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BYLAWS
OF
THE HENRY HEYWOOD MEMORIAL HOSPITAL

ARTICLE I

NAME, MISSION, VISION, LOCATION, CORPORATE SEAL AND FISCAL YEAR

1.1 Name. As provided in its Certificate of Association filed with the Commonwealth of Massachusetts, the name of the corporation shall be The Henry Heywood Memorial Hospital (the “Corporation” or the “Hospital”).

1.2 Purposes. The Corporation is a non-profit charitable organization subject to Chapter 180 of the Massachusetts General Laws and is formed for the purposes set forth in its Certificate of Association, as may be amended from time to time (the “Articles”).

1.3 Effective Date. The effective date (the “Effective Date”) of these amended and restated Bylaws (these “ByLaws”) is January 1, 2013.

1.4 Specific Goals. Within the broad purposes and powers specified in its Articles, the specific purposes and goals of the Hospital shall be those contained in the Hospital’s Organizational, Mission and Vision Statements, which is reproduced as follows:

ORGANIZATIONAL STATEMENT

WHO WE ARE

Heywood Hospital is a community-oriented and supported not-for-profit hospital governed by a local Board of Trustees. Our mission reflects the views and ideals of, and is upheld by, our trustees, incorporators, employees, physicians, and volunteers.

WHO WE SERVE

Heywood Hospital serves those who live or work in Gardner, Winchendon, Ashburnham, Westminster, Templeton, and Hubbardston, and others in need of our services. We provide services without regard to sex, race, age, creed, sexual orientation, gender identification or financial status, and strive to meet the special needs of the physically or mentally challenged.

OUR SERVICES

Heywood Hospital provides a broad range of high quality emergency, medical, surgical, obstetrical, pediatric and psychiatric services on an inpatient and outpatient basis.

COMMUNITY AND COLLABORATIVE GOALS

Heywood Hospital is dedicated to improving the health status of the community by enhancing preventive and primary care, and by providing health education. We are also committed to improving access to care and to providing special services for the underserved. The Hospital works in partnership with other community agencies and providers to achieve these and other community improvement goals.

We also foster collaboration and cooperation with other organizations to enhance services, reduce costs or more effectively meet needs.

OUR VALUES

Quality: We relentlessly pursue clinical quality, patient safety and service through evidence-based medicine and best practices

Utilization: We carefully steward our human, organizational, material and financial resources

Awareness: We are responsive to our patients' and communities' evolving health needs

Learning: We are an organization that fosters a thirst for new knowledge, skills and ideas

Innovation: We continually evolve and implement cutting-edge practices, services, technologies and programs to create optimal outcomes

Teamwork: We recognize delivery of exceptional patient care requires collaboration among providers, patients, families and other community partners

Yesterday: We celebrate our rich history and use its lessons as a springboard to propel us toward peak performance everyday in service to our patients, communities, staff and physicians

OUR VISION

To be one of the best independent community hospitals in America

OUR MISSION

To be our communities' trusted choice for exceptional patient-centered care

1.5 Human Rights. The Hospital shall in all respects be conducted without discrimination on the basis of race, color, creed, age, sex, economic status, national origin, or otherwise: (a) in the acceptance and care of patients; (b) in the appointment, employment and treatment of personnel of any category, including members of the Medical Staff and others to whom clinical privileges may be granted; and (c) in the selection of Trustees or Officers, or the

assignment of their duties and responsibilities, except as otherwise provided in Section 3.4.3 hereinafter in these ByLaws. The employment and personnel practices of the Hospital shall at all times comply with all applicable legal requirements and conform to the best standards of fairness and human dignity.

1.6 Location. The principal office of the corporation in the Commonwealth of Massachusetts shall be located at such location as determined by the Board of Trustees.

1.7 Corporate Seal. The Trustees may adopt and alter the seal of the corporation.

1.8 Fiscal Year. The fiscal year of the corporation shall, unless otherwise decided by the Trustees, commence on October 1st of each calendar year.

ARTICLE II

MEMBERSHIP

2.1 Member. North Central Healthcare, Inc., acting by and through its Board of Trustees, shall be the sole member (the “Member”) of the Corporation.

2.2 Powers of Member. In addition to any other reserved powers that are provided or reserved to it by law, the Articles, or other provisions of these Bylaws, the following powers are reserved to the Member:

(a) the power to sell, merge, consolidate, lease, exchange, change the control of, dissolve, liquidate, transfer an interest in, or undertake any other disposition of all or substantially all of the property or assets of the corporation;

(b) the power to create any subsidiary corporation or organization;

(c) to elect and appoint individuals to serve on the Board of Trustees;

(d) to remove any or all of the members of the Board of Trustees with or without cause;

(e) to amend, change, restate, alter or modify the corporation’s Articles of Organization;

(f) to amend, change, restate, alter, modify or repeal these Bylaws;

(g) to approve the annual operating and capital budgets of the corporation and variances thereto; and

(h) to approve the long-range plan of the corporation.

2.3 Meetings of Member.

2.3.1 Annual Meeting. There shall be an annual meeting of the Member at a time and place within the service area of the Corporation as shall be determined by the Chair. At

the annual meeting the Member shall: (i) receive an annual report regarding the activities and financial information for the Corporation; (ii) set the number of Trustees for the ensuing year; (iii) elect or re-elect Trustees for the ensuing year; and (iii) undertake such other business as may be validly before it.

