

Directors, Member, JRMC, [New Parent] or other governing body or officer with respect to such action shall be necessary with respect hereto.

### ARTICLE III

#### Board of Directors

Section 3.1 ~~Authority~~ AUTHORITY. Subject to the rights ~~of the Sole Member~~ and powers described in Section 2.2 and any limitations set forth elsewhere in these Bylaws or the Articles of Incorporation of the Corporation, the affairs of the Corporation shall be under the general direction of a Board of Directors which shall administer, manage, preserve and protect the property of the Corporation.

Section 3.2 ~~Number and Term~~ ELECTION, NUMBER AND TERM. The Board of Directors of the Corporation shall consist of ~~\_\_\_\_\_ (\_\_\_\_) voting directors. Each Director shall serve for a term of one (1) year or until such Director's successor has been duly elected and qualified or until the Director's earlier death, resignation or removal.~~ at all times of at least two (2) members, the exact number to be set from time to time by the Member of the Corporation, which Directors shall be appointed by the Member and shall serve for one (1) year terms.

Section 3.3 ~~Elections~~. ~~Directors shall be elected and appointed by the Sole Member at the annual meeting or any special meeting called for such purpose. Unless otherwise specified at the time of the election and appointment, new Directors shall be installed at the first meeting of the Directors following the annual meeting of the Sole Member or a special meeting called for such purpose.~~ ~~Section 3.4 Vacancies. Vacancies occurring~~ VACANCIES. If a vacancy occurs on the Board by death, resignation, refusal to serve, increase in the number of Directors or otherwise ~~shall be filled by the Sole Member and each Director so appointed,~~ the Member shall elect the successor. Each successor so elected shall serve for the unexpired portion of the term of the Director being replaced, and until the Director's successor is elected and qualified or until such Director's earlier death, resignation or removal as shall be determined by the Member.

Section 3.5 ~~Compensation~~ 4 COMPENSATION. No compensation shall be paid to any Director for services as a Director but, at the discretion of the Board, a Director may be reimbursed for travel and actual expenses necessarily incurred in attending meetings and performing other duties on behalf of the Corporation. A Director may be a salaried officer of the Corporation.

Section 3.6 ~~Meetings~~ 5 MEETINGS. The Board shall meet at least ~~quarterly~~ bi-annually at a date and time established by the Board. ~~A meeting of the Board shall follow the annual meeting of the Sole Member and~~ The first meeting of the fiscal year

or such other time as the Board may designate from time to time by resolution shall be the annual meeting of the Board. Special meetings shall be called by the Secretary upon the order of the President or at the written request of the Member or a number of Directors constituting a quorum of the Directors then in office and entitled to vote. All meetings of the Board of Directors shall be held at the registered office of the Corporation unless otherwise designated in the notice.

Section 3.7 ~~Quorum~~ 6 QUORUM. At all meetings of the Board of Directors, the presence of a majority of the Directors in office and entitled to vote shall constitute a quorum. ~~In addition to those Directors who are actually present at a meeting,~~ Directors shall be deemed as present at such a meeting if a telephone or similar communication equipment is used, by means of which all persons participating in the meeting can hear each other at the same time ~~is used~~. The act of a majority of the Directors entitled to vote at a meeting at which a quorum is present shall be the act of the Board. A majority of the Directors present and entitled to vote, whether or not a quorum exists, may adjourn any meeting of the Board to another time and place. Notice of any such adjourned meeting shall be given to the Directors who are not present at the time of adjournment.

Section 3.8 ~~Voting. Each Director entitled to vote shall be entitled to one vote on each matter submitted to a~~ 7 VOTING. Resolutions of the Board shall be adopted, and any action of the Board at a meeting upon any matter shall be taken and be valid with the affirmative vote of a majority of the Board of Directors at a meeting at which a quorum is present.

Section 3.9 ~~Notices~~ 3.8 NOTICES. Written notice of the date, time and place of each meeting of the Board of Directors shall be given to all Directors at least five (5) days in advance of the date thereof. Such notice shall set forth the date, time and place of the meeting. For special meetings, the notice shall also state the general nature of the business to be transacted. Such notice shall be given at the direction of the Secretary or another designated officer of the Corporation and shall be given to each Director, either personally or by sending a copy thereof by first class or express mail, postage prepaid, ~~or by telegram (with messenger service specified), telex or TWX (with answer back received)~~ or courier service, charges prepaid, or by facsimile to each Director's address (or ~~telex, TWX or~~ facsimile number) appearing on the records of the Corporation, or by such other form of notice as permitted by law. If the notice is sent by mail, or courier service ~~or telegraph~~, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service ~~or telegraph office or in the case of telex or TWX, when deposited~~. If the notice is sent by facsimile, it shall be deemed to have been given to the person entitled thereto when sent. Notice of an adjourned meeting shall be deemed to have been announced at the time of adjournment.

Section 3.10 ~~Waiver of Notice~~ 9 WAIVER OF NOTICE. Whenever any written notice whatsoever is required to be given under the provisions of applicable law, the Articles of Incorporation of ~~this~~the Corporation, or these Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, shall be deemed equivalent to the giving of such notice. In the case of a special meeting, such waiver of notice shall specify the general nature of the business to be transacted. Attendance of a Director at a meeting shall constitute a waiver of notice of the meeting unless the Director attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

~~Section 3.11 Interested Directors or Officers.~~ 10 INTERESTED MEMBERS, DIRECTORS OR OFFICERS.

- (aa) No contract or transaction between the Corporation and one or more of its Directors or officers or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the Corporation's Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because a Director or officer of the Corporation is present at or participates in the meeting of the Board of Directors which authorizes the contract or transaction, or solely because the votes of such Director or officer are counted for such purpose, if
- (1i) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board in good faith authorizes the contract or transaction by the affirmative ~~votes~~vote of a majority of the disinterested ~~directors~~Directors even though the disinterested ~~directors~~Directors are less than a quorum;
- (2ii) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the ~~Sole Member~~members of the Board entitled to vote thereon and the contract or transaction is specifically approved in good faith by the ~~Sole Member~~members of the Board; or
- (3iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors or the ~~Sole Member~~.

(~~bb~~) Common or interested ~~directors~~Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in subsection (a) of this ~~section~~Section. The minutes of the meeting shall reflect that a disclosure was made, the abstention from voting and the effect on the quorum.

(~~cc~~) Actual and potential conflicts of interest involving one or more Directors, or officers ~~or Board committee members~~ shall be dealt with in the manner described in Section ~~3.18~~3.16 of these ~~bylaws~~Bylaws.

Section 3.12 ~~Standard of Care and Fiduciary Duty.~~ 11 STANDARD OF CARE AND FIDUCIARY DUTY. Each Director shall stand in a fiduciary relation to ~~this~~the Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of ~~this~~the Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(~~aa~~) one or more officers or employees of ~~this~~the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(~~bb~~) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(~~cc~~) a committee of the Board of ~~this~~the Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

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

Section 3.13 ~~Factors Which May Be Considered by Directors~~ 12 FACTORS WHICH MAY BE CONSIDERED BY DIRECTORS. In discharging the duties of their respective positions, the Board of Directors, committees of the Board and individual Directors may, in considering the best interests of ~~this~~the Corporation, consider the following to the extent they deem appropriate:

(~~aa~~) the effects of any action upon any or all groups affected by such action, including ~~the Sole Member~~, employees, suppliers, customers and creditors of the Corporation, and upon communities in which offices or other establishments of the Corporation are located;

(~~bb~~) the short-term and long-term interests of the Corporation, ~~including the benefits that may accrue to the Corporation from its long term plans and the possibility that these interests may be best served by the continued independence of the Corporation;~~ and

- ~~(c) the resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the Corporation; and~~  
~~(d) all other pertinent factors.~~

The Board of Directors, committees and Directors are not required, in considering the best ~~interest~~interests of the Corporation or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this ~~section~~Section shall not constitute a violation of Section 3.12 hereof. ~~The fiduciary duty of Directors shall not be deemed to require them to act as the Board of Directors, a committee or an individual Director solely because of the effect such action might have or an acquisition or potential or proposed acquisition of control of the Corporation or the consideration that might be offered or paid to the Sole Member in such an acquisition. 3.11 hereof.~~ Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the Board of Directors, a committee of the Board or an individual Director shall be presumed to be in the best interests of the Corporation. ~~In assessing whether the standard set forth in Section 3.12 hereof has been satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control of the Corporation than is applied to any other act as a Board, committee or individual Director. Notwithstanding the preceding provisions of this Section 3.13, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested Directors shall have assented shall be presumed to satisfy the standard set forth in Section 3.13, unless it is proven by clear and convincing evidence that the disinterested Directors did not assent to such act in good faith after reasonable investigation.~~

~~The term disinterested Director means, solely for the purpose of this section,~~

~~(a) a Director of the Corporation other than~~

~~(1) a Director who has a direct or indirect financial or other interest in the person acquiring or seeking to acquire control of the Corporation or who is an affiliate or associate of, or was nominated or designated as a Director by, a person acquiring or seeking to acquire control of the Corporation; or~~

~~(2) depending upon the specific facts surrounding the Director and the act under consideration, an officer or~~

~~employee or former officer or employee of the Corporation.~~

~~A person shall not be deemed to be other than a disinterested Director solely by reason of any or all of the following:~~

- ~~\_\_\_\_\_ (1) the receipt by the Director of director's fees or other consideration as a Director;~~
- ~~\_\_\_\_\_ (2) Any interest the Director may have in retaining the status or position of a Director;~~
- ~~\_\_\_\_\_ (3) The former business or employment relationship of the Director with the Corporation; or~~
- ~~\_\_\_\_\_ (4) Receiving or having the right to receive retirement or deferred compensation from the Corporation due to service as a Director, officer or employee.—~~

Section 3.14 ~~Rules and Regulations~~<sup>13</sup> RULES AND REGULATIONS. The Board of Directors may adopt rules and regulations not inconsistent with these Bylaws for the administration and conduct of the affairs of the Corporation and may alter, amend or repeal any such rules or regulations adopted by it. Such rules and regulations may be amended by majority vote of the Directors present and entitled to vote at a meeting of the Directors where a quorum is present.

Section 3.15 ~~Removal of Directors.~~ (a) ~~By the Sole Member.~~ REMOVAL OF DIRECTORS. ~~The entire Board of Directors or any class thereof or any individual~~<sup>14</sup> Any Director may be removed from office without assigning any cause by the ~~Sole~~ Member.

~~\_\_\_\_\_ (b) By the Board. The Board of Directors, by a majority vote of all of the Directors, may declare vacant the office of a Director who is declared of unsound mind by an order of the court or is convicted of a felony or other cause. "Other cause" shall mean any action or inaction which, in the sole discretion of the Board, materially and adversely affects or may affect the Corporation.~~

Section 3.16 ~~Consents~~<sup>15</sup> CONSENTS. Any action which may be taken at a meeting of the Directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office and entitled to vote and shall be filed with the Secretary of the Corporation.

~~Section~~ Section 3.17 Conflict of Interest. 16 CONFLICTS OF INTEREST.

~~(a) Identification.~~ An actual or potential conflict of interest arises when any of the following circumstances exists or is threatened:

~~(1) a proposed transaction or arrangement under consideration by the Board, or any ongoing business relationship, involves a Contracting Entity or a Competing Entity with respect to which there is an Interested Director or Interested officer;~~

~~(2) an opportunity within the scope of activities of the Corporation could be exploited by the Director or officer, the Director or officer's Family Member, a Competing Entity with respect to which there is an Interested Director or Interested officer, or a Contracting Entity with respect to which there is an Interested Director or Interested officer; or~~

~~(3) a proposed transaction or compensation arrangement involves a Disqualified Person.~~

~~(b) Procedure for Determining Whether a Conflict Exists.~~

~~(1) Disclosure Statements.~~ Each Director and officer shall complete an annual Conflict of Interest Disclosure Statement, describing any Interest of the Director or officer. It is his or her duty to make a full, frank and fair disclosure of the circumstances giving rise to an actual or potential conflict of interest. Each Director and officer is also obligated to file a supplementary Disclosure Statement if, during the year, there is any change in circumstances that alters or makes incomplete the information provided in the original Disclosure Statement. It shall be the responsibility of the President to review each of the Disclosure Statements and bring any perceived conflicts of interest to the attention of the Board of Directors.

~~(2) Additional Disclosure.~~ If, during the course of a meeting of the Board of Directors, a Director or officer present at the meeting is aware that he or she has or may have an actual or a potential conflict of interest in a matter under discussion, the Director or officer shall immediately disclose the material facts about his or her interest in the matter to the Board of Directors. If, during the course of a meeting, the President, any Director or any officer

~~present at the meeting believes that another Director or officer has or may have an actual or potential conflict of interest in a matter under discussion, such person shall immediately make such concern known to the Board of Directors.~~

~~(3) Analysis of Conflict Issue. The determination of whether there is a conflict of interest in any particular circumstances shall be made by the Board of Directors. The review shall be subject to the following process:~~

~~(i) Questioning of the Involved Director or Officer. It is the Involved Director's or Involved officer's duty to respond fully and frankly to any questions from the President or Directors relating to the actual or potential conflict of interest.~~

~~(ii) Exclusion of the Involved Director or Officer. The Involved Director or Involved officer shall leave the Board meeting while the question of whether a conflict exists is discussed and voted upon.~~

~~(4) Disqualified Persons. Notwithstanding the foregoing, any proposed transaction or compensation arrangement with a Disqualified Person shall be deemed to present a conflict of interest and shall be dealt with in accordance with the procedures set forth in subsection (c), below.~~

~~(c) Procedure after Determining the Existence of a Conflict.~~

~~(1) Appointment of Disinterested Individual or Committee to Investigate. In the event the Board of Directors concludes that a conflict exists, the President or a majority of the disinterested Directors present may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement which presents the conflict.~~

~~(2) Board Action. The Board may approve the transaction or arrangement which is the subject matter of the conflict by an affirmative vote of a majority of the disinterested Directors present, provided that they have determined (i) that the transaction or arrangement is in the Corporation's best interest and for its own benefit; (ii) that it is fair and reasonable to the Corporation; and (iii) after exercising due diligence, that the~~

~~Corporation could not obtain a more advantageous transaction or arrangement with reasonable efforts under the circumstances. Approval of transactions involving Disqualified Persons shall be by a committee on which the affected Disqualified Person does not serve. In addition, with respect to any proposed transaction or compensation arrangement with a Disqualified Person, the Committee and disinterested Directors shall have obtained and relied upon appropriate comparability data in making their determination. Any Involved Director or Involved officer or any Disqualified Person shall leave the Board meeting while the substantive issue which is the subject of the conflict is discussed and shall not vote on said substantive matter.~~

~~Seley for purposes of this Section 3.18(e), the term "disinterested Director" shall mean a Director who is unrelated to and not under the control of the Director, officer or Disqualified Person, as the case may be.~~

~~(d) Procedure Applicable to a Compensation Committee. In the event the Corporation establishes a Compensation Committee, no person who receives compensation from the Corporation for services as an employee or independent contractor of the Corporation shall serve as a member of the Compensation Committee.~~

~~(e) Minutes. The minutes of the Board meetings and Board committee meetings shall reflect (i) the names of the persons who disclosed any Interests; (ii) the determination as to whether an actual or potential conflict of interest exists; (iii) the names of the persons who were present for discussions and votes relating to the transaction or arrangement; (iv) the content of the discussions, including any alternatives to the proposed transaction or arrangement and, with respect to a transaction or compensation arrangement with a Disqualified Person, the basis for the determination of the Board, including any comparability data; (v) the voting record, including any abstention from voting; and (vi) any action to be taken.~~

~~(f) Recordkeeping. In addition to the annual Disclosure Statements, each Director and officer annually shall sign a statement that the person (i) received a copy of the conflict of interest policy; (ii) has read and understands the policy; (iii) agrees to comply with the policy; (iv) understands that the policy applies to all committees of the Board; and (v) understands that the Corporation is a charitable organization and that in order to maintain its tax exempt status, it must continuously engage primarily in activities which accomplish one or more of its tax exempt purposes.~~

~~(g) Periodic Review. The Board of Directors shall at least bi-annually conduct a review of the Corporation's activities to ensure that the Corporation is operating in a~~

manner consistent with its charitable purposes and that its operations do not result in private inurement or impermissible benefit to private interests. At a minimum, the scope of this review shall include (i) compensation arrangements; (ii) partnership and joint venture arrangements; (iii) practice acquisitions; and (iv) provider and third party payor agreements.

~~(h) Violation of Policy. Any Director, officer or Disqualified Person who violates the Corporation's conflict of interest policy, irrespective of whether he or she is doing so to protect the Corporation's best interests, shall be subject to disciplinary action by the President or the Board of Directors, up to and including termination of employment, if applicable, or removal from the Board or a committee thereof.~~

~~(i) Definitions.~~

~~(1) Competing Entity. Any entity engaged in the provision of physician services or other related health services.~~

~~(2) Contracting Entity. Any entity engaged in a transaction or arrangement with the Corporation.~~

~~(3) Disqualified Person. An individual who qualifies as a Disqualified Person as that term is defined in Internal Revenue Code § 4958(f)(1) (1996) or any successor provision. As a general principle, Disqualified Persons are persons who have (or at any time during the preceding 5 year period had) substantial influence over the Corporation and the Family Members of such individuals. Disqualified Persons also include organizations (corporations, partnerships, trusts and estates) which are controlled by persons who have or have had substantial influence over the Corporation. Control is established when the influential individual owns 35% or more of the organization. By way of illustration, a Disqualified Person is presumed to include (i) each voting Director; (ii) each officer of the Corporation with primary authority to initiate executive decisions and who is responsible directly to the Board; and (iii) substantial contributors to the Corporation.~~

~~(4) Family Member. A spouse, sibling (whether by whole or half blood), lineal ancestors (parents, grandparents, great grandparents, etc.), lineal descendants (children, grandchildren, great grandchild, etc.) and the spouse of any sibling (whether by whole or half blood) or lineal ancestor or descendant.~~

- ~~(5) Financial Interest. A person who has, directly or indirectly, through business, investment or a Family Member:~~
- ~~(i) An ownership or investment interest in any Contracting Entity or Competing Entity;~~
- ~~(ii) A compensation arrangement with the Corporation, with any Competing Entity, with any Contracting Entity or with any individual with whom the Corporation has a transaction or arrangement; or~~
- (a) Disclosure of Interest. Any Director, officer, or committee member having a Material Interest (as defined below) in a contract or other transaction presented to the Board of Directors or any committee thereof for authorization, approval or ratification, shall make a prompt, full and frank disclosure of such person's interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about his/her relationship or interest and about the contract or transaction. The Board or committee to which such disclosure is made shall thereupon determine, by majority vote of those present, excluding the interested person, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist or can reasonably be construed to exist, such person shall not vote on nor participate in the discussions and deliberations with respect to such contract or transaction, other than to present factual information or to respond to questions. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting or participation. For purposes of this Article, a person shall be deemed to have a "Material Interest" in a contract or other transaction if such person, or a member of his/her other immediate family, is a party, or one of the parties, contracting or dealing with the Corporation, or is a director, officer, or key employee of, or has a significant financial interest in the entity contracting or dealing with the Corporation.
- (b) Prohibited Transactions. Members of the Board of Directors shall not engage in the following transactions:
- (i) The sale, exchange or leasing of property or services between the Corporation and a member of the Board of Directors or an entity in which he or she has a Material Interest, on a basis less favorable to

the Corporation than that on which such property or services are made available to the general public.

