

TEXAS ORGANIZATION OF RURAL & COMMUNITY HOSPITALS

BYLAWS

Draft

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TEXAS ORGANIZATION OF RURAL & COMMUNITY HOSPITALS

BYLAWS

ARTICLE I. PURPOSE

1.1. The purpose of the Organization is to be the voice, principal advocate, and leadership organization addressing the special needs, issues, and contributions of the state's rural and community hospitals.

ARTICLE II. DUTIES AND RESPONSIBILITIES

2.1. The organization is dedicated to assisting its members' ability to continue to provide health care services within their communities and:

2.1.1. to represent and be an advocate to government, business, industry, and the public regarding the special needs and issues affecting rural and community hospitals;

2.1.2. to involve the rural and community hospitals as primary participants at the state and federal level in the policy, legislative, and regulatory decision-making process regarding hospital and health care delivery;

2.1.3. to address the special issues, needs, and concerns affecting rural and community hospitals' abilities to provide health care services and education in their communities;

2.1.4. to facilitate and develop alliances, cooperatives, and managed care networks for the benefit of rural health care providers and the communities they serve; and

2.1.5. to be a member-driven and member-responsive organization.

ARTICLE III. NAME AND OFFICE LOCATION

3.1. Name. The name of this corporation is Texas Organization of Rural & Community Hospitals, a non-profit corporation (hereinafter called "Corporation") organized under the Texas ~~Non-Profit Corporation Act~~Business Organizations Code (referred to as the "ActCode").

3.2. Principal Office. The principal office of the Corporation shall be located in the County of Travis, State of Texas.

ARTICLE IV. MEMBERSHIP

4.1. Classes of Membership. The members of this Corporation shall be of ~~seven (7)~~six (6) classes as designated in this Section. Membership in this organization on an institutional or personal basis may be available to organizations and individuals interested in the objectives and purposes of the organization on application and election as hereinafter provided. Conditions of membership and definition, beyond as explained in this Section, shall be as the Board of Directors may determine.

4.1.1. Hospital Members. Hospital Members shall be general acute care licensed hospitals of 150 beds or less located in Texas. Such institutional members shall have one vote per hospital and the designated voting representative of each institution will be its Chief Executive Officer. Upon petition and appropriate application, the Board may approve general acute care licensed hospitals in excess of 150 beds, for hospital membership.

4.1.2. ~~Associate/Personal Members~~Healthcare Provider/Facility Members. ~~Associate or Personal Members may be individuals interested in rural and community health care. Associate/Personal Members shall not have the right to vote. Healthcare Provider/Facility Members may be non-hospital healthcare facilities and/or health providers interested in rural and community health care delivery. Each such member shall have one vote per entity. The entity shall designate its voting representative at the time of application and may change its voting representative at any time upon written notice to the Corporation's CEO. Healthcare Provider/Facility membership shall require approval by the Corporation's Board of Directors or Executive Committee, which shall determine if the applicant's function and operations are consistent with the purpose and mission of the Corporation. Membership in this category shall have only such benefits as may be bestowed upon them from time to time by the Board of Directors.~~

4.1.3. Affiliate Members. Affiliate Members may be individuals or not-for-profit organizations (government organizations, state and local associations) interested in rural and community health care delivery ~~(government organizations, state and local associations)~~. Affiliate Members shall not have the right to vote and shall have only such benefits of membership as are bestowed upon them from time to time by the Board of Directors.

4.1.4. Corporate Members. Corporate Members shall be commercial entities and service providers (vendors and suppliers) associated or doing business with hospitals. Corporate Members shall not have the right to vote.

4.1.5. Life Members. The Board of Directors, in its sole discretion, may appoint as a Life Member an individual who meets the criteria for life membership established by the Board. Life Members shall not have the right to vote.

~~4.1.6. Individual Members. Individual Members shall be residents of the State of Texas. Individual Members shall not have the right to vote and shall have only such~~

~~benefits of membership as are bestowed upon them from time to time by the Board of Directors.~~

4.1.7.4.1.6. Out-Of-State Hospital Members. Out-of-State Hospital Members shall be general acute care licensed hospitals ~~of 150 beds or less~~ located outside the State of Texas. Out-of-State Hospital Members shall not have the right to vote. ~~Upon petition and appropriate application, the Board may approve general acute care licensed hospitals in excess of 150 beds, for out of state hospital membership.~~

4.2. Application. Application for membership in this Corporation shall be in writing on the proper form as prescribed by the Board of Directors and shall become effective when the proper application form with the accompanying dues payment have been received at the Principal Office and approved by the Board of Directors, or either by a committee, an authorized officer, or designee.