2.3.2 Notice of Meetings. Notice of the meetings of the Member shall be given by the Chair or the Clerk. Notice shall be given as required for meetings of the Board of Trustees of the Member.

ARTICLE III

BOARD OF TRUSTEES

3.1 **Board Authority.** The Board of Trustees shall have the control, management and direction of the affairs of the corporation, except as otherwise provided by law, the Articles or these Bylaws.

3.2 **Composition of Board.**

3.2.1 Trustees. The Board of Trustees (the “Board” or the “Trustees”) shall consist of between Twelve (12) and twenty-two (22) individuals (each a “Trustee”), such number being established for the ensuing year by the Board of Trustees. At all times from the Effective Date through December 31, 2018, at least one-third (1/3) of the Trustees, excluding the *ex officio* Trustees, shall represent the Athol Memorial Hospital primary service area for the fiscal year ending September 30, 2012, which includes the Towns of Athol, Erving, New Salem, Orange, Petersham, Phillipston, Royalston, Templeton, Warwick and Wendell.

3.2.2 President and CEO. The President and CEO of the Corporation shall serve as an *ex officio*, voting member of the Board of Trustees and shall not be included in the total number of Trustees set by the Board of Trustees in accordance with Section 3.2.1.

3.2.3 Medical Staff. The President of the Medical Staff of the Hospital shall serve as an *ex officio*, voting member of the Board of Trustees and shall not be included in the total number of Trustees set by the Board of Trustees in accordance with Section 3.2.1.

3.3 **Qualifications.** No more than twenty percent (20%) of the members of the Board of Trustees, excluding the *ex officio* Trustees, may be (i) physicians participating in any medical practice affiliated with the Corporation or having medical staff privileges at a hospital affiliated with the Corporation; (ii) other persons such as employees or contractors who receive compensation from the Corporation or its affiliates; and (iii) members of the families of or persons having a financial interest in the businesses of persons described in (i) or (ii) above.

3.4 **Election and Term.**

3.4.1 Term. Trustees shall be elected for a three (3) year term.

3.4.2 Classes. The Trustees shall be divided into three (3) classes of approximately the same size with one class of Trustees being elected by the Member at the

Annual Meeting of the Member. Trustees shall hold office until their successors are duly qualified and elected or until their earlier death, disqualification, removal or resignation.

3.4.3 Age Limit. Other than those Trustees appointed to serve pursuant to the Definitive Agreement (“Initial Trustees”) entered into between the Corporation; The Henry Heywood Memorial Hospital; the Athol Memorial Hospital; and the affiliates of such organizations (the “Definitive Agreement”), no person shall serve as a Trustee after the Annual Meeting of the Corporation that follows such individual’s 75th birthday.

3.4.4 Deleted.

3.4.5 Term Limits. Trustees may serve a maximum of nine (9) consecutive years as a Trustee (the “Term Limit”); provided, however, that a partial term shall count towards a Term Limit only if it exceeds one and one-half (1-1/2) years. A trustee shall be eligible for a new Term Limit after being absent from the Board of Trustees for at least one (1) year.

3.4.6 Exception to Term Limit. Notwithstanding the Term Limit provided above, Trustees may be eligible to serve one (1) additional three (3) year term, if otherwise qualified to serve as a Trustee, if the Member finds that an extension of eligibility of service is desirable for the continuity, stability, skills or expertise of the Board. Any Trustee being considered for the additional term shall not participate in such vote.

3.5 Resignation. A Trustee may resign at any time by delivering written notice of such resignation to the Chair, the Clerk, a meeting of the Board of Trustees, or to the Corporation at its principal office. Such resignation shall be effective upon receipt (unless specified to be effective at some other time) and acceptance thereof shall not be necessary to make it effective unless it so states. Unless excused by the Chair, absence from more than three (3) consecutive Board meetings shall be considered an automatic resignation and shall require no further action on the part of the Board other than to fill the vacancy in accordance with these Bylaws.

3.6 Removal. A Trustee may be removed with or without cause by the Member, or for cause by a vote of two-thirds (2/3) of all Trustees then in office. A Trustee may be removed for cause only after reasonable notice and opportunity to be heard before the Board or Member, as may be applicable.

3.7 Vacancies. A vacancy on the Board may be filled by the remaining Trustees until the next annual meeting of the Member at which time such vacancy shall be filled by action of the Member to elect a Trustee to serve for the balance of the term. The Trustees shall have and may exercise all their powers notwithstanding the existence of one or more vacancies in their number.

3.8 Trustees Emeritus. Any former Trustee who has served as a member of the Board of Trustees shall be eligible to be named as an Honorary Trustee Emeritus. Such status is honorary and in name only, and does not afford the individual any rights and privileges enjoyed by an elected Trustee.

3.9 Meetings of the Board.

3.9.1 Annual Meetings. There shall be an annual meeting of the Trustees which shall be held subsequent to the annual meeting of the Member. Notice shall not be required for the Annual Meeting of the Board.