(ii) Furnishing of goods, services or facilities by the Corporation to a member of the Board of Directors, unless such furnishing is made on the same basis on which such goods, services or facilities are made available to the general public or to the employees of the Corporation.

(iii) Any transfer to or use by or for the benefit of a member of the Board of Directors of the income or assets of the Corporation, except purchase for fair market value.

(c) Annual Disclosure Statements. The Board of Directors shall require that all prospective Directors and all members of the Board of Directors execute and submit, at the time of election or appointment, and annually thereafter, a written statement indicating any Material Interests which could give rise to conflicts of interest and any interests which are or may reasonably be construed to be Competing Interests (as defined below). While the written statement is required annually, it is a continuing responsibility of appointees and Directors to provide prompt notice to the Corporation of any changes. Notice of this requirement and other provisions of this Section shall be given to prospective candidates for election or appointment.

(d) Competing Interests. No person shall be eligible to serve as a Director (or to continue to so serve) if he or she has or acquires a "Competing Interest," as defined below:

(i) "Competing Interest" shall be defined as including any of the following situations:

~~(iii) — A potential ownership or~~

~~A person (or his or her immediate family member) who, directly or indirectly, owns or holds an investment or ownership interest in, or compensation arrangement with, any Competing Entity or with any entity or individual with which the Corporation is negotiating a transaction or arrangement. (other than an ownership or investment interest in less than five percent (5%) of the common stock of a publicly-traded company) in an entity identified or determined by the Corporation from time to time as a competitor;~~

~~The term "compensation" includes direct and indirect remuneration and substantial gifts and favors. In the event the~~

~~Director or officer is not certain if a particular gift or favor is substantial, disclosure should be made. A Director or officer who has a Financial Interest in any affiliate of the Corporation shall be deemed to have a Financial Interest with respect to the Corporation as well.~~

A person (or his or her immediate family member) who holds a leadership position in an entity identified or determined by the Corporation from time to time as a competitor. Leadership position shall include, without limitation, service on the board, a board committee or a planning committee of or holding a management contract with such a competitor; or

~~(6) Interest. A Financial Interest or service, directly or by a Family Member, without compensation as a director, trustee or officer of any Competing or Contracting Entity.~~

A person who is employed by or has a compensation arrangement with a competing entity. "Immediate family member" means spouse, siblings, parents, children, stepchildren, grandchildren and their spouses.

~~(7) Interested Director/Interested Officer. A Director or officer who has a Financial Interest or who serves or whose Family Member serves without compensation as a director, trustee or officer of a Competing or Contracting Entity.~~

Examples of entities deemed by the Corporation to be competing entities include, without limitation: general hospitals; specialty hospitals; freestanding surgery centers; specialty diagnostic centers; specialty treatment centers; specialty therapy centers or other entities operating or which should be operating in whole or in part under a healthcare facility license, but do not include physician offices with equipment customarily and routinely used or contained in a physician office (e.g., EKG machine used by a cardiologist).

~~(8) Involved Director/Involved Officer. A Director or officer who is implicated in an actual or potential conflict of Interest.~~

(ii) It shall be the responsibility of prospective Directors and current Directors to promptly disclose the existence of all ownership or investment interests, leadership positions and employment or compensation arrangements, regardless of whether they fall within the above definitions. If such interest is in an entity that the Corporation has previously determined to be a competing entity, the prospective Director or current Director shall be automatically ineligible to serve or continue serving as a Director and shall be

deemed to have automatically resigned his or her position or interest in a position on the Board and its committees.

- (iii) If it is necessary for the Board to determine whether the entity in question is a competing entity, the Board, by majority vote of those present (excluding the interested person) shall decide whether a Competing Interest exists. If a Competing Interest exists, the interested person shall no longer be eligible for consideration as a prospective Director or, if already serving as a Director, shall not continue to serve, and shall be deemed to have automatically resigned his or her interest in a position on the Board and its committees.

## ARTICLE IV

### Officers

Section 4.1 ~~Enumeration~~ ENUMERATION. The officers of the Corporation shall consist of a ~~Chairperson, President, Vice~~ President, Secretary and Treasurer and such other officers and assistant officers as the ~~Sole Member~~ Board of Directors may, from time to time, designate. The members of the Board may also elect a Chairperson to preside at meetings of the Board.

Section ~~4.2~~ Term of Office ~~2~~ TERM OF OFFICE. Each officer shall serve for a term of one (1) year and until the officer's successor is duly elected and takes office.

Section 4.3 ~~Election~~ ELECTION. All officers shall be elected ~~by the Directors at the annual meeting of the Directors or a special meeting called for such purpose.~~ prior to the beginning of the fiscal year by [New Parent's Member].

Section 4.4 ~~Vacancies~~ VACANCIES. Any vacancy occurring by death, resignation, refusal to serve, or otherwise may be filled by ~~the Directors entitled to vote.~~ [New Parent's Member].

Section 4.5 ~~Chairperson~~. ~~The Chairperson of the Corporation shall preside at all meetings of the Board and shall perform such other duties as may be assigned to him or her by the Board.~~ ~~Section 4.6~~ President. ~~The President shall serve as the chief executive officer of the Corporation and as such~~ PRESIDENT. The President shall be responsible for and have supervision over the management and operation administration of the Corporation, subject to the control of the Board of Directors and the ~~Sole Member~~. ~~The President shall serve at the discretion Board of Directors; provided, however, that any removal of the President shall be without prejudice to any contract rights of the President.~~ Member.

Section 4.7 ~~Vice President~~. ~~The Vice President shall perform such duties as may be assigned to him or her by the Board or the President.~~ ~~In the absence of the President, the Vice President shall perform the duties of the President.~~ Section 4.8 Secretary 6 SECRETARY. The Secretary shall make or cause to be made minutes of all meetings of the Board of Directors ~~and the Sole Member~~. The Secretary shall be responsible for the timely mailing or delivery of all notices of meetings of the Board of Directors ~~and the Sole Member~~, shall affix the corporate seal at the direction of the President and, generally, will perform all duties incident to the office of secretary of a corporation and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws, or which may be assigned from time to time by the Board of Directors.

Section 4.9 ~~Treasurer~~<sup>7</sup> TREASURER. The Treasurer shall supervise the financial activities of the Corporation. Specifically, the Treasurer shall see that (a) full and accurate accounts of receipts and disbursements are kept, (b) a system is in place such that all monies and other valuable effects are deposited in the name and to the credit of the Corporation in such depositories as shall be designated by the Board, (c) the Directors at the regular meetings of the Board or whenever they may require it, receive an account of the financial condition of the Corporation, and (d) an annual audit of the Corporation's books and records is performed by an auditor selected by ~~the Board~~<sup>[New Parent's Member]</sup>. In performing these functions, the Treasurer may rely on employees of the Corporation or any affiliated corporation who possess special financial training and skills and whose employment responsibilities include management of the Corporation's financial affairs. In the absence or disability of the Treasurer, the Assistant Treasurer, if any, shall perform all the duties of the Treasurer and when so acting shall have all of the powers of and be subject to all of the restrictions upon the Treasurer.

Section 4.10 ~~Other Officers~~<sup>8</sup> OTHER OFFICERS. Each other officer shall have such responsibilities and perform such duties as may be prescribed by the Board of Directors and as are approved by [New Parent's Member] from time to time. Each assistant officer shall carry out the responsibilities and duties of the officer which the assistant officer assists in the event such officer is unable to perform such responsibilities or duties, except that no assistant officer shall become a Director solely by virtue of being an assistant officer.

Section 4.11 ~~Removal of Officers~~<sup>9</sup> BONDS. The Board may, in its discretion, require the Treasurer and any other officer to give bond in such amount and with such surety or sureties as may be satisfactory to the Board for the faithful discharge of the duties of the office and for the restoration to the Corporation, in case of the officer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the Corporation in the officer's possession or under the officer's control.

Section 4.10 REMOVAL OF OFFICERS. Any officer ~~elected or appointed to office~~ may be removed by ~~the persons authorized under these Bylaws or the Corporation's Articles of Incorporation to elect or appoint such officers~~<sup>[New Parent's Member]</sup> whenever, in ~~their~~<sup>its</sup> judgment, the best interests of the Corporation will be served.

## ARTICLE V

### Committees

~~Section 5.1 Committees. There~~<sup>Section 5.1</sup> COMMITTEES. The Corporation shall behave such standing and ad hoc committees as the Board may deem

advisable in the administration and conduct of the affairs of the Corporation. Such committees of the Board shall meet as necessary to accomplish their goals. The Board is authorized in its discretion to approve reimbursement for travel and actual expenses necessarily incurred by members of committees in attending committee meetings and in performing other official duties as such. ~~Except as otherwise provided in these bylaws or in the resolution creating the applicable committee, committee~~Committee chairpersons and members shall be appointed annually by the ~~President~~Board of Directors and may be reappointed to a committee for an unlimited number of terms. With the exception of the Executive Committee, if any, persons who are not Directors are eligible to serve as committee members. ~~Any person authorized by these bylaws to appoint the chairman and/or members of any committee may appoint himself or herself as chairman and/or member.~~The chairman of each committee shall determine the date and place of all committee meetings. Each committee may adopt its own rules of procedure not inconsistent with these ~~bylaws~~Bylaws.

Section ~~5.5.2~~5.5.2 ~~Limitation on Power of Committees~~ LIMITATION ON POWER OF COMMITTEES. No such committee shall have any power or authority as to the following:

- (~~aa~~) the submission to the ~~Sole~~ Member of any action requiring approval of the ~~Sole~~ Member;
- (~~bb~~) the filling of vacancies in the Board of Directors;
- (~~cc~~) the adoption, amendment or repeal of ~~the bylaws~~these Bylaws;
- (~~dd~~) the amendment or repeal of any resolution of the Board; or
- (~~ee~~) action on matters committed by ~~the~~these Bylaws or a resolution of the Board to another ~~Committee~~committee of the Board.

## ARTICLE VI

### Limitation of Personal Liability of Directors

~~Section 6. Section 6.1 Limitation of Directors' Personal Liability. A Director of the Corporation shall not be personally liable for monetary damages for any action taken unless the Director has breached or failed to perform the duties of his office under Chapter 57, Subchapter B of the NPCL as in effect at the time of the alleged action by such Director and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. Such limitation on liability does not apply to the responsibility or liability of a Director pursuant to any criminal statute or for payment of taxes pursuant to any Federal, state or local law.~~

~~Section 6.2 Preservation of Rights. Any repeal or modification of this Article by the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.~~

(a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.

(b) Applicability. The provisions of this Section shall be deemed to be a contract with each Director of the Corporation who serves as such at any time while this Section is in effect and each such Director shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Section or provision of these Bylaws which has the effect of increasing Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, bylaw or provision.

## ARTICLE VII

### Indemnification

#### Indemnification

~~Section 7.1~~ Section 7.1 ~~Mandatory Indemnification of Directors and Officers.~~ The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law (including but not limited to the indemnification provided by Chapter 57, Subchapter D of the NPCL), each Director and/or officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not for profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

~~Section 7.2~~ Section 7.2 ~~Mandatory Advancement of Expenses to Directors and Officers.~~ The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 7.1 hereof in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 7.1 hereof in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 7.4 hereof.

- (a) Right to Indemnification - General. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether brought by or in the name of the Corporation or otherwise), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by applicable law in connection with such action, suit or proceeding arising out of such person's service to the Corporation or

to such other corporation, partnership, joint venture, trust or other enterprise at the Corporation's request. The term "representative," as used in this Article VII, shall mean any Director, officer, member of a committee created by or pursuant to these Bylaws, and any other person who may be determined by the Board of Directors to be a representative entitled to the benefits of this Article VII.

(b) Right to Indemnification - Third Party Actions. Without limiting the generality of Section 7.1(a), any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(c) Right to Indemnification - Derivative Actions. Without limiting the generality of Section 7.1(a), any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation; except, however, that indemnification shall not be made

under this Section 7.1(c) in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the Corporation unless and only to the extent that the Court of Common Pleas of the county in which the registered office of the Corporation is located or the court in which such action, suit or proceeding was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or such other court shall deem proper.

(d) ~~Section 7.3 Permissive Indemnification and Advancement of Expenses.~~ The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not for profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an Advance of Expenses. Expenses (including attorneys' fees) incurred by any representative of the Corporation in defending any action, suit or proceeding referred to in this ~~Section 7.3~~ Article VII shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of ~~such person~~ the representative to repay such amount if it ~~shall~~ is ultimately ~~be~~ determined that ~~such person~~ he or she is not entitled to be indemnified by the Corporation as ~~provided in Section 7.4 hereof~~ authorized in this Article VII or otherwise.

(e) ~~Section 7.4 Scope of Indemnification.~~ Indemnification under this article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for

~~indemnification is expressly prohibited by Chapter 57, Subchapter D of the NPGL or any successor statute as in effect at the time of such alleged action or failure to take action. Procedures for Effecting Indemnification. Unless ordered by a court, any indemnification under Section 7.1(a), Section 7.1(b) or Section 7.1(c) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such subsections. Such determination shall be made: (i) by the Board of Directors by a majority of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.~~

(f) ~~Section 7.5 Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of Indemnification Not Exclusive. The indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any other provision of these Bylaws, agreement, vote of ~~the Sole Member~~, disinterested Directors, ~~statute~~ or otherwise, both as to action in ~~such person's~~his or her official capacity and as to action in another capacity while holding such office ~~or position~~, and shall continue as to a person who has ceased to be ~~an authorized~~a representative of the Corporation and shall inure to the benefit of the heirs, ~~executors and administrators of such person~~. ~~Indemnification and advancement of expenses under this Article shall be provided whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Corporation. Any repeal or modification of this Article by the Sole Member of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article and personal representatives of such person.~~~~

~~Section 7.6 Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Corporation. The term "authorized representative"~~

~~shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors.~~

~~Section 7.7 Procedure for Effecting Indemnification. Unless ordered by a court, any indemnification under this Article VII or the NPCL shall be made only following a determination that the indemnification is proper in the circumstances because the person seeking indemnification has met the applicable standard of conduct. Such determination shall be made~~

~~(a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not party to the action or proceeding;~~

~~(b) if such a quorum is not obtainable or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion; or~~

~~(c) by the Sole Member.~~

(g) When Indemnification Not Made. Indemnification pursuant to this Article VII shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

(h) Grounds for Indemnification. Indemnification pursuant to this Article VII, under any other provision of these Bylaws, agreement, vote of Directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the Corporation would have the power to indemnify the person under any provision of law except as otherwise provided in this Article VII and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Corporation. The provisions of this Article VII shall be applicable to all actions, suits or proceedings within the scope of Section 7.1(a), Section 7.1(b) or Section 7.1(c) of these Bylaws, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.

(i) Power to Purchase Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a representative of the Corporation or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status

as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article VII.

- (j) Creation of a Fund to Secure or Insure Indemnification. The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article VII or otherwise.
- (k) Status Rights of Indemnities. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall (a) be deemed to create contractual rights in favor of each person who serves as a representative of the Corporation at any time while this Article is in effect (and each such person shall be deemed to be so serving in reliance on the provisions of this Article), and (b) continue as to a person who has ceased to be a representative of the Corporation.
- (l) Applicability to Predecessor Companies. For purposes of this Article VIII, references to the "Corporation" include all constituent corporations or other entities which shall have become a part of the Corporation by consolidation or merger or other similar transaction and their respective current and former affiliates, and references to "representatives" shall include members of any such corporation, entity or affiliate, so that any person who was a member, director, officer, committee member or other representative of such a corporation, entity or affiliate or served as a member, director, officer, committee member or other representative of another corporation, partnership, joint venture, trust or other enterprise at the request of any such corporation, entity or affiliate shall stand in the same position under the provisions of this Article VII with respect to the Corporation as he or she would if he or she had served the Corporation in the same capacity. Without limitation of the foregoing, each member, director, officer and committee member of each predecessor to the Corporation shall have the same contract rights as are afforded to Directors, officers and employees of the Corporation pursuant to Section 7.1(k).

## ARTICLE VIII VIII

### Restrictions Regarding the Operations of the Corporation; Administration of Funds

~~Section 8. Section 8.1 No Private or Political Beneficiaries. In keeping with the statement of purpose of the Corporation as set forth in its Articles of Incorporation, no part of the earnings or assets of the Corporation shall inure to the benefit~~

~~of any private individual, and no substantial part of the activities of the Corporation shall be used for lobbying and the Corporation shall not engage in any political campaign activities on behalf of or in opposition to any candidate for public office.~~ NO PRIVATE BENEFICIARIES. The Corporation shall not pay dividends or distribute any part of its income or profits to its members, Directors, or officers, except that the Corporation may pay compensation in a reasonable amount to its officers for services rendered, and may reimburse Directors for expenses in accordance with Section 3.4 of these Bylaws.

~~Section 8.8.2 No Violation of Purposes. In no event and under no circumstances shall the Board of Directors make any distribution or expenditure, engage in any activity, hold any assets, or enter into any transaction whatsoever the effect of which under applicable federal laws then in force will cause the Corporation to lose its status as an organization to which contributions are deductible in computing the net income of the contributor for purposes of federal income taxation.~~

~~Section 8.3 Tax Records. The Corporation shall maintain at its principal office a copy of all tax returns filed with the Internal Revenue Service. To the extent required by law, such documents shall be made available during regular business hours for inspection by any person requesting to see them.~~ ~~Section 8.4 Annual Report~~ ANNUAL REPORT. The Treasurer shall submit annually to the Board of Directors a statement containing those details required to be included under the provisions of the NPCL Nonprofit Corporation Law, as it may be amended from time to time or any successor statute governing Pennsylvania nonprofit corporations or these Bylaws.

~~Section 8.5 Books and Records. This~~ 8.3 BOOKS AND RECORDS. ~~The~~ Corporation will keep correct and complete books and records of account and will also keep minutes of the proceedings of ~~its Sole Member,~~ the Board of Directors and committees, ~~and records of actions taken by the Member relating to the Corporation.~~ The Corporation will keep at its registered office the original or a copy of its Bylaws including amendments to date, certified by the Secretary of the Corporation and an original or duplicate membership register, giving the ~~name of the Sole Member and its address and any~~ names of the members and showing their respective addresses, and the class and other details of membership. The Member, [New Parent] and [New Parent's Member] shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account and records of the proceedings of the Directors, and records of actions taken by the Member relating to the Corporation, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of such person as the Member, [New Parent] or [New Parent's Member]. Where an attorney or other agent is the person who seeks the right of inspection, the demand under oath shall be accompanied by a power of attorney or another writing authorizing the attorney or other agent to act on behalf of such person.