4.3. Non-Transferable Membership. Membership in the Corporation, regardless of the class of membership, is non-transferable.

4.4. Certificates. The Board of Directors may or may not provide for the issuance of certificates evidencing membership in the Corporation. If the Board so provides, then when a person has been admitted as a member and has paid any required fees and dues, the Corporation shall issue a certificate of membership to the person. Membership certificates shall be signed by the Chairman and by the Vice Chairman. Certificates ~~shall~~ may be sealed with the seal of the Corporation. ~~Membership certificates shall be numbered consecutively with different sequences of numbers for each class of members.~~ If a certificate is lost, mutilated, or destroyed, a new certificate may be issued.

4.5. Resignation. Any member may resign upon mailing a letter of resignation to the Principal Office, and the resignation shall be effective upon receipt at the Principal Office. However, notwithstanding the foregoing, a member's resignation shall not relieve the member of any obligations to pay any dues, assessments, or other charges that had accrued and were unpaid prior to the effective date of the resignation.

4.6. Suspension for Non-payment of Dues. Any member may be suspended for non-payment of dues and the suspension shall be automatic as specified in Section 4.7. Upon payment of back dues, a member suspended for non-payment shall be automatically reinstated.

4.7. Sanction, Suspension or Termination of Members. The Board of Directors may, in its sole discretion, impose reasonable sanctions on a member, or suspend or expel a member from the Corporation, for good cause ~~after a hearing~~. Good cause includes the default of an obligation to the Corporation to pay fees or dues for a period of thirty (30) days following delivery of notice of default, or a material and serious violation of the Corporation's articles of incorporation, bylaws, or rules, or of law or for conduct which does or could reflect negatively on the Corporation in the community. The Board of Directors may delegate powers to a regular or ad hoc committee to conduct a hearing review, make recommendations to the Board of Directors, or take action on behalf of the Board of Directors. ~~The Board of Directors or a~~

~~committee designated by the Board of Directors to handle a matter involving sanctioning, suspension, or expulsion may not take action against a member without giving the member adequate notice and an opportunity to be heard. To be deemed adequate, notice shall be in writing and delivered at least fourteen (14) days prior to the hearing. However, shorter notice may be deemed adequate if~~ If the Board of Directors or a committee designated by the Board of Directors to handle a matter involving sanctioning, suspension, or expulsion determines a need to hear from the member, the member shall be given a reasonable opportunity to respond to the Board or Committee either in person or in writing. ~~that the need for a timely hearing outweighs the prejudice caused to the member and if a statement of the need for a timely hearing is included in the notice. If mailed, the notice shall be sent by registered or certified mail, return receipt requested. A member shall have the right to be represented by counsel at and before the hearing.~~ The Board of Directors or a committee designated by the Board of Directors to handle a matter involving sanctioning, suspension or expulsion may impose sanctions, suspend a member, or expel a member by vote of a majority of directors or a committee designated by the Board of Directors to handle a matter involving sanctioning, suspension, or expulsion who are present and voting.

4.8. Reinstatement. A former member may submit a written request for reinstatement of membership. The Board of Directors, a committee of the board, or authorized designee of the Board may reinstate membership on any reasonable terms that the Board of Directors authorizes.

4.9. Resolution of Disputes. In any dispute between members relating to the activities of the Corporation, all parties involved shall cooperate in good faith to resolve the dispute. If the parties cannot resolve the dispute between themselves, they shall cooperate to select one or more mediators to help resolve the dispute. ~~If no timely resolution of the dispute occurs through mediation, any party may demand binding arbitration as provided by Texas law regardless of whether the parties have met together with a mediator. This paragraph shall apply to a dispute involving the Corporation as a party relating to the sanctioning, suspension, or expulsion of a member from the Corporation.~~ The Board of Directors shall have the discretion to authorize the use of the Corporation's funds for mediation ~~or arbitration~~ of a dispute described in this paragraph.

