

**AMENDED AND RESTATED BYLAWS**  
**OF**  
**COMMUNITY HEALTH CENTER OF BRANCH COUNTY**  
**(“CORPORATION”)**

**ARTICLE I**

**Member**

**Section 1.01 – Member**

The sole member of this Corporation shall be ProMedica Health System, Inc., an Ohio nonprofit corporation, or its successor (the “Member”) which, through its controlled entities operates a comprehensive health system (the Member and its directly and indirectly controlled entities are referred to herein as the “ProMedica Health System”). The Corporation is formed exclusively for charitable, scientific, and educational purposes within the meaning of and to the fullest extent permitted by the Michigan nonprofit corporation act and Section 501(c)(3) of the Internal Revenue Code of 1986, as now enacted and as may be amended from time to time. The Corporation’s purposes shall include benefiting the Member including the right to distribute income or transferring assets to the Member for use in furtherance of its tax-exempt purposes and to assist, financially or otherwise, entities affiliated with the Member and this Corporation in furtherance of its exempt purposes all in accordance with Section 2.02(b) of these Bylaws.

**Section 1.02 – Meetings**

- (a) An annual meeting of the Member for the appointment and approval of Trustees (as applicable), the consideration of reports and such other business as may be brought before the meeting shall be held at such time on the fourth Tuesday in January of each year or on such other date as may be designated by the Member.
- (b) Any special meetings of the Member may be called by the Chairperson, the President, a majority of the Board of Trustees or the Member.
- (c) Meetings of the Member may be held at any place within or without the State of Ohio. If no designation is made by the person calling the meeting, the place of the meeting shall be the principal office of the Corporation in the State of Ohio.

**Section 1.03 – Notice of Meeting**

- (a) Written notice of the time and place of each meeting shall be given either by personal delivery, or by mail, telegram cable or electronically at least seven (7) but not more than sixty (60) days before each meeting.

- (b) The Member may waive notice of the time and place of any meeting of the Member, either before or after the meeting is held.

#### Section 1.04 – Action Without Meeting

- (a) Any action which may be authorized or taken at a meeting of the Member may be taken without a meeting with the affirmative approval of, and in a writing signed by, the Member.
- (b) Any such writings shall be filed with or entered upon the records of the Corporation.

#### Section 1.05 – Voting

- (a) The Member shall exercise its right to vote at any meeting or to consent to any action without a meeting through its Board of Trustees, or its Chairperson, President & Chief Executive Officer, Chief Financial Officer or Chief Legal Officer/General Counsel unless before such vote is taken or consent is given, the Board of Trustees of the Member provides a certified copy of a resolution stating that such authority is vested on some other officer or person. Without limiting the foregoing, the President & Chief Executive Officer of the Member shall exercise the Member's rights under Section 2.02 and Section 4.02 for all officers other than the chairperson, if any; and the Governance Committee of the Member shall exercise the Member's rights under Section 4.02 for the Chairperson, if any.
- (b) At any meeting of the Member, the Member may be represented at such meeting, and execute such consents or waivers, and exercise any of its other rights, by proxy or proxies appointed by a writing signed by its Board of Trustees, or its Chairperson, President & Chief Executive Officer, Chief Financial Officer or Chief Legal Officer/General Counsel.

## **ARTICLE II**

### **Board of Trustees**

#### Section 2.01 – General Powers

- (a) Except as otherwise provided by the law of the State of Michigan or the Articles of Incorporation, the powers of the Corporation shall be exercised, its business and affairs conducted, and its property managed under the direction of the Corporation's Board of Trustees as provided in these Bylaws.

#### Section 2.02 – Reserve Powers

- (a) The Member has the reserve powers set forth in this Section 2.02 (the "PHS Reserve Powers") with respect to the Corporation. The PHS Reserve Powers include the right to:

- (1) appoint three (3) individuals to the Board of Trustees (“PHS Hospital Appointees”);
- (2) approve all individuals nominated for appointment to the Board of Trustees by the Corporation pursuant to Section 2.04 (“CHC Appointees”);
- (3) remove any director, trustee or other individual serving on the Board of Trustees, with cause, at any time. As used herein, “with cause” shall mean any of the following: (i) a plea of guilty or *nolo contendere*, or the conviction of a trustee, director or other individual of any felony; (ii) the cancellation, revocation or non-renewal by the insurance carrier of a trustee’s, director’s or other individual’s directors and officers liability insurance coverage; (iii) a trustee, director or other individual engaging in fraud or embezzlement; (iv) an intentional disregard or attempt to circumscribe the PHS Reserve Powers; (v) violation of the trustee’s, director’s or other individual’s fiduciary duties or duty of confidentiality; (vi) failure to comply with the Member’s Standards of Conduct; or (vii) accepting or maintaining a fiduciary position with a competitor of the Member;
- (4) adopt and/or approve strategic plans and the annual operating and capital budgets of the Corporation;
- (5) authorize and/or approve non-budgeted operating expenses and capital expenditures of the Corporation which, individually or in the annual aggregate, exceed Five Hundred Thousand Dollars (\$500,000), which amount shall be subject to annual review and adjustment by the Member’s Finance Committee;
- (6) authorize and/or approve any incurrence, assumption, or guarantee of debt by the Corporation in excess of an amount determined from time to time by the Member’s Finance Committee;
- (7) authorize and/or approve the non-budgeted sale or lease by the Corporation of any real estate which, individually or in the annual aggregate, exceed Five Hundred Thousand Dollars (\$500,000), which amount shall be subject to annual review and adjustment by the Member’s Finance Committee;
- (8) authorize and/or approve contracts that call for non-budgeted expenditures of sums which, individually or in the annual aggregate, exceed Five Hundred Thousand Dollars (\$500,000) by Corporation, which amount shall be subject to annual review and adjustment by the Member’s Finance Committee;
- (9) authorize and/or approve the merger, consolidation, sale or lease of the Corporation, or any of their respective business lines;
- (10) appoint and/or approve the financial auditors of the Corporation;