## ARTICLE ~~IX~~ IX

### Dissolution

Upon the dissolution or liquidation of the Corporation, after paying or making provision for payment of all of the known liabilities of the Corporation, any remaining assets of the Corporation shall be transferred to JRMC, or its successor, provided that JRMC or such successor is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution or liquidation of the Corporation, JRMC, or its successor, is not in existence or no longer qualifies as an exempt organization under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent], or its successor, provided that [New Parent] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, both JRMC and [New Parent], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent's Member], or its successor, provided that [New Parent's Member] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, each of JRMC, [New Parent] and [New Parent's Member], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to (a) such one or more corporations, trusts, funds or other organizations which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and, in the sole judgment of the Corporation's Board of Directors, have purposes similar to those of the Corporation or (b) the federal government, or to a state or local government for such purposes. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively to one or more of such corporations, trusts, funds or other organizations as said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code, and which are organized and operated for such purposes, or to the federal government or to a state or local government for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution or sale of the assets of the Corporation.

### ~~Bylaw~~ARTICLE X

#### Bylaws Amendments

~~Section 9.1 Authority.~~ These Bylaws may be altered, amended and/or repealed ~~from time to time by the Sole Member at any regular or special meeting of the Sole Member.~~, or new Bylaws may be adopted only by [New Parent's Member].

~~CONFIDENTIAL~~

Name: \_\_\_\_\_

~~JEFFERSON REGIONAL MEDICAL CENTER HEALTH PAVILION (the "Corporation")~~

Conflict of Interest Disclosure Statement

~~I. Employment~~

~~1. Current Employer \_\_\_\_\_~~

~~2. Position \_\_\_\_\_~~

~~3. To the best of your knowledge, does your employer offer any service (e.g., medical, legal, accounting) or product to, or do business with, the Corporation?~~

~~Yes \_\_\_\_\_ No \_\_\_\_\_~~

~~4. If yes, what is the service/product and what is the estimated annual dollar volume of such business? \_\_\_\_\_~~

~~5. To the best of your knowledge, does your employer offer any service (including professional services) or product to, or do business with, any other organizations that engage in the provision of health care services.~~

SECRETARY'S CERTIFICATE

~~Yes~~

~~No~~

THIS IS TO CERTIFY that the foregoing Bylaws of Jefferson Regional Medical Center Health Pavilion (the "Corporation") have been duly adopted by the Directors of the Corporation and by Health System Service Corporation, as the Corporation's Member, as of \_\_\_\_\_, 2013.

IN WITNESS WHEREOF, the undersigned, duly elected and acting Secretary of the Corporation, has signed this Certificate and affixed the seal of the Corporation hereon this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

~~II. DIRECT AFFILIATIONS~~

Secretary of the Corporation

~~If you (a) have an ownership or investment interest in or compensation arrangement with; or (b) are an uncompensated director, trustee or officer of any entity that provides services or products for the Corporation, contracts with the Corporation or competes with the Corporation, please complete page 2.~~

~~III. INDIRECT AFFILIATIONS~~

~~If any Family Member (a) has an ownership or investment interest in or compensation arrangement with; or (b) serves as an uncompensated director, trustee or officer of, any entity that provides services or products to the Corporation, contracts with the Corporation or competes with it, please complete page 3. A Family Member includes a spouse, sibling (whether by whole or half blood), lineal ancestors (parents, grandparents, great grandparents, etc.), lineal descendants (children, grandchildren, great grandchild, etc.) and the spouse of any sibling (whether by whole or half blood) or lineal ancestor or descendant.~~

DIRECT AFFILIATIONS

(a) Name of entity: \_\_\_\_\_

(b) How long have you been associated with the entity? \_\_\_\_\_

(c) What is the nature of your relationship with the entity? (include ownership interests through a business and investment interests, including debt and equity interests) \_\_\_\_\_

(d) Have you served as an officer, director or trustee of the entity? \_\_\_\_\_ If yes, when? \_\_\_\_\_

(e) In what capacity will you be serving for the next 12 months? \_\_\_\_\_

(f) What is the annual dollar volume, if any, between the Corporation (and its affiliates) and the entity? \_\_\_\_\_

(a) Name of entity: \_\_\_\_\_

(b) How long have you been associated with the entity? \_\_\_\_\_

(c) What is the nature of your relationship with the entity? (include ownership interests through a business and investment interests, including debt and equity interests) \_\_\_\_\_

(d) Have you served as an officer, director or trustee of the entity? \_\_\_\_\_ If yes, when? \_\_\_\_\_

(e) In what capacity will you be serving for the next 12 months? \_\_\_\_\_

(f) What is the annual dollar volume, if any, between the Corporation (and its affiliates) and the entity? \_\_\_\_\_

INDIRECT AFFILIATIONS

(a) Name of entity: \_\_\_\_\_

(b) Name of family member: \_\_\_\_\_

(c) How long has the family member been associated with the entity? \_\_\_\_\_

(d) What is the relationship with the entity?  
\_\_\_\_\_

(e) Has the family member served as an officer, director or trustee? \_\_\_\_\_  
If yes, when? \_\_\_\_\_

(f) In what capacity will the family member be serving for the next 12 months? \_\_\_\_\_  
\_\_\_\_\_

(g) What is the annual dollar volume, if any, between the Corporation (and its affiliates) and the entity? \_\_\_\_\_  
\_\_\_\_\_

(a) Name of entity: \_\_\_\_\_

(b) Name of family member: \_\_\_\_\_

(c) How long has the family member been associated with the entity? \_\_\_\_\_

(d) What is the relationship with the entity?  
\_\_\_\_\_

(e) Has the family member served as an officer, director or trustee? \_\_\_\_\_  
If yes, when? \_\_\_\_\_

(f) In what capacity will the family member be serving for the next 12 months? \_\_\_\_\_  
\_\_\_\_\_

(g) What is the annual dollar volume, if any, between the Corporation (and its affiliates) and the entity? \_\_\_\_\_  
\_\_\_\_\_

**TAB 16**



**AMENDED AND RESTATED BYLAWS**  
**O F**  
**THE PARK CARDIOTHORACIC AND VASCULAR INSTITUTE**

**OF**  
**The Park Cardiothoracic and Vascular Institute**

**A Pennsylvania Nonprofit Corporation**

**ARTICLE I**  
**Introductory**

**ARTICLE I**

**Introductory**

**Section 1.1** ~~Section 1.1 Name~~ NAME. The name of the Corporation is The Park Cardiothoracic and Vascular Institute.

**Section 1.2** STATEMENT OF PURPOSES. The Corporation is organized under the Pennsylvania Nonprofit Corporation Law of 1988, as amended (the "Nonprofit Corporation Law") for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and in this connection is organized:

(a) ~~Section 1.2 Statement of Purposes. As provided in its Articles of Incorporation, the Corporation is organized for the purpose of arranging~~ To arrange for the provision of ~~healthcare~~ health care services;

(b) To operate as part of the nonprofit health care system governed by [New Parent's Member], a Pennsylvania nonprofit corporation ("[New Parent's Member]"), and support a health care provider network comprised of the Member and those corporations and other entities over which the Member exercises governance control (the "subsidiaries");

(c) To exercise such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law, as amended from time to time, or any successor legislation;

(d) To carry out such other acts and to undertake such other activities as may be necessary, appropriate or desirable in furtherance of or in connection with the conduct, promotion or attainment of the foregoing purposes; and

(e) To otherwise operate exclusively for charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Code.

**Section 1.3** ~~Section 1.3 Offices~~ OFFICES. The principal and registered office of the Corporation shall be located at ~~P.O. Box 18119, Coal Valley Road, P.O. Box 18119, Pittsburgh, Allegheny County, Pennsylvania 15236~~ PA 18119, or at such other place as the Board of  
PI-866061-vl-0215390-0201

Directors may designate from time to time.

Section 1.4 ~~Section 1.4 Fiscal Year~~ FISCAL YEAR. The fiscal year of the Corporation shall end on ~~June 30, 2002 of each year, or on such other date~~ day as ~~may~~ shall be fixed ~~from time to time by resolution of the Board of Directors~~ by [New Parent's Member].

Section 1.5 ~~Section 1.5 Seal~~ SEAL. The corporate seal of the Corporation, ~~if any,~~ shall be a circle with the name of the Corporation and the state of incorporation around the border and the words "Corporate Seal" in the center.

Section 1.6 ~~Section 1.6 Governing Law. This~~ GOVERNING LAW. The Corporation ~~is~~ shall be governed by the ~~Pennsylvania Nonprofit Corporation Law of 1988,~~ as it may be amended from time to time (~~"NPCL"~~).

## ARTICLE II ~~Sole~~

### ARTICLE II

#### Member

Section 2.1 ~~Section 2.1. Sole Member. Jefferson Regional Medical Center (f/k/a Jefferson Health Services) shall be the sole member of the Corporation (the "Sole Member").~~ MEMBER. The Corporation shall have one (1) member, which shall be Jefferson Regional Medical Center (the "Member"). There shall be no other members or classes of membership. The President/CEO of the Member shall be entitled to vote on behalf of the Member in accordance with the authority granted by the Member to the President/CEO of the Member unless the Member notifies the Corporation in writing that another officer is authorized to vote on behalf of the Member. The Member may voluntarily transfer its membership, subject to the reserved powers of [New Parent's Member] as set forth in these Bylaws.

~~Section 2.2 Rights and Powers. In addition to the rights of members set forth in the NPCL, the Sole Member shall have the power to initiate and approve and to reverse the following actions:~~

#### Section 2.2 RIGHTS AND POWERS.

(a) ~~nomination and election of all officers and directors (other than those directors appointed or elected by the physician employees of the Corporation) and removal at any time, with or without cause, of all officers and directors (regardless of by whom appointed or elected);~~ Reserved Powers of Member.

(i) The Member shall have the right and power to make recommendations to [New Parent], a Pennsylvania nonprofit corporation ("[New Parent]"), and [New Parent's Member] with respect to actions by [New Parent] and [New Parent's Member] on matters reserved to [New Parent] and [New Parent's Member] under Sections 2.2(b) and 2.2(c) of these Bylaws. [New Parent] and [New Parent's Member] shall have no obligation to approve any such recommendations, and may take actions that have not been recommended by, or that are contrary to recommendations of, the Member; and

(ii) The Board of Directors of the Member will have plenary authority with regard to the following:

a) To determine the number of Directors that will comprise the Board of Directors of the Corporation and its subsidiaries, except that any change with regard to the Corporation must be consistent with the requirements of Section 3.2 of these Bylaws regarding the minimum number of Class A Directors (as hereinafter defined), and a reduction in the number of Class A Director positions must be approved by the Class A Directors;

b) To elect the Class B Directors (as hereinafter defined) of the Corporation and the directors of its subsidiaries; and

c) To remove any of the Class B Directors of the Corporation and any of the directors of its subsidiaries, and to replace such Class B Directors and directors, as applicable, for the unexpired portion of his or her term.

~~(b) any change in the number of directors;~~ Reserved Powers of [New Parent]:

[New Parent] shall have the right and power to make recommendations to [New Parent's Member] with respect to actions by [New Parent's Member] on the matters reserved to [New Parent's Member] under Section 2.2(c) of these Bylaws. [New Parent's Member] shall have no obligation to approve any such recommendations, and [New Parent's Member] may take actions that have not been recommended by, or that are contrary to recommendations of, [New Parent].

~~(c) all operating and capital budgets and amendments thereto;~~ Reserved Powers of [New Parent's Member]:

~~(d) all fundamental change transactions and all other transactions not in the ordinary course of business;~~

~~(e) all amendments to articles of incorporation and bylaws;~~

~~(f) all indebtedness (i) which individually exceeds an amount established by the Sole Member or (ii) if such individual indebtedness is less than said amount, such indebtedness which, when added to the aggregate unpaid balance of all of the Sole Member's affiliated corporations' outstanding indebtedness (exclusive of mortgaged real estate), causes the affiliated corporations' aggregate indebtedness to exceed an amount established by the Sole Member from time to time;~~

~~(g) selection of independent auditors; and~~

~~(h) all other actions or tasks as are reserved to or required of the Sole Member by virtue of any other provisions of these Bylaws or by resolutions enacted by the Board of Directors of the Corporation from time to time.~~

~~Section 2.3 Manner of Acting. The Sole Member shall act by executing and delivering to the President of the Corporation a written instrument signed by an officer or authorized agent of the Sole member setting forth the action taken by the board of directors of the Sole Member or by the officer or board committee authorized by the board to take such action.~~

[New Parent's Member] will have plenary authority with regard to the following:

(i) To elect and remove, with or without cause, all officers, including the President, of the Corporation and its subsidiaries;

(ii) To amend, revise or restate the Corporation's Articles of Incorporation and Bylaws and approve all amendments or revisions to the Corporation's Articles of Incorporation and Bylaws that may be proposed or approved by [New Parent], the Member or Board of Directors of the Corporation; provided however, that [New Parent's Member] will have no power to amend, revise or restate Section 3.2, Section 3.3 (regarding the election of Class A Directors to fill vacancies) or this proviso of Section 2.2(c)(ii) of these Bylaws, each of which may be amended only upon the concurrent approval of both (a) the Class A Directors, voting as a class, and (b) the Class B Directors, voting as a class;

(iii) To adopt or change the mission, purpose, philosophy or objectives of the Corporation or its subsidiaries;

(iv) To change the general structure of the Corporation or any of its subsidiaries as a voluntary, nonprofit corporation;

(v) To (a) dissolve, divide, convert or liquidate the Corporation or its subsidiaries, (b) consolidate or merge the Corporation or its subsidiaries with another corporation or entity, (c) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's or the relevant subsidiary's total assets, and (d) approve any of the foregoing actions that may be proposed by [New Parent], the Member or the Board of Directors of the Corporation before such action becomes effective; provided however, that the consent of each of the Class A Directors serving on the Board of Directors who was a party to an employment contract with the Corporation on August 13, 2012 that has not expired or been terminated in accordance with its terms, shall be required as a condition precedent to any of the actions described in this Section 2.2(c)(v) that are proposed to be taken between August 13, 2012, and the later of three (3) years thereafter (if such employment contract has not expired or been terminated in accordance with its terms) or the date when such employment contract expires or is terminated in accordance with its terms;

(vi) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(vii) To approve the incurrence of debt by the Corporation and its subsidiaries or the making of capital expenditures by the Corporation and the subsidiaries during any fiscal year of the Corporation, in either case in excess of one quarter of 1% of the consolidated annual operating budget of the Corporation and its subsidiaries for each fiscal year if such debt or

capital expenditures are not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(viii) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Member or to the Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(ix) To approve strategic plans and mission statements of the Corporation and its subsidiaries;

(x) To approve investment policies of the Corporation and its subsidiaries;

(xi) To approve the closure or relocation of a licensed healthcare facility of the Corporation and its subsidiaries;

(xii) To approve the formation of subsidiary corporations, partnerships and joint ventures or to make investments in existing subsidiary corporations, partnerships and joint ventures, if the new investments of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures during any fiscal year would, in the aggregate, exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiii) To approve the dissolution of subsidiary corporations, partnerships and joint ventures of the Corporation and the subsidiaries, if the aggregate value of the ownership interests of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures so dissolved in any fiscal year would exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiv) To establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation, all accreditation and licensing requirements and the conditions of participation in all governmental payor programs applicable to the Corporation; and

(xv) To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries.

Except as may otherwise be provided by the Nonprofit Corporation Law, [New Parent's Member] shall have the right to both initiate and approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation and the subsidiaries on such matters. Any action taken in this regard by [New Parent's Member] shall be sufficient to finally approve and adopt such actions and no action of the Board of Directors, Member, [New Parent] or other governing body or officer with respect to such action shall be necessary with respect hereto.

## ~~ARTICLE III~~

### Board of Directors

Section 2.3 ~~Section 3.1 Authority~~ AUTHORITY. Subject to the rights ~~of the Sole Member~~ and powers described in Section 2.2 and any limitations set forth elsewhere in these Bylaws or the Articles of Incorporation of the Corporation, the affairs of the Corporation shall be under the general direction of a Board of Directors which shall administer, manage, preserve and protect the property of the Corporation. ~~Director's need not be members of the Corporation,~~ provided, however, that day-to-day operations in the ordinary course of business shall be under the management and control of the Class A Director(s).

Section 2.4 ~~Section 3.2 Number and Term.~~ ELECTION, NUMBER AND TERM. The Board of Directors ~~of the Corporation~~ shall initially consist, of a minimum of five (5) voting ~~directors~~ Directors and a maximum of seven (7); voting ~~directors~~ Directors (the actual number to be determined from time to time by the ~~Sole Member~~), ~~The~~ with two (2) of the Directors being physician representative(s) employed by the Corporation shall designate two (2) persons to serve on the Board. The Sole Member of the Corporation shall elect and invited to become members of the Board of Directors by appointment or election by the physician employees of the Corporation (herein the "Class A Director(s)"), and the remaining Directors. There shall also be such ex-officio nonvoting Directors, as may be designated from time to time by the ~~Sole Member~~. ~~With the exception of the ex-officio nonvoting Directors, whose terms shall be specified in the resolution appointing them, each Director shall serve for a term of one year or until such Director's successor is duly elected and takes office.~~ Member (herein the "Class B Director(s)"). The Class A Directors shall serve for a term determined by the Member and may continue in office only so long as they remain physician employees of the Corporation. The term of the Class B Directors shall be determined by the Member. Notwithstanding the foregoing:

(a) At any time or during any period of time that a physician employee of the Corporation has any position or relationship with the Member, whether as a trustee, director, agent or employee of the Member other than or in addition to his/her membership on the Member's medical staff with clinical privileges to admit patients, such physician employee shall, during such period of time, neither be eligible to vote on the election of Class A Directors nor to serve, or continue to serve, as a Class A Director.

(b) Neither the Member nor the physician employees may elect or appoint ex officio nonvoting Directors. However, the Class B Directors and the Class A Directors may invite guests to attend meetings of the Board of Directors.

Section 2.5 ~~Section 3.3 Vacancies. Vacancies occurring~~ VACANCIES. If a vacancy occurs on the Board by death, resignation, refusal to serve, increase in the number of Directors or otherwise ~~shall be filled by,~~ the ~~Sole Member and each Director so appointed~~ Member shall elect the successor or new Class B Director if the vacancy is that of a Class B Director, and the physician employees of the Corporation shall elect a physician employee as the successor or new Class A Director if the vacancy is that of a Class A Director. Each

4.

successor  
or Class B

Director so elected shall serve for the unexpired portion of the term of the Director being replaced, and until the Director's successor is elected and qualified or until such Director's earlier death, resignation or removal. In the case of the election of a Class B Director to fill a newly created Director position, such Director's term shall be determined by the Member.

Section 2.6 ~~Section 3.4 Compensation~~. COMPENSATION. No compensation shall be paid to any Director for services as a Director but, at the discretion of the Board, a Director may be reimbursed for travel and actual expenses necessarily incurred in attending meetings and performing other duties on behalf of the Corporation. A Director may be a salaried officer of the Corporation.