3.9.2 Regular Meetings. The Board shall meet as often as it deems necessary and proper, and at such time and place within the service area of the corporation as determined by the Board. Notice shall not be required for Regular Meetings of the Board.

3.9.3 Special Meetings. Special meetings of the Trustees may be held at any time and place as may be called by the Chair or by the Clerk upon the request of not less than five (5) Trustees. Notice of Special Meetings of the Board shall be given by the Chair or Clerk. Notice shall be given in person, by email, or by written notice mailed to such Trustee's business or home address at least forty-eight (48) hours in advance of the meeting.

3.9.4 Waiver of Notice. Notice need not be given to any Trustee who executes, before or after the meeting, a written waiver of notice, or to any Trustee who attends the meeting without protesting prior to the meeting or at its commencement the lack of notice. Unless otherwise stated in these Bylaws, a notice or waiver of notice of a Trustees' meeting need not specify the purposes of the meeting.

3.9.5 Presence by Communications Equipment. Trustees may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting

3.10 Quorum. At any meeting of the Trustees a majority of the Trustees then in office shall constitute a quorum. Any meeting may be adjourned by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

3.11 Action by Trustees

3.11.1 Generally. When a quorum is present at any meeting, a majority of the Trustees present and voting shall decide any question, including election of officers, unless otherwise provided by law, the Articles or these Bylaws

3.11.2 Actions Requiring Super-Majority. A three-fourths (3/4) vote of the Trustees then serving shall be required to allow the Corporation's main hospital building located at 242 Green Street, Gardner, Massachusetts (the "Facility") to be used for any purpose other than to operate a health care facility. Further, before taking such action, the Corporation shall consult with the Town Board of Gardner regarding possible uses for the Facility; provided, however, that a final decision regarding any disposition of the Facility shall be vested with the Corporation's Board of Trustees and Member.

3.11.3 Action by Consent. Any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting if all the Trustees consent to the action in writing and the written consents are filed with the records of the meetings of the Trustees. Such consents shall be treated for all purposes as a vote at a meeting.

ARTICLE IV

OFFICERS

4.1 Number Designation. The officers of the Corporation (the “Officers”) shall consist of a Chair, a Vice Chair, Second Vice Chair, a President & CEO, a Treasurer and a Clerk. Additional persons may be elected or appointed officers with such other titles as the Board may from time to time determine.

4.2 Election and Term. The Officers except the President & CEO shall be elected by the Board for two (2) year terms. The offices of Treasurer and Clerk shall be elected in alternate years for purposes of staggering terms of offices. The President & CEO shall be appointed by the Board of Trustees and shall serve at the pleasure of the Board.

4.3 Term Limits. A Trustee will be limited to two (2) two (2) year terms in any single officer position. In order to be elected as an officer, a Trustee must have a minimum of two (2) years remaining on the Trustee’s Term Limit. No extensions of the Term Limit shall be granted so a Trustee may serve as an Officer.

4.4 Qualification. The Officers, except for the President & CEO, shall be Trustees. The Clerk shall be a resident of the Commonwealth of Massachusetts.

4.5 Resignation. An Officer may resign at any time by giving written notice of such resignation to the Chair or Clerk or to the Corporation at its principal office. Such resignation shall be effective upon receipt, unless specified to be effective at some other time, and acceptance thereof shall not be necessary to make it effective unless it so states.

4.6 Removal. Subject to the provisions of any contract of employment or service with respect to such position, an Officer may be removed, with or without cause, by the affirmative vote of not less than two-thirds (2/3) of the Trustees.

4.7 Vacancies. A vacancy in any office may be filled by the Trustees.

4.8 Powers and Duties of Officers.

4.8.1 Chair. The Chair, when present, shall preside at all meetings of the Trustees and shall have such other powers and duties as are specified in these Bylaws, as are usually vested in the office of the Chair of a board, and as may be vested in such office by the Trustees.

4.8.2 Vice Chair. The Vice Chair, in the absence or disability of the Chair, shall perform the duties and exercise the powers of the Chair and shall have such other powers and duties as are specified in these Bylaws, as are usually vested in the office of the Vice Chair of a board, and as may be vested in such office by the Trustees.

4.8.3 Second Vice Chair. The Second Vice Chair, in the absence or disability of the Vice Chair, shall perform the duties and exercise the powers of the Vice Chair and shall have

such other powers and duties as are specified in these Bylaws, as are usually vested in the office of the Second Vice Chair of a board, and as may be vested in such office by the Trustees.

4.8.4 President & CEO. The President & CEO, subject to the direction of the Board, shall be the chief executive officer of the Corporation and shall be responsible for the general supervision, direction and control of the business of the Corporation and shall perform such other duties and shall have such other powers as the Board or the Chair may from time to time prescribe.

4.8.5 Treasurer. The Treasurer shall be entrusted with the custody and disbursement of all monies belonging to the Corporation, jointly with such other officer or officers of the Corporation as the Board shall designate. The Treasurer shall have the custody of all securities belonging to the Corporation forming any part of the restricted funds or endowment and trust funds and shall keep the same for safe keeping in such places with such banks or trust companies and upon such terms with respect to access and withdrawal as the Board may from time to time prescribe. The Treasurer shall, not less than annually but otherwise as often as directed by the Board, provide the Board with a detailed statement of the financial transactions and condition of the Corporation. The Treasurer's accounts shall be audited annually in such manner as the Board may direct.