4.10. Expulsion of Officers and Directors. Suspension or expulsion from membership in the Corporation shall terminate the Directorship or Officership in the Corporation of any member or representative of a member who at the time of suspension or expulsion is either a Director or Officer of the Corporation.

4.11. Members' Rights Upon Termination of Membership. In the event of termination of membership, regardless of how terminated, all rights, privileges, and interest of the member in or to the Corporation shall terminate, and the Corporation shall not be liable for refund or repayment of any portion of the membership fee.

4.12. Waiver of Interest in Corporation Property. All real and personal property, including all improvements located on the property, acquired by the Corporation shall be owned by the Corporation. A member shall have no interest in specific property of the Corporation.

Each member hereby expressly waives the right to require partition of all or part of the Corporation's property.

ARTICLE V. MEETINGS AND MEMBERS

5.1. Annual Meeting. An annual meeting of the members of this Corporation shall be held at a time and place to be designated by the Board of Directors.

5.2. Special Meetings. Special meetings of the members may be called at any time by the Chairman or the Board of Directors, and shall be called by the Chairman upon written application of not less than ten percent (10%) of the Hospital Members in good standing within twenty (20) days after the filing of a valid and proper application with the Secretary/Treasurer. The application shall state the purpose of the meeting. Special meetings of the members shall be held at a time and place to be designated by the Chairman, or in the event of the Chairman's inability or refusal to act, by the Board of Directors.

5.3. Notice. ~~Notice shall be provided in accordance with Article XIV of these Bylaws. A written or printed notice stating the purpose, place, date, and hour of every meeting of the members shall be mailed by the Secretary/Treasurer or Board designee to each member in good standing of this Corporation at least ten (10) days prior to and not more than fifty (50) days prior to said meeting. If a member gives no new address, notice shall be deemed to have been given if sent by mail or other means of communication addressed to the member's address on his or her application for membership.~~

5.4. Voting. The Chief Executive Officer of each Hospital Member in good standing or his designee who is present in person at any annual or special meeting of the Corporation shall be entitled to cast one (1) vote. ~~At any meeting of the members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after thirty (30) days from the date of its execution, unless otherwise provided in the proxy.~~

5.5. Quorum. Ten percent (10%) of the Hospital Members in good standing and present in person ~~or by proxy~~ shall constitute a quorum.

5.6. Mail Referendum. When, in the judgment of the Board of Directors, any question shall arise that should be put to a vote of the members, and when the Board of Directors deems it necessary to call a special meeting for that purpose, unless otherwise required by the Bylaws, the Board of Directors may submit the matter to the Hospital Members in writing by U.S. mail, email or other electronic means ~~mail~~ for vote and decision. A question thus presented shall be determined according to a majority of the votes received by ~~mail~~ U.S. mail, email or other electronic means within ~~three (3) weeks~~ a time period determined by the Board after such submission to the membership, provided that, in each case, votes of at least fifty percent (50%) of the members shall be received. Action taken in this manner shall be as effective as action taken at a duly called meeting.

ARTICLE VI. DUES

6.1. Dues. Membership dues and the method of payment shall be set from time to time by the Board of Directors. Dues are non-transferable, non-refundable and payable in such terms as prescribed by the Board.

6.2. Dues Year. The dues year for all members shall begin January 1 of each year or as otherwise determined by the Board of Directors.

6.3. When Due; When Delinquent. Renewal dues shall be payable on the first day of the month in which they become due, and are delinquent sixty (60) days thereafter.

6.4. Loss of Rights and Privileges. Whenever a member allows membership dues to become delinquent, the member ceases to be a member in good standing and loses all the rights and privileges of membership except the privilege of being automatically reinstated upon payment of the delinquent dues.

ARTICLE VII. OFFICERS

7.1. Corporate Officers. The officers of this Corporation shall be Chairman, Vice Chairman, and Secretary/Treasurer. The Board may create additional officer positions, define the authority and duties of each such position, and shall elect or appoint persons to fill such additional officer positions. The governing body of the organization shall be the Board of Directors. The Board of Directors shall empower an Executive Committee to act on its behalf in carrying out the regular business of the organization and its administration. The Executive Committee shall consist of the Chairman, the Vice Chairman, the Secretary/Treasurer, and immediate Past Chairman, and two other Board members appointed by the Chairman. The Executive Committee may, in its sole discretion, invite any past Chairman of the Corporation to serve as an additional voting member(s) of the Executive Committee for a term of two years. The Executive Committee shall provide the Board of Directors with regular reports of its actions at each regular or special meeting of the Board of Directors. Unless the Board of Directors specifically acts to reverse a decision or action of the Executive Committee at the meeting of the Board of Directors which next follows the Executive Committee meeting where the decision was made or action taken, the actions taken by the Executive Committee shall be considered to be automatically approved by the Board of Directors.