Section 2.7 ~~Section 3.5 Meetings~~. MEETINGS. The Board shall meet at least ~~quarterly~~ bi-annually at a date and time established by the Board. The first meeting of the fiscal year or such other time as the Board may designate from time to time by resolution shall be the annual meeting of the Board. Special meetings shall be called by the Secretary upon the order of the President or at the written request of the ~~Sole~~ Member or a number of Directors constituting a quorum of the Directors then in office and entitled to vote. All meetings of the Board of ~~Director's~~ Directors shall be held at the registered office of the Corporation unless otherwise designated in the notice:.

Section 3.6 Quorum QUORUM. At all meetings of the Board of Directors, the presence of a Class B Director, Class A Director and a majority of the Class A and Class B Directors in office and entitled to vote shall constitute a quorum. ~~In addition to those Directors who are actually present at a Meeting,~~ Directors shall be deemed as present at ~~such meetings~~ a meeting if a telephone or similar communication equipment is used, by means of which all persons participating in the meeting can hear each other at the same time ~~is used.~~ The act of a majority of the Directors entitled to vote at a meeting at which a quorum is present shall be the act of the Board. ~~—~~ A majority of the Directors present and entitled to vote, whether or not a quorum exists, may adjourn any meeting of the Board to another time and place. Notice of any such adjourned meeting shall be given to the Directors who are not present at the time of adjournment.

Section 2.8 ~~Section 3.7 Voting~~. VOTING. Resolutions of the Board shall be adopted, and any action of the Board at a meeting upon any matter shall be taken and be valid with the affirmative vote of a majority of the Board at a meeting at which a quorum is present. Each Director entitled to vote shall be entitled to one vote on each matter submitted to a vote of the Board of Directors.

Section 2.9 ACTIONS REQUIRING SPECIAL APPROVAL.

(a) Notwithstanding the foregoing and the provisions of Section 2.2, the following actions shall be subject to approval by [New Parent's Member]:

(i) Initiating litigation or settling litigation in which the Corporation is the plaintiff or defendant;

(ii) Adoption or modification of any personnel or human resources policies; and

(iii) The taking of any action which would endanger the nonprofit status of the Corporation or the tax exempt status of the Member, [New Parent] or [New Parent's Member].

Section 2.10 ~~Section 3.8 Notices~~NOTICES. Written notice of the date, time and place of each meeting of the Board of Directors shall be given to all Directors at least five (5) days in advance of the date thereof. Such notice shall set forth the date, time and place of the meeting. For special meetings, the notice shall also state the general nature of the business to be transacted. Such notice shall be given at the direction of the Secretary or another designated officer of the Corporation and shall be given to each Director, either personally or by sending a copy thereof by first class or express mail, postage prepaid, or courier service, charges prepaid, or by facsimile to each Director's address (or facsimile number) appearing on the records of the Corporation, or by such other form of notice as permitted by law. If the notice is sent by mail or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service. If the notice is sent by facsimile, it shall be deemed to have been given to the person entitled thereto when sent. Notice of an adjourned meeting shall be deemed to have been announced at the time of adjournment.

Section 2.11 ~~Section 3.9 Waiver of Notice~~WAIVER OF NOTICE. Whenever any written notice whatsoever is required to be given under the provisions of applicable law, the Articles of Incorporation of ~~this~~the Corporation, or these Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, shall be deemed equivalent to the giving of such notice. In the case of a special meeting, such waiver of notice shall specify the general nature of the business to be transacted. Attendance of a Director at a meeting shall constitute a waiver of notice of the meeting unless the Director attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

Section 2.12 ~~Section 3.10 Interested Members, Directors or Officers.~~INTERESTED MEMBERS, DIRECTORS OR OFFICERS.

(a) ~~(a)~~ No contract or transaction between the Corporation and one or more of its Directors or officers or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the Corporation's Directors or officers are directors or officers, or have a financial interest, shall be void or

~~voidable~~ voidable solely for such reason, or solely because a Director or officer of the Corporation is present at or participates in the meeting of the Board of Directors which authorizes the contract or transaction, or solely because the votes of such Director or officer are counted for such purpose, if

(i) ~~(1)~~ the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board in good faith authorizes the contract or transaction by the affirmative ~~vetes~~vote of a majority of the disinterested ~~directors~~Directors even though the disinterested ~~directors~~Directors are less than a quorum;

(ii) ~~(2)~~ the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the members of the Board entitled to vote thereon and the contract or transaction is specifically approved in good faith by the members of the Board; or

(iii) ~~(3)~~ the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors or the ~~Sole~~ Member.

(b) Common or interested ~~directors~~ Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in subsection (a) of this ~~section~~ Section. The minutes of the meeting shall reflect that a disclosure was made, the abstention from voting and the effect on the quorum.

(c) Actual and potential conflicts of interest involving one or more Directors or officers shall be dealt with in the manner described in Section ~~3.16~~ 3.17 of these ~~bylaws~~ Bylaws.

~~Section 3.11 Standard of Care and Fiduciary Duty~~ STANDARD OF CARE AND FIDUCIARY DUTY. Each Director shall stand in a fiduciary relation to ~~this~~ the Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of ~~this~~ the Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(d) one or more officers or employees of ~~this~~ the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(e) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(f) a committee of the Board of ~~this~~ the Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

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

~~Section 2.13 Section 3.12 Factors Which May Be Considered by Directors~~ FACTORS WHICH MAY BE CONSIDERED BY DIRECTORS. In discharging the duties of their respective positions, the Board of Directors, committees of the Board and individual Directors may, in considering the best interests of ~~this~~ the Corporation, consider the following to the extent they deem appropriate:

(a) the effects of any action upon any or all groups affected by such action, including employees, suppliers, customers and creditors of the Corporation, and upon communities in which offices or other establishments of the Corporation are located;

(b) the short-term and long-term interests of the Corporation, ~~including the benefits that may accrue to the Corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the Corporation;~~

~~(C) — the resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the Corporation; and~~

(c) ~~(D)~~ all other pertinent factors.

The Board of Directors, committees and Directors are not required, in considering the best ~~interest~~interests of the Corporation or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this ~~section~~Section shall not constitute a violation of Section ~~3.11 hereof. The fiduciary duty of Directors shall not be deemed to require them to act as the Board of Directors, a committee or an individual Director solely because of the effect such action might have or an~~

~~acquisition or potential or proposed acquisition of control of the Corporation or the consideration that might be offered or paid to the Sole Member in such an acquisition. 3.12 hereof. Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the Board of Directors, a committee of the Board or an individual Director shall be presumed to be in the best interests of the Corporation. In assessing whether the standard set forth in Section 3.11 hereof has been satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control of the Corporation than is applied to any other act as a Board, committee or individual Director. Notwithstanding the preceding provisions of this Section 3.12, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested Directors shall have assented shall be presumed to satisfy the standard set forth in Section 3.11, unless it is proven by clear and convincing evidence that the disinterested Directors did not assent to such act in good faith after reasonable investigation.~~

~~The term disinterested Director means, solely for the purpose of this section;~~

~~(a) — a Director of the Corporation other than~~

~~(<sup>1</sup>) a Director who has a direct or indirect financial or other interest in the person acquiring or seeking to acquire control of the Corporation or who is an affiliate or associate of, or was nominated or designated as a Director by, a person acquiring or seeking to acquire control of the Corporation; or~~

~~(ii) depending upon the specific facts surrounding the Director and the act under consideration, an officer or employee or former officer or employee of the Corporation.~~

~~A person shall not be deemed to be other than a disinterested Director solely by reason of any or all of the following:~~

- ~~(i) the receipt by the Director of director's fees or other consideration as a Director;~~
- ~~(ii) any interest the Director may have in retaining the status or position of a Director;~~
- ~~(iii) the former business or employment relationship of the Director with the Corporation; or~~
- ~~(iv) receiving or having the right to receive retirement or deferred Compensation from the Corporation due to service as a Director, officer or employee.~~

Section 2.14 ~~Section 3.13 Rules and Regulations.~~ RULES AND REGULATIONS.

The Board of Directors may adopt rules and regulations not inconsistent with these Bylaws for the administration and conduct of the affairs of the Corporation and may alter, amend or repeal any such rules or regulations adopted by it. Such rules and regulations may be amended by majority vote of the Directors present and entitled to vote at a meeting of the Directors where a quorum is present.

~~Section 3.14 Removal of Directors.~~

Section 2.15 ~~(A) By the Sole Member.~~ REMOVAL OF DIRECTORS. The entire Board of Directors or any class thereof or any individual Director may be removed from office without assigning any cause by the ~~Sole~~-Member.

Section 2.16 CONSENTS. Any action which may be taken at a meeting of the Directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office and entitled to vote and shall be filed with the Secretary of the Corporation.

Section 2.17 CONFLICTS OF INTEREST.

(a) Disclosure of Interest. Any Director, officer, or committee member having a Material Interest (as defined below) in a contract or other transaction presented to the Board of Directors or any committee thereof for authorization, approval or ratification, shall make a prompt, full and frank disclosure of such person's interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about his/her relationship or interest and about the contract or transaction. The Board or committee to which such disclosure is made shall thereupon determine, by majority vote of those present, excluding the interested person, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist or can reasonably be construed to exist, such person shall not vote on nor participate in the discussions and deliberations with respect to such contract or transaction, other than to present factual information or to respond to questions. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting or participation. For purposes of this Article, a person shall be deemed to have a "Material Interest" in a contract or other transaction if such person, or a member of his/her other immediate family, is a party, or one of the parties, contracting or dealing

with the Corporation, or is a director, officer, or key employee of, or has a significant financial interest in (b) Procedure for Determining Whether a Conflict Exists. the entity

contracting or dealing with the Corporation.

(b) By the Board. The Board of Directors, by a majority vote of all of the Directors, may declare vacant the office of a Director who is declared of unsound mind by an order of the court or is convicted of a felony or other cause. "Other cause" shall mean any action or inaction which, in the sole discretion of the Board, materially and adversely affects or may affect the Corporation. Prohibited Transactions. Members of the Board of Directors shall not engage in the following transactions:

Section 3.15 Consents. Any action which may be taken at a meeting of the Directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office and entitled to vote and shall be filed with the Secretary of the Corporation.

Section 3.16 Conflict of Interest.

(a) Identification. An actual or potential conflict of interest arises with respect to a Director when any of the following circumstances exists or is threatened:

(1) a proposed transaction under consideration by the Board, or any ongoing business relationship, involves a Contracting Entity or Competing Entity with respect to which there is an Interested Director; and

(2) an opportunity within the scope of activities of the Corporation could be exploited by the Director, the Director's Family Member, a Competing Entity with respect to which there is an Interested Director, or a Contracting Entity with respect to which there is an Interested Director.

(1) Disclosure Statements. Each Director shall complete an annual Conflict of Interest Disclosure Statement, describing any connections of the Director or the Director's Family Member with a Competing Entity or a Contracting Entity. It is his or her duty to make a full, frank and fair disclosure of the circumstances giving rise to an actual or potential conflict of interest. Each Director is also obligated to file a supplementary Disclosure Statement if, during the year, there is any change in circumstances that alters or makes incomplete the information provided in the original Disclosure Statement. It shall be the responsibility of the President to review each of the Disclosure Statements and bring any perceived conflicts of interest to the attention of the Board of Directors.

(2) Additional Disclosure. If, during the course of a meeting of the Board of Directors, a Director is aware that he or she has or may have an actual or a potential conflict of interest in a matter under discussion, the Director shall immediately disclose the material facts about his or her interest in the matter to the Board of Directors. If, during the course of a meeting, the President or any Director believes

~~that another Director has or may have an actual or potential conflict of interest in a matter under discussion, such person shall immediately make such concern known to the Board of Directors.~~

~~(3) Analysis of Conflict issue. The determination of whether there is a conflict of interest in any particular circumstances shall be made by the President. In the event that the question involves the President, the Vice President or ranking officer present shall make the decision regarding whether a conflict of interest exists. The review shall be subject to the following process:~~

~~(i) Questioning of the Involved Director. It is the Involved Director's duty to respond fully and frankly to any questions from the President or other Directors relating to the actual or potential conflict of interest.~~

~~(ii) Exclusion of the Involved Director. At the President's direction, or upon motion and majority vote of the other Directors present (excluding the involved Director), the Involved Director shall leave the Board meeting while the question of whether a conflict exists is discussed and, if a conflict is determined to exist, the Involved Director shall leave the Board meeting while the substantive issue which is the subject of the conflict is discussed and shall not vote on said substantive matter.~~

~~(4) Minutes. The minutes shall reflect (i) the disclosure of any alleged conflict; (ii) the determination as to whether an actual or potential conflict of interest exists; (iii) whether the Involved Director was excluded from the Board's deliberations on the conflict issue and/or the substantive issue; (iv) any abstention from voting; and (v) any action to be taken.~~

~~(e) Definitions:~~

~~(1) Competing Entity. Any entity that offers healthcare services to the public.~~

~~(2) Contracting Entity. Any entity engaged in the delivery of products or services (e.g., legal, accounting, management, and billing and recordkeeping services) to or under contract with the Corporation.~~

~~(3) Interested Director. A Director who, or whose spouse or other family member residing in the same home ("Family Member"), (i) is an officer, director, employee or agent of a Competing Entity or a Contracting Entity or (ii) is the actual or beneficial owner of at least 5% of the outstanding stock or other ownership interest in a Competing Entity or a Contracting Entity.~~

~~(4) Involved Director. A Director who is implicated in an actual or potential conflict of interest,~~

~~(5) Protected Information. Any information about the Corporation which is acquired by a Director by virtue of being a Director, including without limitation, information concerning the provision of products or services; finances, and institutional planning.~~

(i) The sale, exchange or leasing of property or services between the Corporation and a member of the Board of Directors or an entity in which he or she has a Material Interest, on a basis less favorable to the Corporation than that on which such property or services are made available to the general public.

(ii) Furnishing of goods, services or facilities by the Corporation to a member of the Board of Directors, unless such furnishing is made on the same basis on which such goods, services or facilities are made available to the general public or to the employees of the Corporation.

(iii) Any transfer to or use by or for the benefit of a member of the Board of Directors of the income or assets of the Corporation, except purchase for fair market value.

(c) Annual Disclosure Statements. The Board of Directors shall require that all prospective Directors and all members of the Board of Directors execute and submit, at the time of election or appointment, and annually thereafter, a written statement indicating any Material Interests which could give rise to conflicts of interest and any interests which are or may reasonably be construed to be Competing Interests (as defined below). While the written statement is required annually, it is a continuing responsibility of appointees and Directors to provide prompt notice to the Corporation of any changes. Notice of this requirement and other provisions of this Section shall be given to prospective candidates for election or appointment.

(d) Competing Interests. No person shall be eligible to serve as a Director (or to continue to so serve) if he or she has or acquires a "Competing Interest," as defined below:

(i) "Competing Interest" shall be defined as including any of the following situations:

A person (or his or her immediate family member) who, directly or indirectly, owns or holds an investment or ownership interest (other than an ownership or investment interest in less than five percent (5%) of the common stock of a publicly-traded company) in an entity identified or determined by the Corporation from time to time as a competitor;

A person (or his or her immediate family member) who holds a leadership position in an entity identified or determined by the Corporation from time to time as a competitor. Leadership position shall include, without limitation, service on the board, a board committee or a planning committee of or holding a management contract with such a competitor; or

A person who is employed by or has a compensation arrangement with a competing entity. "Immediate family member" means spouse, siblings, parents, children, stepchildren, grandchildren and their spouses.

Examples of entities deemed by the Corporation to be competing entities include, without limitation: general hospitals; specialty hospitals; freestanding surgery centers; specialty diagnostic centers; specialty treatment centers; specialty therapy centers or other entities operating or

which should be operating in whole or in part under a healthcare facility license, but do not include physician offices with equipment customarily and routinely used or contained in a physician office (e.g., EKG machine used by a cardiologist).

(ii) It shall be the responsibility of prospective Directors and current Directors to promptly disclose the existence of all ownership or investment interests, leadership positions and employment or compensation arrangements, regardless of whether they fall within the above definitions. If such interest is in an entity that the Corporation has previously determined to be a competing entity, the prospective Director or current Director shall be automatically ineligible to serve or continue serving as a Director and shall be deemed to have automatically resigned his or her position or interest in a position on the Board and its committees.

(iii) If it is necessary for the Board to determine whether the entity in question is a competing entity, the Board, by majority vote of those present (excluding the interested person) shall decide whether a Competing Interest exists. If a Competing Interest exists, the interested person shall no longer be eligible for consideration as a prospective Director or, if already serving as a Director, shall not continue to serve, and shall be deemed to have automatically resigned his or her interest in a position on the Board and its committees.

## ~~ARTICLE IV~~

### Officers

Section 2.18 ~~Section 4.1 Enumeration~~ENUMERATION. The officers of the Corporation shall consist of a President, Secretary and Treasurer and such other officers and assistant officers as the Board of Directors may, from time to time, designate. The members of the Board may also elect a Chairperson to preside at meetings of the Board ~~and the members~~.

Section 2.19 ~~Section 4.2 Term of Office~~TERM OF OFFICE. Each officer shall serve for a term of one (1) year and until the officer's successor is duly elected and takes office.

Section 2.20 ~~Section 4.3 Election~~ELECTION. All officers shall be elected prior to the beginning of the fiscal year by ~~the Sole~~[New Parent's Member;].

Section 2.21 ~~Section 4.4 Vacancies~~VACANCIES. Any vacancy occurring by death, resignation, refusal to serve, or otherwise may be filled by ~~the President or by the Directors entitled to vote, all subject to the approval of the Sole Member~~[New Parent's Member].

Section 2.22 ~~Section 4.5 President~~PRESIDENT. The President ~~shall serve as the chief executive officer of the Corporation and as such~~ shall be responsible for and have supervision over the management and ~~operation~~administration of the Corporation, subject to the control of the Board of Directors and the ~~Sole Member. The President shall serve at the discretion of the Sole Member; provided, however, that any removal of the President shall be without prejudice to any contract rights of the President.~~Member.

Section 2.23 ~~Section 4.6 Secretary~~SECRETARY. The Secretary shall make or cause to be made minutes of all meetings of the Board of Directors~~and the Sole Member~~. The Secretary shall be responsible for the timely mailing or delivery of all notices of meetings of the Board of Directors~~and the Sole Member~~, shall affix the corporate seal at the direction of the President and, generally, will perform all duties incident to the office of secretary of a corporation and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws, or which may be assigned from time to time by the Board of Directors.

~~Section 4.7 Treasurer~~TREASURER. The Treasurer shall supervise the financial activities of the Corporation. Specifically, the Treasurer shall see that (a) full and accurate accounts of receipts and disbursements are kept, (b) a system is in place such that all monies and other valuable effects are deposited in the name and to the credit of the Corporation in such depositories as shall be designated by the Board, (c) the Directors at the regular meetings of the Board or whenever they may require it, receive an account of the financial condition of the Corporation, and (d) an annual audit of the Corporation's books and records is performed by an auditor selected by ~~the Board~~.[New Parent's Member]. In performing these functions, the Treasurer may rely on employees of the Corporation or any affiliated corporation who possess special financial training and skills and whose employment responsibilities include management of the Corporation's financial affairs. In the absence or disability of the Treasurer, the Assistant Treasurer, if any, shall perform all the duties of the Treasurer and when so acting shall have all of the powers of and be subject to all of the restrictions upon the Treasurer.

