

**AMENDED AND RESTATED
BYLAWS
OF
JH PROPERTIES, INC.**

Effective: January 1, 2012

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**AMENDED AND RESTATED BYLAWS
OF
JH PROPERTIES, INC.**

**ARTICLE I
DEFINITIONS**

Section 1.1 Definitions.

The following terms shall have the meanings indicated for the purposes of these Bylaws:

1.1.1 “**Academic Affiliation Agreement**” means that certain Academic Affiliation Agreement, dated of even date with the Effective Date, by and among Corporation and University, as such may be amended, restated, supplemented, superseded or otherwise modified in accordance with the terms and conditions therein.

1.1.2 “**Academic Mission**” means The University of Louisville is a metropolitan research university, which was tasked by the Kentucky general assembly in 1997 through the Postsecondary Education Improvement Act to become a preeminent metropolitan research university by 2020. The University includes a Health Sciences Center consisting of Schools of Dentistry, Medicine, Nursing and Public Health and Information Sciences, as well as over 600 medical residents in 55 accredited residency programs. The Health Sciences Center’s mandate is to serve the community and state by providing leading-edge patient care and continuing medical and dental education; educating the next generation of health care professionals (physicians, nurses and dentists) and life scientists; and producing world-class research to bring fundamental discoveries of its basic and clinical scientists to the bedside and enhance the lives of citizens.

1.1.3 “**Catholic Facilities**” means Saint Joseph Health System, Inc. d/b/a Saint Joseph Hospital (Lexington), Saint Joseph-East, Saint Joseph-Berea, Saint Joseph-Mount Sterling, Saint Joseph-Martin, Saint Joseph-London, Saint Joseph-Jessamine, Saint Joseph Jessamine RJ Corman Ambulatory Care Center, Our Lady of Peace, Sts. Mary & Elizabeth Hospital, and Flaget Healthcare, Inc. d/b/a Flaget Memorial Hospital (a member of Saint Joseph Health System), any replacements or expansions of such facilities, any facilities subsequently acquired that were operated as a Catholic facility prior to such acquisition and any other facilities (other than University of Louisville Hospital and the James Graham Brown Cancer Center) that JHHS and CHI (but not University) unanimously designate.

1.1.4 “**Catholic Heritage**” means operation of the Catholic Facilities consistent with the ERDs and retention of their Catholic Heritage including, without limitation, names that indicate a Catholic affiliation, employment of Catholic chaplains, displays of crucifixes and other symbols and icons of the Catholic faith, observation of the Catholic Sabbath, observation and celebration of major Catholic holidays, and maintenance

of a Catholic Chapel (that shall be open to persons of all faiths but remains Catholic in appearance).

1.1.5 “**CHI**” means Catholic Health Initiatives, a Colorado nonprofit corporation.

1.1.6 “**Competitive School of Medicine**” means the mutual agreement of Corporation and University using appropriate benchmarking tools to compare the strength of the Teaching Hospital Facilities and the School of Medicine against peer institutions, subject to the dispute resolution process described in the Sponsorship Agreement.

1.1.7 “**Corporate Member**” means either University, JHHS or CHI.

1.1.8 “**Corporation**” means JH Properties, Inc., a Kentucky nonprofit corporation.

1.1.9 “**Effective Date**” means the date these Amended and Restated Bylaws become effective.

1.1.10 “**Employee**” means, with respect to a Corporate Member or any of its Related Persons, an individual who receives compensation from the Corporate Member or its Related Persons that is reportable to the individual on an IRS Form W-2.

1.1.11 “**ERDs**” means the *Ethical and Religious Directives* of the United States Conference of Catholic Bishops (“**USCCB**”), as in effect from time to time, and/or any other rules promulgated by the USCCB or the Catholic Church regarding the delivery of health care services by the Catholic healthcare facilities.

1.1.12 “**Facilities**” means, collectively, the Catholic Facilities, the Jewish Facilities, the University Facilities and any other facilities owned or operated by the Corporation, from time to time.

1.1.13 “**Fiscal Year**” means the fiscal year of Corporation, which shall be identical to the fiscal year of CHI, as such may be changed from time to time in CHI’s sole discretion.

1.1.14 “**Governmental Authority**” means any: (a) state, county, city, town, village, district, or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal of any state or the United States), including Centers of Medicare and Medicaid Services; or (d) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

1.1.15 “**Jewish Facilities**” means Jewish Hospital, Frazier Rehabilitation Institute, and Rudd Heart and Lung.

1.1.16 “**Jewish Heritage**” means operation of the Jewish Facilities consistent with Jewish Heritage including, without limitation, using the name “Jewish Hospital” for the Jewish Facilities, kosher food service, employment of a staff Rabbi who has overall responsibility for the Jewish presence in the Jewish Facilities, Mezuzahs affixed to all major doors of ingress and egress, observance of the Jewish Sabbath and major Jewish holidays, other non-Jewish, religious holidays will be respected but shall not be celebrated or displayed, and maintenance of a Jewish chapel (that shall be open to persons of all faiths but remains Jewish in appearance).

1.1.17 “**JHHS**” means Jewish Hospital Healthcare Services, Inc., a Kentucky nonprofit corporation.

1.1.18 “**KNCA**” shall mean the Kentucky Nonprofit Corporation Act, as amended and in effect from time to time, or any successor law.

1.1.19 “**Legal Requirement**” means any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

1.1.20 “**Membership Interest Percentage**” means, with respect to a Corporate Member, such Corporate Member’s percentage interest in certain items or matters relating to the Corporation. The Membership Interest Percentages of the Corporate Members are set forth on Exhibit B of the Sponsorship Agreement, as such may be amended from time to time as provided in and in accordance with the Sponsorship Agreement.

1.1.21 “**Person**” means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Authority

1.1.22 “**President and Chief Executive Officer**” means the President and Chief Executive Officer of the Corporation.

1.1.23 “**Related Person**” means with respect to a particular Person: (i) any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person; and (ii) each Person that serves as a director, officer, partner, executor, or trustee of such specified Person (or in a similar capacity).

1.1.24 “**School of Medicine**” means the school of medicine owned and operated by University.

1.1.25 “**Sponsorship Agreement**” means that certain Sponsorship Agreement, dated of even date with the Effective Date, by and among University, JHHS, CHI, and the Corporation as such may be amended, restated, supplemented, superseded or otherwise modified in accordance with the terms and conditions therein.

1.1.26 “**Subsidiary**” means with respect to any Person (“Owner”), any other Person of which holds securities or other interests having the power to elect a majority of

that other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the Owner or one or more of its Subsidiaries.

1.1.27 **"Teaching Hospital Facilities"** means, collectively, University of Louisville Hospital, James Graham Brown Cancer Center, Frazier Rehabilitation Institute, and Jewish Hospital, each located in downtown Louisville, Kentucky, and any other facilities that may hereafter become subject to the Academic Affiliation Agreement.

1.1.28 **"University"** means The University of Louisville, an agency of the Commonwealth of Kentucky.

1.1.29 **"University Facilities"** means the University of Louisville Hospital and the James Graham Brown Cancer Center.

ARTICLE II

NAME, PURPOSES, MISSION, AND RESTRICTIONS

Section 2.1 Name and Purposes.

The name of the Corporation and the purposes for which the Corporation is formed shall be as provided in its Articles of Incorporation.

Section 2.2 Heritages and Traditions.

2.2.1 The Corporate Members acknowledge that, in combining to form the Corporation, the Corporate Members are each rooted in unique heritages and traditions that are respected and in many respects share many common principles, including an obligation to servicing the needs of all regardless of ability to pay, the belief in healing, compassion, human dignity, responsible business practices, valuing education, community participation, integrity and social justice, and these common principles will form the foundation for the Corporation's mission. Further, the Corporate Members acknowledge that (A) Corporation will foster, nurture and celebrate the unique history and traditions of all of the Corporate Members, Corporation, UMC, JHSMH and SJHS; (B) CHI and Saint Joseph are each a Catholic health ministry, and a core component of their Catholic identity are the ERDs, which provide guidance in the areas of social responsibility, pastoral and spiritual care, respecting the health professional-patient relationship, care at the beginning and end of life, and the formation of partnerships to advance health care; (C) the long and distinguished history of service by CHI and Saint Joseph, acting out of their ethical and religious convictions, have contributed and will continue to contribute to improve the health care of the citizens of the Commonwealth of Kentucky, including the poor and indigent.