7.2. Election and Term. The elected officers of this Corporation shall be elected from among the directors in accordance with Article XII by Hospital Members present at the Annual Meeting. Elected officers shall be installed at the annual meeting, shall take office on the first day of July-May following the election and shall hold office for two (2) years one (1) year and/or until their successors shall have been duly elected.

7.3. Limit on Terms. Elected officers shall be eligible for ~~re~~-election for not more than two (2) terms in succession for each office.

7.4. Appointed Management. The Board of Directors may appoint a President/CEO to conduct the business of the Corporation. The President/CEO shall have authority to perform such

duties as are provided in the Bylaws or as the Board of Directors may from time to time determine. The compensation of the CEO shall be determined in the discretion of the Board of Directors through approval of the annual budget. The Board of Directors shall delegate the annual evaluation and determination of actual compensation and benefits of the CEO to the Executive Committee.

7.5. Removal. Any officer may be removed by a two-thirds (2/3) vote of the Board of Directors whenever in the Board's judgment, such removal would be in the best interest of the Corporation. Any such removal shall be without prejudice to the contract rights, if any, of the officer removed.

7.6. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the Chairman, or the President/CEO of the Corporation. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein, and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective. If an officer of the Corporation has not been employed by a TORCH member hospital for a period of three consecutive months, the individual shall be deemed to have resigned as an officer but may continue to serve as a member of the Board of Directors. If the individual has not been employed by a TORCH member hospital for a period of six consecutive months, the individual shall be deemed to have resigned in accordance with the provisions of Section 9.3.2. A resignation need not be accepted by the Corporation to be effective. An officer who changes employment from one TORCH member hospital to another TORCH member hospital may remain an officer, subject to the limitations described herein.

7.7. Officer Vacancies. A vacancy in any office except Chairman may be filled by the Board of Directors by the election of a member of the Board to fill the vacancy. A vacancy in the office of Chairman shall be filled by the automatic succession of the Vice Chairman to the chairmanship.

7.8. Fees and Compensation. Elected officers shall not receive any compensation, fee, or salary for their services as officers, but by resolution of the Board of Directors, reimbursement and/or expense allowances may be allowed to any elected officer for any expenses incurred or paid by him or her for the benefit of the Corporation. ~~The compensation, fees, or salaries of the appointed management shall be determined from time to time by the Board of Directors.~~

ARTICLE VIII. DUTIES OF OFFICERS

8.1. Chairman. The Chairman shall be the principal officer and legal head of the Corporation and, subject to the control of the Board of Directors, he or she shall:

~~8.1.1. Provide leadership and general supervision over the organization and all activities;~~

~~8.1.2.~~8.1.1. Preside at all meetings of the members, Board of Directors, and Executive Committee;

~~8.1.3.8.1.2.~~ Represent and speak for the organization to the public and to other organizations;

~~8.1.4.8.1.3.~~ Appoint all committees and be an ex-officio member of all committees except the Committee on Nominations and Elections;

~~8.1.5. Have the general powers and duties of management usually vested in the office of Chairman of a non-profit corporation; and~~

~~8.1.6.8.1.4.~~ Have such ~~other~~ powers and duties as may be prescribed by the Board of Directors or the Bylaws.

8.2. Vice Chairman. In the absence of the Chairman or in the event of the Chairman's inability or refusal to act, the Vice Chairman shall perform all the duties of the Chairman, and when acting as Chairman, shall have all the powers of and be subject to all the restrictions upon the Chairman. He or she shall be an ex-officio member of all the committees, except the Committee on Nominations and Elections, and shall have such other powers and perform such other duties as from time to time may be assigned by the Chairman or prescribed by the Bylaws.