Section 2.24 ~~Section 4.8 Other Officers~~OTHER OFFICERS. Each other officer shall have such responsibilities and perform such duties as may be prescribed by the ~~Sole~~Board of Directors and as are approved by [New Parent's Member] from time to time. Each assistant officer shall carry out the responsibilities and duties of the officer which the assistant officer assists in the event such officer is unable to perform such responsibilities or duties, except that no assistant officer shall become a Director solely by virtue of being an assistant officer.

Section 2.25 ~~Section 4.9 Bonds~~BONDS. The Board may, in its discretion, require the Treasurer and any other officer to give bond in such amount and with such surety or sureties as may be satisfactory to the Board for the faithful discharge of the duties of the office and for the restoration to the Corporation, in case of the officer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the Corporation in the officer's possession or under the officer's control.

Section 2.26 ~~Section 4.10 Removal of Officers~~REMOVAL OF OFFICERS. Any officer may be removed by ~~the Sole member~~[New Parent's Member] whenever, in its judgment, the best interests of the Corporation will be served.

## ARTICLE III~~ARTICLE V~~

### Committees

Section 3.1 ~~Section 5.1 Committees~~COMMITTEES. The Corporation shall have such standing and ad hoc committees as the Board may deem advisable in the administration and conduct of the affairs of the Corporation. Such committees of the Board shall meet as necessary to accomplish their goals. The Board is authorized in its discretion to approve reimbursement for

travel and actual expenses necessarily incurred by members of committees in attending committee meetings and in performing other official duties as such. ~~Except as otherwise provided in these Bylaws or in the resolution creating the applicable committee, committee~~ Committee chairpersons and members shall be appointed annually by the ~~President~~ Board of Directors and may be reappointed to a committee for an unlimited number of terms. With the exception of the Executive Committee, if any, persons who are not Directors are eligible to serve as committee members. ~~Any person authorized by these Bylaws to appoint the chairman and/or members of any committee may appoint himself or herself as chairman and/or member.~~ The chairman of each committee shall determine the date and place of all committee meetings. Each committee may adopt its own rules of procedure not inconsistent with these Bylaws.

~~Section 5.2 Limitation on Power of Committees.~~ LIMITATION ON POWER OF COMMITTEES. No such committee shall have any power or authority as to the following:

- (a) the submission to the ~~Sele~~ Member of any action requiring approval of the ~~Sele~~ Member;
- (b) the filling of vacancies in the Board of Directors;
- (c) the adoption, amendment or repeal of ~~the~~these Bylaws;
- (d) the amendment or repeal of any resolution of the Board; or
- (e) action on matters committed by ~~the~~these Bylaws or a resolution of the Board to another ~~Committee~~committee of the Board.

~~ARTICLE IV~~ ARTICLE VI  
~~Limitation of Personal Liability of Directors~~

Limitation of Personal Liability of Directors

~~Section 6.1 Limitation of Directors' Personal Liability. A Director of the Corporation shall not be personally liable for monetary damages for any action taken unless the Director has breached or failed to perform the duties of his office under Chapter 57, Subchapter B of the NPCL as in effect at the time of the alleged action by such Director and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. Such limitation on liability does not apply to the responsibility or liability of a Director pursuant to any criminal statute or for payment of taxes pursuant to any Federal, state or local law.~~

~~Section 6.2 Preservation of Rights. Any repeal or modification of this Article by the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.~~

#### Section 4.1

(a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.

(b) Applicability. The provisions of this Section shall be deemed to be a contract with each director of the Corporation who serves as such at any time while this Section is in effect and each such Director shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Section or provision of these Bylaws which has the effect of increasing Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, bylaw or provision.

### ARTICLE V ~~ARTICLE VII~~

#### Indemnification

#### Section 5.1

~~(a) Section 7.1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law (including but not limited to the indemnification provided by Chapter 57, Subchapter D of the NPCL), each Director and/or officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action.~~ Right to Indemnification - General. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of (whether brought by or in the name of the Corporation or otherwise), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by applicable law in connection with such action, suit or proceeding arising out of such person's service to the Corporation or to such other corporation, partnership, joint venture, trust or other enterprise at the Corporation's request. The term "representative," as used in this Article VII, shall mean any Director, officer, member of a committee created by or pursuant to these Bylaws, and any other person who may be determined by the Board of Directors to be a representative entitled to the benefits of this Article VII.

~~the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not for profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best~~

~~interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.~~

~~Section 7.2 Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 7.1 hereof in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 7.1 hereof in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 7.4 hereof.~~

~~Section 7.3 Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not for profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 7.3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 7.4 hereof.~~

~~Section 7.4. Scope of Indemnification. Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the NPCL or any successor statute as in effect at the time of such alleged action or failure to take action.~~

~~Section 7.5 Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized~~

~~representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the Sole Member or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.~~

~~Section 7.6 Definition of Authorized Representative. For the purposes of this Article, the term "authorized representative" shall mean a Director, officer or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors~~

(b) Right to Indemnification - Third Party Actions. Without limiting the generality of Section 7.1(a), any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(c) Right to Indemnification - Derivative Actions. Without limiting the generality of Section 7.1(a), any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation; except, however, that indemnification shall not be made under this Section 7.1(c) in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the Corporation unless and only to the extent that the Court of Common Pleas of the county in which the registered office of the Corporation is located

or the court in which such action, suit or proceeding was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or such other court shall deem proper.

(d) Advance of Expenses. Expenses (including attorneys' fees) incurred by any representative of the Corporation in defending any action, suit or proceeding referred to in this Article VII shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article VII or otherwise.

~~(e) Section 7.7 Procedure for Effecting Indemnification. Unless ordered by a court, any indemnification under this Article VII or the NPCL shall be made only following a determination that the indemnification is proper in the circumstances because the person seeking indemnification has met the applicable standard of conduct. Such determination shall be made~~Procedures for Effecting Indemnification. Unless ordered by a court, any indemnification under Section 7.1(a), Section 7.1(b) or Section 7.1(c) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such subsections. Such determination shall be made: (i) by the Board of Directors by a majority of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.

~~(a) — by the Board of Directors by a majority vote of a quorum consisting of Directors who were not party to the action or proceeding;~~

~~(b) — if such quorum is not obtainable or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion; or~~

~~(e) — by Sole Member. ARTICLE VIII~~

(f) Indemnification Not Exclusive. The indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any other provision of these Bylaws, agreement, vote of disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a representative of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

(g) When Indemnification Not Made. Indemnification pursuant to this Article VII shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

(h) Grounds for Indemnification. Indemnification pursuant to this Article VII, under any other provision of these Bylaws, agreement, vote of Directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the

Corporation would have the power to indemnify the person under any provision of law except as otherwise provided in this Article VII and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Corporation. The provisions of this Article VII shall be applicable to all actions, suits or proceedings within the scope of Section 7.1(a), Section 7.1(b) or Section 7.1(c) of these Bylaws, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.

(i) Power to Purchase Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a representative of the Corporation or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article VII.

(j) Creation of a Fund to Secure or Insure Indemnification. The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article VII or otherwise.

(k) Status Rights of Indemnities. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall (a) be deemed to create contractual rights in favor of each person who serves as a representative of the Corporation at any time while this Article is in effect (and each such person shall be deemed to be so serving in reliance on the provisions of this Article), and (b) continue as to a person who has ceased to be a representative of the Corporation.

(l) Applicability to Predecessor Companies. For purposes of this Article VII, references to the "Corporation" include all constituent corporations or other entities which shall have become a part of the Corporation by consolidation or merger or other similar transaction and their respective current and former affiliates, and references to "representatives" shall include members of any such corporation, entity or affiliate, so that any person who was a member, director, officer, committee member or other representative of such a corporation, entity or affiliate or served as a member, director, officer, committee member or other representative of another corporation, partnership, joint venture, trust or other enterprise at the request of any such corporation, entity or affiliate shall stand in the same position under the provisions of this Article VII with respect to the Corporation as he or she would if he or she had served the Corporation in the same capacity. Without limitation of the foregoing, each member, director, officer and committee member of each predecessor to the Corporation shall have the same contract rights as are afforded to Directors, officers and employees of the Corporation pursuant to Section 7.1(k).

## ARTICLE VI

### Restrictions Regarding the Operations of the Corporation; Administration of Funds

Section 6.1 ~~Section 8.1 No Private Beneficiaries.~~NO PRIVATE BENEFICIARIES. The Corporation shall not pay dividends or distribute any part of its income or profits to its members, Directors, or officers, except that the Corporation may pay compensation in a reasonable amount to its ~~members, Directors, or~~ officers for services rendered, and may reimburse Directors for expenses in accordance with Section 3.4 of these Bylaws.

Section 6.2 ~~Section 8.2 Annual Report.~~ANNUAL REPORT. The Treasurer shall submit annually to the Board of Directors a statement containing those details required to be included under the provisions of the NPCL Nonprofit Corporation Law, as it may be amended from time to time or any successor statute governing Pennsylvania nonprofit corporations or these Bylaws.

Section 6.3 ~~Section 8.3 Books and Records.~~THIS BOOKS AND RECORDS. The Corporation will keep correct and complete books and records of account and will also keep minutes of the proceedings of the ~~Sole Member,~~ Board of Directors and committees, and records of actions taken by the Member relating to the Corporation. The Corporation will keep at its registered office the original or a copy of its Bylaws including amendments to date, certified by the Secretary of the Corporation and an original or duplicate membership register, giving the names of the members and showing their respective addresses, and the class and other details of membership. ~~Every member~~ The Member, [New Parent] and [New Parent's Member] shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account and records of the proceedings of the ~~members and~~ Directors, and records of actions taken by the Member relating to the Corporation, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of such person as ~~a member,~~ the Member, [New Parent] or [New Parent's Member]. Where an attorney or other agent is the person who seeks the right of inspection, the demand under oath shall be accompanied by a power of attorney or another writing authorizing the attorney or other agent to act on behalf of ~~the member~~ such person.

## ARTICLE VII

### Dissolution

Upon the dissolution or liquidation of the Corporation, after paying or making provision for payment of all of the known liabilities of the Corporation, any remaining assets of the Corporation shall be transferred to the Member, or its successor, provided that the Member or such successor is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution or liquidation of the Corporation, the Member, or its successor, is not in existence or no longer qualifies as an exempt organization under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent], or its successor, provided that [New Parent] is then in existence and then exempt from

federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, both the Member and [New Parent], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent's Member], or its successor, provided that [New Parent's Member] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, each of the Member, [New Parent] and [New Parent's Member], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to (a) such one or more corporations, trusts, funds or other organizations which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and, in the sole judgment of the Corporation's Board of Directors, have purposes similar to those of the Corporation or (b) the federal government, or to a state or local government for such purposes. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively to one or more of such corporations, trusts, funds or other organizations as said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code, and which are organized and operated for such purposes, or to the federal government or to a state or local government for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution or sale of the assets of the Corporation.

## ARTICLE VIII~~ARTICLE IX~~

### Bylaws Amendments

~~Section 9.1 Authority. Unless approval of the Sole Member is required by the NPCL, these~~These Bylaws may be altered, amended ~~and/or repealed from time to time by the affirmative vote of a majority of the Directors entitled to~~ or repealed, or new Bylaws may be adopted only by [New Parent's Member], subject to Section 2.2(c)(ii), Section 3.2 and Section 3.3 hereof.

~~vote, subject to the approval of the Sole Member. Alternatively, these Bylaws may be altered, amended and/or repealed from time to time solely by an act of the Sole Member.~~

~~Section 9.2 Notice. The Directors of the Corporation shall be given at least ten (10) days' prior written notice of any Board meeting at which proposed changes to the Bylaws of the Corporation are to be considered or acted upon. Such written notice shall include a copy of the proposed amendment or a summary of the changes to be effected thereby.~~

SECRETARY'S CERTIFICATE

THIS IS TO CERTIFY that the foregoing Bylaws of ~~THE PARK CARDIOTHORACIC AND VASCULAR INSTITUTE~~The Park Cardiothoracic and Vascular Institute (the "Corporation") have been duly adopted by the ~~directors~~Directors of the Corporation and by Jefferson Regional Medical Center, ~~Inc. as of July '1, 2002,~~as the Corporation's Member, as of \_\_\_\_\_, 2013.

IN WITNESS ~~VVHEREOF~~WHEREOF, the undersigned, duly elected and acting Secretary of the Corporation, has signed this Certificate and affixed the seal of the Corporation hereon this ~~1st~~ \_\_\_\_\_ day of ~~July, 2002,~~ \_\_\_\_\_, 2013.

~~secretary~~  
Secretary of the Corporation

**TAB 17**

DRAFT

01/22/2013

AMENDED AND RESTATED BYLAWS

OF

~~Specialty Group Practice 1, Inc.~~ SPECIALTY GROUP PRACTICE 1, INC.

A Pennsylvania Nonprofit Corporation

Adopted  
~~May 21, 2009~~ \_\_\_\_\_, 2013

**AMENDED AND RESTATED BYLAWS**

**OF**

**~~Specialty Group Practice 1, Inc.~~SPECIALTY GROUP PRACTICE 1, INC.**

**A Pennsylvania Nonprofit Corporation**

**~~Article I~~ARTICLE I**

**Introductory**

~~Section 1.1~~Section 1.1 **NAME.** The name of the Corporation is Specialty Group Practice 1, Inc.

~~Section 1.2 — STATEMENT OF PURPOSES. — As provided in its Articles of Incorporation, the Corporation is organized for the purpose of arranging for the provision of healthcare services.~~Section 1.2 STATEMENT OF PURPOSES. The Corporation is organized under the Pennsylvania Nonprofit Corporation Law of 1988, as amended (the “Nonprofit Corporation Law”) for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and in this connection is organized:

- (a) To arrange for the provision of health care services;
- (b) To operate as part of the nonprofit health care system governed by [New Parent’s Member], a Pennsylvania nonprofit corporation (“[New Parent’s Member]”), and support a health care provider network comprised of the Member and those corporations and other entities over which the Member exercises governance control (the “subsidiaries”);
- (c) To exercise such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law, as amended from time to time, or any successor legislation;
- (d) To carry out such other acts and to undertake such other activities as may be necessary, appropriate or desirable in furtherance of or in connection with the conduct, promotion or attainment of the foregoing purposes; and
- (e) To otherwise operate exclusively for charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Code.

~~Section 1.3~~Section 1.3 **OFFICES.** The principal and registered office of the Corporation shall be located at ~~565~~SHMB Suite 365, 575 Coal Valley Road, ~~P.O. Box 18119,~~ Pittsburgh, PA 15236-0119, Clairton, PA 15025, or at such other place as the Board of Directors may designate from time to time.

~~Section 1.4~~ Section 1.4 FISCAL YEAR. The fiscal year of the Corporation shall end on June 30 of each year, or on such other date day as may shall be fixed from time to time by resolution of the Board of Directors by [New Parent's Member].

~~Section 1.5~~ Section 1.5 SEAL. The corporate seal of the Corporation, if any, shall be a circle with the name of the Corporation and the state of incorporation around the border and the words "Corporate Seal" in the center.

~~Section 1.6~~ Section 1.6 GOVERNING LAW. The Corporation shall be governed by the Pennsylvania Nonprofit Corporation Law of 1988, as it may be amended from time to time ("NPCL").

## ~~Article II~~

### ~~Sole Member~~ ARTICLE II

#### Member

~~Section 2.1 SOLE MEMBER.~~ Jefferson Regional Medical Center shall be the sole member of the Corporation (the "Sole Member").

Section 2.1. MEMBER. The Corporation shall have one (1) member, which shall be Jefferson Regional Medical Center (the "Member"). There shall be no other members or classes of membership. The President/CEO of the Member shall be entitled to vote on behalf of the Member in accordance with the authority granted by the Member to the President/CEO of the Member unless the Member notifies the Corporation in writing that another officer is authorized to vote on behalf of the Member. The Member may voluntarily transfer its membership, subject to the reserved powers of [New Parent's Member] as set forth in these Bylaws.

~~Section 2.2 — RIGHTS AND POWERS.~~ In addition to the rights of members set forth in the NPCL, the Sole Member shall have the power to initiate and approve, and to reverse the following actions: Section 2.2 RIGHTS AND POWERS.

- ~~(a) — except as otherwise provided in these Bylaws, nomination, election, and removal of all officers and Directors (other than those Directors appointed or elected by the physician employees of the Corporation ("Physician Representatives"), which Physician Representatives may be removed only for cause);~~
- ~~(b) — ratification of the election or appointment of the President of the Corporation, who shall be elected or appointed in accordance with Section 4.5 of these Bylaws;~~

(a) Reserved Powers of Member.

(i) The Member shall have the right and power to make recommendations to [New Parent], a Pennsylvania nonprofit corporation ("[New Parent]"),

and [New Parent's Member] with respect to actions by [New Parent] and [New Parent's Member] on matters reserved to [New Parent] and [New Parent's Member] under Sections 2.2(b) and 2.2(c) of these Bylaws. [New Parent] and [New Parent's Member] shall have no obligation to approve any such recommendations, and may take actions that have not been recommended by, or that are contrary to recommendations of, the Member; and

(ii) The Board of Directors of the Member will have plenary authority with regard to the following:

~~(e) — any change in the number of Directors except that any change must be consistent with the requirements of Section 3.2 of these Bylaws regarding the minimum number of Physician Representatives, and a reduction in the number of Physician Representative positions must be approved by the Physician Representatives;~~a)

To determine the number of Directors that will comprise the Board of Directors of the Corporation and its subsidiaries, except that any change with regard to the Corporation must be consistent with the requirements of Section 3.2 of these Bylaws regarding the minimum number of Class A Directors (as hereinafter defined), and a reduction in the number of Class A Director positions must be approved by the Class A Directors;

~~(d) — all operating and capital budgets and amendments thereto;~~

~~(e) — all fundamental change transactions and all other transactions not in the ordinary course of business;~~

~~(f) — all amendments to the Articles of Incorporation of the Corporation and these Bylaws, except changes to Sections 3.2, 3.3 (regarding the election of Physician Representatives to fill vacancies) and 3.8(a) or Article V of these Bylaws, which must be approved by the Physician Representatives;~~

~~(g) — indebtedness (i) which individually exceeds an amount established by the Sole Member from time to time or (ii) if such individual indebtedness is less than such amount, such indebtedness which, when added to the aggregate unpaid balance of all of the Sole Member's affiliated corporations' outstanding indebtedness (exclusive of mortgaged real estate) ("System Indebtedness"), causes the System Indebtedness to exceed an amount established by the Sole Member from time to time;~~

~~(h) — selection of independent auditors and legal counsel;~~

~~(i) — the entry into joint ventures or partnerships by the Corporation;~~

~~(j) — the execution of any management agreement, managed care contract, third party payor contract, or any other contract or material transaction involving the Corporation or its bu(a) — siness not in the ordinary course of business; and~~

- ~~(k) — all other actions or tasks as are reserved to or required of the Sole Member by virtue of any other provisions of these Bylaws or by resolutions enacted by the Board of Directors of the Corporation from time to time;~~

~~Section 2.3 MANNER OF ACTING. The Sole Member shall act by executing and delivering to the President of the Corporation a written instrument signed by an officer or authorized agent of the Sole Member setting forth the action taken by the board of directors of the Sole Member or by the officer or board committee authorized by the board to take such action.~~

b) To elect the Class B Directors (as hereinafter defined) of the Corporation and the directors of its subsidiaries; and

c) To remove any of the Class B Directors of the Corporation and any of the directors of its subsidiaries, and to replace such Class B Directors and directors, as applicable, for the unexpired portion of his or her term.