- (11) appoint the Corporation's President and Chief Executive Officer (in consultation with the Board of Trustees);
  - (12) remove the Corporation's President and Chief Executive Officer;
  - (13) appoint and remove the Secretary and Treasurer of the Corporation; and
  - (14) authorize and/or approve any amendments to the articles of incorporation, bylaws, operating agreements or analogous governing documents of the Corporation.
- (b) Notwithstanding anything to the contrary contained herein and without limiting the exclusive powers of the Member, the Member shall have the exclusive power to authorize, without the necessity of any action of the Board of Trustees, the upstream or downstream distribution of operating profits to or from the Corporation to the Member or an affiliate of the Corporation, *provided, however*, that the Member shall not upstream any cash or cash-equivalents such that the net balance of cash and cash-equivalents is less than the amount of cash and cash-equivalents as of January 1, 2018, adjusted for reductions in cash reserves related to operating losses and capital expenditures in excess of operating income.

#### Section 2.03 – Number

- (a) The Board of Trustees shall consist of not less than twelve (12) nor more than twenty (20) individuals (excluding ex officio Trustees) as determined by the Board of Trustees from time to time.

#### Section 2.04 – Election, Qualification, Term, Orientation and Continuing Education

- (a) The Trustees (excluding ex officio Trustees) shall be elected as follows:
- (1) If the seat of a CHC Appointee becomes vacant because of the expiration of a CHC Appointee's term in office, the removal of a CHC Appointee from office, or the death, resignation or permanent incapacity of a CHC Appointee, then the Board of Trustees, acting by majority vote of the remaining CHC Appointees, shall, not less than thirty (30) days prior to the Member's governance committee meeting during which candidates will be reviewed, provide the Member with the name of a nominee to fill the vacancy or vacancies. If the Member approves the nominee, then the nominee shall be formally appointed to the Board of Trustees. If the Member does not approve the nominee, then the Board of Trustees, acting by majority vote of the remaining CHC Appointees, shall promptly nominate a different candidate for approval. This process shall be repeated until the Member approves a nominee.
  - (2) If the seat of a PHS Hospital Appointee becomes vacant because of the expiration of a PHS Hospital Appointee's term in office, the removal of a PHS Hospital Appointee from office, or the death, resignation or

permanent incapacity of a PHS Hospital Appointee, then the Member shall appoint a successor PHS Hospital Appointee to the Board of Trustees.

- (b) Nomination for CHC Appointees shall be presented to the Board of Trustees of the Corporation by a nominating committee.
- (c) In electing new Trustees, the Member shall consider a nominee's maturity, judgment, standing in the community, mental and physical health, and ability to benefit the Corporation in the discharge of his or her responsibilities as a Trustee.
- (d) Effective January 1, 2018, the Trustees shall be classified with respect to the time for which they severally hold office into three (3) classes, designated as Class I, Class II, and Class III. Initially, the Class I trustees shall be elected for a one (1) year term, the Class II trustees shall be elected for a two (2) year term, and the Class III trustees shall be elected for a three (3) year term. Thereafter, Class I, Class II, and Class III trustees shall all be elected for three (3) year terms. No trustee may serve more than two (2) consecutive terms (not including any terms served prior to January 1, 2018, or terms of one (1) or two (2) years that begin on January 1, 2018), unless waived by the Member. Each trustee shall take office at the close of the annual meeting of the Member and shall hold office until his/her successor is duly elected.
- (e) If directed by the Corporation, each Trustee shall participate in an orientation program, the scope of which shall be set from time to time by the Board of Trustees. The orientation program may include: a tour of the Corporation's buildings and grounds; an explanation of the facilities and services offered; a review of recent board and committee minutes; a review of current budget and financial documents and reports; review of the strategic plan, a review of the quality and safety improvement plan, education on fiduciary responsibilities of trustees; etc.
- (f) The President shall arrange periodic continuing education meetings for the Trustees. Topics may include services, legislation, trends in health care, governance, reimbursement issues, marketing, and other selected topics pertinent to board responsibilities. The Corporation shall encourage and provide, at the Corporation's expense, each Trustee with the opportunity to attend a reasonable number of programs relating to the Corporation's activities and/or the Trustee's responsibilities to the Corporation.