2.2.2 Although the Corporate Members acknowledge that the heritages and traditions of the Corporate Members share many common principles, as described in Section 2.2.1, the Corporate Members also recognize that there are unique aspects of each Corporate Member's heritage and tradition, and, in order to respect each heritage and tradition, agree as follows:

(a) the Corporation shall operate a quaternary and tertiary hospital in Louisville, Kentucky (which shall be located in downtown Louisville, Kentucky to the extent practicable) that will be identified as "Jewish Hospital" (or a derivative of such name approved by JHHS) and will be operated consistent with Jewish Heritage;

(b) the Corporation shall operate each of the Jewish Facilities consistent with Jewish Heritage;

(c) the Corporation shall operate each of the Catholic Facilities consistent with Catholic Heritage;

(d) the Corporation shall operate the Teaching Hospital Facilities to provide a stable mechanism for providing patient care to patients in Louisville Metro, regardless of ability to pay and to support University's effort to further the Academic Heritage;

(e) the Corporation shall operate the University of Louisville Hospital and the James Graham Brown Cancer Center in a manner consistent with academic practices of a secular state teaching hospital that is not (a) bound by the Jewish Heritage, the Catholic Heritage, or any religion, or (b) restricted from providing any health services with the exception of the procedures that are described on Exhibit B;

(f) the Corporation shall respect and comply with the ERDs at all of the Catholic Facilities. The Corporation shall not take any action to cause CHI or the Catholic Facilities to fall out of compliance with the ERDs; provided, however, if operations at the Teaching Hospital Facilities result or reasonably will result in CHI or the Catholic Facilities falling out of compliance with the ERDs, CHI's sole remedy hereunder shall be as set forth in Sections 7.2(B) or 7.3, as applicable, of the Sponsorship Agreement. CHI is the sole Corporate Member that is responsible for obtaining interpretation of the ERDs;

(g) the Corporation shall not permit or cause any action to be taken, and each Corporate Member agrees not to take any action, that would cause any of the Facilities to provide procedures that are described on Exhibit B;

(h) the Corporation is committed to academic freedom and will not place any restrictions on the content, curriculum, or location of classes taught by the University at the Teaching Hospital Facilities, other than restrictions on the performance of certain clinical procedures described on Exhibit B at the Corporation's Facilities;

(i) it is appropriate for physicians to educate patients on all of their medical and surgical treatment options and to fully discuss with patients all of the patients' contraceptive and other medical care options, including natural family planning, medical devices (e.g., IUDs), pharmacologic, and surgical interventions (e.g., tubal ligation) in order for patients to make informed choices. Corporation accepts the free, unrestricted, and mutual exchange of information between physicians and patients;

(j) the University and its School of Medicine shall not be under the direction or control of the Corporation or have any obligation to comply with, advocate, advance, teach or otherwise promote the Jewish Heritage, the Catholic Heritage, or any religion;

(k) nothing contained herein shall in any way restrict the University's faculty and residents from providing procedures that are described in Exhibit B at facilities that are not owned or operated by the Corporation; and

(l) the Corporation will ensure that all medical staff, residents and students that have privileges at the Corporation's Facilities will be properly trained on the delivery of services at such Facility consistent with that Facility's Academic, Jewish and Catholic Heritages and consistent with this Section 2.2.2.

Section 2.3 Obligations of University and University Appointees to Board.

Notwithstanding Section 2.2.1, Section 2.2.2(a) through (c), or Section 2.2.2(f) and (l), the University and the University Appointees to the Board (including any University Appointee serving as Chairperson of the Board) shall not have any obligation to participate in any determination: (i) as to whether the Jewish Facilities or the Catholic Facilities are operated in compliance with their respective Jewish Heritage or Catholic Heritage; or (ii) as to whether the Jewish Facilities or Catholic Facilities are operated in a manner that furthers or promotes any religion.

Section 2.4 Recognition of Heritage.

Any facility owned by the Corporation, other than the Catholic Facilities and the Jewish Facilities, shall not be required to be operated consistent with Jewish Heritage or Catholic Heritage (unless such facility is acquired after the Effective Date and is at the time of acquisition a Catholic-owned facility). At such facilities that are not required to be operated consistent with Jewish Heritage or Catholic Heritage, the Corporation will be respectful of such religious heritages, but any prominent display of religious symbols in such facilities will require the approval of JHHS and CHI, but not the University; provided, however, that no religious symbols will be displayed at the University of Louisville Hospital or the James Graham Brown Cancer Center outside of designated chapels that will respect the beliefs of all denominations.

Section 2.5 Distribution of Assets.

2.5.1 Payments to Corporate Members.

(a) Payments Approved by Corporate Members. At any time, and without obtaining the consent or approval of the Board of Directors, the Corporate Members may, by unanimous consent, approve payments from the Corporation to a Corporate Member to further that Corporate Member's charitable mission. Payments so approved will be made by the Corporation to the Corporate Members. The Corporation will also make payments to the Corporate Members as required by the Sponsorship Agreement.

(b) Limitations. Notwithstanding anything in Section 2.5.1 to the contrary, no payments shall be made pursuant to this Section 2.5.1 that are prohibited by any Legal Requirement. In addition, no payments made pursuant to this Section 2.5.1 will be used by the recipient to provide services that are described on Exhibit B.

2.5.2 Distribution Upon Dissolution. The property and assets of the Corporation are irrevocably dedicated to charitable, religious, educational, and scientific purposes. Upon the dissolution or liquidation of the Corporation, its assets remaining, after payment or adequate provision for payment of all debts and obligations of the Corporation, shall be distributed in accordance with the provisions set forth in the Articles of Incorporation.

Section 2.6 JHSMH Obligated Group.

So long as any portion of the \$330,000,000 Louisville/Jefferson County Metro Government Health Facilities Revenue Bonds, Series 2008 (Jewish Hospital HealthCare Services, Inc.), Series 2008 are outstanding, the Board of Trustees shall take all appropriate actions to ensure that the Board of Directors of University Medical Center, Inc., a wholly-owned subsidiary of the Corporation, is comprised of persons who are also members of the Board of Trustees of Jewish Hospital & St. Mary's Healthcare, Inc., a wholly-owned subsidiary of the Corporation.

ARTICLE III

PRINCIPAL OFFICE, REGISTERED OFFICE, AND REGISTERED AGENT

Section 3.1 Principal Office.

The principal office of the Corporation shall be at such place in the Commonwealth of Kentucky as may be designated from time to time by the Board of Directors.

Section 3.2 Registered Office and Registered Agent.

The Corporation shall have and continuously maintain in the Commonwealth of Kentucky a registered office and a registered agent whose office address is identical with such registered office, as required by the KNCA. The registered office may be, but need not be, identical with the principal office in the Commonwealth of Kentucky, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE IV

MEMBERSHIP

Section 4.1 Corporate Members.

The members of the Corporation shall be CHI, JHHS and University, all of whom are "members" as defined by KNCA, and all of whom shall have such rights as described in the Articles of Incorporation, KNCA, these Bylaws, and the Sponsorship Agreement.

Section 4.2 Member Representatives.

Each Corporate Member shall appoint a representative and notify the Corporation and the other Corporate Members in writing from time to time of such appointment. The representative of each Corporate Member shall be vested with the authority to consent or act on behalf of the Corporate Member on all matters for which such Corporate Member is entitled to consent or act

under the Articles of Incorporation, these Bylaws or the Sponsorship Agreement. The Corporation and the other Corporate Members shall be entitled to rely upon the consents or acts of any representative appointed by a Corporate Member as being the consents or acts of such Corporate Member until the Corporation and other Corporate Members receive notice that any such representative is no longer authorized to act in that capacity.

Section 4.3 Meetings of the Corporate Members.

Any Corporate Member can call a special meeting of the Corporate Members upon ten (10) days prior to written notice to the other Corporate Members. The presence in person of an authorized representative of each Corporate Member appointed pursuant to Section 4.2 of these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Corporate Members. Authorized representatives of each Corporate Member may participate in any meeting of the Corporate Members by means of conference telephone or similar communications equipment (and such participation shall constitute presence in person at such meeting), provided that all authorized representatives of the Corporate Members can speak to and hear one another.

Section 4.4 Action Without a Meeting.

Notwithstanding anything to the contrary in these Bylaws, and except as may be otherwise provided in the Corporation's Articles of Incorporation or the laws of the Commonwealth of Kentucky, any action that may be taken at a meeting of the Corporate Members may be taken without a meeting if a consent in writing setting forth the action so taken is signed by each of the Corporate Members whose approval is required for such action. Furthermore and notwithstanding the foregoing, when a Corporate Member is permitted to act in these Bylaws without the consent of the other Corporate Members, such Corporate Member may take such action without a meeting of the Corporate Members. Such Corporate Member shall provide written notice to the other Corporate Members of such action.

Section 4.5 Powers Reserved to Corporate Members.

4.5.1 Powers Reserved to All of the Corporate Members. In addition to the other actions specified in these Bylaws requiring the unanimous approval of all of the Corporate Members, the actions described in this Section 4.5.1 are reserved to the Corporate Members and require the unanimous approval of all the Corporate Members.