4.8.6 Clerk. The Clerk shall keep the records of all meetings of the Board, the Corporators and, upon the direction of the Board, committees of the Board, shall keep such records at the principal place of the Corporation and shall have such other powers and duties as are specified in these Bylaws, as are usually vested in the office of the clerk of a board, and as may be vested in such office by the Board. All such records shall be open to the inspection of the Board.

4.9 Other Officers. All other officers shall have such powers and authority, not inconsistent with these Bylaws, as shall be prescribed by the Board or the Chair.

ARTICLE V

COMMITTEES

5.1 Committees Generally. The Trustees may elect or appoint one or more committees. The Trustees may delegate to any committee that consists of at least a majority of whom are Trustees any or all of their powers except the power: (a) to change the principal office of the Corporation; (b) to elect officers required by these Bylaws to be elected by the Board of Trustees and to fill any vacancies in any such office; (c) to remove officers or Trustees from office; provided, however, that any action taken by such committee that constitutes an exercise of a power otherwise reserved to the Board by law, the Articles or these Bylaws, shall require majority vote of those members of such committees that are Trustees. The members of any committee shall remain in office at the pleasure of the Trustees; and (d) to take any action that is not consistent with law, the Articles or these Bylaws. No more than twenty percent (20%) of the members of any committee with Board delegated authority shall be (i) physicians participating in the medical practice affiliated with the Corporation or having medical staff privileges at any affiliated hospitals; (ii) other persons such as employees or independent contractors who receive

compensation from the Corporation; and (iii) members of the families of or persons having a financial interest in the businesses of persons described in (i) or (ii) above; provided, however, that committees that have authority over any clinical aspects shall not be subject to this limitation.

5.2 Executive Committee. The Board of Trustees may designate from among its members an Executive Committee which shall have all the authority of the Board except as limited by Section 5.1 above. Any reference in these Bylaws to the Board of Trustees shall include the Executive Committee unless the context or express provision otherwise provide.

5.3 Audit Committee. The Trustees shall appoint an Audit Committee which will assist the Board of Trustees in fulfilling its responsibility to oversee management's conduct of the Corporation's financial reporting process. The Audit Committee shall consist of at least three (3) members and shall operate consistent with such other requirements as the Board of Trustees shall establish.

5.4 Patient Care Assessment Committee. The Trustees shall appoint a Patient Care Assessment Committee which shall assist the Board in overseeing and implementing the provisions of the Corporation's Patient Care Assessment Program (the "Program") as set forth in the definition of "Medical Peer Review Committee," M.G.L. Ch. 111, Section 1. The Patient Care Assessment Committee shall consist of senior personnel essential to the quality of patient care, at least one member of the Board of Trustees, and other staff, if necessary, to ensure that the committee is multi-disciplinary; provided, however, that whenever said Committee includes an individual who is not on staff, the confidentiality of client communications shall at all times be protected to the extent provided by law.

The Patient Care Assessment Program shall comply with the requirements of 243 CMR 3.00 et seq. and be approved by the Massachusetts Board of Registration in Medicine. These Bylaws specifically incorporate those provisions of the Corporation's Program, as from time to time amended, which, pursuant to 243 CMR 3.00 et seq. or any successor provision thereto (and specifically 243 CMR 3.07, 3.09, and 3.12), must be established by or described in these Bylaws.

5.5 Compensation Committee. The Trustees shall appoint a Compensation Committee which will review and recommend appropriate compensation levels for highly compensated individuals employed by or under contract to affiliates of the Corporation. Such rates of compensation will reflect competitive fair market value rates and will not exceed reasonable compensation for services obtained. The Compensation Committee shall be composed of at least three (3) members. If the Compensation Committee becomes responsible for setting compensation for physicians employed by or under contract to the Corporation or any of its affiliates, none of the Compensation Committee members shall be physicians with a current or prior affiliation with the Corporation or any affiliate of the Corporation, including, but not limited to, affiliation by employment, contracting, or election as an officer or trustee of the Corporation.

5.6 Nominating Committee. There shall be a Nominating Committee consisting of at least three (3) members, who shall be appointed by the Chair of the Board of Trustees and

shall serve until the next Annual Meeting. The Nominating Committee shall present a slate of nominees for the Board of Trustees at the next Annual Meeting following its election.

5.7 Meetings. Meetings of committees, of which no notice shall be necessary, shall be held at such time and place as shall be fixed by the Chair of the Corporation or the chair of the committee or by vote of a majority of all of the members of the committee.

5.8 Quorum and Manner of Acting. Unless otherwise provided by resolution of the Board of Trustees, a majority of all of the members of a committee shall constitute a quorum for the transaction of business and the vote of a majority of all of the members of the committee shall be the act of the committee.

The procedures and manner of acting of the Executive Committee and of the committees of the Board shall be subject at all times to the directions of the Board of Trustees.

5.9 Tenure of Members of Committees of the Board. Each committee of the Board and every member thereof shall serve at the pleasure of the Board.