#### Section 2.05 – Meetings

- (a) An annual meeting of the Board of Trustees for the consideration of reports and such other business as may be brought before the meeting shall be held at such time on the fourth Tuesday in February of each year or on such other date as may be specified by the Board of Trustees.
- (b) Regular meetings of the Board of Trustees may be held at such periodic intervals between annual meetings and at such time as the Board of Trustees may specify.

- (c) Special meetings of the Board of Trustees may be called by the Chairperson, the President, any five (5) Trustees, or the Member.

#### Section 2.06 – Place of Meeting and Electronic Meetings

- (a) Meetings of the Board of Trustees may be held at any place within or without the State of Michigan.
- (b) Notwithstanding anything to the contrary, any meeting of the Board of Trustees may be held through any electronic communication pursuant to which each Trustee is able to hear each other Trustee participating in the meeting or in any other manner permitted under the laws of the State of Michigan and such participation shall constitute attendance at such meeting.

#### Section 2.07 – Notice of Meeting

- (a) Written notice of the time and place of each meeting of the Board of Trustees shall be given to each Trustee either by personal delivery, or by mail, telegram, cable or electronically at least forty-eight (48) hours before each meeting.
- (b) Any Trustees may waive, in writing, notice of the time and place of any meeting of the Board of Trustees, either before or after the meeting is held. Such written waiver shall be filed with or entered upon the Corporation's records of the meeting. The attendance of any Trustee at any meeting without protesting, prior to or at the commencement of the meeting, the lack of proper notice shall be deemed to be a waiver by such Trustee of notice of such meeting.

#### Section 2.08 – Quorum and Manner of Action

- (a) A quorum for transaction of business at any meeting of the Board of Trustees shall exist when at least one (1) PHS Hospital Appointee and a majority of the remaining directors are present at a meeting, in person or through the use of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other similarly; provided, however, that quorum may be established without the presence of at least one (1) PHS Hospital Appointee at the duly called meeting immediately following any meeting of the Board of Trustees at which no PHS Hospital Appointee attends.
- (b) In the absence of a quorum at any meeting of the Board of Trustees, a majority of the Trustees present may adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting. At any adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called.
- (c) The act of a majority of the Trustees present at a meeting at which a quorum exists shall authorize any action by the Board of Trustees, unless a greater number is required by the Articles of Incorporation or these Bylaws.

Section 2.09 – Action by Board of Trustees Without Meeting

- (a) Any action which may be authorized or taken at a meeting of the Board of Trustees may be taken without a meeting with the affirmative vote or approval of, and in a writing or writings signed by, all of the Trustees.
- (b) Any such writing or writings shall be filed with or entered upon the records of the Corporation.

Section 2.10 – Resignations

- (a) Any Trustee of the Corporation may resign at any time by giving written notice to the Chairperson, the President, or the Chief Legal Officer/General Counsel.
- (b) Unless otherwise specified therein, a resignation shall become effective upon delivery. The acceptance of such resignation shall not be necessary to make it effective unless so specified in the resignation.

Section 2.11 – Removal

- (a) Any Trustee (including ex officio Trustees) may be removed, with cause, at any time by the action of the Member. As used herein, “with cause” shall mean any of the following: (i) a plea of guilty or *nolo contendere*, or the conviction of a trustee, director or other individual of any felony; (ii) the cancellation, revocation or non-renewal by the insurance carrier of a trustee’s, director’s or other individual’s directors and officers liability insurance coverage; (iii) a trustee, director or other individual engaging in fraud or embezzlement; (iv) an intentional disregard or attempt to circumscribe the PHS Reserve Powers and/or the Affiliate Reserve Powers; (v) violation of the trustee’s, director’s or other individual’s fiduciary duties or duty of confidentiality; (vi) failure to comply with the Member’s Standards of Conduct; or (vii) accepting or maintaining a fiduciary position with a competitor of the Member.

Section 2.12 – Vacancies

- (a) Subject to Section 2.04(a), (b) and (c), the remaining Trustees may, by a vote of a majority of their number, temporarily, fill any vacant seat of a CHC Appointee, subject to approval of the Member.
- (b) The Member shall have the right to fill any vacant seat of a PHS Hospital Appointee. Any Trustee so elected by the Member shall hold office for the unexpired term.

Section 2.13 – Ex Officio Trustees

- (a) The Member’s President & Chief Executive Officer shall serve as an ex officio voting member of the Board of Trustees through December 31, 2018. The President of the Corporation and the Chief of Staff of the Corporation’s Medical

Staff shall be ex officio voting members of the Board of Trustees. The ex officio trustees shall be counted for purposes of a quorum or for purposes of voting or otherwise in any way for purposes of authorizing any act or transaction of business by the Board of Trustees provided, however, that at all times, a majority of the voting members of the Board of Trustees shall be CHC Appointees (the Chief of Staff shall be deemed to be an CHC Appointee).