(b) Reserved Powers of [New Parent]:

[New Parent] shall have the right and power to make recommendations to [New Parent's Member] with respect to actions by [New Parent's Member] on the matters reserved to [New Parent's Member] under Section 2.2(c) of these Bylaws. [New Parent's Member] shall have no obligation to approve any such recommendations, and [New Parent's Member] may take actions that have not been recommended by, or that are contrary to recommendations of, [New Parent].

(c) Reserved Powers of [New Parent's Member]:

[New Parent's Member] will have plenary authority with regard to the following:

(i) To elect and remove, with or without cause, all officers, including the President, of the Corporation and its subsidiaries;

(ii) To amend, revise or restate the Corporation's Articles of Incorporation and Bylaws and approve all amendments or revisions to the Corporation's Articles of Incorporation and Bylaws that may be proposed or approved by [New Parent], the Member or Board of Directors of the Corporation; provided however, that [New Parent's Member] will have no power to amend, revise or restate Section 3.2, Section 3.3 (regarding the election of Class A Directors to fill vacancies), Section 3.8(a), Article V or this proviso of Section 2.2(c)(ii) of these Bylaws, each of which may be amended only upon the concurrent approval of both (a) the Class A Directors, voting as a class, and (b) the Class B Directors, voting as a class;

(iii) To adopt or change the mission, purpose, philosophy or objectives of the Corporation or its subsidiaries;

(iv) To change the general structure of the Corporation or any of its subsidiaries as a voluntary, nonprofit corporation;

(v) To (a) dissolve, divide, convert or liquidate the Corporation or its subsidiaries, (b) consolidate or merge the Corporation or its subsidiaries with another corporation or entity, (c) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's or the relevant subsidiary's total assets, and (d) approve any of the foregoing actions that may be proposed by [New Parent], the Member or the Board of Directors of the Corporation before such action becomes effective; provided however, that the consent of each of the Class A Directors serving on the Board of Directors who was a party to an employment contract with the Corporation on August 13, 2012 that has not expired or been terminated in accordance with its terms, shall be required as a condition precedent to any of the actions described in this Section 2.2(c)(v) that are proposed to be taken between August 13, 2012, and the later of three (3) years thereafter (if such employment contract has not expired or been terminated in accordance with its terms) or the date when such employment contract expires or is terminated in accordance with its terms;

(vi) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(vii) To approve the incurrence of debt by the Corporation and its subsidiaries or the making of capital expenditures by the Corporation and the subsidiaries during any fiscal year of the Corporation, in either case in excess of one quarter of 1% of the consolidated annual operating budget of the Corporation and its subsidiaries for each fiscal year if such debt or capital expenditures are not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(viii) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Member or to the Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(ix) To approve strategic plans and mission statements of the Corporation and its subsidiaries;

(x) To approve investment policies of the Corporation and its subsidiaries;

(xi) To approve the closure or relocation of a licensed healthcare facility of the Corporation and its subsidiaries;

(xii) To approve the formation of subsidiary corporations, partnerships and joint ventures or to make investments in existing subsidiary corporations, partnerships and joint ventures, if the new investments of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures during any fiscal year would, in the aggregate, exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiii) To approve the dissolution of subsidiary corporations, partnerships and joint ventures of the Corporation and the subsidiaries, if the aggregate value of the ownership interests of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures so dissolved in any fiscal year would exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiv) To establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation, all accreditation and licensing requirements and the conditions of participation in all governmental payor programs applicable to the Corporation; and

(xv) To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries.

Except as may otherwise be provided by the Nonprofit Corporation Law, [New Parent's Member] shall have the right to both initiate and approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation and the subsidiaries on such matters. Any action taken in this regard by [New Parent's Member] shall be sufficient to finally approve and adopt such actions and no action of the Board of Directors, Member, [New Parent] or other governing body or officer with respect to such action shall be necessary with respect hereto.

### ~~Article III~~ ARTICLE III

#### Board of Directors

~~Section 3.1~~ Section 3.1 AUTHORITY. Subject to the rights ~~of the Sole Member~~ and powers described in Section 2.2 and any limitations set forth elsewhere in these Bylaws or the Articles of Incorporation of the Corporation, the affairs of the Corporation shall be under the general direction of a Board of Directors which shall administer, manage, preserve and protect the property of the Corporation. ~~Directors need not be members,~~ provided, however, that day-to-day operations in the ordinary course of business shall be under the management and control of the physician employees of the Corporation.

~~Section 3.2~~ Section 3.2 ELECTION, NUMBER AND TERM. The Board of Directors ~~of the Corporation~~ shall initially consist of at least one (1) ~~Physician Representative(s)~~ physician representative employed by the Corporation and invited to become a member of the Board of Directors by appointment or election by the physician employees of the Corporation (~~hereinafter~~ herein the "'Class A Director(s)''"), and at least one (1) Director (~~"JPMC Representative(s)";~~ as may be designated from time to time by the ~~Sole Member~~ (~~hereinafter~~ herein the "'Class B Director(s)''"). The ~~Board~~ number of Class A Directors of the Corporation shall consist at all times of at least two (2) members, the exact number to be set from time to time by resolution of the Board of Directors of the Corporation. ~~The number of Physician Representatives~~ serving on the Board of Directors shall at all ~~times~~ time be ~~not~~ no less than 25% of the total number of Directors. The ~~Physician Representatives~~ Class A Directors may continue in office only so long as they remain physician employees of the Corporation. The term of the ~~JPMC~~

~~Representatives~~Class B Directors shall be determined by the ~~Sole~~ Member. Notwithstanding the foregoing:

(a) At any time or during any period of time that a physician employee of the Corporation has any position or relationship with the ~~Sole Member~~, whether as a trustee, director, agent or employee of the ~~Sole Member~~—other than or in addition to his/her membership on the ~~Sole Member's~~ medical staff with clinical privileges to admit patients, such physician employee shall, during such period of time, neither be eligible to vote on the election of ~~Physician Representatives~~Class A Directors nor to serve, or continue to serve, as a ~~Physician Representative~~Class A Director.

~~(b)~~(b) If, whether because of death, resignation or any other reason, the number of ~~Physician Representatives of the Board of~~Class A Directors should decline to less than 25% of the total number of Directors, then the Board of Directors may take no further action until the number of ~~Physician Representatives~~Class A Directors is restored to at least 25% of the total number of Directors. Notwithstanding the foregoing, ~~the Board of Directors~~[New Parent's Member] may take, or facilitate the taking by others of, appropriate action to restore the number of ~~Physician Representatives~~Class A Directors to at least 25% of the total number of Directors, as, for example, by convening the physician employees to elect one of their number as a ~~Physician Representative~~Class A Director to fill a vacancy, or by taking proper action to reduce the number of ~~JRMC Representatives of the Board~~Class B Directors.

~~(c)~~(c) Neither the ~~Sole~~ Member nor the physician employees may elect or appoint ex officio nonvoting Directors. However, the ~~JRMC Representatives~~Class B Directors and the ~~Physician Representatives~~Class A Directors may invite guests to attend meetings of the Board of Directors.

~~Section 3.3~~Section 3.3 VACANCIES. If a vacancy occurs on the Board by death, resignation, refusal to serve, increase in the number of Directors or otherwise, the ~~Sole~~ Member shall elect the successor or new Class B Director if the vacancy is that of a ~~JRMC Representative~~Class B Director, and the physician employees of the Corporation shall elect a physician employee as the successor or new Class A Director if the vacancy is that of a ~~Physician Representative~~Class A Director. Each successor ~~JRMC Representative~~Class B Director so elected shall serve for the unexpired portion of the term of the Director being replaced, and until the Director's successor is elected and qualified or until such Director's earlier death, resignation or removal. In the case of the election of a ~~JRMC Representative~~Class B Director to fill a newly created Director position, such Director's term shall be determined by the ~~Sole~~ Member.

~~Section 3.4~~Section 3.4 COMPENSATION. No compensation shall be paid to any Director for services as a Director but, at the discretion of the Board, a Director may be reimbursed for travel and actual expenses necessarily incurred in attending meetings and

performing other duties on behalf of the Corporation. A Director may be a salaried officer of the Corporation.

~~Section 3.5~~ Section 3.5 MEETINGS. The Board shall meet at least bi-annually at a date and time established by the Board. The first meeting of the fiscal year or such other time as the Board may designate from time to time by resolution shall be the annual meeting of the Board. Special meetings shall be called by the Secretary upon the order of the President or at the written request of the ~~Sole~~ Member or a number of Directors constituting a quorum of the Directors then in office and entitled to vote. All meetings of the Board of Directors shall be held at the registered office of the Corporation unless otherwise designated in the notice.

~~Section 3.6~~ Section 3.6 QUORUM. At all meetings of the Board of Directors, the presence of a ~~JRMC Representative~~ (Class B Director), a ~~Physician Representative~~ (Class A Director) and a majority of the Class A and Class B Directors in office and entitled to vote shall constitute a quorum. Directors shall be deemed as present at a meeting if a telephone or similar communication equipment is used, by means of which all persons participating in the meeting can hear each other at the same time. The act of a majority of the Directors entitled to vote at a meeting at which a quorum is present shall be the act of the Board. A majority of the Directors present and entitled to vote, whether or not a quorum exists, may adjourn any meeting of the Board to another time and place. Notice of any such adjourned meeting shall be given to the Directors who are not present at the time of adjournment.

~~Section 3.7~~ Section 3.7 VOTING. Except as set forth hereinafter, resolutions of the Board shall be adopted, and any action of the Board at a meeting upon any matter shall be taken and be valid with the affirmative vote of the Board, with the Class A Directors and the Class B Directors having equal voting power.

~~Section 3.8~~ Section 3.8 ACTIONS REQUIRING SPECIAL APPROVAL.

- (a) Notwithstanding the foregoing, ~~none~~ and the provisions of Section 2.2, the following actions shall not be taken unless approved by majority vote of both the Class A Directors and the Class B Directors: in each case voting as a class:
  - (i) Amending the Corporation's Bylaws as they relate to the rights of the ~~Physician Representatives~~ Class A Directors and/or the ~~Group Practice Director~~, including the amendment or revocation of any of the duties delegated to the ~~Group~~-Practice Director in Article V of these Bylaws;
  - ~~(ii)~~ (ii) The hiring of any new physician;
  - ~~(iii)~~ (iii) Any material change to the compensation formula of the physician employees of the Corporation; or

- ~~(iv)~~ (iv) The establishment of any new office or site of service.
- ~~(b)~~ (b) Notwithstanding the foregoing, and the provisions of Section 2.2, the following actions shall be subject to approval by ~~the JRMC Representatives~~ [New Parent's Member]:
- ~~(i)~~ (i) ~~Sale or transfer of substantially all of the Corporation's assets;~~
  - ~~(ii)~~ (ii) ~~Adoption of an annual operating budget or capital budget;~~
  - ~~(iii)~~ (iii) ~~Incurring or guaranteeing any debt in excess of the then-current budgets;~~
  - ~~(iv)~~ (i) Initiating litigation or settling litigation in which the Corporation is the plaintiff or defendant;
  - ~~(v)~~ (ii) Adoption or modification of any personnel or human resources policies; and
  - ~~(vi)~~ (iii) The taking of any action which would endanger the ~~non-profit~~ nonprofit status of the Corporation or the tax exempt status of the ~~Sele~~ Member, [New Parent] or [New Parent's Member].

~~Section 3.9~~ Section 3.9 NOTICES. Written notice of the date, time and place of each meeting of the Board of Directors shall be given to all Directors at least five (5) days in advance of the date thereof. Such notice shall set forth the date, time and place of the meeting. For special meetings, the notice shall also state the general nature of the business to be transacted. Such notice shall be given at the direction of the Secretary or another designated officer of the Corporation and shall be given to each Director, either personally or by sending a copy thereof by first class or express mail, postage prepaid, or courier service, charges prepaid, or by facsimile to each Director's address (or facsimile number) appearing on the records of the Corporation, or by such other form of notice as permitted by law. If the notice is sent by mail or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service. If the notice is sent by facsimile, it shall be deemed to have been given to the person entitled thereto when sent. Notice of an adjourned meeting shall be deemed to have been announced at the time of adjournment.

~~Section 3.10~~ Section 3.10 WAIVER OF NOTICE. Whenever any written notice whatsoever is required to be given under the provisions of applicable law, the Articles of Incorporation of the Corporation, or these Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, shall be deemed equivalent to the giving of such notice. In the case of a special meeting, such waiver of notice shall specify the general nature of the business to be transacted. Attendance of a Director at a meeting shall constitute a waiver of notice of the meeting unless the Director attends for the express purpose of objecting, at the beginning

of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

~~Section 3.11~~ Section 3.11 INTERESTED MEMBERS, DIRECTORS OR OFFICERS.

~~(a)~~ (a) No contract or transaction between the Corporation and one or more of its Directors or officers or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the Corporation's Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because a Director or officer of the Corporation is present at or participates in the meeting of the Board of Directors which authorizes the contract or transaction, or solely because the votes of such Director or officer are counted for such purpose, if

~~(i)~~ (i) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors even though the disinterested Directors are less than a quorum;

~~(ii)~~ (ii) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the members of the Board entitled to vote thereon and the contract or transaction is specifically approved in good faith by the members of the Board; or

~~(iii)~~ (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors or the ~~Sole~~ Member.

~~(b)~~ (b) Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in subsection (a) of this ~~section~~ Section. The minutes of the meeting shall reflect that a disclosure was made, the abstention from voting and the effect on the quorum.

~~(e)~~ (c) Actual and potential conflicts of interest involving one or more Directors or officers shall be dealt with in the manner described in Section 3.17 of these ~~bylaws~~ Bylaws.

~~Section 3.12~~ Section 3.12 STANDARD OF CARE AND FIDUCIARY DUTY. Each Director shall stand in a fiduciary relation to the Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under

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

- ~~(a)~~ (a) one or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;
- ~~(b)~~ (b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and
- ~~(e)~~ (c) a committee of the Board of the Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

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

~~Section 3.13~~ Section 3.13 FACTORS WHICH MAY BE CONSIDERED BY DIRECTORS. In discharging the duties of their respective positions, the Board of Directors, committees of the Board and individual Directors may, in considering the best interests of the Corporation, consider the following to the extent they deem appropriate:

- ~~(a)~~ (a) the effects of any action upon any or all groups affected by such action, including employees, suppliers, customers and creditors of the Corporation, and upon communities in which offices or other establishments of the Corporation are located;
- ~~(b)~~ (b) the short-term and long-term interests of the Corporation, ~~including the benefits that may accrue to the Corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the Corporation; and~~
- ~~(e)~~ (c) ~~the resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the Corporation; and~~
- ~~(d)~~ (c) all other pertinent factors.

The Board of Directors, committees and Directors are not required, in considering the best ~~interest~~ interests of the Corporation or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this ~~section~~ Section shall not constitute a violation of Section 3.12 hereof. ~~The fiduciary duty of Directors shall not be deemed to require them to act as the Board of Directors, a committee or an individual Director solely because of the effect such action might have or an acquisition or potential or proposed acquisition of control of the Corporation or the consideration that might be offered or paid to the Sole Member in such~~

~~an acquisition. Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the Board of Directors, a committee of the Board or an individual Director shall be presumed to be in the best interests of the Corporation. In assessing whether the standard set forth in Section 3.12 hereof has been satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control of the Corporation than is applied to any other act as a Board, committee or individual Director. Notwithstanding the preceding provisions of this Section 3.13, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested Directors shall have assented shall be presumed to satisfy the standard set forth in Section 3.12, unless it is proven by clear and convincing evidence that the disinterested Directors did not assent to such act in good faith after reasonable investigation.~~

~~The term disinterested Director means, solely for the purpose of this Section,~~

- ~~(a) — a Director of the Corporation other than~~
  - ~~(i) — a Director who has a direct or indirect financial or other interest in the person acquiring or seeking to acquire control of the Corporation or who is an affiliate or associate of or was nominated or designated as a Director by, a person acquiring or seeking to acquire control of the Corporation; or~~
  - ~~(ii) — depending upon the specific facts surrounding the Director and the act under consideration, an officer or employee or former officer or employee of the Corporation.~~

~~A person shall not be deemed to be other than a disinterested Director solely by reason of any or all of the following:~~

- ~~(a) — any interest the Director may have in retaining the status or position of a Director;~~
- ~~(b) — the former business or employment relationship of the Director with the Corporation; or~~
- ~~(c) — receiving or having the right to receive retirement or deferred compensation from the Corporation due to service as an employee.~~

~~Section 3.14~~ Section 3.14 RULES AND REGULATIONS. The Board of Directors may adopt rules and regulations not inconsistent with these Bylaws for the administration and conduct of the affairs of the Corporation and may alter, amend or repeal any such rules or regulations adopted by it. Such rules and regulations may be amended by majority vote of the Directors present and entitled to vote at a meeting of the Directors where a quorum is present.

~~Section 3.15~~

Section 3.15 REMOVAL OF DIRECTORS.

- ~~(a) By the Sole Member. Any ~~individual~~ Class B Director ~~designated by the Sole Member~~ may be removed from office without assigning any cause by the ~~Sole Member~~. Any ~~individual~~ Class A Director ~~appointed or elected by the physician employees of the Corporation~~ may be removed from office without assigning any cause by a majority vote of the physician employees ~~of the Corporation.~~~~
- ~~(b) By the Board. The Board of Directors, by a majority vote of all of the JRMC Representatives, may declare vacant the office of a JRMC Representative Class B Director, and by a majority vote of all of the Physician Representatives, may declare vacant the office of a Physician Representative Class A Director, who is declared of unsound mind by an order of the court or is convicted of a felony or other cause. "Other cause" shall mean any action or inaction which, in the sole discretion of the Board, materially and adversely affects or may affect the Corporation.~~

~~Section 3.16~~ Section 3.16 CONSENTS. Any action which may be taken at a meeting of the Directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office and entitled to vote and shall be filed with the Secretary of the Corporation.

~~Section 3.17~~ Section 3.17 CONFLICTS OF INTEREST.