(a) Approval of, or any changes to, the name, mission, vision and values of the Corporation;

(b) Addition of new Corporate Members;

(c) Approval of any joint venture, partnering or affiliation arrangement, acquisition, merger, or other similar transaction between the Corporation and any other Person that is not affiliated with a Corporate Member if such transaction would result in a change of more than thirty percent (30%) of the consolidated net revenue or thirty percent (30%) of the gross assets of the Corporation, in each case measured immediately after the transaction as a percentage of the total Corporation consolidated net revenue or gross assets immediately before the transaction; notwithstanding the preceding, University approval will be required for any

transaction falling below these thresholds if the transaction results in an arrangement where Corporation provides acute care services in competition with the Trover Clinic, Owensboro Hospital, TJ Sampson Hospital, or Taylor County Hospital or their successors in interest;

(d) Entering into or modifying any transaction with any Corporate Member or a Related Person of any Corporate Member, except as otherwise expressly permitted without Corporate Member approval pursuant to Section 2.5.1, elsewhere herein or in the Sponsorship Agreement;

(e) Making any transfer or payment of Corporation funds to any of the Corporate Members not previously approved by the Corporate Members, or entering into or modifying any agreement regarding such transfer or payment, except as otherwise expressly permitted without Corporate Member approval pursuant to Section 2.5.1, elsewhere herein or in the Sponsorship Agreement;

(f) Approval of additional capital contributions by the Corporate Members to the Corporation, changes in Membership Interest Percentages of the Corporate Members, or changes in the governance rights of the Corporate Members, except as otherwise expressly permitted without Corporate Member approval herein or in the Sponsorship Agreement;

(g) Amendments to the Corporation's Articles of Incorporation or these Bylaws;

(h) Merger of the Corporation but only if (1) the Corporation is not the surviving party to the merger, (2) the Membership Interest Percentages change, or (3) the rights to appoint Directors (as defined in Section 5.2) change as a result of the merger;

(i) Dissolution or liquidation of, or the sale or lease of all or substantially all of the assets of, the Corporation;

(j) Approval of any request by a Corporate Member to engage in a Restricted Service in the Restricted Territory (as described in Article VI of the Sponsorship Agreement);

(k) The incurrence of any additional long-term debt or other additional financial obligations for the benefit of any Person other than the Corporation or its Subsidiaries;

(l) Granting the President and Chief Executive Officer voting rights as an ex officio member of the Board; or

(m) The incurrence of any long-term debt or any other long-term liability if such incurrence would cause the calculated equivalent bond rating of the Corporation to fall below Moody's BBB- rating.

4.5.2 Divestiture, Sale or Closure of Certain Facilities; Name Changes.
Divestiture, sale, closure or the change of the name of any of the following Facilities will require the prior approval of the Corporate Member that owns such Facility (or whose

Related Person owns such Facility): Saint Joseph Hospital (Lexington), Sts. Mary and Elizabeth Hospital, Our Lady of Peace, Frazier Rehabilitation Institute (Louisville), Jewish Hospital (Louisville), Jewish Hospital Rudd Heart and Lung Center, University Medical Center/University of Louisville Hospital and James Graham Brown Cancer Center.

4.5.3 Powers Reserved to CHI.

(a) Budgets. Annual and long-term operating and capital budgets will be approved by the Board consistent with the CHI annual budget process and will be recommended to CHI for its final approval. CHI will not have line-item veto authority over the budgets recommended by the Board, but rather can accept or reject budgets recommended to it by the Board. Rejected budgets will be returned to the Board with feedback for modification and further recommendation to CHI for final approval. Once approved by CHI, any material change in the annual or long-term operating or capital budgets by the Board will require further approval by CHI; for this purpose a material change is a ten percent (10%) change in or reallocation of revenue, operating income, capital expenditures, operating margin, days' cash or cash to debt ratio.

(b) Debt. The Board will make recommendations regarding the incurrence of long-term debt or any other long-term liabilities of the Corporation to CHI for its final approval subject to the other Corporate Members' rights under Section 4.5.1(k) and Section 4.5.1(m).

(c) President and Chief Executive Officer. The Board will appoint a committee of the Board for the search and recommendation of the initial President and Chief Executive Officer and each successor President and Chief Executive Officer (the "**Search Committee**"). The Search Committee shall consist of three to six members, with each Corporate Member appointing one Director to serve on the Search Committee and the remaining members to be appointed by the Board. The Search Committee will lead and manage the President and Chief Executive Officer search process with the Board determining the selection criteria and characteristics for the initial and successor President and Chief Executive Officers; provided, however, that the initial and each successor President and Chief Executive Officer shall be or will become (effective as of appointment as President and Chief Executive Officer) an employee of CHI. The Search Committee will recommend one or more candidates to the Board. The Board will select and recommend a single candidate to CHI. CHI will have the sole and exclusive right to approve and employ the President and Chief Executive Officer. If CHI rejects the Board's recommended candidate, the Search Committee will recommend one or more new candidates to the Board, the Board will select and recommend a single new candidate to CHI for approval and employment, and CHI will approve or reject the new recommendation, with this process repeating until CHI approves and employs a President and Chief Executive Officer. CHI will not have the authority to appoint the President and Chief Executive Officer, nor will the University or JHHS have any right to approve the President and Chief Executive Officer.

In addition to the right of the Board to terminate the President and Chief Executive Officer, CHI shall have the right to cause the termination of the initial or any successor President and Chief Executive Officer from such position after consultation with the Board, but neither the

University nor JHHS will have any right to terminate the President and Chief Executive Officer or approve the termination of the President and Chief Executive Officer.

The President and Chief Executive Officer will be an ex officio, nonvoting member of the Board; provided, however, that, upon the unanimous agreement of the Corporate Members, the President and Chief Executive Officer may be appointed as an ex officio, voting Director; provided further, however, if the President and Chief Executive Officer is appointed as an ex officio, voting Director: (1) the President and Chief Executive Officer shall not count towards the Employee cap of any of the Corporate Members with respect to the limitations in Section 5.4 regarding Employee appointees to the Board; and (2) the size of the Board will be increased by one (1) voting Director so that the addition of the President and Chief Executive Officer as a voting Director does not decrease the number of voting Director seats appointed by any Corporate Member pursuant to Section 5.2.

4.5.4 Limitations on Corporation Actions. The Corporation will not take any action described in this Section 4.5 as requiring the approval of one or more Corporate Members until such approval has been obtained.

4.5.5 Paramount Power of Corporate Members. Unless otherwise prohibited by any Legal Requirement, the Corporate Members, acting by unanimous consent, can cause the Corporation to take any action without obtaining the approval or consent of the Board of Directors.

Section 4.6 No Right to Remove, Suspend, Expel, or Terminate a Corporate Member.

Neither the Board of Directors nor the Corporation will have any power or authority to remove, suspend, expel or terminate any Corporate Member from membership in the Corporation. The removal and withdrawal of a Corporate Member shall be governed solely by the Sponsorship Agreement.

ARTICLE V
BOARD OF DIRECTORS

Section 5.1 General Powers.

Subject to such rights as may be reserved to the Corporate Members in accordance with Section 4.5 of these Bylaws and the laws of the Commonwealth of Kentucky, the business, property, affairs, and funds of the Corporation shall be managed, supervised, and controlled by its Board of Directors, in conformity with applicable policies, procedures, and the mission of the Corporation and the Corporate Members. To facilitate the management and conduct of the Corporation's activities and affairs, the Board of Directors shall establish corporate policies for, and formulate the basic rules and regulations governing, the operation and management of the Corporation and shall generally oversee and be responsible for the planning of health care services and the quality of care furnished by or through the Corporation through a quality assessment and performance improvement program, and the financial affairs of the Corporation.

Section 5.2 Number.

The Board of Directors of the Corporation (the “**Board**” or “**Board of Directors**”) will consist of eighteen (18) voting members (“**Directors**”), with ten (10) voting Directors appointed by CHI (the “**CHI Appointees**”), four (4) voting Directors appointed by JHHS (the “**JHHS Appointees**”) and four (4) voting Directors appointed by University (the “**University Appointees**”); provided, however, that at any time a Corporate Member’s Membership Interest Percentage is less than ten percent (10%), then such Corporate Member will have its number of voting Directors reduced by one (1) and the total number of voting Directors shall be reduced by a corresponding number of voting Directors so that none of the remaining Corporate Members will have an increase in the number of voting Directors. The names of the initial voting Directors, the Corporate Member appointing each, and their respective terms of office are set forth on Exhibit A to these Bylaws, which is attached hereto and incorporated by reference herein.

Section 5.3 Board Observers.

Each Corporate Member shall have the right from time to time to select and replace two (2) individuals who are not Directors, and the Board shall have the right from time to time to select and replace individuals who are not Directors, who will have observation rights with respect to the Board (collectively, “**Observers**”). Observers shall have the unrestricted right and authority to: (i) attend all meetings of the Board and any committee thereof; (ii) participate in discussions at such meetings; and (iii) receive and otherwise have access to all information, records and accounts of the Corporation, in each case, to the same extent as Directors. No Observer shall be entitled to vote on any matter coming before the Board. At least one (1) of the Observers to be appointed by each Corporate Member shall be a member of the medical staff of one of the Facilities. In the appointment of Observers, the Board shall give consideration to appointing nurses consistent with achieving and maintaining “Magnet Designation” for the Teaching Hospital Facilities. Upon appointment, each Observer will be required to enter into an agreement with the Corporation, in the form attached to the Sponsorship Agreement, that sets forth the terms and conditions of, and duties and obligations of the Observer relating to, the Observer’s service as an Observer pursuant to this Section.