- (b) Notwithstanding the foregoing, prior to an individual assuming any ex officio position, the Member, acting by and through its Governance Committee (the "Governance Committee"), shall determine whether the individual has a potential and/or actual conflict of interest, has expressed a lack of willingness to serve the Corporation and not third parties or represented constituencies, and/or has expressed a lack of willingness to comply with the requirements of these Bylaws or corporate conflict of interest or ethical policies, has expressed a lack of willingness to meet his/her obligations as a trustee under Michigan law, and/or possesses other reasoned disqualifications, such that his/her service as a Trustee is not in the Corporation's best interest. In determining whether an individual has a potential and/or actual conflict of interest, the Board of Trustees or the Member, as the case may be, shall consider, among other things, whether the individual possesses an ownership or investment interest in, or serves as a member, director, trustee, manager, officer, medical director, or employee of, or serves in a fiduciary capacity for, or has a management or more than a de minimis financial relationship with, any provider of health care services or any health care advocacy group (including, but not limited to, any health system and related entities, hospital, clinic, physician group, physician hospital organization, independent practice association, management services organization, ambulatory surgery center, urgent care center, skilled nursing facility, home health agency, health maintenance organization, other managed care entity, or nursing home) that operates or has expressed the intention to operate in material competition with the ProMedica Health System or that advocates or has expressed the intention to advocate positions on health care issues that would materially harm the ProMedica Health System. The Board of Trustees or the Member, as the case may be, shall have sole authority to determine whether an individual is disqualified from office on the basis described in this Section 2.13(b).
- (c) Each ex officio Trustee shall serve by reason of his or her service in such office, and the resignation or removal of such person from his or her office shall automatically terminate such person's membership on the Board of Trustees.

#### Section 2.14 – Fiduciary Duties

All Trustees (including ex officio Trustees) shall possess fiduciary responsibilities toward the Corporation, including but not limited to the fiduciary duties of care and loyalty. By becoming a trustee, individuals elected as Trustees or holding an ex officio Trustee position agree that their personal interests, and the interests of any constituency that they may represent, must at all times not conflict with the best interest of the Corporation. All Trustees, including the ex officio Trustees, are prohibited from using their position as



Trustee to advance any personal interest or the interest of any third party or constituency. All Trustees, including the ex officio Trustees, are required to maintain the confidentiality of all information regarding the activities of the Corporation unless the disclosure of the information has been authorized or the information has been disclosed to the public or otherwise becomes public knowledge. Ex officio Trustees are not permitted to disclose confidential information to represented constituencies other than as permitted in the preceding sentence. In addition to other remedies provided by law, these Bylaws and corporate policies, any individual holding office as a Trustee who fails to comply with these standards or who otherwise fails to meet his/her obligations as a trustee under Michigan law may be removed from office.

### **ARTICLE III**

#### **Committees**

##### **Section 3.01 - Committees**

- (a) The Board of Trustees may, by resolution, designate one or more committees, which committees shall have and exercise the authority of the Board of Trustees to the extent provided in such resolution. The composition, function and authority of each such committee shall be determined by the Board of Trustees, provided, however, except as otherwise determined by the Board, a majority of the voting membership of any Board committee shall be Trustees of the Corporation, and that one or more medical staff members shall be included on committees if so required by law or regulation or if required to meet accreditation standards. Special Committees may be established by the Chairperson of the Board, with the concurrence of the Board of Trustees, for such special tasks as circumstances warrant. They may be terminated at any time by Board action. A Special Committee shall limit its activities to the accomplishment of the task for which it is established and shall have no power to act except as is specifically conferred by action of the Board of Trustees. Upon completion of the task for which the Special Committee was established, such Special Committee shall stand discharged.
- (b) Except as otherwise determined by the Member, at least one (1) member on each committee shall be a PHS Hospital Appointee.
- (c) The designation of such committees and the delegation thereto of such authority shall not operate to relieve the Board of Trustees, or any individual Trustee, of any responsibility imposed by law.
- (d) Each committee shall serve at the pleasure of the Board of Trustees and shall be subject to the control and direction of the Board of Trustees, which may alter or reverse actions of any committee, provided the rights of third persons shall not be prejudicially affected thereby.

- (e) To the extent that any committee of the Board of Trustees oversees or engages in professional review or review of the practices in the Corporation for the purpose of reducing morbidity and mortality and improving patient care, all minutes, data, knowledge and information, made or collected by or on behalf of the committee shall be confidential pursuant to the Michigan Public Health Code, the Michigan Mental Health Code, and other applicable state and federal laws.

#### Section 3.02 – Ex Officio Committee Members

The President shall be an ex officio member of all committees of the Board of Trustees with full voting privileges, and shall be counted for purposes of authorizing any act or transaction of business by any committee of the Board of Trustees. The Board of Trustees may appoint one or more other persons (including persons who are not Trustees) as ex officio members of any committee, which ex officio member or members shall be entitled to be present in person, to present matters for consideration and to take part in consideration of any business by the committee at any meeting of the committee, but which ex officio member or members shall not be counted for purposes of a quorum or for purposes of voting or otherwise in any way for purposes of authorizing any act or transaction of business by such committee.

