

**BYLAWS OF
UNIVERSITY HOSPITAL
NEWARK, NEW JERSEY**

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**BYLAWS OF
UNIVERSITY HOSPITAL
NEWARK, NEW JERSEY**

**ARTICLE I
Purposes and Powers**

Section 1. Purposes and Powers, Generally. The principal purposes and powers of University Hospital (the “Hospital”) are:

(a) All purposes and powers set forth in the New Jersey Medical and Health Sciences Education and Restructuring Act, P. L. 2012, c. 45 (N.J.S.A. 18A:64G-6.1 *et seq.*) (the “Restructuring Act”);

(b) The power to do all other acts necessary or appropriate for administration of the affairs and attainment of the Hospital’s mission and purposes;

(c) To act in accordance with the spirit and intent of the *Agreements Reached Between Community and Government Negotiators Regarding New Jersey College of Medicine and Dentistry and Related Matters of April 30, 1968*; and

(d) To have and exercise all rights and powers conferred on nonprofit corporations under the laws of the State of New Jersey, including the New Jersey Nonprofit Corporation Act (N.J.S.A. 15A:1-1 *et seq.*) (the “Nonprofit Law”), as now in effect or as later amended, but in all cases subject to the Restructuring Act.

(e) To serve as New Jersey’s public academic health center, providing exceptional care to its patients.

Section 2. Specific Purposes. The Hospital is dedicated to the delivery of quality healthcare in its service area through effective patient care, education, research, and community service. As the principal teaching facility for the Newark based schools of the Rutgers School of Biomedical and Health Sciences and any other medical education programs located in Newark, the Hospital is the center of referral for many of the State’s most advanced medical services and specialty care programs. The purpose for which the Hospital exists include, by way of example and not limitation:

(a) The operation of a general acute care facility and Level I Trauma Center;

(b) To serve as a safety-net hospital for the residents of the city of Newark and surrounding communities; and

(c) The purchase, lease and improvement of such real and personal property as may be necessary and desirable for the purposes of the Hospital and related uses.

**ARTICLE II
General Provisions**

Section 1. Principal Office. The principal office of the Hospital shall be located at 150 Bergen Street, Newark, New Jersey 07101.

Section 2. Hospital Records. The records of the Hospital shall be available for public inspection at its principal office in accordance with applicable law.

Section 3. Fiscal Year. The Hospital shall operate on a fiscal year commencing on the first of July and concluding on the thirtieth of June of the following calendar year.

ARTICLE III
Board of Directors

Section 1. General Powers and Responsibilities.

(a) Except as otherwise provided by law or these Bylaws, the management, supervision and administration of the Hospital, including the patient care facilities owned, leased or otherwise controlled by the Hospital, shall be exercised by and under the direction of the Board of Directors. Consistent with the requirements of the Restructuring Act and these Bylaws, the Board of Directors may delegate the management of the Hospital to any person or persons, management company or committee however composed, provided that the affairs of the Hospital shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Directors.

(b) The powers and responsibilities of the Board of Directors shall include:

- i. To exercise general oversight over the affairs of the Hospital to ensure the fulfillment of its mission;
- ii. To direct and control expenditures of Hospital funds, and as to funds received from other sources, direct and control expenditures and transfers in accordance with the terms of any applicable trusts, gifts, bequests or other special provisions. All accounts of the Hospital shall be subject to audit by the State;
- iii. To approve the borrowing of money;
- iv. To approve contracts with the State or federal government, or any individual, firm or corporation;
- v. Solicit and accept grant moneys or contributions, or adopt rules for the approval of such acceptance;
- vi. Acquire, own, lease, dispose of, use, and operate property, subject to the requirements of N.J.S.A. 18A:64G-6.1d;
- vii. To approve the initiation of litigation, other than with respect to collection matters and ordinary course disputes;
- viii. Enter into a contract or other agreement with a nonprofit corporation operating one or more hospitals in New Jersey to operate and manage or assist in the operation and management of the Hospital, subject to the requirements of N.J.S.A. 18A:64G-6.1e;
- ix. Be responsible for the maintenance of the standards of medical care, safety and professionalism at the Hospital in accordance with all applicable laws and accrediting bodies, including The Joint Commission;

- x. Maintain an Internet website for the Board of Directors in accordance with N.J.S.A. 18A:64G-6.1f;
- xi. Prepare and submit an annual request for appropriation to the Division of Budget and Accounting in the New Jersey Department of Treasury;
- xii. Appoint and fix the compensation and terms of office of the Chief Executive Officer of the Hospital, and appoint, upon nomination of the Chief Executive Officer and following his or her consultation, a General Counsel who shall serve as Corporate Secretary;
- xiii. Invest monies in such obligations, securities, and other instruments as the Board of Directors shall deem prudent in accordance with State and federal law;
- xiv. Authorize any new program, department, or service that is consistent with the programmatic mission of the Hospital;
- xv. Function as a public employer under the “New Jersey Employer Employee Relations Act,” P.L. 1968, c. 303 (C.34:13A-1 *et seq.*), including conducting all labor negotiations and acting as the chief spokesperson with respect to all matters under negotiation;
- xvi. Retain independent counsel, except for medical malpractice claims arising at the Hospital in which the Hospital shall be represented by the Attorney General of the State of New Jersey or his/her designee;
- xvii. Retain an independent auditor consistent with applicable law and best practice to examine the Hospital’s financial statements and provide a written report that contains an opinion as to whether the financial statements are fairly stated and comply in all material respects to the applicable audit standards;
- xviii. Participate as the general partner or as a limited partner, either directly or through a subsidiary hospital created by the Hospital, in limited partnerships, general partnerships, or joint ventures engaged in the development of health care services and create or form for profit or not for profit hospitals to engage in such activities; provided that any such participation shall be consistent with the mission of the Hospital and the Board of Directors shall have determined that such participation is prudent. Such action will not disturb the tax-exempt status of any bonds issued to finance the Hospital or the tax qualified status of the State’s pension and health benefit systems;
- xix. Procure and enter into contracts for any type and levels of usual and customary insurance necessary and desirable for the conduct of the Hospital’s mission and purpose; and
- xx. All such other powers granted or implied by the Restructuring Act or by any other law to enable the Hospital to perform its mission under the Restructuring Act.