Section 5.4 Qualifications.

At any one time, (A) no more than two (2) CHI Appointees shall be Employees of CHI or any Person controlled by, or under common control with, CHI, (B) no more than one (1) JHHS Appointee may be an Employee of JHHS or any Person controlled by, or under common control with, JHHS, and (C) no more than one (1) University Appointee may be an Employee of University or any Person controlled by, or under common control with, the University. In considering nominees for Directors, the Nominating Committee (as described in Section 7.5), the Board and the Corporate Members may consider, among other appropriate qualifications, competency-based qualifications (e.g., experience in clinical quality, financial strategy, health equity, research, and academics), persons reflective of the communities served by the Facilities, members of the medical staffs of Facilities, persons who reflect the appointing Corporate Members’ heritage and identity, persons of diverse backgrounds (including race, ethnicity, gender, and socio-economic status), persons with a health system focus (as opposed to a facility

focus), persons who will carry out the fiduciary responsibilities of Directors, or persons with national healthcare or academic experience or perspectives.

Section 5.5 Duties.

Directors shall actively participate in the decisions of the Board, shall be reasonably informed as to the information relevant to such decisions, shall at all times act in good faith and with the care of an ordinarily prudent person in similar circumstances, and shall carry out their duties as a Director in accordance with the best interests of the Corporation and such other fiduciary duties as may be imposed by Legal Requirement.

Section 5.6 Orientation.

The Corporate Members will develop an orientation or other educational program for Directors. Each Director shall attend such orientation or education during such Director's initial term, or within two (2) years after such Director begins his or her initial term, whichever is longer. Any Director who does not attend such orientation or education during the time prescribed above may not be re-appointed for any additional terms.

Directors, and at the Board's discretion Observers, will participate in CHI governance orientation and education as offered from time to time by CHI. The costs of such participation shall be paid by the Corporation, and not the individual Directors or Observers or their respective appointing Corporate Members.

Section 5.7 Term.

The initial Directors will be divided into three classes, with initial respective terms of three (3), four (4) and five (5) years, as set forth on Exhibit A of these Bylaws. Except for the initial terms served by the initial Directors, Directors will serve terms of three (3) years.

Section 5.8 Limitation on Term.

Each Director can serve a maximum of three (3) consecutive terms, regardless of the number of years such Director served in his or her initial term. This limitation shall include any remaining term served by a Director who was appointed to fill a vacancy on the Board; provided, however, that, to the extent University's Executive Vice President of Health Affairs is a Director, such individual shall not be subject to the foregoing limit on the number of terms that an individual may serve as a Director on the Board.

Section 5.9 Appointment of Directors; Vacancies.

Directors of the Corporation shall be appointed by the Corporate Members no later than June 30 of each year, with terms starting July 1. Following the appointment of the initial Board pursuant to Section 5.2, any vacancy occurring on the Board by reason of a Director's term expiring, death, resignation, or removal, will be filled through the nominating process described in this section. Prior to each annual meeting of the Corporate Members, or such other meeting called for the purpose of appointing Directors, the Nominating Committee (defined in Section 7.5) and the Corporate Member that initially appointed the Director whose vacancy is being

filled (the “**Appointing Member**”) will communicate regarding their respective desired criteria for the replacement Director in addition to the criteria set forth in Section 5.4. The Appointing Member may also propose to the Nominating Committee one (1) or more candidates, and the Nominating Committee will then recommend to the Appointing Member one (1) or more of the candidates so proposed to fill the vacancy. Upon the Appointing Member’s receipt of the Nominating Committee’s recommendation as provided in the preceding sentence, the Appointing Member will then have the right to choose one (1) of the candidates recommended by the Nominating Committee to fill the vacancy. If the Nominating Committee does not make such recommendation to the Appointing Member prior to the expiration of the candidate’s predecessor’s term, the Appointing Member will then have the right to appoint any individual, in its sole discretion, to fill the vacancy.

Section 5.10 Removal.

Notwithstanding anything in these Bylaws to the contrary (including this Section), each Corporate Member shall have the exclusive and unconditional right to remove any Board Member appointed by such Corporate Member, at any time (with or without cause) and, regardless of the procedures set forth in Section 5.9, fill any of its positions for which there is a vacancy.

Section 5.11 Resignation.

A Director may resign at any time by delivering written notice to the Chairperson of the Board of Directors or to the Secretary of the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If such resignation is made effective at a later date, the pending vacancy may be filled in accordance with these Bylaws before the effective date, provided that the successor does not take office until the effective date.

Section 5.12 Annual Meeting.

An annual meeting of the Board of Directors shall be held during the month of May in each year and at such time and place as shall be determined by the Chairperson of the Board. Notice of the annual meeting, stating the date, time, place, and purpose of the meeting, shall be given to all Directors at least ten (10) days before the date of the meeting in the manner provided in Section 5.15. The annual meeting shall be held for the purpose of nominating and electing officers, recommending individuals for appointment by the Corporate Members to the Board of Directors, and the transaction of such other business as may come before the meeting. If the nomination and election of officers and recommendations to the Corporate Members of individuals for appointment to the Board shall not be held on the date designated for any annual meeting or at any adjournment thereof, the Board of Directors shall cause such nomination and election of officers and recommendations (in accordance with Section 5.9 of these Bylaws) of individuals for appointment to the Board, to be held at a special meeting of the Board of Directors as soon thereafter as convenient.

Section 5.13 Regular Meetings.

The Board of Directors shall meet at least four (4) times annually. The Board of Directors shall provide, by resolution, the time and place, either within or outside the

Commonwealth of Kentucky, for the holding of such regular meetings. Notice of regular meetings, stating the date, time, and place of the meeting, shall be sufficient if given in writing at least ten (10) days prior thereto, or personally, by telephone, electronic mail, or by facsimile transmission at least forty-eight (48) hours prior thereto, in the manner provided in Section 5.15.

Section 5.14 Special Meetings.

Special meetings of the Board of Directors may be called at any time by or at the request of the Chairperson of the Board, by the written request of any five (5) Directors, or by any of the Corporate Members. Notice of any special meeting, stating the date, time, and place of the meeting, shall be sufficient if given in writing at least five (5) days prior thereto, or personally, by telephone, electronic mail, or by facsimile transmission at least forty-eight (48) hours prior thereto, in the manner provided in Section 5.15.

Section 5.15 Notice of Meetings.

Notice of any annual, regular, or special meeting shall be delivered to each Director personally, by telephone, by facsimile transmission, by electronic mail, or in writing. Notice by telephone shall be deemed to be given when the call is either received personally by the Director or received in the Director's personal mailbox in a voice mail system at a number furnished by the Director for such purpose. Notice by facsimile transmission shall be deemed to be given upon confirmation by the sending machine of a completed transmission to a number furnished by the Director for such purpose; provided that if the receiving location is at a place other than the residence of the Director, and if such facsimile transmission is either made on a Saturday, Sunday, or postal holiday or confirmed after 5:00 p.m. local time at the place of receipt, notice shall be deemed to be given on the next business day. Notice by electronic mail shall be deemed to be given upon transmission from the sender's domain to an email address furnished by the Director for such purpose. Written notice shall be deemed to be given when delivered personally to the Director, or on the next scheduled delivery day after it is deposited in the United States Mail, with Federal Express, or with another nationally recognized overnight courier, addressed to the Director at his or her business address or other address furnished to the Corporation for such purpose, with postage or delivery fee thereon prepaid; provided that if the notice is deposited on a Saturday, Sunday, or postal holiday, or after the latest time for pickup at the place of deposit, it shall be deemed to be given on the second scheduled postal delivery day thereafter, and if the place of deposit is outside the Commonwealth of Kentucky, it shall be deemed given one (1) additional day after it would otherwise be deemed to be given. Any Director may waive notice of any meeting.

Section 5.16 Waiver of Notice.

Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to hold the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 5.17 Quorum.

The presence of at least seventy (70%) of the Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; provided that if less than that number of Directors is present at such meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 5.18 Manner of Acting.

If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board of Directors, unless the act of a greater number of Directors is required under the Articles of Incorporation, these Bylaws, or the KNCA. Directors may participate in any meeting of the Board of Directors by means of conference telephone or similar communications equipment, provided that all persons participating in the meeting can speak to and hear one another. Participation in this manner shall constitute presence at a meeting. No Director shall act by proxy on any matter.

Section 5.19 Action Without a Meeting.