#### Section 3.03 – Authority and Manner of Acting

- (a) Unless otherwise provided in these Bylaws or unless otherwise ordered by the Board of Trustees, any such committee shall act by a majority of all of its voting members at a meeting at such place or through electronic communication as permitted under the laws of the State of Michigan or by a writing or writings signed by all of its voting members.
- (b) A quorum shall exist when a majority of a committee's members are present at a meeting, in person or telephonically; provided, however, that a quorum of the Corporation's Executive Committee, if one exists, may not be established without the presence of a PHS Hospital Appointee.
- (c) A committee is authorized to take any action or transact any business specifically delegated by the Board of Trustees, subject to the overall authority of the Board of Trustees. If a committee is delegated complete authority to take a specific action or to transact a specific business matter by the Board of Trustees, any such action or business transaction of the committee pursuant to the delegation of authority shall be as effective for all purposes as an act or business transaction by the Board of Trustees.
- (d) All committees of the Board of Trustees shall prepare and file minutes of all meetings with the Chief Legal Officer/General Counsel to be filed with or entered upon the records of the Corporation.

#### Section 3.04 – Term

Unless otherwise specified by the Board of Trustees, appointment to a committee shall be for a period of one (1) year.

#### Section 3.05 – Committee Chairpersons

Unless otherwise specified, the chairperson of each committee shall be appointed by the Chairperson of the Board of Trustees, which appointment shall be subject to approval by the Board of Trustees. The Board of Trustees may accept the proposed appointment or fill the chair with another individual of its choice.

### ARTICLE IV

#### Officers

##### Section 4.01 – Officers

- (a) The officers of this Corporation shall be a Chairperson, a President, a Chief Financial Officer, a Chief Legal Officer/General Counsel and such other officers or assistant officers as may be necessary.
- (b) The Chairperson shall be a Trustee and a CHC Appointee, but any other officer does not have to be a Trustee.

##### Section 4.02 – Election and Term of Office

The Chairperson shall be elected by the Board of Trustees, subject to approval by the Member, for a one (1) year term or until a successor is elected. Apart from the Chairperson, all other officers of the Corporation shall be appointed from time to time by the Member as it shall determine, and new offices may be created and filled at any time by the Member. Each such officer shall hold office at the pleasure of the Member.

##### Section 4.03 – Resignation

- (a) Any officer may resign at any time giving written notice to the Chairperson, the President or the Chief Legal Officer/General Counsel.
- (b) Unless otherwise specified therein, a resignation shall become effective upon delivery. The acceptance of such resignation shall not be necessary to make it effective unless so specified in the resignation.

##### Section 4.04 – Removal

Except for the Chairperson, any officer may be removed, with or without cause, at any time by the action of the Member. The Chairperson may be removed, without or without cause, at any time by the action of a majority of the CHC Appointees.

##### Section 4.05 – Vacancy

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Except for the Chairperson, any vacancy among the officers for any reason may be filled by the Member in such a manner as it determines to be appropriate under the circumstances. A vacancy in the Chairperson shall be filled by the Board of Trustees, subject to approval by the Member.

#### Section 4.06 – Chairperson

- (a) The Chairperson shall be the presiding officer of the Board of Trustees and shall call and preside at all meetings. The Chairperson shall provide leadership to the Board of Trustees and its committees, serve as a liaison between the President and the Board of Trustees, work closely with the President in carrying out approved programs and policies and maintain communications to ensure proper evaluation of performance.
- (b) The Chairperson shall be a full voting member of all committees of the Board of Trustees.
- (c) The Chairperson shall have such other authorities and duties as are delegated by these Bylaws or as may be delegated from time to time by the Member.
- (d) In the absence of the Chairperson, the person designated by the Chairperson shall temporarily assume the duties of the office of Chairperson and while so acting shall have all powers and authorities of, and shall be subject to the restrictions upon, the Chairperson.

#### Section 4.07 – President

- (a) The President shall manage and have general supervision, administration and direction over the operations of the Corporation and its facilities, officers, and employees. The President shall be responsible for providing administrative staff support to committees; providing information to the various committees necessary for the fulfillment of their functions; maintaining appropriate relationships with community, governmental and professional bodies and the Corporation's administrative and professional staff; and coordinating the preparation of the operating and capital budgets. Unless the Member otherwise provides, the President shall have the power and authority to appoint, hire, dismiss, regulate hours of work, and set and adjust rates of pay for all subordinate personnel of the Corporation.
- (b) The President shall have such other authorities and duties as are delegated by these Bylaws or may be delegated from time to time by the Board of Trustees or the Member.

#### Section 4.08 – Chief Financial Officer

The Chief Financial Officer of the Corporation shall be the treasurer of the Corporation and shall supervise all funds of the Corporation.

Section 4.09 – Chief Legal Officer/General Counsel

The Chief Legal Officer/General Counsel shall be the secretary of the Corporation and shall take or cause to be taken minutes of all meetings of the Board of Trustees and shall be custodian of all records and reports of the Board of Trustees.