8.3. Secretary-Treasurer. The Secretary-Treasurer shall be responsible to ~~oversee the keeping of~~ ensure that minutes of all Board, Executive and Membership meetings are kept, serving that notices of all meetings of the Board and the ~~Corporation~~ Membership are properly served, and ~~the keeping of that~~ the membership records, the Bylaws, and such other papers as the Board may direct are properly kept. ~~Further, he or she;~~ shall be responsible to ~~oversee~~ ensure the collection of all membership dues; ~~establish~~ proper accounting procedures for the handling of Corporation funds, and ~~shall either deliver or ensure a~~ report on the financial condition of the Corporation is delivered at all meetings of the Board. At the end of each fiscal year, the Secretary-Treasurer shall ~~see that~~ ensure that an annual report on the financial standing of the Corporation is prepared and submitted to the Board of Directors. The Secretary-Treasurer shall perform other duties as assigned by the Chairman or the Board of Directors and shall perform all duties incident to the office of Secretary-Treasurer.

8.4. President/CEO. The President/CEO shall be the chief executive officer of this Corporation and shall be subject to the control of the Chairman and the Board of Directors. He or she shall:

8.4.1. Supervise, direct, and control the business and affairs of the Corporation;

8.4.2. Hire, supervise, and direct all employees of the Corporation and have the power to delegate responsibilities and commensurate authority to his or her subordinates;

8.4.3. Supervise, direct, and control the collection, deposit, and disbursement of all funds of the Corporation in accordance with the specific or general instructions and policies of the Board of Directors;

8.4.4. Attend all meetings of the Board of Directors and all committees and, whenever practical, serve as the staff adviser and Recording Secretary thereof;

8.4.5. Have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

8.4.6. Execute on behalf of the Board of Directors those certain contracts, agreements, instruments or other documents as may be approved from time to time by the Board of Directors.

ARTICLE IX. BOARD OF DIRECTORS

9.1. Powers and Duties. The governing powers of this Corporation shall be vested in the Board of Directors. The Board of Directors shall have power to call meetings of the Corporation; to manage and control the affairs, relations, and business of the Corporation; and to make rules not inconsistent with these Bylaws and the laws of the State of Texas for the guidance and management of the affairs of the Corporation. The Board of Directors shall have power to incur indebtedness, the terms and amount of which shall be entered in the minutes of the Board, and any note or obligation signed officially by the Chairman and the Secretary-Treasurer shall be binding on the Corporation. The Board of Directors may appoint such other officers, agents, or committees as it deems necessary and shall fill all temporary or permanent vacancies that may occur in any Corporation office. Directors shall exercise ordinary business judgment in managing the affairs of the Corporation. Directors shall act as fiduciaries with respect to the interests of the members. In acting in their official capacity as directors of this Corporation, directors shall act in good faith and take actions they reasonably believe to be in the best interests of the Corporation and that are not unlawful.

9.2. Composition. The number of Directors shall be a number determined by the Board of Directors that is not less than five (5) and not greater than twenty-one (21). All Not less than eighty percent (80%) of Directors shall be representatives of Hospital Members of the Corporation. The Board of Directors may, in its sole discretion, invite not more than one individual to serve on the Board as a representative of hospital trustees at Texas hospitals, and such individual shall serve with or without voting rights as determined by the Board.

9.3. Election, Term and Vacancy. Directors shall be elected by the members of the Corporation at the annual meeting and shall take office on the first day of May and hold office for staggered terms of three years, or until their successors shall have been duly elected and shall have qualified. A vacancy in any directorship because of death, resignation, removal, disqualification, or otherwise may be filled by the Executive Committee for the unexpired portion of the term.

9.3.1. Limit on Terms. Directors may serve no more than ~~two~~three consecutive three-year terms, provided that a director may thereafter be elected to serve on the Board of Directors if he or she has not served on the Board of Directors during the preceding one year. In the event that a director's term as director expires while the director is holding an office as Chairman, Vice-Chairman or Secretary-Treasurer of TORCH, and that individual is not re-elected or is not eligible for re-election to the Board, he or she shall remain on the Board until the expiration of the term of office then held but shall not be included in determination of the maximum number of directors.

9.3.2. Resignation. Any member of the Board of Directors may voluntarily resign from the Board of Directors by submitting a written resignation to the Secretary. If a member of the Board of Directors has not been employed by a TORCH member hospital for a period of six consecutive months, the individual shall be deemed to have resigned from the Board of Directors. A resignation need not be accepted by the Corporation to be effective. A director who changes employment from one TORCH member hospital to another TORCH member hospital may remain a member of the Board of Directors, subject to the limitations described herein.

