

BYLAWS

OF

MURRAY-CALLOWAY COUNTY PUBLIC HOSPITAL CORPORATION

The original Bylaws were passed March 9, 1964, and have been previously amended as follows:

- (A) Amendment to the Bylaws approved January, 1972;
- (B) Amendment to the Bylaws approved March 16, 1978;
- (C) Amendment to the Bylaws approved September 21, 1982;
- (D) Amendment to the Bylaws approved February 16, 1989;
- (E) Amendment to the Bylaws approved July 20, 1989;
- (F) Amendment to the Bylaws approved March 26, 1990;
- (G) Amendment to the Bylaws approved October 15, 1992;
- (H) Amendment to the Bylaws approved January 21, 1993;
- (I) Amendment to the Bylaws approved February 18, 1993;
- (J) Amendment to the Bylaws approved July 15, 1993;
- (K) Amendment to the Bylaws approved October 21, 1993;
- (L) Amendment to the Bylaws approved January 18, 1996;
- (M) Amendment to the Bylaws approved February 15, 1996;
- (N) Amendment to the Bylaws approved October, 15, 1996;
- (O) Amendment to the Bylaws approved August 23, 2000;
- (P) Amendment to the Bylaws approved January 22, 2003;
- (Q) Amendment to the Bylaws approved April 23, 2003; and
- (R) Amendment to the Bylaws approved June 9, 2004.

ARTICLE I

NAME AND PLACE OF BUSINESS

SECTION 1: The name of the corporation shall be Murray-Calloway County Public Hospital Corporation and its principal place of business shall be 803 Poplar Street, Murray, Kentucky.

SECTION 2: The purpose of the corporation is to establish, maintain and operate health care facilities, services and programs in which sick and well persons may be treated by providing health services, education and other activities in a high quality manner, primarily to

residents of Calloway County and surrounding counties in Kentucky and Tennessee. This mission shall include the treatment of injured persons and the maintaining of laboratories and other facilities and departments, all of which shall be operated as a nonprofit institution.

SECTION 3: The fiscal year of the Murray-Calloway County Public Hospital Corporation shall be October 1 through September 30 of the following year.

ARTICLE II

BOARD OF TRUSTEES

SECTION 1: All corporate powers of the corporation shall be exercised by and under the authority of, and the affairs of the corporation shall be managed under the direction of the Murray-Calloway County Public Hospital Board of Trustees.

SECTION 2: The Board of Trustees shall be comprised of members one (1) through eleven (11) with the Mayor of the City of Murray, Kentucky, holding Position One, and the Judge-Executive of Calloway County, Kentucky, holding Position Two, and the Chief of the Medical Staff of the Murray-Calloway County Public Hospital holding Position Three. The persons holding such offices and Medical Staff position shall serve on the Board of Trustees during the term of such office or Medical Staff position, and shall qualify upon taking office. The terms for the remaining eight (8) positions on the Board of Trustees shall commence April 1, in the year of appointment and terminate March 31, in the year of termination. Positions four (4) through eleven (11) shall each have a term of four (4) years for the purpose of effecting Board continuity.

SECTION 3: Except for the Mayor of the City of Murray and the Judge-Executive of Calloway County, Kentucky, and the Chief of the Medical staff of the Murray-

Calloway County Public Hospital, board positions four (4) through eleven (11) shall be nominated and appointed as follows:

A. A standing committee is hereby designated and shall be known as the "Hospital Board Member Nominating Committee." This committee shall be comprised of:

1. Mayor of the City of Murray, Kentucky;
2. Judge-Executive of Calloway County, Kentucky;
3. A member of the City Council of the City of Murray, Kentucky, so designated by the City Council of Murray, Kentucky;
4. A member of the Fiscal Court of Calloway County, Kentucky, so designated by the Fiscal Court of Calloway County, Kentucky;
5. The Chairperson of the Murray-Calloway County Hospital Board of Trustees, and, should the Chairperson be either the Mayor of the City of Murray, Kentucky, or the Judge-Executive of Calloway County, Kentucky, then, the Vice Chairperson;
6. The President of the Murray-Calloway County Chamber of Commerce. In the event that the President of the Chamber of Commerce is an 'interested party' in the affairs of the corporation, then the Vice-President or other officer of the Chamber of Commerce, who is not an 'interested party' shall serve on the Hospital Board Member Nominating Committee. A person is an 'interested party' for the purposes of this provision if he/she is a sitting member of the Board of Trustees, an employee of the corporation, the spouse of an employee of the corporation, an independent contractor of the corporation, the spouse of an independent contractor of the corporation, a

member of the Murray City Council, a member of the Calloway County Fiscal Court, a relative within the first degree of an employee or independent contractor of the corporation or any person who would otherwise be in violation of the corporation's Conflict of Interest resolution by so serving.