**ARTICLE V**

**Medical Staff**

Section 5.01 – Relationship to Board of Trustees

- (a) The Board of Trustees shall have the overall responsibility for the organization and operation of the Medical Staff and the appointment, reappointment and granting of clinical privileges to members of the Medical Staff; provided, the Board may delegate some or all of this responsibility to a Board Committee. The Medical Staff shall assist the Board of Trustees in performing these functions in accordance with the terms of the Medical Staff Bylaws.
- (b) The Board of Trustees shall delegate to the Medical Staff the responsibility for the organization and operation of the Medical Staff and the development, adoption and periodic review of Medical Staff Bylaws, rules and regulations. Medical Staff Bylaws, rules and regulations, and any amendments thereto, shall be subject to, and effective upon, approval by the Board of Trustees, and all actions of the Medical Staff are subject to the ultimate authority of the Board of Trustees.

Section 5.02 – Medical Staff Bylaws, Rules and Regulations

- (a) The Medical Staff shall develop and maintain Bylaws, rules and regulations that include the principles and procedures by which the Medical Staff shall govern itself and participate in the development of hospital policy relative to the delivery of quality patient care.
- (b) The Bylaws adopted by the Medical Staff shall include, at a minimum:
  - (1) procedures for processing, evaluation and recommendation of applicants for appointment or reappointment to the Medical Staff to the Board of Trustees which the Board may delegate to a Board Committee;
  - (2) procedures for processing, evaluation and recommendation of clinical privileges for members of the Medical Staff to the Board of Trustees which the Board may delegate to a Board Committee.
  - (3) procedures for processing, evaluation and recommendation of corrective action, including suspension, against Medical Staff members to the Board of Trustees;

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- (4) procedures for hearings and appellate review of adverse recommendations on Medical Staff appointments, reappointments, termination of appointments, and the granting or curtailment of clinical privileges;
  - (5) requirements for maintaining Medical Staff membership and the categories of Medical Staff membership;
  - (6) the organizational structure of the Medical Staff, including the selection and functions of officers, Medical Staff meetings and attendance of meetings, the clinical departments of the Medical Staff and the functions of each department, and committees of the Medical Staff and the functions of each committee; and
  - (7) the requirement that any person applying for Medical Staff membership or clinical privileges must sign a statement to the effect that he or she has read and agrees to be bound by the Medical Staff Bylaws, rules and regulations, and the current Bylaws of the Corporation;
- (c) The Medical Staff shall provide a mechanism for at least biennial review of its Bylaws, rules and regulations, to update the Bylaws, rules and regulations as needed, and to ensure conformity with the requirements of The Joint Commission or other accrediting body selected by the Board of Trustees.

#### Section 5.03 – Appointment, Reappointment, Removal, and Clinical Privileges

- (a) The Medical Staff, composed of persons certified to practice allopathic medicine, osteopathic medicine, psychology, podiatry or dentistry shall be appointed, on a nondiscriminatory basis as to race, color, religion, national origin, sex, or handicap by the Board of Trustees. Such appointments shall be made pursuant to such procedures as shall be provided in the Bylaws or other rules and regulations adopted by the Medical Staff and approved by the Board of Trustees.
- (b) In making any determination on the appointment, reappointment, removal or clinical privileges of a member of the Medical Staff, the Board of Trustees shall delegate to the Medical Staff the responsibility for evaluating the professional qualification and competence of Medical Staff members and applicants for Medical Staff membership. Such evaluation and the recommendation by the Medical Staff to the Board of Trustees (or a Board Committee) shall be in accordance with the procedures provided in the Bylaws or other rules and regulations adopted by the Medical Staff and approved by the Board of Trustees.

#### Section 5.04 – Summary Suspension

- (a) The Board of Trustees (or in any interval between regular meetings of the Board of Trustees, the President) may immediately suspend, without prior written or oral notice to the Member, any or all of the clinical or other hospital privileges of a member of the Medical Staff whenever it is determined by the Board of Trustees (or in any interval between regular meetings of the Board of Trustees, the

President) that such action must be immediately taken to protect the life of any patient or to reduce the substantial likelihood of injury or damage to the health or safety of any patient or person present in the hospital. Notice of any such suspension shall be given to the Member by the President or other officer of the Corporation, or by an officer of the Board of Trustees. This right of summary suspension by the Board shall be in addition to any provisions for summary suspension contained in Bylaws or other rules and regulations adopted by the Medical Staff and approved by the Board of Trustees.

- (b) In the event of the summary suspension of the clinical or hospital privileges of a member of the Medical Staff pursuant to this section, such member shall be entitled to such rights for a hearing and appellate review as may be provided in the Bylaws or other rules and regulations adopted by the Medical Staff and approved by the Board of Trustees.

#### Section 5.05 – Care of Patients

Each member of the Medical Staff shall have the appropriate authority and responsibility for the care of that member's patients, subject to such limitations as may be imposed by the Board of Trustees or the Bylaws or other rules and regulations adopted by the Medical Staff and approved by the Board of Trustees.