ARTICLE VI

AUXILIARY ORGANIZATIONS

Authorization. The Board of Trustees may authorize the formation of auxiliary organizations such as The Henry Heywood Memorial Hospital Aid Association. Any such organization formed shall have purposes and activities and are consistent with and further the stated purpose and goals of the Hospital.

Operation. Auxiliary organizations shall be organized by means of such rules and regulations that delineate the purpose and functions of the organizations. The Board of Trustees shall have authority approve such rules and regulations as well as any amendments thereto. Auxiliary volunteers, when providing services and assistance to and within the Hospital, shall be subject to Hospital administrative policies and procedures otherwise applicable to Hospital employees.

Reporting. Auxiliary organizations may report, at the request of the Board of Trustees, periodically, either directly through their chief executive officers or through the President & CEO of the Corporation.

ARTICLE VII

MEDICAL STAFF

7.1 Organization. The Medical Staff, consisting of medical physicians, doctors of osteopathy, podiatrists and dentists, all of whom hold unlimited licenses issued by the Commonwealth Massachusetts, shall be organized by means of Bylaws, Rules and Regulations proposed by it and approved or prescribed by the Board of Trustees. The Medical Staff shall review such Bylaws, Rules and Regulations periodically, and no change in these documents shall become effective unless and until approved by the Board of Trustees.

7.2 Responsibility. The Medical Staff shall be responsible to the Board of Trustees for the maintenance of high standards of professional practices, for the quality of patient care, and for the conduct of its members and Health Professional Affiliates. It shall participate in the establishment of suitable and adequate procedures for reviewing the care given patients, and for the performance of individual staff members and Health Professional Affiliates. It shall report to the Board of Trustees, either directly or through the President & CEO, the Patient Care Assessment Committee or the Medical Staff Executive Committee on:

(a) The standards and quality of patient care being maintained, based on Performance Improvement activities;

(b) The professional practices of members of the Medical Staff; and\

(c) Any matters it considers contrary to the best interests of patients or detrimental to the achievement of the Hospital's goals.

Whenever, following review by a Hospital medical peer review committee (as that term is defined in 242 (CMR 3.00) a determination is reached that a physician should be subject to a disciplinary action, the committee shall immediately forward the recommendation to the Executive Committee of the Medical Staff and the Board of Trustees of the Hospital for action. If the health care provider subject to the disciplinary action is not a physician, then such action shall promptly be referred to the appropriate Hospital department.

7.3 Ethical Principles. All members of the Medical Staff shall observe all the ethical principles of their respective professions.

7.4 Appointment and Granting of Clinical Privileges. Appointment of members of the Medical Staff and the granting of clinical privileges shall be the responsibility of the Board of Trustees. All applicants for membership and clinical privileges, in all branches and specialties of medicine and dentistry, shall be treated alike. No applicant shall be denied Medical Staff membership and/or clinical privileges on the basis of sex, sexual orientation, gender identification, race, creed, color, national origin, or on the basis of any other criterion lacking professional justification. Certain other broad principles shall apply and shall be in accordance with the "Accreditation Manual for Hospitals" of the Joint Commission, current edition, or such manual or directive which may in the future supplant it.

(a) The Credentials Committee of the Medical Staff is delegated the authority to evaluate the professional competence of applicants for staff membership and clinical privileges, and shall be responsible for making recommendations to the Board of Trustees concerning staff membership appointments and the granting of clinical privileges. The Board of Trustees shall approve or not approve such recommendations from the Credentials Committee.

(b) The specific procedures for appointment to the Medical Staff and for the granting of clinical privileges shall be described in detail in the Bylaws of the Medical Staff, and shall include:

(1) Procedures for processing and evaluating applications, which shall include the President, Medical Staff and the Credentials Committee of the Medical Staff.

(2) Well-defined criteria related to the goals and standards of the Hospital which, in accordance with requirements of the Medicare Conditions of Participation for Hospitals, 42 C.F.R. 4822.12(6) and (7), shall recognize that the criteria for appointment is individual character, competence, training, experience and judgment, and that, under no circumstances, is staff membership or privileges to be dependent solely upon certification, fellowship or membership in a specialty body or society.

(3) Recommendations from the head(s) of the department (s) or service (s) in which the applicant seeks clinical privileges.

(4) Mechanisms for the review and appeal of adverse decisions, including the right of the applicant to be heard on request.

(5) The establishment of a time frame for each step in the application process, including the rendering of a final decision.

(6) Adherence to requirements set forth in regulations of the Board of Registration in Medicine.

(7) Consistency with requirements of the Medical Staff's Orderly Growth and Development Plan.

7.5 Reappointment and Continuation of Clinical Privileges. The Board of Trustees shall have the authority to reappoint members of the Medical Staff and to continue clinical privileges previously granted.

(a) The Credentials Committee of the Medical Staff is delegated the authority to evaluate the professional competence of staff members and Health Professional Affiliates, and shall be responsible for making recommendations to the Board of Trustees concerning staff reappointments and/or the continuation of clinical privileges. The Board of Trustees shall approve or not approve such recommendations from the Credentials Committee.