7. The Chief of Staff of the Murray-Calloway County Public Hospital Medical Staff;
- B. The quorum for the conduct of business by the Hospital Board Member Nominating Committee shall be five (5) of its members in person, to the exclusion of proxy. A majority of those personally present may conduct the business of the committee so long as a quorum remains present.
- C. At least forty-five (45) days before the expiration of the term of the Board, the Hospital Board Member Nominating Committee, after considering the mission of the Murray-Calloway County Public Hospital and after considering criteria for board membership as the Hospital Board Nominating Committee may deem appropriate, shall present the names of up to, and not exceeding, ten (10) such persons who meet the criteria of Sections 5, 6, 7, 8 and 9 hereafter, and such names will comprise the Nominating Pool. The names comprising said Nominating Pool shall be submitted first, in writing, to either the Mayor of the City of Murray, Kentucky, or to the Judge-Executive of Calloway County, Kentucky, for selection and appointment by the City Council or the Fiscal Court, as the case may be, of one of such nominees to serve on the Board of Commissioners in accord herewith. The City Council shall select first in even

numbered years and the Fiscal Court shall select first in odd numbered years. The governing body that selects second shall pick from the remainder of the candidates in the Nominating Pool. Should a term become vacant due to resignation or otherwise, the forty-five (45) day time limit may be waived.

D. The board membership and dates of expiration of the positions and designations of City Council or Fiscal Court for selection of such position area as follows:

- Position #1 Mayor of Murray Permanent Member
- Position #2 Judge-Executive, Calloway County Permanent Member
- Position #3 Chief of Medical Staff, MCCH Permanent Member
- Position #4 Fiscal Court of Calloway County appointee was appointed for a term beginning 4/1/2000, and which term expires 3/31/2004.
- Position #5 City Council of Murray appointee was appointed for a term beginning 4/1/2000, and which term expires 3/31/2004.
- Position #6 City Council of Murray appointee was appointed 4/1/2001 for a term expiring 3/31/2005.
- Position #7 Fiscal Court of Calloway County appointee was appointed 4/1/2001 for a term expiring 3/31/2005.
- Position #8 City Council of Murray appointee was appointed in 4/1/2002 for a term expiring 3/31/2006.
- Position #9 Fiscal Court of Calloway County appointee was appointed 4/1/2002 for a term expiring 3/31/2006.
- Position #10 City Council of Murray appointee was appointed 4/1/2003 for a term expiring 3/31/2007.
- Position #11 Fiscal Court of Calloway County appointee was appointed 4/1/2003 for term expiring 3/31/2007.

SECTION 4: Should either the City Council of Murray, Kentucky or the Fiscal Court of Calloway County, Kentucky, refuse to make a selection from the nominees as presented, additional nominees may be requested for the Hospital Board Nominating Committee, and which Committee shall submit nominees to the Fiscal Court or City Council as the case may be. In the event any member of the Murray-Calloway County Hospital Board for any reason becomes unable or unwilling so to serve or refuses to serve or deceases, the vacancy of the

unexpired term shall be filled in the same manner as though the term had expired, and the person selected to serve shall serve the remainder of the unexpired term.

SECTION 5: Each nominee before such nominations are provided the Fiscal Court or City Council as the case may be shall be furnished a copy of the mission statement of the Murray-Calloway County Hospital and shall be acquainted therewith and shall to the satisfaction of the Hospital Board Nominating Committee pledge to uphold the mission of the Murray-Calloway County Hospital if selected. They will also be provided with a copy of the Bylaws and an explanation of attendance requirements, educational expectations, meeting times and locations and copy of the "Conflict of Interest Resolution." A copy is attached hereto as Appendix Item A.

SECTION 6: No persons shall be appointed a member of the Board of Trustees, who has within the last four years before their appointment, been elected to any city, county, state, or federal office, or who is related within the first degree to the mayor or any member of the City Council of the City of Murray or the County Judge, or any member of the Fiscal Court of the County, or who is an employee of the Hospital. No spouse of a board member or medical staff member shall serve at the same time that his or her husband or wife has active membership on the Board of Trustees, and this shall apply to all appointments to the Board.

SECTION 7: No officer or employee of the City or County, except members of City or County Boards of Commissions, whether holding a paid or unpaid office, shall be eligible to be a member of the Board of Commissioners. The County Judge of Calloway County and the Mayor of Murray shall be members of the Board of Commissioners during their respective terms, except as provided in Article II, Section 10, infra.

SECTION 8: The members of the Board of Trustees shall be natural persons, at least eighteen years of age, who are residents, taxpayers and legal voters of the City of Murray and/or Calloway County, Kentucky.

SECTION 9: If at any time during the term of office, any member of the Board of Trustees is elected by popular vote to any public office, he is automatically to vacate his position upon such Board of Trustees and another person shall be appointed thereto.

SECTION 10: A member of the Board of Trustees may be removed from office by the Board of Trustees, after a hearing with notice, for inefficiency, neglect of duty, malfeasance, or conflict of interest. The charge shall be initiated by any member of the Board of Trustees, who shall prepare a written statement outlining the reasons for the removal of a member of the Board of Trustees. This written statement shall be submitted to the Chief Executive Officer of the Hospital for transmittal to the Member to be removed and for the setting of a Hearing before the Board of Trustees.