Any action that is required to be or may be taken at a meeting of the Board of Directors may be taken without a meeting if consent in writing, either collectively or in counterparts, setting forth the action so taken, is signed unanimously by all Directors. The consent shall have the same force and effect as a unanimous vote at a meeting duly held, and may be stated as such in any certificate or document. The Secretary of the Corporation shall file such consents with the minutes of the meetings of the Board of Directors. Such action shall be effective when the last Director signs such consent.

Section 5.20 Reports to Corporate Members.

At least annually, the Board of Directors shall prepare and submit for the review of the Corporate Members: (i) a report on the mission, clinical, professional, and financial activities of the Corporation; (ii) statements of the operating and capital budgets of the Corporation; and (iii) a report of the strategic plans and objectives of the Corporation.

Section 5.21 Personal Liability of Directors.

5.21.1 Except as otherwise provided by Legal Requirement, no Director shall be personally liable, in his or her capacity as a Director, for monetary damages for any action taken by such Director or any failure by such Director to take any action, unless the breach or failure to perform constitutes self-dealing, willful misconduct, or recklessness.

5.21.2 The provisions of Section 5.21.1 shall not apply to the responsibility or liability of a Director pursuant to any criminal statute or the liability of a Director for the payment of taxes pursuant to any Legal Requirement.

Section 5.22 Meetings in Executive Session

From time to time, the Board can meet in executive session, with only voting Directors and Observers present plus those other persons specifically invited by the Chairperson. At any time during any meeting of the Board, the Chairperson may recuse any non-voting participants (other than Observers) so that the voting Directors, Observers, and other invitees of the Chairperson can meet in executive session.

ARTICLE VI OFFICERS OF THE CORPORATION

Section 6.1 Officers.

The officers of the Corporation shall consist of a Chairperson of the Board, a Vice Chairperson of the Board, a President and Chief Executive Officer, a Treasurer, a Secretary, and such other officers as the Board of Directors may from time to time determine. The officers shall have the authority and shall perform the duties set forth in these Bylaws, as prescribed from time to time by the Board of Directors, or, in the case of officers appointed by the President and Chief Executive Officer pursuant to Section 6.2.4, as prescribed from time to time by the President and Chief Executive Officer. Any two (2) or more offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the President and Chief Executive Officer or Chairperson of the Board.

Section 6.2 Appointment, Election, and Term of Office.

6.2.1 The President and Chief Executive Officer shall be appointed as described in Section 4.5.3(c).

6.2.2 The initial Chairperson of the Board will be Robert Hewett, who will serve in such capacity for a term of three (3) years. Prior to the expiration of the initial Chairperson of the Board's term, a successor Chairperson of the Board shall be selected by the Board from a slate of candidates consisting of three (3) current voting Directors each having at least two (2) years of eligibility left in their term as a Director ("Slate"), which Slate shall be selected by University. Each subsequent successor Chairperson of the Board shall be selected in the same manner; provided, however, that the right to select the Slate of candidates shall rotate among the Corporate Members, with JHHS having the right to select the Slate of candidates for the third Chairperson of the Board, CHI having the right to select the Slate of candidates for the fourth Chairperson of the Board, University having the right to select the Slate of candidates for the fifth Chairperson of the Board and so forth. Except as contemplated by the following sentence, each Chairperson of the Board subsequent to the initial Chairperson of the Board will serve in such capacity for a term of two (2) years. Any vacancy in the Chairperson of the Board that occurs during the term of a Chairperson of the Board shall be filled by the Board from a Slate of candidates selected by the Corporate Member who initially choose the Slate of candidates from which the vacating Chairperson of the Board was selected, and that replacement Chairperson of the Board will serve the remaining term of the vacating Chairperson of the Board. At no time shall the Chairperson of the Board and the chairperson of the Nominating Committee be held by representatives of

the same Corporate Member, and at no time shall the Chairperson of the Board be an Employee of any Corporate Member or any Person controlled by a Corporate Member.

6.2.3 The Vice Chairperson of the Board, the Treasurer, the Secretary, and such other officers as the Board of Directors elects pursuant to Section 6.1 shall be elected at the annual meeting of the Board of Directors. The election of such officers shall require a majority vote of the Board of Directors. If the election of such officers shall not be made at the appropriate annual meeting, such election shall be held as soon thereafter as is convenient.

6.2.4 All other officers of the Corporation not elected or appointed pursuant to Sections 6.2.1, 6.2.2, and 6.2.3 shall be appointed by the President and Chief Executive Officer.

6.2.5 Except for the Chairperson of the Board and the President and Chief Executive Officer, each officer shall hold office for a term of one (1) year, commencing on the effective date of his or her election pursuant to Section 6.2.3, or until his or her successor shall have been duly elected and shall have qualified. The Chairperson shall serve the term set forth in Section 6.2.2. The President and Chief Executive Officer shall serve at the pleasure of the Board and CHI as set forth in Section 4.5.3(c). All officers appointed by the President and Chief Executive Officer shall serve at the pleasure of the President and Chief Executive Officer.

Section 6.3 Removal and Resignation.

Except for the Chairperson of the Board and President and Chief Executive Officer, any other officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation will be served thereby. The removal of any officer shall be without prejudice to the contract rights, if any, of the officer so removed and shall be in accordance with all applicable personnel and Board policies. Any officer may resign at any time by giving written notice to the Board of Directors, the President and Chief Executive Officer, or the Secretary. Any such resignation shall take effect at the time specified therein.

Section 6.4 Vacancies.

A vacancy in any office due to death, resignation, removal, disqualification, or any other reason, may be filled for the unexpired portion of the term in the manner that the original officer was appointed or elected, subject to the provisions of these Bylaws relating to qualification and selection.

Section 6.5 Chairperson of the Board.

The Chairperson of the Board of Directors shall be a Director, shall preside at all meetings of the Board of Directors, and, in general, shall perform all such other duties as may from time to time be prescribed by the Board of Directors. It is the Chairperson's responsibility to encourage and monitor attendance and active participation at Board and Board committee meetings, and to take appropriate action, if necessary.

Section 6.6 Vice Chairperson.

The Vice Chairperson of the Board of Directors shall be a Director, act as the Chairperson of the Board of Directors in the absence of the Chairperson, and when so acting shall have all the power and authority of, and be subject to all the restrictions upon, the Chairperson. The Vice Chairperson shall have all such other and further duties as may from time to time be assigned by the Board of Directors or the Chairperson.

Section 6.7 President and Chief Executive Officer.

The President and Chief Executive Officer shall be the chief executive officer of the Corporation. The President and Chief Executive Officer shall be accountable to the Board of Directors of the Corporation and the Executive Vice President and Chief Operating Officer of CHI, and shall in general supervise and control all of the business and affairs of the Corporation. The President and Chief Executive Officer shall be primarily responsible for achieving objectives within the framework of policies and delegated powers and responsibilities established and approved by the Board of Directors and consistent with the powers reserved to the Corporate Members; planning, controlling, and evaluating corporate activities; providing leadership in the governance and management of the Corporation; and performing all duties incident to the office of the President and Chief Executive Officer and such other duties as may be prescribed by the Board of Directors from time to time, including without limitation, the following:

6.7.1 Integrating the mission of the Corporation and the Corporate Members into the total operations of the Corporation;

6.7.2 Preserving and protecting the heritage and tradition of the Catholic Facilities and Jewish Facilities;

6.7.3 Preserving and protecting the Academic Mission of the University Facilities;

6.7.4 Working to integrate and enhance the Academic Mission throughout the Corporation;

6.7.5 Carrying out all policies established by the Board of Directors;

6.7.6 Overseeing compliance with those matters requiring approval of one or more of the Corporate Members;

6.7.7 Representing the Corporation and its Board of Directors in its relationship with the Corporate Members;

6.7.8 Representing the Corporation and its Board of Directors in its relationship with associated, affiliate, and subsidiary organizations and entities;

6.7.9 Presenting to the Board of Directors or its authorized committees periodic reports reflecting the activities of the Corporation and its affiliate and subsidiary

organizations and entities and such other special reports as may from time to time be required by the Board of Directors; and

6.7.10 Implementing and enforcing policies, rules and regulations regarding the health, care, and safety of residents of the Corporation's long term care facilities and the protection of their personal and property rights.

Section 6.8 Treasurer.

The Treasurer of the Corporation shall keep and maintain, or cause to be kept and maintained, adequate and comprehensive books and records of the assets of the Corporation and of its transactions. Such books and records shall be open to inspection by any Director or Corporate Member at all reasonable times. The Treasurer shall further perform such other duties incident to his or her office and as the Board of Directors or the President and Chief Executive Officer may from time to time determine. The Treasurer may, but need not, be a Director.

Section 6.9 Secretary.

The Secretary of the Corporation shall keep the minutes of all meetings of the Board of Directors; shall be responsible for authenticating records of the Corporation; shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by Legal Requirement; shall have charge of all the records of the Board of Directors; shall see that the execution of the foregoing on behalf of the Corporation is duly authorized; and in general shall perform all of the duties incident to the office of Secretary, and such other duties as from time to time may be assigned to the office by the Board of Directors. The Secretary may, but need not, be a Director.