(b) The specific procedures for reappointment and continuation of clinical privileges shall be described in detail in the Bylaws of the Medical Staff, and shall be based on well-defined criteria related to the goals and standards of the Hospital, and shall include an appraisal of the member's:

(1) Professional and clinical performance based on patient care review, and clinical and committee activities.

(2) Current privileges and the basis for any requested modification thereof.

(3) Health status.

(4) Participation in relevant continuing education programs.

- meetings.
- (5) Attendance at Medical Staff and clinical department or service meetings.
 - (6) Service on Medical Staff and Hospital committees.
 - (7) Timely completion of medical records.
 - (8) Compliance with Hospital policies and Medical Staff Bylaws, Rules and Regulations.
 - (9) Recommendations from the department chief(s) or chief(s) of service(s) in which privileges may be granted.
 - (10) Adherence to requirements set forth in regulations of the Board of Registration in Medicine.

7.6 Clinical Privileges. Each person appointed or reappointed to membership in the Medical Staff shall be granted only those specific clinical privileges recommended by the Credentials Committee of the Medical Staff. Should the Board of Trustees not concur in a Credentials Committee recommendation relative to the granting of clinical privileges, that recommendation shall be referred to a Joint Conference Committee for study, before final action on the recommendation is taken by the Board.

7.7 Suspension/Revocation of Membership, and/or Withholding/Curtailment/Suspension/Revocation of Clinical Privileges. The decision to suspend or revoke membership in or to withhold reappointment to the Medical Staff, or to curtail, suspend or revoke clinical privileges shall be made by the Board of Trustees. Formal proceedings with respect to any of these corrective actions may be initiated by any officer of the Medical Staff, a chief of any clinical department or service, the President or the Chair of the Board of Trustees. The specific procedures for such action(s) shall be detailed in the Bylaws of the Medical Staff, and shall include:

- (a) A request in writing, with supporting evidence, for corrective action, made to the Credentials Committee of the Medical Staff, with written notice of such request being made to the concerned member via Certified Mail, Return Receipt Requested.
- (b) Procedures for formal hearings and appellate review, including the right of the member to be heard, on request, at each step in the process.
- (c) The establishment of a time frame for each step in the process, including the rendering of a final decision by the Board of Trustees.

The Medical Staff shall establish a procedure for ongoing review and counseling of healthcare providers who are impaired by drugs or alcohol, or the Medical Staff shall arrange for and monitor such providers' participation in established review and counseling programs operated by other appropriate entities or organizations.

Violation of any Hospital bylaw or regulation required as part of the Hospital's Patient Care Assessment Program may be grounds for summary suspension of a practitioner's medical staff privileges at the Hospital.

7.8 Resignation. Under certain conditions, when desirable for the protection of the Medical Staff and/or the Hospital, and prior to the processing of a request for corrective action, a staff member may be offered the option of resigning. However, under certain circumstances, a resignation may be reportable to the Board of Registration in Medicine as a disciplinary action.

7.9 Clinical Privileges for Health Professional Affiliates. The granting of clinical privileges to certain Health Professional Affiliates shall be the responsibility of the Board of Trustees. The Medical Staff, through its Bylaws, shall establish procedures relating to the application, granting, continuation, curtailment, suspension or revocation of such privileges. All applicants for such privileges shall be treated alike, and no applicant shall be denied clinical privileges on the basis of sex, sexual orientation, gender identification, race, creed, color, national origin, or on the basis of any other criterion which is lacking in professional justification. Certain other broad principles shall apply, and shall be in accordance with the "Accreditation Manual for Hospitals" of the Joint Commission, current edition, or such manual or directive which may in the future supplant it.

It shall be a prior condition of the initial appointment of and the granting of clinical privileges to an applicant, of the reappointment and continuation of clinical privileges for a member, and of the continuation of clinical privileges for a Health Professional Affiliate, that the applicant/member/Health Professional Affiliate give evidence, in a manner prescribed by the President, that he carries malpractice insurance in such minimum as the Board of Trustees may, from time to time, require. If, at any time, a member or Health Professional Affiliate cancels, has cancelled or otherwise allows his malpractice insurance coverage to lapse or fall below required limits, his Medical Staff membership and/or clinical privileges shall be revoked by the Board of Trustees.

7.10 Quality of Patient Care. In order to assure the maintenance of high standards of professional practice, the following policies shall be enforced:

- (a) Only members of the Medical Staff shall admit patients to the Hospital.
- (b) Only a licensed practitioner who has been granted clinical privileges shall be directly responsible for a patient's diagnosis and treatment within the area of his privileges.
- (c) Each patient's general medical condition shall be the responsibility of a physician member (i.e., a doctor of medicine or osteopathy) of the Medical Staff, and a physician member shall be on duty in the Hospital or on call at all times.
- (d) Other direct medical care to patients shall be provided only by other specified professional personnel who have been delegated specific responsibilities by the Medical Staff.

A physician, doctor of osteopathy, podiatrist or dentist who is employed by the Hospital in an administrative capacity shall be a member of the Medical Staff, and shall achieve this status

by the same procedure provided for other Medical Staff applicants. His clinical privileges shall be delineated in terms of employment, as well as in terms appropriate to other staff members. Medical Staff membership for a physician, doctor of osteopathy, podiatrist or dentist employed by the Hospital in an administrative capacity shall not be contingent upon the member's continued employment by the Hospital, and said member shall not have his clinical privileges curtailed, suspended or revoked without the same due process provisions available to any other Medical Staff member, unless otherwise provided by contract.