9.4. Regular Meetings. The Board of Directors shall hold a minimum of three (3) regular meetings during each calendar year. Meetings held by telephone conference or similar communications equipment shall not satisfy this requirement.

9.4.1. Attendance. Board members shall attend at least two (2) regular meetings in person during each calendar year. A Board member who fails to attend at least two (2) regular meetings in a calendar year without being excused by the Board for good cause shall be deemed to have resigned his or her position as director. "Good cause" shall be limited to absences due to health reasons, out-of-state travel, or family emergency; a scheduling conflict shall not be considered good cause.

9.5. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman, President/CEO, or by any three (3) directors, on notice to each director of such meeting.

9.6. Place of Meetings. Meetings of the Board of Directors shall be held at any place, either within or without the state, designated by the Chairman where the general location has been approved by the Board of Directors.

9.7. Notices. ~~Notice shall be provided in accordance with Article XIV of these Bylaws. Written notice of the time and place of regular and special meetings of the Board of Directors shall be sent to each director by mail or other form of written communication, addressed to his or her address as it is shown upon the record of the Corporation. Notices must be given via hand delivery, facsimile, or U.S. mail at least fourteen (14) days prior to any meeting.~~

9.8. Waiver of Notice. The transactions of any meeting of the Board of Directors however called and noticed, or wherever held, shall be as valid as though at a meeting duly held after regular call and notice, if either before or after the meeting two-thirds (2/3) of the total members of the Board of Directors sign a waiver or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the Corporation records or made a part of the minutes of the meeting.

9.9. Quorum. A majority of the members of the Board of Directors present and voting shall be necessary to constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number is required

by law or these Bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting, or such greater number as may be required by law or these Bylaws.

9.10. Written Consent. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if ~~two-thirds (2/3)~~ a simple majority of the members of the Board individually or collectively consent in writing to such action. Such written consent(s) shall be filed with the minutes of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors.

9.11. Proxies. A Director may vote by proxy executed in writing by the Director. No proxy shall be valid after three (3) months from the date of its execution.

9.12. Fees and Compensation. Directors shall not receive any compensation, fee, or salary for their services as Directors, but by resolution of the Board of Directors, reimbursement and/or expense allowance may be allowed to any director for any expenses incurred or paid by him or her for the benefit of the Corporation.

ARTICLE X. COMMITTEES AND ADVISORY COUNCIL

10.1. Establishment of Committees. The Board of Directors may establish committees, delegate specified authority to a committee, and appoint or remove members of a committee. A committee shall include two (2) or more directors and may include persons who are not directors. The Board of Directors may establish qualifications for membership on a committee. The Board of Directors may delegate to the Chairman its power to appoint and remove members of a committee. The establishment of a committee or the delegation of authority to it shall not relieve the Board of Directors, or any individual director, of any responsibility imposed by the Bylaws or otherwise imposed by law. No committee shall have the authority of the Board of Directors to:

10.1.1. Amend the articles of incorporation;

10.1.2. Adopt a plan of merger or a plan of consolidation with another corporation;

10.1.3. Authorize the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation;

10.1.4. Authorize the voluntary dissolution of the Corporation;

10.1.5. Revoke proceedings for the voluntary dissolution of the Corporation;

10.1.6. Adopt a plan for the distribution of the assets of the Corporation;

10.1.7. Amend, alter, or repeal the Bylaws;

10.1.8. Elect, appoint, or remove a member of a committee or a director or officer of the Corporation;

10.1.9. Approve any transaction to which the Corporation is a party and that involves a potential conflict of interest;

10.1.10. Take any action outside the scope of authority delegated to it by the Board of Directors; or

10.1.11. Take any action on a matter that requires the approval of the members.

10.2. Executive Committee. The Executive Committee shall oversee the financial affairs of the Corporation and shall:

10.2.1. Set the compensation of the CEO;

10.2.2. Authorize the CEO to determine compensation, bonuses and benefits of every other employee of the Corporation;

10.2.3. Approve expenditures in excess of \$25,000 not previously authorized in the annual budget;

10.2.4. Approve any contract of the Corporation with a potential cost in excess of \$25,000 or a term in excess of one year;