Section 6.10 Vice Presidents and Other Officers.

The Vice Presidents of the Corporation and any other officers whose office is not specified in Section 6.1 but which is hereafter established by the Board in accordance with Section 6.1, shall have such powers and perform such duties as may be delegated by the Board of Directors.

Section 6.11 Participation in CHI Meetings.

The President and Chief Executive Officer and Chief Financial Officer of the Corporation will attend CHI orientation within six months after being elected or appointed as an officer of the Corporation. The President and Chief Executive Officer, Chief Financial Officer, and other members of senior management will attend and participate in the CHI national and regional executive meetings, including attendance at the CHI biennial leadership conference.

Section 6.12 Duty to Support Mission.

Each officer of the Corporation shall adhere to the highest standards of ethical and moral conduct in carrying out his or her duties on behalf of the Corporation and shall act, in all respects, in the best interests of the Corporation and shall fully and unequivocally support the mission of the Corporation.

ARTICLE VII **COMMITTEES**

Section 7.1 Committees Generally.

The Board of Directors may, by resolution adopted by a majority of the Directors then in office, establish one (1) or more committees, as needed or required to conduct and transact the business of the Corporation. Except as otherwise provided in these Bylaws, all committees so established shall serve advisory purposes only, and all final decision-making authority shall vest in the Board of Directors. Except as otherwise provided in these Bylaws, the Board of Directors may set the qualifications for membership on any committee it may establish; provided that each committee shall consist of at least two (2) Directors. Committees may include persons other than Directors who will be potential candidates for future service on the Board. Minutes of all committee meetings shall be recorded and copies of such minutes shall be provided to the Board of Directors. Any actions of committees shall be subject to ratification by the full Board of Directors. Sections 5.14, 5.15, 5.16, 5.17, 5.18, 5.19 and the last two sentences of Section 5.13 of Article V of these Bylaws shall also apply to all committees established by the Board of Directors. For purposes of this Article VII, the terms "Director," "Directors" and "Board of Directors" in the above referenced sections of Article V shall mean "committee member," "committee members," and "committee," respectively.

Section 7.2 Limitations.

No committee appointed by the Board of Directors shall be granted any authority of the Board of Directors.

Section 7.3 Term of Office.

Unless otherwise provided by these Bylaws, members of all committees shall be appointed by and shall serve at the pleasure of the Chairperson of the Board. Each member of a committee shall continue as such until a successor is appointed or until such member is removed or ceases to qualify as a member thereof, or until the committee is abolished.

Section 7.4 Standing and Special Committees.

The following shall be the standing committees of the Board of Directors: the Nominating Committee, the Academic Medical Center Committee, and such other standing committees as may be established by the Board of Directors from time to time. Special or ad hoc committees may be established by the Board of Directors for such finite tasks as circumstances warrant. A special or ad hoc committee shall limit its activities to the accomplishment of the tasks for which it was appointed and shall have no power to act except as specifically conferred by action of the Board of Directors. Upon completion of the tasks for which it was created and after making a final report to the Board of Directors, special and ad hoc committees shall stand discharged.

Section 7.5 Nominating Committee.

The Nominating Committee shall consist of no fewer than three (3) but no more than six (6) Directors, with each Corporate Member appointing one (1) Director to serve on the Nominating Committee and the remaining Nominating Committee members to be appointed by the Board. Each individual appointed to the Nominating Committee shall serve for a term of one (1) year or until his or her successor is duly appointed in the same manner in which the original member was appointed. The Nominating Committee shall be responsible for selecting and evaluating individuals who are qualified to serve on committees of the Board of Directors and for presenting the names and qualifications of such individuals to the Board of Directors for consideration to be members of such committees.

Section 7.6 Academic Medical Center Committee.

7.6.1 Purpose. The Academic Medical Center Committee shall provide input and recommendations to the Board of Directors on matters specific to the Teaching Hospital Facilities as set forth in Section 7.6.4 and as otherwise requested by the Board of Directors.

7.6.2 Composition. The Academic Medical Center Committee will consist of twelve (12) members, a majority of whom at all times shall be individuals affiliated with the University. Membership on the Academic Medical Center Committee shall be designated as follows:

(a) *University Positions.* The University shall hold seven (7) positions on the Academic Medical Center Committee, all of which shall have full voting rights. Those positions shall be designated as follows:

(i) The Executive Vice President-Health Affairs of the University;

(ii) The Dean of the University School of Medicine. (If at any time the office of the Dean of the University School of Medicine is held by the same individual as the Executive Vice President-Health Affairs of the University, the Vice Dean for Clinical Affairs of the University School of Medicine, or an individual holding a comparable position, shall hold the University's second position on the Committee.); and

(iii) Five (5) full-time Faculty members of the University's School of Medicine, no less than two of whom serve on the Medical Executive Committee of the Teaching Hospital Facilities Medical Staff, which are appointed by the Executive Vice President-Health Affairs of the University.

(b) *JHHS Positions.* JHHS shall appoint one (1) physician with active privileges on the Teaching Hospital Facilities Medical Staff who shall have full voting rights.

(c) *Community Physician Positions.* Two (2) community physicians who serve on the Medical Executive Committee of the Teaching Hospital Facilities Medical Staff, both of whom shall have full voting rights. The first two positions are appointed by the legacy JHSMH Medical Staff from their appointees to the Medical Executive Committee of the

Teaching Hospital Facilities Medical Staff. Thereafter, the Medical Staff bylaws of Teaching Hospital Facilities Medical Staff will provide for such appointments.

(d) *Corporation Positions.* The following two (2) Corporation employees shall hold positions on the Academic Medical Center Committee:

(i) The Corporation CEO, who shall have full voting rights; and

(ii) The top administrator of the Teaching Hospital Facilities, who shall not possess any voting rights.

7.6.3 Leadership of the Committee. The Executive Vice President-Health Affairs of the University, or his/her designee (and if a designee is appointed, such designee must be a member of the Committee) shall serve as Chair of the Academic Medical Center Committee.

7.6.4 Role of Committee. The Academic Medical Center Committee will provide input and recommendations to the Board on matters specific to the Teaching Hospital Facilities, which shall include the following:

(a) Any action which (i) could materially affect the teaching, clinical or research mission of the School of Medicine, or (ii) would eliminate or significantly reduce existing clinical services, or prevent the development of a new clinical service, deemed necessary by the University for a complete and competitive School of Medicine. The Academic Medical Center Committee shall identify and use appropriate benchmarking tools to compare the strength of the Teaching Hospital Facilities and the School of Medicine against peer institutions.

(b) The Academic Medical Center Committee and Corporation management will develop proposed capital budgets, operating budgets and strategic plans for the Teaching Hospital Facilities, which take into account the needs and priorities identified by the Academic Medical Center Committee. The jointly developed budgets and strategic plans will be presented to the Board of Directors for approval and adoption. To the extent that the budgets and/or strategic plan presented to the Board of Directors do not fully incorporate the recommendations of the Academic Medical Center Committee, those additional requests will be presented to the Board of Directors for consideration, along with the proposals presented by Corporation management. Should the Board of Directors fail to fully incorporate the Academic Medical Center Committee's recommendations, the Corporation's President and Chief Executive Officer shall provide prompt formal feedback to the Academic Medical Center Committee as to the rationale of the Board of Directors.

(c) The involuntary termination of employment, disciplining and job performance evaluation of the individual acting as the top administrator of Teaching Hospital Facilities. Additionally, the Academic Medical Center Committee shall play an integral role in the selection and hiring of such individual. The Academic Medical Center Committee will also provide input and recommendations to the Corporation's President and Chief Executive Officer and the individual acting as the top administrator of Teaching Hospital Facilities in the hiring, termination of employment, disciplining and job performance evaluation of the top financial administrator for Teaching Hospital Facilities. Notwithstanding the foregoing, the top

administrator of Teaching Hospital Facilities shall report to the Corporation President and Chief Executive Officer, who shall have ultimate authority to hire, fire, discipline, and evaluate the job performance of the top administrator.

The Academic Medical Center Committee and University will provide a "State of the Academic Medical Center" report to the Board of Directors on an annual basis. The report will address such topics as the Board of Directors may request.

ARTICLE VIII **MEDICAL STAFF**

Section 8.1 Organization.

The Board of Directors shall assure that the physicians, dentists, oral surgeons, podiatrists, and clinical psychologists (each a "**Practitioner**") who are granted privileges at health facilities licensed to the Corporation shall be and continue to be organized into one or more Medical Staffs ("**Medical Staff**"), under Medical Staff Bylaws approved by the Board of Directors. Each Medical Staff shall be self-governing with respect to professional work performed at the health facilities licensed to the Corporation. Each Medical Staff shall be governed by a Medical Staff Executive Committee and such officers as are selected in accordance with the Medical Staff Bylaws adopted by the Medical Staff and approved by the Board of Directors.

Section 8.2 Applications and Appointments.