A Health Professional Affiliate who is employed by the Hospital in an administrative capacity shall have his clinical privileges delineated in terms of employment, as well as in terms appropriate to other Health Professional Affiliates. Retention of such clinical privileges shall not be contingent upon the continued employment by the Hospital of the Health Professional Affiliate, and the Health Professional Affiliate shall not have his privileges curtailed, suspended or revoked without the same due process provisions available to any other Health Professional Affiliate, unless otherwise provided by contract.

7.11 Response to Inquiries from Other Health Care Facilities. The hospital shall respond promptly and in no event in more than thirty (30) days to a second health care facility's reasonable inquiry regarding the application of a current or former Medical Staff member or Health Professional Affiliate for employment, practice, association for the purpose of patient care, or privileges at the second health care facility. To enable response to such requests, the Hospital shall maintain appropriate records regarding Medical Staff members and Health Professional Affiliates for a minimum of ten (10) years.

ARTICLE VIII

INDEMNIFICATION OF TRUSTEES AND OTHERS

8.1 Definitions

For purposes of this Article:

(a) "Indemnitee" means any person who serves or has served as a member of the Board of Trustees, any person who serves or has served as an officer of the Corporation or in any other office filled by election or appointment by the Board of Trustees and any person who serves or has served as an employee of the Corporation.

(b) "Proceeding" means any action, suit or proceeding, whether civil, criminal, administrative or investigative, brought or threatened in or before any court, tribunal, administrative or legislative body or agency, and any claim which could be the subject of a Proceeding.

(c) "Expense" means any fine or penalty, and any liability fixed by a judgment, order, decree or award in a Proceeding, and any amounts reasonably paid in settlement of a Proceeding and for professional fees and other disbursements reasonably incurred in connection with a Proceeding if such amounts are approved in advance by vote of a majority of the disinterested Trustees. The term "Expense" shall include any taxes or penalties imposed on a Trustee or officer with respect to any employee benefit plan of the Corporation.

8.2 Right to Indemnification.

Except as limited by law or as provided in this Article, each Indemnatee (and his or her heirs and personal representatives) shall be indemnified by the Corporation against any Expense incurred by such Indemnatee in connection with each Proceeding in which he or she is involved as a result of serving or having served in such official capacity with the Corporation.

8.3 Indemnification Not Available.

No indemnification shall be provided to an Indemnatee with respect to a Proceeding in which it shall have been adjudicated that said Indemnatee did not act in good faith in the reasonable belief that his or her action was in the best interests of the Corporation.

8.4 Compromise or Settlement.

In the event that a Proceeding is compromised or settled so as to impose any liability or obligation on an Indemnatee or upon the Corporation, no indemnification shall be provided as to such Indemnatee with respect to such Proceeding if it is determined by a majority of the disinterested Trustees then in office that with respect to the matter involved in such Proceeding said Indemnatee did not act in good faith in the reasonable belief that his or her action was in the best interests of the Corporation or, to the extent that such Proceeding relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan. In lieu of submitting the question to a vote of the disinterested Trustees, as provided above, the Corporation may deny indemnification to said Indemnatee with respect to such Proceeding, if there has been obtained at the request of a majority of the Trustees then in office, an opinion in writing of independent legal counsel, other than counsel to the Corporation, to the effect that said Indemnatee did not act in good faith in the reasonable belief that his or her action was in the best interests of the Corporation or, to the extent that such Proceeding relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.

8.5 Advances.

The Corporation shall pay sums on account of indemnification in advance of a final disposition of a Proceeding upon receipt of an undertaking by the Indemnatee to repay such sums if it is subsequently established that said Indemnatee is not entitled to indemnification pursuant to Sections 8.3 and 8.4 hereof, which undertaking may be accepted without reference to the financial ability of such person to make repayment.

8.6 Not Exclusive.

Nothing in this Article shall limit any lawful rights to indemnification existing independently of this Article.

8.7 Insurance.

The provisions of this Article shall not limit the power of the Board of Trustees to authorize the purchase and maintenance of insurance on behalf of any Trustee or officer against

any liability incurred by said Trustee or officer in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under this Article.

ARTICLE IX

CONFLICTS OF INTEREST

9.1 Definition of Conflicts of Interest. A conflict of interest will be deemed to exist whenever an individual is in the position to approve or influence Corporation policies or actions which involve or could ultimately harm or benefit financially: (a) the individual; (b) any member of his immediate family (spouse, parents, children, brothers or sisters, and spouses of these individuals); or (c) any organization in which he or an immediate family member is a Trustee, director, officer, member, partner or more than 10% shareholder. Service on the board of another not-for-profit corporation does not constitute a conflict of interest.

If a person is deemed to have a conflict of interest with respect to any entity within the North Central Healthcare system, that individual is deemed to have a conflict of interest with respect to all entities within the health care system.