#### Section 5.06 – Clinical Performance Improvement

- (a) The Medical Staff shall adopt a plan of quality and safety improvement to govern its members that includes effective mechanisms for reviewing and evaluating patient care, as well as an appropriate response to findings. Such quality and safety improvement plan shall be effective upon, and subject to, approval by the Board of Trustees.
- (b) At least quarterly, the President of the Medical Staff shall submit to the Board of Trustees a written report of its quality assurance activities, including a summary of findings and recommendations for methods to improve patient care.

### ARTICLE VI

#### Auxiliary Organizations

##### Section 6.01 – Formation

- (a) There may be formed such auxiliary organizations as the Board of Trustees shall designate.
- (b) Any codes, constitution, rules, regulations, bylaws, or other governing documents adopted by an auxiliary organization shall be effective upon, and subject to, approval by the Board of Trustees and the Member.

##### Section 6.02 – Authority and Manner of Acting

- (a) Auxiliary organizations shall have only such authority as specified by the Board of Trustees, and all actions of auxiliary organizations are subject to the overall authority of the Board of Trustees.
- (b) No auxiliary organization shall speak or act for or in the name of the Corporation or its hospital or other facilities without receiving prior written authority from the Board of Trustees, the Chairperson or the President.

#### Section 6.03 – Reports

Each auxiliary organization shall file an annual report with the Board of Trustees containing the following information:

- (a) a roster of its members;
- (b) a financial report; and
- (c) a summary of its activities during the year, on-going projects in which it is engaged, and projected plans for the coming year.

### ARTICLE VII

#### Conflict of Interest

#### Section 7.01 – Purpose

The purpose of this 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 trustee of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit, charitable corporations, other provisions of these Bylaws, or the governance, ethics and conflicts of interest policies of the ProMedica Health System.

#### Section 7.02 – Definitions

- (a) Interested Person. Any trustee, principal officer, or member of a committee with board delegated powers 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 within the ProMedica Health System, he or she is an interested person with respect to all entities within the ProMedica Health System.
- (b) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family—
  - (1) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or



- (2) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
  - (3) 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.
- (c) Compensation. Any direct and indirect remuneration as well as gifts or favors that are substantial in nature is compensation for purposes of this Section.

Section 7.03 – Procedures

- (a) Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest and all material facts to the trustees and members of committees with board delegated powers considering the proposed transaction or arrangement.
- (b) Determining whether a conflict exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she shall leave the board or committee meeting while the determination of whether a conflict of interest exists is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
- (c) Procedures for Addressing the Conflict of Interest.
  - (1) as determined by the Board of Trustees, an interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
  - (2) the chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - (3) after exercising due diligence, the board 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.
  - (4) 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 or committee shall determine by a majority vote of the disinterested trustees 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 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.

(d) Violations of the Conflicts of Interest Policy

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

Section 7.04 – Records of the Proceedings

The minutes of the board and all committee with board-delegated powers shall contain—

- (1) 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's or committee's decision as to whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.
- (2) 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 7.05 – Compensation Committees

- (a) 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 and benefits.
- (b) Physicians who receive compensation, directly or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership in any committee whose jurisdiction includes compensation matters. No physician is prohibited from providing information to any committee regarding physician compensation.

Section 7.06 – Annual Statements

Each trustee, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person—

- (1) has received a copy of the conflicts of interest policy.
- (2) has read and understands the policy.
- (3) has agreed to comply with the policy, and
- (4) 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 7.07 – Periodic Reviews

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:

- (1) whether compensation arrangements and benefits are reasonable and are the result of arms-length bargaining.
- (2) whether acquisitions of physician practices and other provider services result in inurement or impermissible private benefit.
- (3) whether partnership and joint venture arrangements and arrangements with management service organizations and physician hospital organizations conform to written policies, are properly recorded, reflect reasonable payments for good and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.
- (4) Whether arrangements to provide health care and agreements with other health care providers, employees, and third party payors further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

#### Section 7.08 – Use of Outside Experts

In conducting the periodic reviews provided for in Section 7.07, the Corporation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the Board of Trustees of its responsibility for ensuring that periodic reviews are conducted.

#### Section 7.09 – Additional Considerations, Compliance with Corporate Policies.

- (a) Unless approved by the Member, acting by and through its Board of Trustees, no Trustee (including ex officio Trustees) or officer of the Corporation may have an ownership or investment interest in, or serve as a member, director, trustee,

manager, officer, medical director, or employee of, or serve in a fiduciary capacity for, or have a management or more than a de minimis financial relationship with, any provider of health care services or any health care advocacy group (including, but not limited to, any health system and related entities, hospital, clinic, physician group, physician hospital organization, independent practice association, management services organization, ambulatory surgery center, urgent care center, skilled nursing facility, home health agency, health maintenance organization, other managed care entity, or nursing home), that is not affiliated with the ProMedica Health System and that operates within ProMedica Health System's service area. The Member shall have sole authority to determine whether a Trustee (including ex officio Trustees) or officer of the Corporation has an ownership or investment interest in, or serves as a member, director, trustee, manager, officer, medical director, or employee of, or serves in a fiduciary capacity for, or has a management or more than a de minimis financial relationship with any such provider of health care services or health care advocacy group. In addition to other remedies provided by law, these Bylaws and corporate policies, the Member, acting by and through its Board of Trustees, may remove from office or terminate the position of any Trustee or officer who fails to comply with the requirements of this Section 7.09(a) or corporate conflict of interest or ethical policies or who otherwise fails to meet his/her obligations as a trustee or officer under Michigan law.