The Board of Directors shall consider recommendations of the Medical Staff and appoint to medical staff membership and/or grant clinical privileges to such Practitioners who meet the qualifications set forth in the Medical Staff Bylaws, Rules and Regulations and related documents. All applications shall be in writing and shall contain complete information concerning the applicant's professional qualifications, current competency, education, training, licensure, practice, experience, and such other information as is required by the Medical Staff Bylaws. When an application for appointment or reappointment of medical staff membership or grant of clinical privileges is denied or when a Practitioner's privileges have been or are recommended to be restricted, reduced, suspended, terminated, or revoked, the Practitioner shall be afforded any appeal rights offered in the Medical Staff Bylaws. Such procedures shall afford a fair hearing and shall comply with all applicable Legal Requirements.

Section 8.3 Patient Care Responsibilities.

Each Practitioner shall have appropriate authority and responsibility for the care of his or her patients, subject to the scope of his or her licensure and clinical privileges, as delineated by the Board of Directors, and subject to such limits as are contained in these Bylaws and in the Bylaws, Rules and Regulations of the Medical Staff. Only a member of the Medical Staff with admitting privileges may admit patients. Only Practitioners with clinical privileges shall be directly responsible for patient diagnosis and treatment.

Section 8.4 Medical Care and Its Evaluation.

8.4.1 The Medical Staff shall be responsible to the Board of Directors for providing appropriate professional care to patients.

8.4.2 The Board of Directors, in the exercise of its responsibility to establish, maintain, and support an ongoing quality assessment and improvement program, shall delegate to the Medical Staff initial authority for ensuring quality professional care is furnished to patients. The Medical Staff shall discharge this responsibility through a continuing review, analysis, and appraisal of the quality of care rendered by members of the Medical Staff and other practitioners with delineated clinical privileges and by identifying and implementing an appropriate response to findings. Such quality assessment and improvement activities shall be regularly reported, together with their results and recommended responses, to the Board of Directors.

8.4.3 The Medical Staff shall maintain complete and accurate medical records for all patients.

8.4.4 The Medical Staff shall make recommendations to the Board of Directors concerning:

- (a) Appointing, reappointing, restricting, reducing, suspending, terminating, and revoking Medical Staff membership;
- (b) Granting, restricting, reducing, suspending, terminating, and revoking clinical privileges;
- (c) Corrective actions;
- (d) All matters relating to professional competency; and
- (e) Such specific matters as may be referred to it by the Board of Directors.

Section 8.5 Medical Staff Bylaws.

8.5.1 There shall be Bylaws, Rules and Regulations of the Medical Staff setting forth its organization and government. Medical Staff Bylaws, Rules and Regulations shall be developed and adopted by the Medical Staff, subject to final approval by the Board of Directors. The Medical Staff Bylaws shall create an effective administrative unit to discharge functions and responsibilities delegated to the Medical Staff by the Board of Directors.

8.5.2 The Medical Staff Bylaws shall include, at a minimum, procedures for:

- (a) Provision of orientation and education to all Medical Staff and students consistent with training described in Section 2.2.2(1);

(b) Written, well-defined criteria for Medical Staff appointment, precluding the possibility of discrimination according to color, religion, national origin, race, creed, sex, disability, or age;

(c) Appointing, reappointing, delineating, restricting, reducing, suspending, terminating, and revoking Medical Staff membership and/or clinical privileges;

(d) An appeals mechanism for review of decisions to restrict, reduce, suspend, terminate, and revoke Medical Staff membership or clinical privileges, provided that the Medical Staff Bylaws shall require that the Board of Directors render a final decision within a reasonable period of time;

(e) A quality assessment and improvement program pursuant to which medical care/patient care is regularly evaluated and verification of this evaluation is provided to the Board of Directors;

(f) Attestation by signature of each Practitioner that he or she will abide by the Medical Staff Bylaws, Rules and Regulations;

(g) With respect to the Catholic Facilities, compliance with the ERDs;

(h) With respect to all Facilities, not providing procedures set forth on Exhibit B;

(i) Communication between the Board of Directors, administration, and the Medical Staff through the Medical Staff Executive Committee;

(j) Requiring that only a licensed Practitioner with appropriate clinical privileges shall be directly responsible for patient diagnosis and treatment within the scope of such Practitioner's license and privileges; each patient's general medical condition shall be the responsibility of a physician member of the Medical Staff; that each patient admitted shall receive a history and physical examination by a physician who is either a member of or approved by the Medical Staff; and that a physician member of the Medical Staff shall be responsible for the care of any medical problems that may be present at the time of admission or that may arise during hospitalization;

(k) Selection and appointment of officers of the Medical Staff and Medical Staff department chairs;

(l) Requiring that only members of the Medical Staff and other practitioners with clinical privileges who are not currently excluded from any health care program funded in whole or part by the federal government are eligible or qualified for Medical Staff membership or a grant of clinical privileges; and

(m) Medical Staff governance consistent with Sections 6.1 and 6.2 of the Academic Affiliation Agreement;

8.5.3 The Medical Staff shall review its Bylaws, Rules and Regulations periodically, and submit any needed and approved revisions to the Board of Directors for approval.

Section 8.6 The Medical Staff Executive Committee.

On behalf of the Medical Staff, the Medical Staff Executive Committee shall make recommendations to the Board of Directors concerning:

8.6.1 Appointing, reappointing, restricting, reducing, suspending, terminating, and revoking Medical Staff membership;

8.6.2 Granting, restricting, reducing, suspending, terminating, and revoking clinical privileges;

8.6.3 Corrective actions;

8.6.4 All matters relating to professional competency;

8.6.5 The structure and organization of the Medical Staff and its quality assessment and improvement activities;

8.6.6 The mechanisms for reviewing credentials, delineating clinical privileges, conducting, evaluating, and revising quality assessment and improvement activities, appointment, reappointment, corrective action, and fair hearing procedures, and restriction, reduction, suspension, termination, and revocation of Medical Staff membership or clinical privileges; and

8.6.7 Such specific matters as may be referred to it by the Board of Directors.

The provisions in the Medical Staff Bylaws regarding the Medical Staff Executive Committee shall be consistent with the provisions of Section 6.2(d)(i) of the Academic Affiliation Agreement.

Section 8.7 Medico-Administrative Personnel.

Practitioners and/or specified professional personnel engaged by the Corporation, either full-time or part-time, either as employees or independent contractors, shall be required to make application and maintain membership in good standing on the Medical Staff as described in the Medical Staff Bylaws. Members of the Medical Staff in medico-administrative positions may be terminated from their employment or contractual relationship with the Corporation according to corporate policy or according to the terms of their contract. Upon such termination, members of the Medical Staff engaged in such medico-administrative capacities shall have their Medical Staff membership or privileges terminated without the specific procedural rights provided in the Medical Staff Bylaws, unless otherwise required by their contract or by Legal Requirement.

Section 8.8 Professional Liability Insurance.

As a condition of initial Medical Staff appointment, reappointment, and/or the granting of clinical privileges, all members of the Medical Staff and other practitioners providing clinical services must furnish to the Corporation at least annually or upon renewal a certificate of insurance evidencing professional liability coverage with an insurance carrier or other entity acceptable to the Board of Directors of the Corporation. The certificate of insurance shall specify professional liability coverage in an amount which meets minimal insurance limits and other requirements established by the Board of Directors. The certificate shall also provide that the professional liability coverage shall not be cancelled by either the insurer/entity or the Medical Staff member or other practitioner without thirty (30) days advance written notice to the Corporation. In addition, the Medical Staff member or other practitioner shall give thirty (30) days advance written notice to the Corporation if professional liability coverage lapses without renewal or is cancelled. If at any time the Medical Staff member or other practitioner fails to meet the minimum professional liability insurance requirements established by the Board of Directors, then the Medical Staff member or other practitioner's medical staff membership and/or clinical privileges are automatically and immediately suspended without notice, unless otherwise determined by the Board of Directors.

ARTICLE IX
AFFILIATED ORGANIZATIONS

Section 9.1 Affiliates.

Subject to such rights as may be reserved to the Corporate Members in accordance with Section 4.5 of these Bylaws, or under any provisions of the Articles of Incorporation or Sponsorship Agreement, the Board of Directors may authorize the formation of such auxiliary, affiliated, and advisory organizations as would, in the opinion of the Board, assist in the fulfillment of the purposes of the Corporation. Any organization so authorized shall be subject to the applicable provisions of these Bylaws, the Articles of Incorporation and the Sponsorship Agreement, and all authorizations, irrespective of their terms, shall be revocable at any time in the discretion of the Board of Directors. The Board of Directors may require any such authorized auxiliary, affiliated, or advisory organization to have its own bylaws, rules, and regulations setting forth its purpose, function, organization, and government. Bylaws, rules, and regulations, or subsequent changes therein may be recommended to the Board of Directors by said auxiliary, affiliated, or advisory organization, but only those approved by the Board of Directors of the Corporation shall become effective.