9.2 Disclosure of Conflicts of Interest. A Trustee or officer shall disclose a conflict of interest: (a) prior to discharging his duties with respect to any matter involving the conflict which comes before the Board or any committee; (b) prior to entering into any contract or transaction involving the conflict; (c) as soon as possible after the Trustee or officer learns of the conflict; and (d) on the annual conflict of interest disclosure form. The Clerk of the Corporation shall distribute annually to all Trustees and officers, a form soliciting the disclosure of all conflicts of interest, including specific information concerning the terms of any contract or transaction with the Corporation and whether the process for approval set forth in Section 6.3 of this Article was used.

9.3 Approval of Contracts and Transactions Involving Potential Conflicts of Interest. A Trustee or officer who has or learns about a potential conflict of interest should disclose promptly to the Clerk of the Corporation the material facts surrounding any actual or potential conflict of interest, including specific information concerning the terms of any contract or transaction with the Corporation. All effort should be made to disclose any such contract or transaction and have it approved by the Board before the arrangement is entered into.

Following receipt of information concerning a contract or transaction involving a potential conflict of interest, the Board shall consider the material facts concerning the proposed contract or transaction including the process by which the decision was made to recommend entering into the arrangement on the terms proposed. The Board shall approve only those contracts or transactions in which the terms are fair and reasonable to the Corporation and the arrangements are consistent with the best interests of the Corporation. Fairness includes, but is not limited to, the concepts that the Corporation should pay no more than fair market value for any goods or services which the Corporation receives and that the Corporation should receive fair market value consideration for any goods or services that it furnishes others. The Board shall set forth the basis for its decision with respect to approval of contracts or transactions

involving conflicts of interest in the minutes of the meeting at which the decision is made, including the basis for determining that the consideration to be paid is fair to the Corporation.

Common or interested Trustees may be counted in determining the presence of a quorum at a meeting of the Board of Trustees or committee which authorizes such contract or transaction. At the time of the discussion and decision concerning the authorization of such contract or transaction, the interested Trustee or officer should not be present at the meeting.

9.4 Validity of Actions. No contract or other transaction that involves a Conflict of Interest (as defined in Section 7.1) shall not be either void or voidable, or in any way affected, solely for this reason; solely because such Trustee or Trustees or officer or officers (“Interested Party”) are present at the meeting of the Board of Trustees, or of a committee thereof, which authorizes such contract or transaction; or because the Interested Party’s vote was counted in error for such purposes, if:

- (i) the material facts as to such Trustee’s or officer’s interest in such contract or transaction and as to any such common Trusteeship, officership or financial interest are disclosed in good faith or known to the Board or committee; and
- (ii) the Board or committee authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested Trustee or officers.

9.5 Employee Conflicts of Interest. An employee of the Corporation with a potential conflict of interest in a particular matter shall promptly and fully disclose the potential conflict to his supervisor. The employee shall thereafter refrain from participating in deliberations and discussion, as well as any decisions, relating to the matter and follow the direction of the supervisor as to how the Corporation decisions which are the subject of the conflict will be determined. The President & CEO shall be responsible for determining the proper way for the Corporation to handle Corporation decisions which involve unresolved employee conflicts of interest. In making such determinations, the President & CEO may consult with legal counsel.

The President & CEO shall report to the Board at least annually concerning employee conflicts of interest which have been disclosed and contracts and transactions involving employee conflicts which the President & CEO has approved.

ARTICLE X MISCELLANEOUS

10.1 Pronouns. The use of a male or female pronoun in these Bylaws, when referring to any person, also shall include the male or female counterpart, as the case may be, if such person is of the opposite sex.

10.2 Execution of Instruments. Except as the Board may generally or in particular cases otherwise determine, all checks, deeds, leases, transfers, contracts, bonds, notes and other obligations authorized to be executed by an officer of the Corporation in its behalf shall be

signed by the Chair, the President & CEO or the Treasurer, except as otherwise required by law. The Board may adopt a policy that authorizes additional individuals to sign checks, deeds, leases, transfers, contracts on behalf of the Corporation subject to certain restrictions.

10.3 Voting of Interest in Other Entities. Except as the Board may generally or in particular cases otherwise determine and subject to the powers of the Member under these Bylaws, the Chair, the President & CEO or the Treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or agent for the Corporation at any meeting of stockholders, members, partners, or owners of any other corporation or organization in which the Corporation holds an equity or membership interest.

10.4 Books and Records. There shall be kept at the office of the Corporation (1) correct and complete books and records of account; (2) minutes of the proceedings of the members, the Board of Trustees and the Executive Committee; (3) a current list of the Trustees and officers of the Corporation and their residence addresses; (4) a copy of these Bylaws; (5) a copy of the Corporation's application for recognition of exemption with the Internal Revenue Service or suitable alternative documentation; and (6) copies of the past three (3) years information returns and Forms 990-T (if any) to the Internal Revenue Service.

ARTICLE XI AMENDMENTS

These Bylaws may be amended, repealed or otherwise revised by the Member; provided, that (a) any provision requiring a super-majority vote may only be amended by vote of the Member's Board of Trustees by the same super-majority voting requirement; and (b) Section 3.2.1 may only be amended by three-quarters (3/4) vote of the Board of Trustees.