- (b) Each of the Trustees and officers of the Corporation shall comply with the Member's system wide policy(ies) regarding governance, ethics and conflicts of interest, as the same may be amended from time to time.

## ARTICLE VIII

### Indemnification and Insurance

#### Section 8.01 – Persons Indemnified

Except as otherwise provided in Section 8.02 or as otherwise prohibited by law, the Corporation shall indemnify each person who, by reason of being or at any time having been a Trustee, officer or volunteer of the Corporation or the Member (pursuant to Section 450.2209(f) of the Michigan nonprofit corporation act), is named or otherwise becomes or is threatened to be made a party to any action, suit, investigation or proceeding (or claim or other matter therein), and the Corporation by the Board of Trustees may indemnify any other person as deemed proper by the Board of Trustees, against any and all costs and expenses (including attorney fees, judgments, fines, penalties, amounts paid in settlement, and other disbursements) actually and reasonably incurred by or imposed upon such person in connection with any action, suit, investigation or proceeding (or claim or other matter therein), whether civil, criminal, administrative or otherwise in nature, with respect to which such person is named or otherwise becomes or is threatened to be made a party by reason of being or at any time having been a Trustee, officer, volunteer, employee or other agent of or in a similar capacity with the Corporation, or by reason of being or at any time having been, at the

direction or request of the Corporation, a director, trustee, officer, volunteer, administrator, manager, employee, member, advisor or other agent of or fiduciary for any other corporation, partnership, trust, venture or other entity or enterprise including any employee benefit plan.

#### Section 8.02 – Scope of Indemnity

Unless the only liability asserted against a Trustee in an action, suit, or proceeding referred to in Section 8.01 is pursuant to Section 450.2209(c) of the Michigan nonprofit corporation act, or unless it is proved, by clear and convincing evidence in a court with jurisdiction that the act or omission of the Trustee, officer or volunteer for which liability is being asserted in an action, suit, or proceeding referred to in Section 8.01 was one undertaken with a deliberate intent to cause injury to the Corporation or was one undertaken with a reckless disregard for the best interests of the Corporation, any Trustee, officer, or volunteer who is the subject of an action, suit or proceeding referred to in Section 8.01 shall be entitled to the indemnification mandated by such Section 8.01.

#### Section 8.03 – Advancement of Expenses

Upon the request of a Trustee, officer or volunteer who is the subject of an action, suit or proceeding referred to in Section 8.01, the Corporation shall pay the expenses incurred by such Trustee, officer, or volunteer in defending the action, suit or proceeding, including attorney's fees, as they are incurred, in advance of the final disposition of the action, suit, or proceeding, upon receipt of an undertaking by or on behalf of the Trustee, officer or volunteer to repay the amount if it is ultimately determined that he is not entitled to be indemnified by the Corporation.

#### Section 8.04 – Discretionary Indemnification

Each request or case of or on behalf of any person other than a Trustee, officer, or volunteer, who is or may be entitled to indemnification, shall be reviewed by the Board of Trustees, and indemnification of such person shall be authorized by the Board of Trustees only if it is determined by the Board of Trustees that indemnification is proper in the specific case.

#### Section 8.05 – Indemnification Only in Accordance with Law

Notwithstanding anything to the contrary in this Article VIII, no person shall be indemnified to the extent, if any, it is ultimately determined by a court of competent jurisdiction that indemnification is contrary to applicable law.

#### Section 8.06 – Partial Indemnity

If a person is entitled to indemnification under this Article VIII for a portion of expenses including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement but not for the total amount thereof, the Corporation shall indemnify the person for the

portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

#### Section 8.07 – Insurance

The Corporation may purchase and maintain such insurance on behalf of any person who is or at any time has been a trustee, officer, volunteer, employee or other agent of or in a similar capacity with the Corporation, or who is or at any time has been, at the direction or request of the Corporation, a director, trustee, officer, volunteer, administrator, manager, employee, member, advisor or other agent of or fiduciary for any other corporation, partnership, trust, venture or other entity or enterprise including any employee benefit plan, against any liability asserted against and incurred by such person.

#### Section 8.08 – Severability

Each and every paragraph, sentence, term and provision of this Article VIII shall be considered severable in that, in the event a court finds any paragraph, sentence, term or provision to be invalid or unenforceable, the validity and enforceability, operation, or effect of the remaining paragraphs, sentences, terms or provisions shall not be affected, and this Article VIII shall be construed in all respects as if the invalid or unenforceable matter had been omitted.

### **ARTICLE IX**

#### **Amendment**

#### Section 9.01 – Amendment

These Bylaws may be amended from time to time by the Board of Trustees subject to the PHS Reserve Powers as described in Section 2.02(a)(14), or by the Member.

#### Section 9.02 – Review

These Bylaws shall be reviewed at least once every two (2) years by the Member and the Board of Trustees.

Effective January 1, 2018