ARTICLE X
INDEMNIFICATION AND INSURANCE

Section 10.1 Indemnification.

The Corporation may, to the maximum extent allowed by Legal Requirement, indemnify 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 Director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually incurred by him or her in connection with such action, suit, or process. The amount of such indemnity shall be as much as the Board of Directors, the Corporate Members, or the court, if application has been made to it, determines and finds to be reasonable.

Section 10.2 Indemnification-Excess.

The indemnity provided herein shall be in excess of all valid and collectible insurance or indemnity policies.

Section 10.3 Insurance.

The Corporation shall purchase and maintain insurance on behalf of any individual who is or was a Director, officer, or employee, of the Corporation, or who, while a Director, officer, or employee of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, trustee, or employee of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability asserted against or incurred by him or her in that capacity or arising from his or her status as a director, officer, or employee, whether or not the Corporation would have power to indemnify the person against the same liability under this Article of these Bylaws.

ARTICLE XI **RECORDS AND REPORTS**

Section 11.1 Articles of Incorporation and Bylaws.

The Corporation shall keep at its principal office a copy of its Articles of Incorporation and these Bylaws, as amended to date.

Section 11.2 Maintenance of Other Corporate Records.

The Corporation shall keep in written or typed form or in any other form capable of being converted into written, typed, or printed form correct and complete books and records of its accounts and shall also keep in written or typed form minutes of the proceedings of the Board of Directors and its committees, and shall keep at the registered or principal office a record giving the names and addresses of the Directors. All books and records of the Corporation may be inspected by any Director, or his or her agent or attorney, for the proper purpose at any reasonable time.

Section 11.3 Confidentiality.

Except as otherwise publicly disclosed, or in order to appropriately conduct the Corporation's business, the records and reports of the Corporation shall be held in confidence by those persons with access to them.

ARTICLE XII
GENERAL PROVISIONS

Section 12.1 Fiscal Year and Independent Auditor.

The Corporation will use the same fiscal year and independent auditor as CHI. Each fiscal year, such auditor will perform a separate audit of the Corporation in accordance with Generally Accepted Auditing Standards and prepare financial statements of the Corporation in accordance with GAAP.

Section 12.2 Contracts.

Subject to any policy on signatory authority approved by the Corporate Members, the Chairperson of the Board and the President and Chief Executive Officer, and/or their designees, shall have the power to execute, on behalf of the Corporation and the Board of Directors, such leases and contracts pertaining to the normal operations of the Corporation as may be from time to time required. The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of or on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 12.3 Checks, Drafts, Etc.

All checks, drafts, or orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the Corporation and all securities owned or held by the Corporation requiring signature for transfer shall be signed or endorsed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the President and Chief Executive Officer or his or her designee.

Section 12.4 Deposits.

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select; provided, however, that the Board and the Corporation shall abide by the CHI Common Investment Policy and participate in the CHI Operating Investment Program and Cash Management Program, all as from time to time in effect.

Section 12.5 Gifts.

The Board of Directors may accept or reject on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes, or for any special purpose, of the Corporation.

Section 12.6 Loans to Officers and Directors Prohibited.

The Corporation shall not make any loan to any officer or Director of the Corporation, but may make reasonable advances of expenses incurred by employees in the ordinary course of business.

Section 12.7 Conflict of Interest.

Each of the Corporation's officers and Directors shall act at all times in a manner that furthers the Corporation's charitable purpose of service to the community and shall exercise care that he or she does not act in a manner that furthers his or her private interests to the detriment of the Corporation's community benefit purposes. A conflict of interest can be considered to exist in any instance where the actions or activities of an individual on behalf of the Corporation also involve the obtaining of a direct or indirect personal gain or advantage, or an adverse or potentially adverse effect on the interests of the Corporation. The Corporation's officers and Directors shall avoid conflicts of interest and otherwise fully disclose to the Corporation any potential or actual conflicts of interest, if such conflicts cannot be avoided, so that such conflicts are dealt with in the best interests of the Corporation. The Corporation and all of its officers and Directors shall comply with any policies of the Corporation regarding conflicts of interest, as well as all Legal Requirements of Kentucky regarding such conflicts, and shall complete any and all such disclosure forms as may be deemed necessary or useful by the Corporation for identifying potential conflicts of interest. Notwithstanding anything in these Bylaws (including this Section 12.7) or the Sponsorship Agreement to the contrary, no Director, regardless of the Corporate Member who appointed or employs such Director, will be deemed to have a conflict of interest solely because a Corporate Member appointed or employs such Director.

Section 12.8 Sponsorship Agreement.

The Board of Directors, the Corporation, and these Bylaws shall at all times be governed by and subject to the terms and provisions of the Sponsorship Agreement, and any conflict between these Bylaws and the Sponsorship Agreement shall be resolved in favor of the Sponsorship Agreement. In adopting these Bylaws, the Board of Directors and the Corporation agree to the terms and provisions of the Sponsorship Agreement, agree to be bound by the terms and provisions of the Sponsorship Agreement, and agree to conduct the Board and Corporation activities in compliance with the Sponsorship Agreement as if a party thereto (including, without limitation, the restrictive covenants on Corporation's activities described in Article VI thereof, and the requirements for the Corporation to adjust Membership Interest Percentages as describe therein); provided, however, that nothing herein is intended to give the Board of Directors any rights under the Sponsorship Agreement or the right to enforce the Sponsorship Agreement against the Corporate Members.

ARTICLE XIII **REVIEW AND AMENDMENT OF BYLAWS**

Section 13.1 Periodic Review.

These Bylaws shall be reviewed every three (3) years by the Board of Directors for compliance with applicable Legal Requirements, the objectives of Corporate Members,

applicable accreditation standards and recommendations, the Corporation's Articles of Incorporation, the Jewish Heritage, the Catholic Heritage, the ERDs and the Academic Mission. Any necessary revisions of these Bylaws shall be made in accordance with Section 13.2 of these Bylaws.

Section 13.2 Amendment.

Amendments to these Bylaws may be proposed by the Board of Directors or any Corporate Member but no such amendment shall be effective unless and until approved by all the Corporate Members. Notwithstanding anything in these Bylaws to the contrary, the Corporate Members shall at all times retain the right and power to amend these Bylaws, by approval of all the Corporate Members, without the approval or recommendation of the Board of Directors. Upon any amendment to Exhibit G of the Sponsorship Agreement pursuant to and in accordance with the terms therein, Exhibit B attached hereto shall be deemed to be automatically, and without further action by the Corporate Members or the Board of Directors, amended to be identical to the amended Exhibit G of the Sponsorship Agreement.

CERTIFICATE OF OFFICER

I DO HEREBY CERTIFY AS FOLLOWS:

1. That I am a duly appointed and acting officer of JH Properties, Inc. (the "Corporation"); and
2. That the foregoing Bylaws are the Bylaws of the Corporation, which have been duly adopted by the necessary corporate action, effective January 1, 2012.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _____, 20__.

Robert M. Hewett, President

EXHIBIT A

INITIAL DIRECTORS OF THE CORPORATION

CHI-Appointed Board Members

Name of Director	Term
	5 years
	5 years
	4 years
	4 years
	4 years
	4 years
	3 years
	3 years
	3 years
	3 years

University-Appointed Board Members

Name of Director	Term
	5 years
	5 years
	4 years
	3 years

JHHS-Appointed Board Members

Name of Director	Term
	5 years
	5 years
	4 years
	3 years

EXHIBIT B
PROCEDURES

Except as otherwise permitted below, none of the following procedures may be performed at any Network Entity Facility:

- **Elective (direct) abortions**
 - Abortion is the directly intended termination of pregnancy before viability or the directly intended destruction of a viable fetus. Every procedure whose sole immediate effect is the termination of pregnancy before viability is an abortion, including the interval between conception and implantation of the embryo.
 - In the case of extra-uterine pregnancy, no direct abortion will be performed.
 - The foregoing notwithstanding, operations, treatments, and medications that have as their direct purpose the cure of a proportionately serious pathological condition of a pregnant woman are permitted when in the treating physician's judgment they cannot be safely postponed until the unborn child is viable, even if they will result in the death of the unborn child.
 - For a proportionate reason, labor may be induced after the fetus is viable.
- **Contraceptives, Sterilization and Fertility Treatment**
 - Elective sterilizations male or female including tubal ligations, vasectomies and Essure procedure.
 - Contraceptives will not be dispensed for the purpose of contraception only.
 - Insertion of IUDs/Diaphragms except for medical purposes e.g. menorrhagia.
 - The foregoing notwithstanding, emergency contraception, in the treating physician's judgment, will be administered to victims of sexual assault after confirmation that the victim is not currently pregnant.
 - Artificial insemination and in-vitro-fertilization (IVF).
- **Euthanasia**—Participation in euthanasia or assisted suicide in any way.

In addition, Network Entity will not be a party to any contracts or arrangements that result in the payment for or performance of surrogate motherhood or any of the procedures outlined above.