- ~~(a)~~ (a) Disclosure of Interest. Any Director, officer, or committee member having a Material Interest (as defined below) in a contract or other transaction presented to the Board of Directors or any committee thereof for authorization, approval or ratification, shall make a prompt, full and frank disclosure of such person's interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about his/her relationship or interest and about the contract or transaction. The Board or committee to which such disclosure is made shall thereupon determine, by majority vote of those present, excluding the interested person, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist or can reasonably be construed to exist, such person shall not vote on nor participate in the discussions and deliberations with respect to such contract or transaction, other than to present factual information or to respond to questions. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting or participation. For purposes of this Article, a person shall be deemed to have a "Material

Interest" in a contract or other transaction if such person, or a member of his/her other immediate family, is a party, or one of the parties, contracting or dealing with the Corporation, or is a director, officer, or key employee of, or has a significant financial interest in the entity contracting or dealing with the Corporation.

~~(b)~~ (b) Prohibited Transactions. Members of the Board of Directors shall not engage in the following transactions:

~~(i)~~ (i) The sale, exchange or leasing of property or services between the Corporation and a member of the Board of Directors or an entity in which he or she has a Material Interest, on a basis less favorable to the Corporation than that on which such property or services are made available to the general public.

~~(ii)~~ (ii) Furnishing of goods, services or facilities by the Corporation to a member of the Board of Directors, unless such furnishing is made on the same basis on which such goods, services or facilities are made available to the general public or to the employees of the Corporation.

~~(iii)~~ (iii) Any transfer to or use by or for the benefit of a member of the Board of Directors of the income or assets of the Corporation, except purchase for fair market value.

~~(c)~~ (c) Annual Disclosure Statements. The Board of Directors shall require that all prospective Directors and all members of the Board of Directors execute and submit, at the time of election or appointment, and annually thereafter, a written statement indicating any Material Interests which could give rise to conflicts of interest and any interests which are or may reasonably be construed to be Competing Interests (as defined below). While the written statement is required annually, it is a continuing responsibility of appointees and Directors to provide prompt notice to the Corporation of any changes. Notice of this requirement and other provisions of this Article Section shall be given to prospective candidates for election or appointment. ~~The term appointment or appointee specifically includes those who are serving or who are proposed to serve as ex officio Directors.~~

~~(d)~~ (d) Competing Interests. No person shall be eligible to serve as a Director (or to continue to so serve) if he or she has or acquires a "Competing Interest," as defined below:

~~(i)~~ (i) "Competing Interest" shall be defined as including any of the following situations:

A person (or his or her immediate family member) who, directly or indirectly, owns or holds an investment or ownership interest (other

than an ownership or investment interest in less than five percent (5%) of the common stock of a publicly-traded company) in an entity identified or determined by the Corporation from time to time as a competitor;

A person (or his or her immediate family member) who holds a leadership position in an entity identified or determined by the Corporation from time to time as a competitor. Leadership position shall include, without limitation, service on the board, a board committee or a planning committee of or holding a management contract with such a competitor; or

A person who is employed by or has a compensation arrangement with a competing entity. <sup>11</sup>“Immediate family member<sup>11</sup>” means spouse, siblings, parents, children, stepchildren, grandchildren and their spouses.

Examples of entities deemed by the Corporation to be competing entities include, without limitation: general hospitals; specialty hospitals; freestanding surgery centers; specialty diagnostic centers; specialty treatment centers; specialty therapy centers or other entities operating or which should be operating in whole or in part under a healthcare facility license, but do not include physician offices with equipment customarily and routinely used or contained in a physician office (e.g., EKG machine used by a cardiologist).

~~(ii)~~ (ii) It shall be the responsibility of prospective Directors and current Directors to promptly disclose the existence of all ownership or investment interests, leadership positions and employment or compensation arrangements, regardless of whether they fall within the above definitions. If such interest is in an entity that the Corporation has previously determined to be a competing entity, the prospective Director or current Director shall be automatically ineligible to serve or continue serving as a Director and shall be deemed to have automatically resigned his or her position or interest in a position on the Board and its committees.

~~(iii)~~ (iii) If it is necessary for the Board to determine whether the entity in question is a competing entity, the Board, by majority vote of those present (excluding the interested person) shall decide whether a ~~competing interest~~ Competing Interest exists. If a ~~competing interest~~ Competing Interest exists, the interested person shall no longer be eligible for consideration as a prospective Director or, if already serving as a Director, shall not continue to serve, and shall be deemed to have automatically resigned his or her interest in a position on the Board and its committees.

## ~~Article IV~~ ARTICLE IV

### Officers

~~Section 4.1~~ Section 4.1 ENUMERATION. The officers of the Corporation shall consist of a President, Secretary and Treasurer and such other officers and assistant officers as the Board of Directors may, from time to time, designate. The members of the Board may also elect a Chairperson to preside at meetings of the Board ~~and the members~~.

~~Section 4.2~~ Section 4.2 TERM OF OFFICE. Each officer shall serve for a term of one (1) year and until the officer's successor is duly elected and takes office.

~~Section 4.3~~ Section 4.3 ELECTION. ~~Except as set forth in Section 4.5, all~~ All officers shall be elected prior to the beginning of the fiscal year by ~~the Board of Directors~~. [New Parent's Member].

~~Section 4.4~~ Section 4.4 VACANCIES. Any vacancy occurring by death, resignation, refusal to serve, or otherwise may be filled by ~~the President or by the Directors entitled to vote, all subject to the approval of the Sole Member~~ [New Parent's Member].

~~Section 4.5 — PRESIDENT. The Group Practice Director, who shall be a physician annually elected or appointed by the Physician Representatives, subject to ratification by the Sole Member in accordance with Section 2.2(b) of these Bylaws, shall serve as the President of the Corporation. —~~ Section 4.5 PRESIDENT. The President shall be responsible for and have supervision over the management and administration of the Corporation, subject to the control of the Board of Directors and the ~~Sole Member. In accordance with Section 5.1 of these Bylaws, Chet Phitayakorn, M.D. shall be the President at the date of the adoption of these Bylaws.~~ Member.

~~Section 4.6~~ Section 4.6 SECRETARY. The Secretary shall make or cause to be made minutes of all meetings of the Board of Directors ~~and the Sole Member~~. The Secretary shall be responsible for the timely mailing or delivery of all notices of meetings of the Board of Directors ~~and the Sole Member~~, shall affix the corporate seal at the direction of the President and, generally, will perform all duties incident to the office of secretary of a corporation and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws, or which may be assigned from time to time by the Board of Directors.

~~Section 4.7~~ Section 4.7 TREASURER. The Treasurer shall supervise the financial activities of the Corporation. Specifically, the Treasurer shall see that (a) full and accurate accounts of receipts and disbursements are kept, (b) a system is in place such that all monies and other valuable effects are deposited in the name and to the credit of the Corporation in such depositories as shall be designated by the Board, (c) the Directors at the regular meetings of the Board or whenever they may require it, receive an account of the financial condition of the Corporation, and (d) an annual audit of the Corporation's books and records is performed by an auditor selected by ~~the Board~~ [New Parent's

Member]. In performing these functions, the Treasurer may rely on employees of the Corporation or any affiliated corporation who possess special financial training and skills and whose employment responsibilities include management of the Corporation's financial affairs. In the absence or disability of the Treasurer, the Assistant Treasurer, if any, shall perform all the duties of the Treasurer and when so acting shall have all of the powers of and be subject to all of the restrictions upon the Treasurer.

~~Section 4.8~~ Section 4.8 OTHER OFFICERS. Each other officer shall have such responsibilities and perform such duties as may be prescribed by the Board of Directors and as are approved by [New Parent's Member] from time to time. Each assistant officer shall carry out the responsibilities and duties of the officer which the assistant officer assists in the event such officer is unable to perform such responsibilities or duties, except that no assistant officer shall become a Director solely by virtue of being an assistant officer.

~~Section 4.9~~ Section 4.9 BONDS. The Board may, in its discretion, require the Treasurer and any other officer to give bond in such amount and with such surety or sureties as may be satisfactory to the Board for the faithful discharge of the duties of the office and for the restoration to the Corporation, in case of the officer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the Corporation in the officer's possession or under the officer's control.

~~Section 4.10~~ Section 4.10 REMOVAL OF OFFICERS. Any officer may be removed by the ~~Sole~~ [New Parent's Member] whenever, in its judgment, the best interests of the Corporation will be served.

## ARTICLE V

### ~~Article V~~

#### Group Practice Director

~~Section 5.1~~ Section 5.1 DUTIES. The Group Practice Director, who, at the date of the adoption of these Bylaws is Chet Phitayakorn, M.D., shall be a physician employee of the Corporation annually elected or appointed by the physician employees of the Corporation, subject to approval of [New Parent], not to be unreasonably withheld, and shall act as chief administrative officer of the Corporation, having responsibility for ensuring quality, cost effective care. The Group Practice Director shall at all times while serving as such be a physician duly licensed and qualified in the Commonwealth of Pennsylvania and shall not at any time have been excluded from participation in Medicare, Pennsylvania Medical Assistance, or other federal or state healthcare program. The duties of the Group Practice Director shall include, but not be limited to, the following:

- ~~(a)~~ (a) ~~Accept and maintain appointment by the Corporation as President.~~
- ~~(b)~~ (a) Develop and implement goals and objectives for the Corporation.

- ~~(e)~~ (b) Chair and serve as a voting member of all committees which may be established relating to compensation and physician productivity.
- ~~(d)~~ (c) Chair and serve as a voting member of all committees which may be established relating to physician recruitment and retention, as well as the maintenance of appropriate staffing levels and, when necessary, the termination of a physician's employment.
- ~~(e)~~ (d) Maintain oversight of the professional performance of all members of the Corporation.
- ~~(f)~~ (e) Organize, supervise and coordinate clinical services of the Corporation.
- ~~(g)~~ (f) Prepare or direct the preparation of such reports and records as may be required by law, regulatory bodies, whether public or private, these Bylaws or as may be reasonably required by the Corporation.
- ~~(h)~~ (g) Assist the Corporation in assuring that the Corporation is in compliance with the regulations of all federal, state and local governmental and regulatory bodies and all applicable accrediting agencies.
- ~~(i)~~ (h) Assist in developing appropriate standards of care and policies and procedures for the operation of the Corporation.
- ~~(j)~~ (i) Assist in developing a comprehensive and effective quality assurance and utilization review program for the Corporation.
- ~~(k)~~ (j) Assist with the preparation of annual reports, as well as operating and capital budgets for the Corporation.
- ~~(l)~~ (k) Assist in maintaining effective community relations by speaking at civic associations and other organizations on behalf of the Corporation and attending such community and public relations functions as may be reasonably requested by the Corporation.
- ~~(m)~~ (l) Have the authority to enter into operational contracts, with prior approval of the Board of Directors.

~~Section 5.2~~ Section 5.2 SUCCESSOR. In the event that the ~~current~~ Group Practice Director is no longer employed by the Corporation, or withdraws ~~as President of the Corporation, or is removed by the Sole Member, the Physician Representatives~~ or is removed by majority vote of the physician employees of the Corporation, the physician employees of the Corporation shall choose his/her successor, subject to ~~the~~ approval of ~~the Sole Member, whose approval shall~~ [New Parent], not to be unreasonably withheld.

~~Article VI~~ ARTICLE VI

Committees

~~Section 6.1~~ Section 6.1 COMMITTEES. The Corporation shall have such standing and ad hoc committees as the Board may deem advisable in the administration and conduct of the affairs of the Corporation. Such committees of the Board shall meet as necessary to accomplish their goals. The Board is authorized in its discretion to approve reimbursement for travel and actual expenses necessarily incurred by members of committees in attending committee meetings and in performing other official duties as such. ~~Except as otherwise provided in these Bylaws or in the resolution creating the applicable committee,~~ Committee chairpersons and members shall be appointed annually by the ~~President~~ Board of Directors and may be reappointed to a committee for an unlimited number of terms. With the exception of the Executive Committee, if any, persons who are not Directors are eligible to serve as committee members. ~~Any person authorized by these Bylaws to appoint the chairman and/or members of any committee may appoint himself or herself as chairman and/or member.~~ The chairman of each committee shall determine the date and place of all committee meetings. Each committee may adopt its own rules of procedure not inconsistent with these Bylaws.

~~Section 6.2~~ Section 6.2 LIMITATION ON POWER OF COMMITTEES. No such committee shall have any power or authority as to the following:

- ~~(a)~~ (a) the submission to the ~~Sole~~ Member of any action requiring approval of the ~~Sole~~ Member;
- ~~(b)~~ (b) the filling of vacancies in the Board of Directors;
- ~~(c)~~ (c) the adoption, amendment or repeal of ~~the~~ these Bylaws;
- ~~(d)~~ (d) the amendment or repeal of any resolution of the Board; or
- ~~(e)~~ (e) action on matters committed by ~~the~~ these Bylaws or a resolution of the Board to another committee of the Board.

~~Article VII~~ —

Limitation of Personal Liability of Directors ARTICLE VII

Limitation of Personal Liability of Directors

~~Section 7.1~~ LIMITATION OF DIRECTORS' PERSONAL LIABILITY. A Director of the Corporation shall not be personally liable for monetary damages for any action taken unless the Director has breached or failed to perform the duties of his or her office under Chapter 57, Subchapter B of the NPCL as in effect at the time of the alleged action by such Director and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. Such limitation on liability does not apply to the responsibility or liability of

~~a Director pursuant to any criminal statute or for payment of taxes pursuant to any Federal, state or local law.~~

~~Section 7.2 PRESERVATION OF RIGHTS. Any repeal or modification of this Article by the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.~~

#### Section 7.1

- (a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.
- (b) Applicability. The provisions of this Section shall be deemed to be a contract with each Director of the Corporation who serves as such at any time while this Section is in effect and each such Director shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Section or provision of these Bylaws which has the effect of increasing Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, bylaw or provision.

### ~~Article VIII~~ ARTICLE VIII

#### Indemnification

#### Section 8.1

- (a) Right to Indemnification - General. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether brought by or in the name of the Corporation or otherwise), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by applicable law in connection with such action, suit or proceeding arising out of such person's service to the Corporation or to such other corporation, partnership, joint venture, trust or other enterprise at the Corporation's request. The term "representative," as used in this Article VIII, shall mean any Director, officer, member of a

committee created by or pursuant to these Bylaws, and any other person who may be determined by the Board of Directors to be a representative entitled to the benefits of this Article VIII.

(b) ~~Section 8.1 GENERAL. The Corporation shall indemnify any Director or officer, and may indemnify any other employee or agent,~~Right to Indemnification - Third Party Actions. Without limiting the generality of Section 8.1(a), any person who was or is a party to, or is threatened to be made a party to ~~or who is called as a witness in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including (other than an action by or in the right of the Corporation), by reason of the fact that he/ or she is or was a Director, officer, employee or agent~~representative of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee, or agent~~representative of another corporation, partnership, joint venture, trust or other enterprises, enterprise, shall be indemnified by the Corporation against expenses, (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.~~

(c) Right to Indemnification - Derivative Actions. Without limiting the generality of Section 8.1(a), any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation; except, however, that indemnification shall not be made under this Section 8.1(c) in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the Corporation unless and

only to the extent that the Court of Common Pleas of the county in which the registered office of the Corporation is located or the court in which such action, suit or proceeding was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or such other court shall deem proper.

(d) Advance of Expenses. Expenses (including attorneys' fees) incurred by any representative of the Corporation in defending any action, suit or proceeding referred to in this Article VIII shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article VIII or otherwise.

(e) Procedures for Effecting Indemnification. Unless ordered by a court, any indemnification under Section 8.1(a), Section 8.1(b) or Section 8.1(c) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such subsections. Such determination shall be made: (i) by the Board of Directors by a majority of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.

(f) ~~Section 8.2 EXCEPTIONS~~ Indemnification Not Exclusive. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which ~~those a person~~ seeking indemnification or advancement of expenses may be entitled under any ~~Bylaw~~ other provision of these Bylaws, agreement, ~~contract,~~ vote of ~~the Sole Member or~~ disinterested Directors or ~~pursuant to the direction, howsoever embodied, of any court of competent jurisdiction or~~ otherwise, both as to action in his/ or her official capacity and as to action in another capacity while holding such office. ~~It is the policy of the Corporation that indemnification of, and advancement of expenses to, Directors and officers of the Corporation shall be made to the fullest extent permitted by law. To this end, the provisions of this Article shall be deemed to have been amended for the benefit of Directors and officers of the Corporation effective immediately upon any modification of the Pennsylvania statute, which expands or enlarges the power or obligation of corporations organized under the Pennsylvania statute to indemnify, or advance expenses to, Directors and officers of the Corporation and shall continue as to a person who has ceased to be a representative of the~~

Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

~~Section 8.3~~EXPENSES. The Corporation shall pay expenses incurred by any other employee or agent, in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he/she is not entitled to be indemnified by the Corporation.

~~Section 8.4~~CONTINUATION. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

~~Section 8.5~~CREATION OF FUND. The Corporation shall have the authority to create a fund of any nature, or otherwise secure or insure in any manner, its indemnification obligations, whether arising under these Bylaws or otherwise. This authority shall include, without limitation, the authority to (i) deposit funds in trust or in escrow, (ii) establish any form of self-insurance, (iii) secure its indemnity obligation by grant of a security interest, mortgage or other lien on the assets of the Corporation or (iv) establish a letter of credit, guaranty or surety arrangement for the benefit of such persons in connection with the anticipated indemnification or advancement of expenses contemplated by this Article. The provisions of this Article shall not be deemed to preclude the indemnification of, or advancement of expenses to, any person who is not specified in Section 8.1 of this Article but whom the Corporation has the power or obligation to indemnify, or to advance expenses for, under the provisions of the Pennsylvania Statute or otherwise. The authority granted by this Section 8.5 shall be exercised by the Board of Directors of the Corporation.