10.2.5. Approve any loan, lease or other financing vehicle obligating the Corporation;

10.2.6. Approve any banking and/or investment relationship and authorize signatures on behalf of the Corporation.

~~10.2.10.3.~~ Advisory Council. The Board of Directors will have the option to appoint an Advisory Council consisting of as many members as should be deemed necessary by such Board, and shall have as its purpose the duty to oversee the Board's actions, render advice to the Board and otherwise provide guidance. The Board of Directors, while obligated to consider such advice, will be under no obligation to follow such comments from said Advisory Council. Membership on the Council shall not be required to consist of members of the Corporation. The length of term of office of the Advisory Council members shall be determined by the Board of Directors, but shall be at least one (1) year and not more than three (3) years.

ARTICLE XI. NON-LIABILITY AND INDEMNIFICATION

11.1. Non-Liability. The Corporation, its Board of Directors, Officers and such independent management as it may retain, shall not be liable to any of its members for any statements, errors, or omissions in any reports sent out by the Corporation, whether the same shall be due to the negligence of the Corporation, its Board of Directors, Officers, Independent Management, or otherwise, and each and every member or those that may hereafter become

members, shall be deemed to have expressly released the Corporation, its Board of Directors, Officers, and Independent Management from any and all liability for such statements, errors, and omissions, and further, from any and all liability by reason of any agreements, contracts, obligations, acts, steps, or plans entered into or undertaken by the Corporation on behalf of its members.

11.2. Indemnification. Each present and future Director and Officer and each agent or employee whether or not then in office shall be indemnified by the Corporation as set forth in the Articles of Incorporation.

11.3. Assets of Association. No member of the Corporation shall have any right, title or interest in or to the whole or any part of the property or assets of the Corporation; and in the event of dissolution, liquidation, abandonment, or winding up of the affairs of the corporation, the assets remaining after paying all debts and obligations (or adequately providing for the latter) shall be distributed to one or more non-profit organizations designated by a majority of the full Board of Directors, which organization or organizations shall have established its or their tax exempt status under Section 501(c) of the Internal Revenue Code of 1986. In no event shall any assets inure to the benefit of or be distributed to any member, Director, Officer, or employee of the Corporation. If the majority of the full Board of Directors is not in full accord as to the disposition of assets within one (1) year from the date of the event causing its dissolution, liquidation, abandonment or winding up, then such assets shall be disposed of in such manner as may be directed by decree of the Travis County District Court of the State of Texas.

ARTICLE XII. ELECTIONS AND PARLIAMENTARY AUTHORITY

12.1. Nomination, Election and Installation of Directors. At least thirty (30) days prior to the annual meeting, the Chairman ~~shall invite the membership to submit nominations for the Board of Director positions. The Chairman~~ shall appoint a Nominating Committee, which shall issue a call to the Membership to call for suggested nominations from the members, consider possible nominees and make nominations for each election of directors. The immediate past Chairman shall serve as a member of the Nominating Committee. The Secretary shall include the names nominated by the Nominating Committee, and any report of the committee, with the notice of the meeting at which the election occurs. At any meeting at which the election of a director occurs, a voting member in good standing or director may nominate a qualified person. An election ballot shall be provided to members at the business session of the annual meeting. Ballots shall be cast by oral vote unless a request for a written ballot is received from any Member not less than 30 days prior to the election. in writing and ~~the~~ results shall be announced as soon as tabulated. The Directors shall be installed at the annual meeting and take office on the first day of July following the election.

12.2. Nomination and Election of Officers. The Board of Directors shall appoint a Nominating Committee to nominate candidates for officer positions and shall conduct the election of officers by Hospital Members.

12.3. Rules for Election and Voting. The Board of Directors may make, alter, or amend the rules and regulations for the conduct of elections and for voting.

~~12.4. Parliamentary Authority. The current edition of Roberts Rules of Order shall be used as the parliamentary guideline.~~

ARTICLE XIII. FINANCES AND RECORDS

13.1. Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

13.2. Contracts. The Board of Directors, except as these Bylaws otherwise provide, may authorize the Chairman or his/her designee to enter into any contracts or execute any instrument in the name of, or on behalf of this Corporation, and such authority may be general or specific. Unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind this Corporation by any contract or agreement or to pledge its credit or to render it liable for any purpose or to any amount.