The Member to be removed shall be notified of his proposed removal by Notice, personally served or sent by certified mail, return receipt requested, to his/her last known address at least ten (10) days prior to any such hearing. The person to be removed may employ counsel to represent him.

The Board Member initiating the charge shall be represented by either the Board Attorney, or a Special Counsel retained by the Board of Trustees for such purpose.

At the hearing, both sides shall have the opportunity to present witnesses and tender other evidence in support or defense of their respective positions. If requested by the Board of Trustees, both parties may be permitted to make Opening and/or Closing Comments. Such Hearing shall be conducted in public session of a regularly scheduled

or special meeting of the Board of Trustees. A record of the hearing shall be made by the Board of Trustees.

Only the remaining members Board of Trustees, to the exclusion of the Member to be removed and the Member initiating the removal, shall participate in any deliberations. Any such deliberations shall be conducted in a closed session, as this is a proceeding which is judicial in nature. In order for a hearing to be conducted, a quorum of the full Board of Trustees must be present for deliberations. The Board of Trustees may be represented by the Board Attorney or a Special Counsel retained by the Board of Trustees for such purpose.

In the event that the Board of Trustees determines, by a simple majority of those present for deliberations, that the Board member to be removed should be removed, then said Board member shall immediately be removed from office. At that time, the Board of Trustees shall also determine whether the corporation will reimburse the accused Board Member for his or her attorney's fees incurred incident to said hearing. A Board Member so removed may appeal such decision to the Calloway Circuit Court within ten (10) days of the decision being rendered. The scope of any such appeal shall be limited to whether the Board of Trustees abused their discretion in removing the Board Member.

In the event of a removal of an appointed Board Member, a new Board Member shall be appointed in accordance with the provisions of Article II of these Bylaws. In the event of the removal of the Chief of the Hospital Medical Staff, a new Member shall be appointed by and from the members, in good standing, of the Hospital Medical Staff.

In the event of the removal of the Mayor of the City of Murray, a new member shall be appointed by and from the elected members of the Murray City Council. In the

event of the removal of the County Judge-Executive, a new member shall be elected by and from the elected members of the Calloway County Fiscal Court. In any such circumstance, the Mayor of the City of Murray or the Calloway County Judge-Executive may only be replaced by an individual who has been duly elected by the citizens of Murray and/or Calloway County, Kentucky.

ARTICLE III

ANNUAL, REGULAR AND SPECIAL MEETINGS OF THE BOARD OF TRUSTEES

SECTION 1: The Board of Trustees shall hold an annual meeting at the Murray-Calloway County Hospital or other convenient location as designated by the Chairperson of the Board within a reasonable length of time after the end of the fiscal year of the corporation. This meeting shall be a joint meeting with the Calloway County Fiscal Court and the City Council of the City of Murray, Kentucky.

SECTION 2: The Board of Trustees shall hold a regular meeting at the Hospital or other convenient location as designated by the Chairperson on the fourth (4th) Wednesday of each month at 11:30 a.m., C. S. T.

SECTION 3: Special meetings may be called by the Chairperson and also shall be called within fourteen (14) days of receipt of written request of one-third of the members of the Board of Trustees. Written notice of special meetings shall be mailed to each member of the board at least three (3) days before the date of such special meeting; however, the Board of Trustees can waive notice of special meetings by signing a written waiver of notice. The Notice

of special meetings shall state the business for which the special meeting has been called, and no business other than that stated in the notice shall be transacted at such special meeting.

SECTION 4: Members of the Board of Trustees shall personally attend all regular meetings of the Board unless excused by the Chairperson. For regular and special meetings of the Board of Trustees, a quorum shall be personal attendance of one-half of the number of members thereof. In the absence of a quorum, the Trustee present, by a majority vote may adjourn the meeting to another date, time and place and provide notice of this fact to all Trustees who were not present at the time of the adjournment. In the presence of a quorum, all business conducted by the Trustees shall be by a majority vote of those present unless provided otherwise in these By-laws. Should a Trustee miss more than one-fourth of the regular meetings of the Board during any one or more fiscal years of the corporation, the Board of Trustees may recommend to the appropriate appointing entity that the Trustee be replaced and the appropriate appointing entity may replace the Trustee for the remainder of that Trustee's term. Personal attendance is required at all meetings to the exclusion of attendance by proxy.

SECTION 5: The members of the Board of Trustees shall be compensated to the extent of \$100.00 per month, providing the member has attended at least one meeting during the month, except the Chairperson, who shall receive \$150.00.

SECTION 6: Members of the Board of Trustees will be expected to attend educational meetings, courses and/or board retreats that are recognized by the Board's Executive Committee as appropriate. Minimally, one meeting, course or retreat during the first two years and the last two years of a Trustee's term. Failure to do so will be recorded in the Trustee's file and would indicate a lack of willingness to accept board membership responsibilities.

Extenuating circumstances may excuse a Trustee from this obligation by decision of the Board's Executive Committee.

SECTION 7: Each new member of the Board of Trustees will attend an Orientation Program as prescribed by the Board of Trustees. Reappointed board members are not required to attend the orientation. The Orientation should present information that includes the following: MCCH history, financial and accounting information, observing the delivery of medical care within the Hospital, observing the activities of the Hospital administrative staff, general instruction on Hospital board policies and resolutions and an overview of the principles of the governance process.

SECTION 8: Every other year, a Board Planning Retreat will be held at an off Hospital campus location to be selected by the Board's Executive Committee. The location shall be located within Calloway County, Kentucky. The purpose of such retreat is to review hospital operations in light of the hospital's stated mission, vision, goals and objectives and establish the strategic direction for the next three (3) to five (5) years. The Board's Executive Committee will determine the protocol of the Retreat. The preferred time for the Retreat would be in the spring prior to the budget process so that resources and planning could be incorporated into the operating and capital budget for the subsequent fiscal year.

ARTICLE IV

OFFICERS OF THE BOARD OF TRUSTEES

SECTION 1: The officers of the Board of Trustees shall be a Chairperson, a Vice-Chairperson, a Secretary, a Treasurer and such other officers as the Board of Trustees may authorize. The same person may hold the office of secretary and treasurer at the option of the

Board of Trustees. All officers shall be elected or appointed by the Board of Trustees from among its own membership at the regular monthly meeting in March, and shall hold office for a period of one year, commencing April 1 and terminating on March 30, or until successors shall have been duly elected and qualified.

SECTION 2: The Chairperson shall preside at all meetings of the Board of Trustees and shall be an ex officio member of all committees.

SECTION 3: The Vice-Chairperson shall act as Chairperson in the absence of the Chairperson and, when so acting, shall have the power and authority of the Chairperson.

SECTION 4: The Secretary, or his designee, shall act as Secretary of the Board of Trustees, shall send appropriate notices and prepare agendas for all meetings of the Board of Trustees, shall act as custodian of all records and reports, and shall be responsible for the keeping and reporting of adequate records of all meetings of the Board of Trustees.

SECTION 5: The Treasurer, or the Treasurer's designee, shall have custody of all funds of the corporation. Acting with the executive and finance committees, the Treasurer shall ensure that a true and accurate accounting of the financial transactions is presented to the executive committee, and that all accounts payable are presented to such representative as the executive committee may designate for authorization of payment.

SECTION 6: The Board may remove any officer when, in its judgment, the best interest of the corporation will be served thereby. An officer may resign his office at any time by tendering a resignation in writing to the Board. The Board may fill any office due to death, resignation, removal or otherwise.

ARTICLE V

COMMITTEES OF THE BOARD OF COMMISSIONERS

SECTION 1: Committees of the Board of Trustees shall be standing or special. Standing committees shall be an Executive Committee, Finance Committee, Personnel Committee, Audit Committee, Nominating Committee, and such other standing committees as the Board of Trustees may authorize. At a committee meeting, a quorum shall be personal attendance of one-half the number of members of the committee, and all business conducted by the committee shall be by majority vote. Each committee shall have an agenda and shall submit minutes of its meeting to the board.

SECTION 2: The Executive Committee shall consist of the Board Chairperson, Vice-Chairperson, the Secretary and Treasurer. The Executive Committee shall have the power to transact all regular business of the hospital during the period between the meetings of the Board of Trustees, subject to any prior limitation imposed by the Board of Trustees and with the understanding that all matters of major importance will be referred to the Board of Trustees.

SECTION 3: The Finance Committee shall consist of the Treasurer of the corporation, as chairperson, and at least two other members (excluding the positions held by the Mayor of Murray, the Judge Executive of Calloway County and the Chief of the Medical Staff) of the Board of Trustees, appointed by the Chairperson of the Board of Trustees. It shall cause to be prepared, and shall submit to the Board of Trustees, at its last meeting before the end of the fiscal year, a budget showing the expected receipts, income and expenses for the ensuing year. It shall be the further duty of the Finance Committee to examine the monthly financial reports. The Finance Committee shall be responsible for supervising the management of all the endowment and trust funds of the Hospital.

SECTION 4: The Personnel Committee shall consist of the Vice-Chairperson of the Board of Trustees, as chairperson of the committee, and at least two other members of the Board of Trustees, appointed by the Chairperson of the Board of Trustees. The Personnel Committee shall establish and approve all policies, rules and regulations of the corporation which are applicable to the personnel of the corporation; including, but not limited to the following: contract employees, at-will employees and independent contractors. The Personnel Committee will review any recommended changes relating to personnel policy, rules, regulations and procedures. As circumstances require, the Personnel Committee may report to the full Board on an as needed basis. The Personnel Committee shall serve as the committee which evaluates the Chief Executive Officer of the Hospital.

The Chief Executive Officer of the Hospital shall establish the salaries and employment statuses of the members of the Executive Team, subject to the advice, consent and approval of the Personnel Committee.

SECTION 5: The Audit Committee shall be comprised of the following members: the Treasurer of the Corporation (serving as Chair), the Mayor of the City of Murray, Judge-Executive of Calloway County and the Chief of the Medical Staff. If the Mayor, Judge-Executive or the Chief of the Medical Staff also serves as Treasurer of the Corporation, then the Chair of the Audit Committee shall be selected from the remaining members of the Board of Trustees, by the Chairperson of the Board of Trustees. The members of the Audit Committee shall not also serve as members of the Finance Committee, with the exception of the Treasurer of the Corporation. The purpose of the Audit Committee shall be to oversee, manage, direct and analyze the independent financial audit processes conducted and reports received on behalf of the corporation. The Audit Committee shall also have the ability to conduct an audit or audits of

the entirety of corporate operations, on an as needed or requested basis. This Committee shall have the ability to retain outside agencies, accountants, counsel and/or other entities to assist in the execution of the audit function. The Audit Committee shall report to the Board on an as needed, or as requested, basis.

SECTION 6: The Nominating Committee shall have the duty of nominating candidates to be elected as officers of the Board of Trustees, and shall be appointed by the chairperson.

SECTION 7: Procedural rules for the Hospital Board Member Nominating Committee (Reference Article II, Section 3)

- A. By written publication, the Chairperson of the Hospital Board, at least one month prior to the date of the meeting of the Nominating Committee, shall provide to each Nominating Committee member copies of Sections 5, 6, 7, 8 and 9 of Article II of the Bylaws of the Murray-Calloway County Hospital. This notice shall provide the date and time for the Nominating Committee meeting, and at least ten (10) days prior to the meeting, each Nominating Committee member will telephonically or in person receive an oral reminder of the meeting. Written notice provided by the Chairperson of the Hospital Board will provide the reason for the meeting as to the position or positions to be filled and the date on which such position or positions are to be filled. The ten-day notice provision may be waived in writing.
- B. The members of the Nominating Committee shall approach prospective nominees to see if he/she would be interested in having his/her name submitted to either the

City Council or Fiscal Court for possible selection for the Murray-Calloway Hospital Board as the case may be.

- C. Before a prospective nominee has his/her name placed in nomination, the prospective nominee should be provided a copy of the Board Bylaws as well as a copy of the Hospital's Disclosure of Conflict of Interest Statement so he/she can decide if he/she is willing to sign such an agreement as well as abide by the stipulations of the Board Bylaws.
- D. At least ten (10) days prior to the called meeting date of the Nominating Committee, committee members shall present to the Chairperson of the Hospital Board the names and addresses and telephone numbers of the prospective nominees who have agreed to serve, along with a resume of the nominee's background, education, business experience, etc. and a signed Disclosure of Conflict of Interest Statement. The ten-day period may be waived in writing.
- E. The Chairperson of the Hospital Board shall mail to all members of the Board Nominating Committee, at least five (5) days prior to the called meeting, a packet containing names of all prospective nominees, their resumes and signed Disclosure of Conflict of Interest Statements for consideration.
- F. No new nominations will be allowed to be presented at the meeting of the Nominating Committee. If the Nominating Committee is unable by a majority to nominate an amount up to, but not exceeding, ten (10) individuals meeting the qualifications as above set out, a new meeting shall be called within 15 days to allow the selection of additional nominees so as to present to the Fiscal Court or City Council, as the case may be, up to, but not exceeding, ten (10) nominees for

each position that may be open. Additional meetings may be thereafter called with proper notice in writing and orally as may be needed to meet the requirement hereof.

- G. Prospective nominees for the Board of Trustees should meet the following qualifications:
1. Meet all qualifications of Board members as set forth in the Board of Trustee Bylaws.
 2. Due to the complexities of the health care and hospital industry, every effort should be made to find the best possible Board members to bring experience, training, leadership and management talent to the Board. This should include: leadership roles in business, church, civic or social club, political organizations, community affairs or other activities where a leadership role has been demonstrated and experience has been gained in working with boards and committees developing projects. Individuals with experience in directing a work force, running a business, meeting payrolls and dealing with individuals in the work environment is desirable and should be considered.
 3. In no event should a nominee be considered or not be considered because of the nominee or potential nominee's age, sex, race, color, creed, religious beliefs or lack thereof.
- H. Upon up to, but not exceeding, ten (10) nominees being nominated by the Nominating Committee for consideration by the City Council or Fiscal Court, as the case may be, such nominees' names, addresses, telephone numbers, etc. and

the list of qualifications, together with the signed Conflict of Interest Statement shall be provided in writing to the City Council or Fiscal Court. The responsibility for so notifying is that of the Chief Executive Officer of the Hospital, who shall present the nominees and their documentation to the Mayor of the City of Murray or the Judge/Executive of the Fiscal Court, as the case may be.

SECTION 8: Special committees may be appointed by the chairperson, with the concurrence of the Board of Trustees, for such special tasks as circumstances warrant. A special committee shall limit its activities to the accomplishment of the task for which it is appointed and shall have no power to act except as specifically conferred by action of the Board of Trustees. Upon completion of the task for which appointed, such special committee shall stand discharged.

SECTION 9: The Chairperson of the Board of Trustees and the Chief Executive Officer of the Hospital shall serve as ex officio member of all committees of the Board of Trustees.

SECTION 10: All committees shall meet upon the call of the chairperson of the committee, who will, in all instances, attempt to give 24 hours notice of the meeting.

ARTICLE VI

ADMINISTRATION

The Board of Trustees shall select and appoint a Chief Executive Officer of the Hospital who shall be its representative in the management of the Hospital. The Chief Executive Officer of the Hospital shall be given the necessary authority and responsibility to operate the Hospital in all its activities and departments, subject only to such instructions, direction, directives and policies as may be issued by the Board of Trustees or by any of its committees to which it has

delegated power for such action. The president shall act as the duly authorized representative of the Board of Trustees in all matters in which the Board of Trustees has not formally designated some other person to act. The Chief Executive Officer shall possess the requisite authority and responsibility to implement, apply and enforce all policies established by the Board of Trustees and shall provide advice on the formation of these policies.

ARTICLE VII

MEDICAL STAFF

SECTION 1: Organization, Appointments and Hearings

- A. The Board of Trustees shall organize the physicians and appropriate other persons granted clinical privileges in the Hospital into a medical staff under Medical Staff bylaws approved by the Board of Trustees. The Board of Trustees shall consider recommendations of the medical staff and appoint to the medical staff, in numbers not exceeding the Hospital's needs, physicians and others who meet the qualifications for membership as set forth in the Medical Staff bylaws. Each member of the medical staff shall have appropriate authority and responsibility for the care of his/her patients, subject to such limitations as are contained in these bylaws and in the Medical Staff bylaws, rules and regulations and subject, further, to any limitations attached to his/her appointment.
- B. All applications for appointment/reappointment to the Medical Staff shall be submitted on the appropriate form that has been approved by the Credentials Committee and will include detailed information as outlined in the Medical Staff bylaws. All information shall be verified by the Medical Staff Coordinator before

forwarding to the Credentials Committee, which shall review and make recommendations for appointment/reappointment to the Board of Trustees.

- C. All appointments to the Medical Staff shall be for no more than two years, renewable by the Board of Trustees pursuant to the reappointment process as outlined in the Medical Staff bylaws. When an appointment is not to be renewed, or when privileges have been or are proposed to be reduced, altered, suspended or terminated, the staff member shall be afforded the opportunity for a hearing before the Medical Executive Committee, whose recommendation, if any, shall be considered by the Board of Trustees prior to taking final action. Such hearings in conformity with the Medical Staff bylaws shall be conducted under procedures that ensure due process and afford full opportunity for the presentation of all pertinent information.

SECTION 2: Medical Care and Its Evaluation

- A. The Board of Trustees shall, in the exercise of its overall responsibility, assign to the Medical Staff reasonable authority for ensuring the quality of care for the Hospital's patients.
- B. The Medical Staff shall conduct an ongoing review and appraisal of the quality of professional care rendered in the Hospital and shall report such activities and their results to the Board of Trustees.
- C. The Medical Staff shall make recommendations to the Board of Trustees concerning: (1) appointments; reappointments; and other changes in staff status; (2) the granting of clinical privileges; (3) disciplinary actions; (4) matters relating to professional competency; and (5) such specific matters as may be referred to it by the Board of Trustees.

- D. The Board of Trustees shall specifically retain the ability to prospectively and retrospectively review the credentials of members of the medical staff in order to evaluate the competency of professional acts, the conduct of health care personnel and compliance with the Medical Staff Bylaws.

SECTION 3: Medical Staff Bylaws

There shall be bylaws, rules and regulations for the Medical Staff that set forth its organization and government. Proposed bylaws, rules and regulations, as well as amendments thereto, should be recommended by the Medical Staff, subject to the approval of and ratification by the Board of Trustees. If the accreditation of the Hospital, the reimbursement of hospital costs, hospital or staff liability, or the legal status of the Hospital are, at any time, adversely effected by the failure of the Medical Staff to adopt appropriate amendments to the Medical Staff bylaws, rules and regulations within a reasonable period of time, the Board of Trustees shall have the right to resort to its own initiative in adopting such amendments upon thirty (30) days prior notice of such adoption to the Medical Staff and after at least one meeting has been called by the Board of Trustees to which all members of the Medical Staff have been invited to discuss the amendments. *(This language is wording suggested by Jerry Clousson, the attorney who reviewed the proposed Medical Staff Bylaws.)*

ARTICLE VIII

HOSPITAL AUXILIARY AND VOLUNTEERS

SECTION 1: Name, purpose, membership, powers and financial accountability.

- A. The Murray-Calloway County Public Hospital Corporation shall avail itself of a Murray-Calloway County Hospital Auxiliary, which shall be named "The Murray-Calloway County Hospital Auxiliary".
- B. The purpose of the Auxiliary shall be to promote and advance the welfare of the Hospital, its patients, its medical staff and others served by the Hospital, its agents, employees and medical staff.
- C. Membership in the Auxiliary shall be open to all adults who inquire in writing and who are approved for membership by the Membership Committee of the Auxiliary. Membership in the Auxiliary shall run from April 1 to March 31.
- D. The Hospital Auxiliary shall have all powers and rights to conduct its affairs, act on its membership, collect dues and redesignate from time to time the purposes and authority of the Auxiliary in implementing its missions set out under B above. The Auxiliary shall further have the authority to elect officers, appoint committees and assign such duties and powers to the officers and committees as are reasonable and necessary to effectuate the mission of the Auxiliary as set out in B above. The Auxiliary may enact bylaws that are reasonable and necessary to conduct the business of the Auxiliary and which bylaws shall not be effective until approved by the Murray-Calloway County Hospital Board of Trustees.
- E. The Hospital Auxiliary shall be accountable to the Murray-Calloway County Public Hospital Corporation for all gross receipts and net retained monies, and all of such net expenditures shall be in conformity with the mission of the Murray-Calloway County Public Hospital Corporation and shall be used for Hospital purposes.

SECTION 2: Volunteer services, utilization and direction.

- A. Volunteers shall either be assigned to the adult volunteer group or the teenage volunteer group, depending upon the age of the volunteer. Persons 18 years or older will be deemed adults, and all others teenagers for purposes of this program. Each volunteer service department shall define its purposes and objectives and shall have the authority to elect officers, appoint committees and conduct its activities in accord with policies and procedures approved by Murray-Calloway County Hospital Board of Trustees after recommendation by Hospital Administration.
- B. The director of the volunteer services department shall be charged with orientation, explanation and assignment of responsibility to all volunteers, and the director shall likewise maintain a list of each volunteer, and the volunteer's family status, education and background, motives of service, health or physical limitations, special talents or abilities of the volunteer, and all of which shall be implemented so as to provide the best advantages that the volunteer has to offer to the Murray-Calloway County Public Hospital Corporation and its patients.

ARTICLE IX

CONFLICTS OF INTEREST

SECTION 1: A conflict of interest transaction is a transaction with the Murray-Calloway County Public Hospital Corporation in which a Trustee of the Murray-Calloway County Public Hospital Corporation has a direct or indirect interest.

SECTION 2: A conflict of interest transaction shall not be voidable by the Murray-Calloway County Public Hospital Corporation solely because of the Trustee's interest in the transaction if any one of the following is true:

- A. The material facts of the transaction and the Trustee's interest were disclosed or known to the Board of Trustees or a committee of the Board of Trustees and the Board of Trustees or committees authorized, approved, or ratified the transaction, or
- B. The transaction was fair to the Murray-Calloway County Public Hospital Corporation.

SECTION 3: For purposes of this section, a Trustee of the Murray Calloway County Public Hospital Corporation shall be considered to have an indirect interest in a transaction if:

- A. Another entity in which he or she has a material financial interest or in which he or she is a general partner is a party to the transaction; or
- B. Another entity of which he or she is a director, officer, or trustee is a party to the transaction and the transaction is or should be considered by the Board of Trustees of the Murray-Calloway County Public Hospital Corporation.

SECTION 4: All Board members, appointees and those designated by virtue of their elected office, shall upon being seated on the Board and at least annually execute and deliver a signed sworn Trustee Disclosure Statement and present same to the Chief Executive Officer of the Hospital. The Chief Executive Officer of the Hospital shall provide to each and every Board member current signed and sworn disclosure statements as the same may be received. The Trustee Disclosure Statement or Statements shall be those previously approved by

the Board of Trustees and shall be in a form approved by the Board of Trustees. Conflicts disclosed or failure of a Trustee to deliver a Conflict of Interest Disclosure shall result in appropriate Board action.

ARTICLE X

AMENDMENTS

SECTION 1: These bylaws of the Murray-Calloway County Public Hospital Corporation shall be reviewed periodically and may be amended by affirmative vote of a two-thirds majority of the members present, to the exclusion of proxy, provided that a full presentation of such proposed amendments shall have been published in the notice calling the meeting. However, Article II of the Bylaws can only be amended after consent for such amendment has been obtained from the Fiscal Court of Calloway County and the City Council of the City of Murray.

The original bylaws of the Murray-Calloway County Public Hospital Corporation were adopted and approved at a regular meeting of the Board of Trustees on March 9, 1964, and were subsequently approved by concurrent action of the Calloway County Fiscal Court and the Common Council of the City of Murray, Kentucky. The First Amendment to these Bylaws was enacted in January 1972. The Second Amendment to these Bylaws was enacted March 16, 1978. The Third Amendment to these Bylaws was enacted September 21, 1982. The Fourth Amendment to these Bylaws was enacted after approval from the City Council of Murray, Kentucky, on February 16, 1989. The Fifth Amendment to these Bylaws was enacted July 20, 1989. The Sixth Amendment to these Bylaws was approved March 26, 1990. The Seventh Amendment to these Bylaws was enacted October 15, 1992. The Eighth Amendment to these

bylaws was approved January 21, 1993. The Ninth Amendment to these Bylaws was enacted after approval from the City Council of Murray, Kentucky, and from the Fiscal Court of Calloway County, Kentucky, on February 18, 1993. The Tenth Amendment to these bylaws was approved July 15, 1993. The Eleventh Amendment to these Bylaws was approved October 21, 1993. The Twelfth Amendment to these Bylaws was approved January 18, 1996. The Thirteenth Amendment to these Bylaws was approved February 15, 1996. The Fourteenth Amendment to these Bylaws was approved October 15, 1996. The Fifteenth Amendment to these Bylaws was approved August 23, 2000. The Sixteenth Amendment to these Bylaws was approved January 22, 2003. The Seventeenth Amendment to these Bylaws was approved April 23, 2003. The Eighteenth Amendment to these Bylaws was approved June 9, 2004. The consolidation of the original Bylaws with the first through the eighteenth amendments are incorporated herein and have been approved as a single document by the Board of Trustees of the Murray-Calloway County Public Hospital Corporation, this the 9th day of June, 2004.

SHARON FURCHES, Chairperson
Board of Trustees

DONALD HENRY, Secretary
Board of Trustees

HAVE READ, EXAMINED
AND CONFIRMED:

JON O'SHAUGHNESSY
Chief Executive Officer of the Hospital

APPENDIX
TO THE BYLAWS OF
MURRAY-CALLOWAY COUNTY PUBLIC HOSPITAL CORPORATION

ITEM A:

**RESOLUTION OF THE BOARD OF TRUSTEES ESTABLISHING
A POLICY ON CONFLICTS OF INTEREST**

WHEREAS, the proper governance of the Murray-Calloway County Hospital depends on Board of Trustees Members who will give up their time for the benefit of the institution; and

WHEREAS, the giving of this service, because of the varied interest and backgrounds of the Board of Trustees Members, may result in situations involving a dual interest that might be interpreted as conflict of interest; and

WHEREAS, the service should not be rendered impossible solely by reason of duality of interest or possible conflict of interest; and

WHEREAS, this service nevertheless carried with it a requirement of loyalty and fidelity to the institution served, it being the responsibility of the members of the Board to govern the institution's affairs honestly and economically, exercising their best care, skill, and judgment for the benefit of the institution; and

WHEREAS, the matter of any duality of interest or possible conflict of interest can best be handled through full disclosure of any such interest, together with noninvolvement in any vote wherein the interest is involved;

NOW, THEREFORE, be it resolved that the following policy on conflicts of interest is hereby adopted:

A. RESPONSIBILITIES OF LOYALTY AND FIDELITY

1. Board of Trustees Members should exercise good faith in all transactions touching upon their duties to the Hospital, its affairs, and its property. In their dealings with and on behalf of the Hospital, their judgments and determinations shall be guided by a rule of honest and fair dealings. They shall not use their positions, or knowledge gained there from, so that a conflict of interest might arise between the Hospital's interest and their own.

2. In dealings which materially affect the Hospital, the acts of Board of Trustees Members shall be for its protection and benefit.

3. No Board of Trustees Member shall accept compensation, gratuities, or favors which would influence their actions affecting the Hospital.

4. Board of Trustees Members shall disclose any employment, activity, investment, or other interest in which they may be involved and which may compete with or be in conflict with the interest of the Medical Center.

B. CONFLICT OF INTEREST DEFINED

KRS. 273.219, Conflict of Interest, states as follows:

“1. A conflict of interest transaction is a transaction with the nonprofit corporation in which a director of such corporation has a direct or indirect interest. A conflict of interest transaction shall not be voidable by the corporation solely because of the director's interest in the transaction if any one of the following is true:

“(a) The material facts of the transaction and the director's interest were disclosed or known to the Board of Directors or a committee of the Board of Directors and the Board of Directors or committee authorized, approved or ratified the transaction; or

“(b) The transaction was fair to the corporation.

"2. For purposes of this section, a director of a nonprofit corporation shall be considered to have an indirect interest in a transaction if:

"(a) Another entity in which he has a material financial interest or in which he is a general partner is a party to the transaction; or

"(b) Another entity of which he is a director, officer, or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors of the corporation.

C. REQUIREMENTS FOR DISCLOSURE

1. Any duality of interest or possible conflict of interest on the part of any Board of Trustees Member shall be disclosed to the other Members of the Board and made a matter of record, through an annual questionnaire which provides for such accounting and when the interest becomes a matter of Board action.

2. Any Board of Trustees Member having a duality of interest or possible conflict of interest on any matter should not vote or use his or her personal influence on the matter and should not be counted in determining the quorum for the meeting, even where permitted by law. The minutes of the meeting should reflect that a disclosure was made, the abstention from voting, and a quorum situation.

3. The foregoing requirements should not be construed as preventing the Board of Trustees Member from briefly stating his or her position in a the matter and from answering pertinent questions of other Board Members since his or her knowledge may be of great assistance.

BE IT FURTHER RESOLVED, that this policy be reviewed annually for the information and guidance of the Board of Trustees Members, and any new member be advised of the policy upon entering on the duties of his or her office.

BE IT FURTHER RESOLVED, that the Chief Executive Officer of the Hospital shall send a copy of this Resolution and a questionnaire to all members of the Board of Trustees which shall be completed and returned to him, the results of which shall be treated as confidential. This shall be conducted on an annual basis. The Chief Executive Officer of the Hospital shall submit a confidential report to the Board concerning any interest of Board of Trustees Members which, in the best interest of the Board of Trustees Member and the Hospital, should be disclosed.