policy.

- (a) If the Board of Directors or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board of Directors or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Section 4.** Records & Proceedings. The minutes of the Board of Directors and all committees with delegated powers of the Member, the Executive Committee or Board of Directors shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors' or committee's decision as to whether a conflict of interest in fact existed; and
- (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

**Section 5.** Compensation Committees. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

**Section 6.** Annual Statements. Each Director, principal officer and member of a committee with delegated powers of the Member, the Executive Committee or Board of Directors shall annually sign a statement which affirms that such person:

- (a) has received a copy of the Corporation's conflicts of interests policy;
- (b) has read and understands the policy;
- (c) has submitted a statement setting forth known conflicts of interest, which will be updated as necessary during the year;
- (d) has agreed to comply with the policy; and
- (e) understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Section 7.** Periodic Reviews. The Executive Committee will have oversight to ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining;
- (b) whether acquisitions of physician practices and other provider services result in inurement or impermissible private benefit;

- (c) whether partnership and joint venture arrangements and arrangements with management service organizations and physician hospital organizations, if any, conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit; and
- (d) whether agreements to provide health care and agreements with other healthcare providers, employees and third-party payers further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

**Section 8.** Use of Outside Experts. In conducting the periodic reviews provided for in Section 7, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring that periodic reviews are conducted.

## **ARTICLE X** **AMENDMENTS**

These Bylaws may be repealed only by the Member at any annual or special meeting of the Member if notice of the proposed action is contained in the notice of such annual or special meeting of the Member. These Bylaws may be amended by the Member, with approval of at least a majority vote of the Board of Directors unless otherwise required by law including requirements to obtain or maintain tax exemption at any annual or special meeting of the Member, if notice of the proposed amendment is contained in the notice of such meeting of the Member.