13.3. Books and Records. The Corporation shall keep correct and complete books and records of accounts and shall keep a Minute Book containing minutes of proceedings of its members, Board of Directors, and shall keep at its Principal Office a record giving the names and addresses of the members entitled to vote.

13.4. Audit. The Secretary-Treasurer shall, not later than 120 days after the close of the fiscal year, see that a detailed examination and audit of the books and accounts of the Corporation is made by an audit committee or by a certified public accountant and render a report in writing to the Board of Directors. Unless otherwise directed by the Board this audit will be conducted for the period of the preceding fiscal year. All books and records of the Corporation shall be available for the inspection of any member during regular business hours.

13.5. Signatures on Checks. Corporation funds may be disbursed by check bearing the signatures ~~of any two Officers or designees of the Corporation~~ as approved from time to time by the Board of Directors.

~~13.6. Notice. Notice shall be provided in accordance with Article XIV of these Bylaws.~~

~~13.6.~~ **ARTICLE XIV. NOTICE**

~~14.1. Manner of Giving. Except when the time and place of a regular meeting is set by the Board by resolution in advance (as permitted by Article V), notice of the time and place of all regular and special meetings of either the Board of Directors or the Membership shall be given to each Member or Director by one of the following methods: (a) personal delivery of oral or written notice; (b) First-class mail, postage paid; (c) telephone, including a voice messaging system or other system or technology designed to record and communicate messages; or (d) electronic mail ("email") or other means of electronic transmission including text. All such notices shall be given or sent to the Member or Director's address, phone number, or email address as shown on the records of the Corporation. Any oral notice given personally or by telephone may be communicated directly to the Member or Director or to a person who would reasonably be expected to promptly communicate such notice to the Member or Director. Notice of regular meetings may be given in the form of a calendar or schedule that sets forth the date,~~

time and place of more than one regular meeting. Notice shall be sufficient when placed in U.S. Mail addressed to the Member or Director at the address on file with the Corporation, or when sent via phone or email to the phone number or email or other electronic address on file with Corporation. Actual delivery is not a requirement of notice.

14.2. Time Requirements. Notices sent by first-class mail shall be deposited into a United States mail box at least four days before the time set for the meeting. Notices given by personal delivery, telephone, voice messaging system or other system or technology designed to record and communicate messages, facsimile, email or other electronic transmission shall be delivered at least 48 hours before the time set for the meeting.

13.7.14.3. Notice Contents. The notice shall state the time and place for the meeting, except that if the meeting is scheduled to be held at the principal office of the Corporation, the notice shall be valid even if no place is specified. The notice need not specify the purpose of the meeting unless required to elsewhere in these Bylaws.

ARTICLE XIV.ARTICLE XV. BYLAWS AND AMENDMENTS

14.1.15.1. Binding. These Bylaws and any amendments shall be binding on all members, including those who may have voted against them.

14.2.15.2. Inspection. The Corporation shall keep in its Principal Office the original or a copy of the Bylaws as amended or otherwise altered, to date, certified by the Secretary, which shall be open to inspection by the members at all reasonable times.

14.3.15.3. Amendment. These Bylaws may be amended or repealed by:

14.3.1.15.3.1. A vote of a majority of the members of the Board of Directors present at any regular or special meeting of the Board of Directors duly called and regularly held, or by written consent as provided in Section 9.10 of these Bylaws; and

14.3.2.15.3.2. A two-thirds (2/3) majority vote of the Hospital Members present at any annual or special meeting of the Corporation duly called and regularly held, or by written consent as provided in Article XIV of the Articles of Incorporation. Notice of such proposed changes shall have been sent in writing to the members at least twenty (20) days before such meeting.

ARTICLE XV.ARTICLE XVI. MISCELLANEOUS

15.1.16.1. Legal Authorities Governing Construction of Bylaws. The Bylaws shall be construed in accordance with the laws of the State of Texas. All references in the Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

15.2.16.2. Legal Construction. If any bylaw provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any

other provision and the Bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the Bylaws.

~~15.3.16.3.~~ Headings. The headings used in the Bylaws are used for convenience and shall not be considered in construing the terms of the Bylaws.

~~15.4.16.4.~~ Gender. Wherever the context requires, all words in the Bylaws in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

| Revised: April 7, 2006

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