(g) When Indemnification Not Made. Indemnification pursuant to this Article VIII shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

(h) ~~Section 8.6~~ NOTICE. As soon as practicable after receipt by any person specified in Section 8.1 of this Article of notice of the commencement of any action, suit or proceeding specified in Section 8.1 of this Article, such person shall, if a claim with respect thereto may be made against the Corporation under this Article, notify the Corporation in writing of the commencement or threat thereof; however, the omission so to notify the Corporation shall not relieve the Corporation from any liability under this Article unless the Corporation shall have been prejudiced thereby or from any other liability which it may have to such person other than under this Article. With respect to any such action as to which such person notifies the Corporation of the commencement or threat thereof, the Corporation may participate therein at its own expense and, except as otherwise provided below, to the extent that it desires, the Corporation jointly with any other indemnifying party similarly notified, shall be entitled to assume the

~~defense thereof, with counsel selected by the Corporation to the reasonable satisfaction of such person. After notice from the Corporation to such person of its election to assume the defense thereof, the Corporation shall not be liable to such person under this Article for any legal or other expenses subsequently incurred by such person in connection with the defense thereof other than as otherwise provided below. Such person shall have the right to employ his/her own counsel in such action, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of such person unless: (i) the employment of counsel by such person shall have been authorized by the Corporation; (ii) such person shall have reasonably concluded that there may be a conflict of interest between the Corporation and such person in the conduct of the defense of such proceeding or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action. The Corporation shall not be entitled to assume the defense of any proceeding brought by or on behalf of the Corporation or as to which such person shall have reasonably concluded that there may be a conflict of interest. If indemnification under this Article or advancement of expenses are not paid or made by the Corporation, or on its behalf, within ninety (90) days after a written claim for indemnification or a request for an advancement of expenses has been received by the Corporation, such person may, at any time thereafter, bring suit against the Corporation to recover the unpaid amount of the claim or the advancement of expenses. The right to indemnification and advancement of expenses provided hereunder shall be enforceable by such person in any court of competent jurisdiction. The burden of proving that indemnification is not appropriate shall be on the Corporation. Expenses reasonably incurred by such person in connection with successfully establishing the right to indemnification or advancement of expenses, in whole or in part, shall also be indemnified by the Corporation.~~Grounds for Indemnification. Indemnification pursuant to this Article VIII, under any other provision of these Bylaws, agreement, vote of Directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the Corporation would have the power to indemnify the person under any provision of law except as otherwise provided in this Article VIII and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Corporation. The provisions of this Article VIII shall be applicable to all actions, suits or proceedings within the scope of Section 8.1(a), Section 8.1(b) or Section 8.1(c) of these Bylaws, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.

- (i) ~~Section 8.7 INSURANCE~~Power to Purchase Insurance. The Corporation shall have the power to ~~may~~ purchase and maintain insurance on behalf of any person who is or was a representative of the Corporation or is or was serving at the request of the Corporation as a Director, or officer of the Corporation or any representative of another corporation, partnership, joint

~~venture, trust or other organization affiliated with the Corporation, enterprise~~ against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his/ or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of ~~the Pennsylvania Statute~~this Article VIII.

- (j) Creation of a Fund to Secure or Insure Indemnification. The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article VIII or otherwise.
- (k) Status Rights of Indemnities. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall (a) be deemed to create contractual rights in favor of each person who serves as a representative of the Corporation at any time while this Article is in effect (and each such person shall be deemed to be so serving in reliance on the provisions of this Article), and (b) continue as to a person who has ceased to be a representative of the Corporation.
- (l) Applicability to Predecessor Companies. For purposes of this Article VIII, references to the “Corporation” include all constituent corporations or other entities which shall have become a part of the Corporation by consolidation or merger or other similar transaction and their respective current and former affiliates, and references to “representatives” shall include members of any such corporation, entity or affiliate, so that any person who was a member, director, officer, committee member or other representative of such a corporation, entity or affiliate or served as a member, director, officer, committee member or other representative of another corporation, partnership, joint venture, trust or other enterprise at the request of any such corporation, entity or affiliate shall stand in the same position under the provisions of this Article VIII with respect to the Corporation as he or she would if he or she had served the Corporation in the same capacity. Without limitation of the foregoing, each member, director, officer and committee member of each predecessor to the Corporation shall have the same contract rights as are afforded to Directors, officers and employees of the Corporation pursuant to Section 8.1(k).

#### ~~Article IX~~ ARTICLE IX

##### Restrictions Regarding the Operations of the Corporation; Administration of Funds

~~Section 9.1~~ Section 9.1 **NO PRIVATE BENEFICIARIES.** The Corporation shall not pay dividends or distribute any part of its income or profits to its members, Directors, or officers, except that the Corporation may pay compensation in a reasonable amount to its

officers for services rendered, and may reimburse ~~for~~ Directors for expenses in accordance with Section 3.4 of these Bylaws.

~~Section 9.2~~ Section 9.2 ANNUAL REPORT. The Treasurer shall submit annually to the Board of Directors a statement containing those details required to be included under the provisions of the ~~NPCL~~ Nonprofit Corporation Law, as it may be amended from time to time or any successor statute governing Pennsylvania nonprofit corporations or these Bylaws.

~~Section 9.3~~ Section 9.3 BOOKS AND RECORDS. The Corporation will keep correct and complete books and records of account and will also keep minutes of the proceedings of the ~~Sole Member,~~ Board of Directors and committees, and records of actions taken by the Member relating to the Corporation. The Corporation will keep at its registered office the original or a copy of its Bylaws including amendments to date, certified by the Secretary of the Corporation and an original or duplicate membership register, giving the names of the members and showing their respective addresses, and the class and other details of membership. ~~Every member~~ The Member, [New Parent] and [New Parent's Member] shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account and records of the proceedings of the ~~members and~~ Directors and records of actions taken by the Member relating to the Corporation, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of such person as ~~a member~~ the Member, [New Parent] or [New Parent's Member]. Where an attorney or other agent is the person who seeks the right of inspection, the demand under oath shall be accompanied by a power of attorney or another writing authorizing the attorney or other agent to act on behalf of ~~the member~~ such person.

## ARTICLE X

### Dissolution

Upon the dissolution or liquidation of the Corporation, after paying or making provision for payment of all of the known liabilities of the Corporation, any remaining assets of the Corporation shall be transferred to the Member, or its successor, provided that the Member or such successor is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution or liquidation of the Corporation, the Member, or its successor, is not in existence or no longer qualifies as an exempt organization under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent], or its successor, provided that [New Parent] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, both the Member and [New Parent], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent's Member], or its successor, provided that [New Parent's Member] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, each of the

Member, [New Parent] and [New Parent's Member], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to (a) such one or more corporations, trusts, funds or other organizations which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and, in the sole judgment of the Corporation's Board of Directors, have purposes similar to those of the Corporation or (b) the federal government, or to a state or local government for such purposes. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively to one or more of such corporations, trusts, funds or other organizations as said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code, and which are organized and operated for such purposes, or to the federal government or to a state or local government for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution or sale of the assets of the Corporation.

#### ~~Article X~~ ARTICLE XI

##### Bylaws Amendments

~~Section 10.1 AUTHORITY. The Board of Directors may recommend amendments to these Bylaws to the Sole Member. Except as provided in Section 3.8(a) of these Bylaws, these~~ These ~~Bylaws may be altered, amended or repealed by the affirmative vote of the Sole Member at any regular or special meeting of the Sole Member, or new~~ Bylaws may be adopted only by the [New Parent's Member], subject to Section 2.2(c)(ii), Section 3.2, Section 3.3, Section 3.8(a) and Article V hereof.

~~Section 10.2 NOTICE. The Directors of the Corporation shall be given at least ten (10) days' prior written notice of any Board meeting at which proposed changes to the Bylaws of the Corporation are to be considered for recommendation to the Sole Member. Such written notice shall include a copy of the proposed amendment or a summary of the changes to be effected thereby.~~



**TAB 18**



**AMENDED AND RESTATED BYLAWS**

**OF**

**GRANDIS, RUBIN, SHANAHAN & ASSOCIATES**

**A Pennsylvania Nonprofit Corporation**

~~Article I~~

**ARTICLE I**

**Introductory**

Section ~~1.1~~1.1 **NAME**. The name of the Corporation is Grandis, Rubin, Shanahan & Associates.

Section ~~1.2~~1.2 **STATEMENT OF PURPOSES**. ~~As provided in its Articles of Incorporation, the~~1.2 STATEMENT OF PURPOSES. The Corporation is organized ~~for the purpose of arranging for the provision of healthcare services under the~~ Pennsylvania Nonprofit Corporation Law of 1988, as amended (the "Nonprofit Corporation Law") for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and in this connection is organized:

- (a) To arrange for the provision of health care services;
- (b) To operate as part of the nonprofit health care system governed by [New Parent's Member], a Pennsylvania nonprofit corporation ("[New Parent's Member]"), and support a health care provider network comprised of the Member and those corporations and other entities over which the Member exercises governance control (the "subsidiaries");
- (c) To exercise such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law, as amended from time to time, or any successor legislation;
- (d) To carry out such other acts and to undertake such other activities as may be necessary, appropriate or desirable in furtherance of or in connection with the conduct, promotion or attainment of the foregoing purposes; and
- (e) To otherwise operate exclusively for charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Code.

Section ~~1.3~~1.3 **OFFICES**. The principal and registered office of the Corporation shall be located at 565 Coal Valley Road, ~~POP.O.~~ Box 18119, Pittsburgh, PA ~~15236-0119,~~ 15236, or at such other place as the Board of Directors may designate from time to time.

Section ~~1.4~~1.4 FISCAL YEAR. The fiscal year of the Corporation shall end on ~~June 30 of each year, or on such other date~~day as may shall be fixed ~~from time to time by resolution of the Board of Directors~~by [New Parent's Member].

Section ~~1.5~~1.5 SEAL. The corporate seal of the Corporation, if any, shall be a circle with the name of the Corporation and the state of incorporation around the border and the words "Corporate Seal" in the center.

Section ~~1.6~~1.6 GOVERNING LAW. The Corporation shall be governed by the ~~Pennsylvania Nonprofit Corporation Law of 1988,~~ as it may be amended from time to time ("NPCL").

## ~~Article II~~ARTICLE II

### ~~Sole~~ Member

Section ~~2.1~~2.1, ~~SOLE-MEMBER~~. The Corporation shall have one (1) member, which shall be Jefferson Regional Medical Center shall be the sole member of the Corporation (the "Sole Member") (the "Member"). There shall be no other members or classes of membership. The President/CEO of the Member shall be entitled to vote on behalf of the Member in accordance with the authority granted by the Member to the President/CEO of the Member unless the Member notifies the Corporation in writing that another officer is authorized to vote on behalf of the Member. The Member may voluntarily transfer its membership, subject to the reserved powers of [New Parent's Member] as set forth in these Bylaws.

Section ~~2.2~~ RIGHTS AND POWERS. ~~In addition to the rights of members set forth in the NPCL, the Sole Member shall have the power to initiate and approve and to reverse the following actions:~~2.2 RIGHTS AND POWERS.

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- ~~(a) — nomination, election, and removal of all officers and directors (other than those directors appointed or elected by the Senior Physicians (as defined in Section 3.2 below) of the Corporation ("Physician Representatives"), (who shall be removed only for cause);~~

(a) Reserved Powers of Member.

(i) The Member shall have the right and power to make recommendations to [New Parent], a Pennsylvania nonprofit corporation ("[New Parent]"), and [New Parent's Member] with respect to actions by [New Parent] and [New Parent's Member] on matters reserved to [New Parent] and [New Parent's Member] under Sections 2.2(b) and 2.2(c) of these Bylaws. [New Parent] and [New Parent's Member] shall have no obligation to approve any such recommendations, and may take actions that have not been recommended by, or that are contrary to recommendations of, the Member; and

(ii) The Board of Directors of the Member will have plenary authority with regard to the following:

~~(b) — any change in~~ (a) To determine the number of directors Directors that will comprise the Board of Directors of the Corporation and its subsidiaries, except that any change with regard to the Corporation must be consistent with the requirements of Section 3.2 of these Bylaws regarding the minimum number of Physician Representatives Class A Directors (as hereinafter defined), and a reduction in the number of the Physician Representative Class A Director positions must be approved by the Physician Representatives Class A Directors;

b) To elect the Class B Directors (as hereinafter defined) of the Corporation and the directors of its subsidiaries; and

c) To remove any of the Class B Directors of the Corporation and any of the directors of its subsidiaries, and to replace such Class B Directors and directors, as applicable, for the unexpired portion of his or her term.

(b) Reserved Powers of [New Parent]:

[New Parent] shall have the right and power to make recommendations to [New Parent's Member] with respect to actions by [New Parent's Member] on the matters reserved to [New Parent's Member] under Section 2.2(c) of these Bylaws. [New Parent's Member] shall have no obligation to approve any such recommendations, and [New Parent's Member] may take actions that have not been recommended by, or that are contrary to recommendations of, [New Parent].

(c) ~~all operating and capital budgets and amendments thereto;~~ Reserved Powers of [New Parent's Member]:

~~(d) — all fundamental change transactions and all other transactions not in the ordinary course of business;~~

~~(e) — all amendments to articles of incorporation and bylaws, except changes to Sections 3.2 (regarding Board of Directors, Election, Number and Term), 3.3 (regarding the election of Physician Representatives to fill vacancies), 3.7 (regarding the Physician Percentage), 3.8 (regarding Special Approval) and Article V (regarding Group Practice Director) of these Bylaws, which must be approved by the Physician Representatives;~~

~~(f) — indebtedness (i) which individually exceeds an amount established by the Sole Member from time to time or (ii) if such individual indebtedness is less than such amount, such indebtedness which, when added to the aggregate unpaid balance of all of the Sole Member's affiliated corporations' outstanding indebtedness (exclusive of mortgaged real estate) ("System Indebtedness"), causes the System Indebtedness to exceed an amount established by the Sole Member from time to time;~~

~~(g) — selection of independent auditors and legal counsel;~~

~~(h) — the entry into joint ventures or partnerships by the Corporation;~~

- ~~(i) the execution of any management agreement, managed care contract, third party payor contract, or any other contract or material transaction involving the Corporation or its business not in the ordinary course of business; and~~
- ~~(j) all other actions or tasks as are reserved to or required of the Sole Member by virtue of any other provisions of these Bylaws or by resolutions enacted by the Board of Directors of the Corporation from time to time.~~

~~Section 2.3 MANNER OF ACTING. The Sole Member shall act by executing and delivering to the President of the Corporation a written instrument signed by an officer or authorized agent of the Sole member setting forth the action taken by the board of directors of~~

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~~the Sole Member or by the officer or board committee authorized by the board to take such action.~~

[New Parent's Member] will have plenary authority with regard to the following:

(i) To elect and remove, with or without cause, all officers, including the President, of the Corporation and its subsidiaries;

(ii) To amend, revise or restate the Corporation's Articles of Incorporation and Bylaws and approve all amendments or revisions to the Corporation's Articles of Incorporation and Bylaws that may be proposed or approved by [New Parent], the Member or Board of Directors of the Corporation; provided however, that [New Parent's Member] will have no power to amend, revise or restate Section 3.2, Section 3.3 (regarding the election of Class A Directors to fill vacancies), Section 3.8(a), Article V or this proviso of Section 2.2(c)(ii) of these Bylaws, each of which may be amended only upon the concurrent approval of both (a) the Class A Directors, voting as a class, and (b) the Class B Directors, voting as a class;

(iii) To adopt or change the mission, purpose, philosophy or objectives of the Corporation or its subsidiaries;

(iv) To change the general structure of the Corporation or any of its subsidiaries as a voluntary, nonprofit corporation;

(v) To (a) dissolve, divide, convert or liquidate the Corporation or its subsidiaries, (b) consolidate or merge the Corporation or its subsidiaries with another corporation or entity, (c) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's or the relevant subsidiary's total assets, and (d) approve any of the foregoing actions that may be proposed by [New Parent], the Member or the Board of Directors of the Corporation before such action becomes effective; provided however, that the consent of each of the Class A Directors serving on the Board of Directors who was a party to an employment contract with the Corporation on August 13, 2012 that has not expired or been terminated in accordance with its terms, shall be required as a condition precedent to any of the actions

described in this Section 2.2(c)(v) that are proposed to be taken between August 13, 2012, and the later of three (3) years thereafter (if such employment contract has not expired or been terminated in accordance with its terms) or the date when such employment contract expires or is terminated in accordance with its terms;

(vi) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(vii) To approve the incurrence of debt by the Corporation and its subsidiaries or the making of capital expenditures by the Corporation and the subsidiaries during any fiscal year of the Corporation, in either case in excess of one quarter of 1% of the consolidated annual operating budget of the Corporation and its subsidiaries for each fiscal year if such debt or capital expenditures are not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(viii) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Member or to the Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(ix) To approve strategic plans and mission statements of the Corporation and its subsidiaries;

(x) To approve investment policies of the Corporation and its subsidiaries;

(xi) To approve the closure or relocation of a licensed healthcare facility of the Corporation and its subsidiaries;

(xii) To approve the formation of subsidiary corporations, partnerships and joint ventures or to make investments in existing subsidiary corporations, partnerships and joint ventures, if the new investments of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures during any fiscal year would, in the aggregate, exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiii) To approve the dissolution of subsidiary corporations, partnerships and joint ventures of the Corporation and the subsidiaries, if the aggregate value of the ownership interests of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures so dissolved in any fiscal year would exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiv) To establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation, all accreditation and licensing requirements and the conditions of participation in all governmental payor programs applicable to the Corporation; and

(xv) To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries.

Except as may otherwise be provided by the Nonprofit Corporation Law, [New Parent's Member] shall have the right to both initiate and approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation and the subsidiaries on such matters. Any action taken in this regard by [New Parent's Member] shall be sufficient to finally approve and adopt such actions and no action of the Board of Directors, Member, [New Parent] or other governing body or officer with respect to such action shall be necessary with respect hereto.

### ~~Article III~~ ARTICLE III

#### Board of Directors

Section ~~3.1~~3.1 AUTHORITY. Subject to the rights ~~of the Sole Member~~ and powers described in Section 2.2 and any limitations set forth elsewhere in these Bylaws or the Articles of Incorporation of the Corporation, the affairs of the Corporation shall be under the general direction of a Board of Directors which shall administer, manage, preserve and protect the property of the Corporation. ~~Directors need not be members, provided, however, that day-to-day operations in the ordinary course of business shall be under the management and control of the Senior Physicians of the Corporation.~~

Section ~~3.2~~3.2 ELECTION, NUMBER AND TERM. The ~~initial~~ Board of Directors of the Corporation shall initially consist of ~~the three~~ at least three (3) physician representative(s) employed by the Corporation and invited to become a member of the Board of Directors by appointment or election by the Senior Physicians (as defined below) ~~(the "Physician Representatives") provided such Senior Physicians remain employed by~~ of the Corporation ~~(except as provided in Section 3.2(a) herein the "Class A Director(s)"), and such other directors ("JPMC Representatives"), at least three (3) Directors as may be designated from time to time by the Sole Member, not to exceed three.~~ Member (herein the "Class B Director(s)"). "Senior Physician" shall mean the original Senior Physicians of the Corporation (Donald J. Grandis, M.D., Daniel Rubin, M.D. and James Shanahan, M.D.) so long as they remain physician employees of the Corporation, and subsequently those physician employees of the Corporation designated as Senior Physicians by a majority of the ~~physician employees of~~ Senior Physicians of the Corporation, subject to approval by the ~~Sole Member. Senior Physicians must at all times be physicians duly licensed and qualified to practice medicine in the Commonwealth of Pennsylvania and shall not at any time have been excluded from participation in Medicare, Pennsylvania Medical Assistance, or other federal or state healthcare program. The number of Physician Representatives serving on the Board of Directors shall at all times be not less than 25% of the total number of directors. The Physician Representatives~~ Member. The Class A Directors may continue in office only so long as they remain ~~employed as~~ Senior Physicians ~~subject to the other provisions of the Bylaws~~ Corporation. The term of the ~~SRMC Representatives,~~ Class B Directors shall be determined by the ~~Sole Member~~. Notwithstanding the foregoing: