

**BYLAWS
OF
KENTUCKY HEALTH COLLABORATIVE, INC.**

ARTICLE I: OFFICE

The Corporation shall have and continuously maintain in the State of Kentucky a registered office, and a registered agent whose office is identical with such registered office, as required by the Kentucky Revised Statute Chapter 273: Nonstock, Nonprofit Corporations. The registered office may be, but need not be identical with the principal office in the State of Kentucky, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II: MEMBERS

Section 2.1 Classes of Members. The Corporation shall have two (2) voting members namely, Norton Healthcare, Inc. and the University of Kentucky. The two voting members shall be designated as the "Corporate Members."

Section 2.2 Voting. Each Corporate Member shall be entitled to one vote on each matter submitted to a vote of the Corporate Members.

**ARTICLE III:
MEETING OF CORPORATE MEMBERS**

Section 3.1 Annual Meeting. There shall be an annual meeting of the Corporate Members of the Corporation at such time and place as determined by the Board of Directors for the purpose of appointing Directors and for such other matters as determined by the Board of Directors.

Section 3.2 Special Meeting. Special meetings of the Corporate Members may be called by the Chairperson/President, the Board of Directors, or one of the Corporate Members at such time and place as the Chairperson/President or the Board of Directors may prescribe.

Section 3.3 Notice of Meetings. Written or printed notices stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Chairperson/President, or the Secretary, or the officer or persons calling the meeting, to each Corporate Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Corporate Member at its address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 3.4 Informal Action by Corporate Members. Any action required by law to be taken at a meeting of the Corporate Members, or any action which may be taken at a meeting of Corporate Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Corporate Members entitled to vote with respect to the subject matter thereof.

Section 3.5 Manner of Acting. A unanimous vote by the Corporate Members at a meeting at which both are represented shall be necessary for the adoption of any matter to be voted upon by them.

ARTICLE IV: **BOARD OF DIRECTORS**

Section 4.1 General Powers. The duly elected or appointed Board of Directors shall have the control over, and policy management of, the affairs, business, property and funds of the Corporation. The Corporation through its Board of Directors shall be authorized to exercise the powers permitted nonprofit corporations under KRS Chapter 273: Nonstock, Nonprofit Corporations; provided, however, that the Corporation, in exercising any one or more of such powers shall do so only in furtherance of the exempt purposes for which it has been organized as described in Section 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986, as amended, and subject to the provisions of the Corporation's Articles of Incorporation.

Directors shall in no way permit their positions on the Board, in relation to their personal business, to conflict with the corporate activities, and each Director shall sign a statement, in a form to be adopted by the Board of Directors, whereby he or she shall agree to disclose, at any time and from time to time, all such conflicts. Where a conflict of interest exists or can reasonably be construed, such person shall not vote on, nor use his/her personal influence on, nor participate in the discussion or deliberations with respect to, such contract or transaction. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the abstention from voting and participation. Nothing shall prohibit any Director from serving as employee of one of the Corporate Members so long as such employment is disclosed and the Director shall disclose and avoid conflicts of interest.

Without limiting the generality of the foregoing, the following is a list of matters that are within the province of the Board:

A. It may receive gifts, devises, and bequests to any owned, leased or affiliated hospital, and gifts from donors otherwise indicating that such gifts are for the benefit of the Corporation, or for the benefit of any subsidiary corporations, which, unless otherwise directed by the donor, shall be applied to the furtherance of the general objectives of the Corporation. Endowments made for the benefit of a specific family shall be used for the division or subsidiary corporation operating that facility.

B. It may authorize the Chairperson/President, Vice-Chairperson, Secretary, Treasurer or Executive Director or any other person or persons on behalf of the Corporation to execute deeds, contracts, agreements, leases, mortgages, deeds of trust, bonds, notes, checks, drafts, and other obligations, papers or instruments necessary or expedient in carrying on the business of the Corporation.

C. It may form, control or have ownership or other participatory interests in nonstock, nonprofit companies, stock companies and for-profit companies, collectively referred to as "affiliated companies."

D. It may authorize the establishment of such auxiliary organizations as the Board deems appropriate.

E. It shall determine policy, identify and articulate the Corporation's vision, mission and goals.

F. It shall put policies and systems in place intending to ensure quality of care.

G. It shall set standards of performance for executive management intending to ensure high levels of performance.

H. It shall provide oversight required in order to attempt to ensure the Corporation's financial health.

I. Its approval shall be required in order to amend, alter, repeal or restate the Corporation's Articles of Incorporation or Bylaws; provided however, as provided herein, the Bylaws may not be amended, altered or repealed without the unanimous consent of the Corporate Members.

J. It shall approve Strategic Plans.

K. It shall approve Operational and Capital Budgets.

L. Its approval shall be required in order to adopt a plan of merger or plan of consolidation, authorize the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation, authorize the voluntary dissolution of the Corporation, adopt a plan for the distribution of the assets of the Corporation or any similar transaction, subject to the unanimous approval of the Corporate Members.

M. It must approve the acquisition of substantially all of the assets of another organization.

N. It must approve the appointment of an Executive Director.

Section 4.2 Number Qualification and Term. The number of Directors shall consist of no fewer than eight (8) nor more than twelve (12) individuals, with one-half (1/2) of the members appointed by the University of Kentucky ("U of K"), and one-half (1/2) of the members appointed by Norton Healthcare, Inc. ("Norton"); provided, however, that if an odd number of directors is selected then the additional member shall be jointly selected by the Corporate Members. Each director shall hold office for a term of three (3) years and until his or her successor shall have been duly appointed.

The criteria for Board membership shall be reviewed annually and approved by the Board of Directors. In selecting individuals for membership to the Board of Directors, the Board will focus on individuals who have high level executive or policy making experience within complex organizations or who can otherwise represent the interests of the community; have a willingness to be innovative in the design and operation of an effective integrated delivery system; are familiar with and have knowledge and experience in academic medicine and the operation of a contemporary school of medicine; are willing to put aside parochial interest and serve as an individual capacity; are willing to pledge their experience and expertise to the success of the Corporation as a whole; and share a personal commitment which is in congruence with the values of the Corporation.

At least twenty-five percent (25%) of the Board of Directors shall be financially disinterested. "Financially disinterested" means the individual has not received nor is entitled to receive compensation, directly or indirectly, from the Corporation for services rendered to it within the previous twelve (12) months, whether as a full or part-time employee, independent contractor, consultant or otherwise, excluding any reasonable payments, if any, made to Directors for serving as Directors.

The initial Board of Directors shall consist of those individuals stated in the Articles of Incorporation and they shall serve until their term expires or they resign or are removed, if sooner.

Section 4.3 Resignation, Removal and Vacancies. Any Director may, by written instrument, resign his or her office. A Director may be removed for any reason, with or without cause, by the Corporate Member who appointed him or her. Successor Directors shall be appointed by the Corporate Member who appointed him or her.

Section 4.4 Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors a fixed sum for expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; but nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefore.

ARTICLE V: **MEETINGS OF BOARD OF DIRECTORS**

Section 5.1 Annual Meeting. An annual meeting of the Board of Directors will be held at such time and place as determined by the Chairperson/President.

Section 5.2 Special Meeting. Special meetings of the Board of Directors may be held at any place, at any time, whenever called by the Chairperson/President or any three (3) Directors.

Section 5.3 Notice of Meeting. Notice of the time and place of the annual meeting or any special meetings of the Board of Directors shall be given by the Secretary, or by the person or persons calling the meeting, by mail, telegram, or by personal communication over the telephone or otherwise, at least ten (10) days prior to the date on which the meeting is to be held.. Neither the business to be transacted nor the purpose of any meeting of the Board of Directors need be specified in the notice or any waiver of notice of such meeting. Any director may execute a waiver of notice either before or after any meeting, and in that event no notice need be given such director.

Section 5.4 Quorum. Two-thirds of the Directors then in office shall constitute a quorum for the transaction of any business at any meeting of the Board of Directors unless these Bylaws provide for a greater number.

Section 5.5 Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors; provided, however, that a vote of a two-thirds (2/3) majority of all the Directors shall be required for the following:

- A. To borrow money and give mortgages, guarantees or pledges not exceeding Five Hundred Thousand Dollars (\$500,000.00);
- B. To enter into any contractual arrangement for the provision of managed health care services offered through the Corporation;
- C. Hiring of the Executive Director of the Corporation; and
- D. Leases.

In addition to the approval of a two-thirds (2/3) majority of all the Directors, the written approval of both Corporate Members as evidenced by resolution of their respective Boards of Directors shall be required for the following:

- A. To amend or repeal the Articles of Incorporation or these Bylaws;
- B. To approve any merger, consolidation or sale of assets not in the usual course of business;
- C. To dissolve and liquidate; and
- D. To borrow money and give mortgages, guarantees or pledges in excess of Five Hundred Thousand Dollars (\$500,000.00).

Section 5.6 Informal Action by Directors. Any corporate action required or permitted by the Articles of Incorporation or Bylaws, or by the laws of the Commonwealth of Kentucky, to be taken at a meeting of the Directors, may be taken without a meeting if a consent, in writing, setting forth the action to be taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote and may be described as such.

Section 5.7 Action By Telephone Conference. One or more members of the Board of Directors may participate in any meeting by means of conference telephone or similar communications equipment in which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence of persons at such meeting.

Section 5.8 Unanimous Written Consent. Any corporate action required or permitted by the Articles of Incorporation, by these Bylaws, or by the laws of the Commonwealth of Kentucky, to be taken at an annual, regular or special meeting of the Directors, also may be taken without a meeting if a consent, in writing, setting for the action so taken, shall be signed by all the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Directors for all purposes.

Section 5.9 Attendance. All members of the Board of Directors and its Committees shall be expected to attend at least fifty percent (50%) of all regular and special meetings. Failure to fulfill this requirement shall be consideration for continued membership.

ARTICLE VI: OFFICERS

Section 6.1 Officers. The officers of the Corporation shall consist of a Chairperson/President, Executive Director, one or more Vice Chairpersons, Secretary, Treasurer and such other officers and assistant officers as may be deemed necessary by the Board of Directors.

A. Executive Director. The Executive Director shall be the Board of Directors' direct executive representative in the management of the Corporation and of any subsidiary corporations. Such position shall be generally referred to as the Executive Director unless otherwise designated by the Board of Directors. At all times the title shall include the term "Executive Director." The Executive Director shall possess an advanced degree in health services administration or its equivalency as determined by the Board of Directors, and have at least ten (10) years' experience in health care management, including at least five (5) years in an executive position in a health care system. As Executive Director, he or she shall be given the necessary authority and responsibility to operate the Corporation in all its activities and departments, subject only to such policies as may be adopted and such orders as may be issued by the Board of Directors or by any of its committees to which it has delegated power for such action. The Executive Director shall act as the duly authorized representative of the Board of Directors in all matters in which the Board has not formally designated some other person to act. The Executive Director also shall be responsible for the recruitment and/or retention of other key management personnel. He or she shall be responsible only to the Board of Directors for the

proper performance of his/her duties. The Board shall designate a mechanism for monitoring the Executive Director's performance on an annual basis.

B. Chairperson/President. The Chairperson/President shall preside at all meetings of the Corporation and of the Board of Directors at which he/she may be present; shall perform such other duties as may be prescribed by these Bylaws or assigned to him/her by the Board of Directors and shall coordinate the work of the officers and committees of the Corporation in order that the purposes may be promoted.

C. Vice Chairperson. The Vice Chairperson shall act as an aid to the Chairperson/President and shall perform the duties of the Chairperson/President in the absence or disability of that officer to act. He/she shall carry out such additional duties as may be assigned to him/her by the Chairperson/President or the Board of Directors.

D. Secretary. The Secretary shall be responsible for: (a) issuing notices of all quarterly and special meetings of the Board of Directors; (b) receiving and attending to all correspondence of the Board of Directors; (c) seeing that detailed minutes are kept of all meetings; (d) maintaining custody of all documents belonging to the Corporation; and (e) performing such other duties as usually pertain to such office.

E. Treasurer. The Treasurer shall have charge of all funds of the Corporation. Acting with the Chairperson/President and Executive Director, he or she shall see that a true and accurate accounting of all financial transactions of the Corporation is made and that reports of such transactions are presented to the Board of Directors. The offices of Secretary and Treasurer may be combined in (1) person.

Section 6.2 Other Officers. The Board of Directors may, from time to time, appoint such other executive officers and agents as it shall deem necessary or appropriate, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. Such other Executive Officers shall have responsibilities as may be specifically designated by the Board or the Executive Director.

Section 6.3 Election. The officers of the Corporation shall be appointed by the Board of Directors at its annual meeting. Officers shall serve two-year (2) terms and until their successors are appointed and qualified or until their sooner resignation or removal. There shall be no limit on the number of consecutive terms which officers may serve.

Section 6.4 Removal. An officers of the Corporation shall hold office at the pleasure of the Board. Any officer may be removed by the Board of Directors at any time with or without cause. The removal of an officer shall be without prejudice to the officer's contract rights, if any, provided that appointment of an officer shall not in and of itself create contract rights.

Section 6.5 Resignation. Any officer, other than the Chairperson/President, may resign by written notice to the Executive Director of the Corporation. The resignation is effective upon its receipt by the Executive Director or at a subsequent time specified in the notice

of resignation. The Chairperson/President may resign by written notice to the Board of Directors.

Section 6.6 Vacancies. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, shall be filled by the Board of Directors by the election of an individual at a duly called meeting to service until the next annual meeting of the Board.

Section 6.7 Compensation. The compensation, if any, for each officer of the Corporation for his or her services to the Corporation as an officer shall be approved and fixed by the Board of Directors of the Corporation.

ARTICLE VII: COMMITTEES

Section 7.1 Committees of Directors. The Board of Directors, by resolution adopted by a majority of Directors in office, may designate and appoint an Executive Committee or such other committees, each of which shall consist of two or more Directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the Corporation, except that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws; electing, appointment or removing any member of any such committee or any Director or officers of the Corporation; amending the Articles of Incorporation; restating Articles of Incorporation; adopting a plan of consolidation with any corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings therefor, adopting a plan for the distribution of the assets of the Corporation; or amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him or her by law.

Section 7.2 Term of Office. Each member of a committee shall continue as such until the next annual meeting of the Board of Directors and until his or her successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section 7.3 Chairperson. One member of each committee shall be appointed chairperson by the Chairperson/President.

Section 7.4 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 7.5 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at the meeting at which quorum is present shall be the act of the committee.

Section 7.6 Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

ARTICLE VIII: INDEMNIFICATION

Section 8.1 General. The Corporation shall indemnify, to the fullest extent authorized or permitted by state law, any person (and such person's heirs and legal representatives) who is made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative), whether formal or informal, by reason of the fact that such person is or was a Director, officer or administrative officer (for purposes of this Article, "administrative officer" shall mean any person designated as a vice president of the Corporation, with responsibility for an administrative department and reporting directly to any corporate officer) of the Corporation, or such person is or was serving on any formally constituted advisory body or voluntary committee of the Corporation or the Board of Directors, or any such person is or was serving at the request of the Corporation as a director, member, partner, officer or Director of any other corporation, partnership, joint venture, trust, association or any other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by the person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe that the conduct was unlawful.

Section 8.2 No Presumption. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea by *nolo contendere*, or its equivalent, shall not, in and of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in, or not opposed to, the best interests of the Corporation, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 8.3 Defense by Corporation. The Corporation shall fulfill its responsibility hereunder by providing, or offering to provide, such indemnified person with a defense and agreeing to pay the costs thereof. The indemnified person shall cooperate with the conduct of the defense by the Corporation and legal counsel retained by it for such purposes. Costs or expenses incurred by the indemnified person in obtaining separate counsel, or other independent arrangements, shall be such person's sole responsibility.

Section 8.4 Success on the Merits. To the extent that a Trustee, officer, administrative officer, advisory board member, voluntary committee member, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in this Article 8, or in defense of any claim, issue or matter herein, such person shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by such person in connection therewith.

Section 8.5 Standard of Conduct Determination. Any indemnification under this Article 8, unless ordered by a court, shall be made by the Corporation only as authorized in the

specific case upon a determination that indemnification of the applicable person is proper in the circumstances because the person has met the applicable standard of conduct set forth in this Article 8. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of Directors with voting power who are not parties to such action, suit or proceeding or if such quorum is not obtainable, or even if obtainable and a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.

Section 8.6 Expenses Paid in Advance. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the manner provided for under Section 8.6, upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount unless it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation, as authorized in this Article 8.

Section 8.7 Non-Exclusive; Survival. The indemnification provided by this Article 8 shall not be deemed exclusive of any other rights to which those indemnified may be entitled under the Articles of Incorporation, these Bylaws, or any agreement, or vote of disinterested Directors or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office, and shall continue as to any person who has ceased to hold the position for which such person is entitled to be indemnified hereunder, and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 8.8 Liability Insurance.

A. The Corporation shall have the power to purchase and maintain liability insurance on behalf of any person who is or was a Director, officer, administrative officer, advisory board or voluntary committee member, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a Director, officer, member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any liability asserted against such person and incurred by the person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under this Article 8.

B. Notwithstanding the foregoing provisions of this Article 8, the indemnification provided to any person described above shall be only in excess of any valid and collectible insurance, or other source of indemnification available for the benefit of such person, including any benefit available under any insurance or self-insurance plan of the Corporation, and no rights of subrogation are intended to be created hereby.

ARTICLE IX: **GENERAL PROVISIONS**

Section 9.1 Books and Records. The Corporation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its Board of Directors and committees having authority from the Board of Directors.

Section 9.2 Fiscal Year. The fiscal year of the Corporation shall end on December 31, or such other date as shall be fixed from time to time by resolution of the Board of Directors.

Section 9.3 Political and Lobbying Activity. The Corporation and the Board shall not engage in or use corporate resources to further any individual political campaign or provide similar assistance and any effort to influence local, state or federal government in the resolution of any particular issue.

ARTICLE X: **CONFLICTS OF INTEREST POLICY**

Section 10.1 Purpose. The purpose of this conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Director of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Section 10.2 Definitions.

A. Interested Person. Any Director, principal officer, or member of a committee with Board-delegated powers that has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity in the healthcare system of which the Corporation is a part, he or she is an interested person with respect to all entities in the healthcare system.

B. Financial interest.

(i) A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

(a) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or

(b) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or

(c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

(ii) Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

(iii) A financial interest is not necessarily a conflict of interest. Under Section 12.3(B), a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

Section 10.3 Procedures.

A. Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the Directors and members of committees with Board-delegated powers considering the proposed transaction or arrangement.

B. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

C. Procedures for Addressing the Conflict of Interest.

(i) An interested person may make a presentation at the Board of Directors or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

(ii) The Chairperson/President of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(iii) After exercising due diligence, the Board of Directors or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

(iv) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

D. Violations of the Conflicts of Interest Policy.

(i) If the Board of Directors or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(ii) If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has, in fact, failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 10.4 Records of Proceedings. The minutes of the Board of Directors and all committees with Board-delegated powers shall contain:

A. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

B. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Section 10.5 Compensation.

A. A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that Director's compensation.

B. A physician who is a voting member of the Board of Directors and receives compensation, directly or indirectly, from the Corporation for services is precluded from discussing and voting on matters pertaining to that Director's and other physicians' compensation. No physician or physician Director, either individually or collectively, is prohibited from providing information to the Board regarding physician compensation.

C. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

D. Physicians who receive compensation, directly or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

Section 10.6 Annual Statements. Each Director, principal officer and member of a committee with Board-delegated powers shall annually sign a statement that affirms that such person:

A. Has received a copy of the conflicts of interest policy;

B. Has read and understands the policy;

C. Has agreed to comply with the policy; and

D. Understands that the Corporation is a charitable organization and that, in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Section 10.7 Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

A. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.

B. Whether acquisitions of physician practices and other provider services result in inurement or impermissible private benefit.

C. Whether partnership and joint venture arrangements and arrangements with management service organizations and physician hospital organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

D. Whether agreements to provide healthcare and agreements with other healthcare providers, employees, and third-party payors further the Corporation's charitable purposes and do not result in inurement or impermissible "private benefit."

Section 10.8 Use of Outside Experts. In conducting the periodic reviews provided for in Section 10.7, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE XI: **CONTRACTS, LOANS, CHECKS, DEPOSITS**

Section 11.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 11.2 Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such

determination by the Board of Directors, such instruments shall be signed by the Treasurer and countersigned by the Chairperson/President of the Corporation.

Section 11.3 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

Section 11.4 Gifts. The Board of Directors may accept on behalf of the Corporation any gift, bequest or devise for the general purposes or for any special purposes of the Corporation.

Section 11.5 Loans Prohibited. No loans shall be made by the Corporation to any officer or to any Director.

ARTICLE XII: PROGRAM DEADLOCK

The Corporate Members have determined only to conduct programs that are mutually satisfactory. Accordingly, if either Corporate Member, through its appointed Directors, proposes at a properly called or regularly scheduled meeting of said Directors that a program be discontinued and the Directors appointed by the other Corporate Member fail to vote for discontinuance, resulting in a deadlock on the issue at two meetings of said Board of Directors conducted at least ninety (90) days apart, the program shall be discontinued by the Corporation within one hundred eighty (180) days of the second vote of the Directors. Nothing in this Article shall preclude a Corporate Member from continuing the program on its own.

ARTICLE XIII: BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors. All books and records of the Corporation may be inspected by any Director, or his or her agent or attorney, for any proper purpose at any reasonable time.

ARTICLE XIV: FISCAL YEAR

The fiscal year of the Corporation shall end on December 31.

ARTICLE XV: AMENDMENT TO BYLAWS

These Bylaws shall be reviewed at least every two (2) years. These bylaws may be amended by the affirmative vote of not less than a majority of the Directors present at any regular or special meeting of the Board of Directors at which there is a quorum, provided a full presentation of such proposed amendments shall have been published in the notice calling the

meeting, and so long as the Bylaws as amended are not inconsistent with the provisions of the Articles of Incorporation. In addition to the affirmative vote of Directors, as above provided, the unanimous consent of the Corporate Members is required.

ARTICLE XVI:
WAIVER OF NOTICE

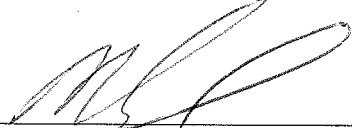
Whenever any notice is required to be given under the provisions of the Kentucky Revised Statute Chapter 273: Nonstock, NonProfit Corporations or under the provisions of the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XVII: GENDER

All pronouns shall be deemed to refer to the masculine, feminine, singular, and plural, as the identity of the person or persons may require.

DATED this 15th day of February, 2012.

Name: _____


Michael W. Gough

Title: Secretary