Section 2. Members and Terms of Membership.

(a) In accordance with N.J.S.A. 18A:64G-6.1, the Board of Directors shall have thirteen (13) members (each, a “Member”), who shall be, or are, appointed, as follows:

- i. The Dean of New Jersey Medical School (serving *ex officio*);
- ii. The Dean of New Jersey Dental School (also known hereafter as the Rutgers School of Dental Medicine) (serving *ex officio*);
- iii. The President of Rutgers, The State University(serving *ex officio*);
- iv. The Chancellor of the School of Biomedical and Health Sciences of Rutgers University (serving *ex officio*);
- v. The Mayor of the City of Newark (serving *ex officio*); and
- vi. Eight (8) public Members:
 - 1. Seven (7) of whom shall be appointed by the Governor, with the advice and consent of the Senate, each for a term of five (5) years, with one (1) of such Members being a resident of the City of Newark; and
 - 2. One (1) of whom shall be appointed by the Governor, without the advice and consent of the Senate, and shall have experience in a health care field such as medicine, dentistry, pharmacology, nursing, physical or occupational therapy, or experience in a hospital management field such as finance, planning, human resources, research or population health.

(b) All Members, including all Members who serve by virtue of their offices (i.e., *ex officio* Members) shall have one (1) vote on all matters presented to the Board of Directors for consideration.

(c) A Member serving *ex officio* may designate an individual to represent him or her at meetings of the Board of Directors, including but not limited to any Committee meetings. Such designee may lawfully vote and otherwise act on behalf of such Member, provided that such designation shall be in writing and delivered to the Board of Directors or Corporate Secretary in advance of any meeting at which the designee shall be in attendance. A designation, if so specified, may continue in effect until written notice of revocation is delivered to the Board of Directors or Corporate Secretary.

Section 3. Vacancies. Any vacancies in the membership of the Board of Directors occurring other than by natural expiration of a Member's term shall be filled in the same manner as the original appointment, *provided, however*, that such replacement shall serve only for the remaining balance of the term of the Member whose resignation or departure created the vacancy.

Section 4. Board Management.

(a) The Governor of the State of New Jersey shall designate one of the members as chairperson (the “Chairperson”) of the Board of Directors. The Board of Directors shall select a vice-chairperson from among themselves.

(b) The Chairperson and vice-chairperson may resign such offices at any time, upon written notice to the Board of Directors specifying the date of resignation. Resignation from such office shall not automatically include resignation from the Board unless so specified.

(c) The vice-chairperson may be removed from such position at any time, with or without cause, by the majority vote of the Board of Directors. Notwithstanding such removal as officer, the individual shall continue as a Director.

(d) The Chairperson shall preside at all meetings of the Board of Directors. Subject to the direction and control of the Board of Directors, he or she shall oversee the authority and performance of the Chief Executive Officer and shall perform such other duties and services as may be prescribed from time to time by the Board of Directors.

(e) The vice-chairperson of the Board of Directors shall, in the event of the absence or inability of the Chairperson to exercise his or her office, act in the Chairperson’s stead, with all the rights, privileges, and powers of the Chairperson of the Board of Directors.

Section 5. Oath of Office. Each Member, before entering upon his or her duties, shall take and subscribe an oath to perform the duties of his or her office faithfully, impartially, and justly, and to the best of his or her ability. A record of such oath shall be filed in the office of the Secretary of State.

Section 6. Removal. Each Member may be removed from office by the Governor, for cause, after a public hearing.

Section 7. Meetings. All meetings of the Board of Directors at which there is a quorum in attendance shall be conducted in conformance with the Senator Byron M. Baer Open Public Meetings Act, N.J.S.A. 10:4-6 *et seq.* (hereinafter, the “OPMA”), providing the public an opportunity to hear discussion, except with respect to those matters subject to an exception pursuant to N.J.S.A. 10:4-12(b), including matters relating to the initial appointment, renewal, and discipline of members of the Medical Staff.

(a) Regular Meetings.

- i. Regular meetings of the Board of Directors shall be held within the State of New Jersey at such times and at such places as the Board of Directors shall fix.
- ii. No notice to Members shall be required of any regular meeting of the Board of Directors and, if given, need not specify the purpose of the meeting; *provided, however*, that in case the Board of Directors shall fix or change the time or place of any regular meeting when such time and place was fixed before such change, notice of such action shall be given to each Member who shall not have been present at the meeting at which such action was taken within the time limited, and in the manner set forth in

these Bylaws with respect to special meetings, unless such notice shall be waived in the manner set forth in these Bylaws.

(b) Special Meetings.

- i. Special meetings of the Board of Directors shall be held at such time and place as may be specified in the respective notices or waivers of notice thereof. Such notices or waivers of notice thereof shall also specify, to the extent known, the agenda for such special meeting.
- ii. Written notice of special meetings shall be sent via electronic mail directly to each Member, or shall be delivered to him or her personally, or given to him or her orally, at least forty-eight (48) hours prior to the time at which the meeting is to be held, to the extent practical.
- iii. Notice of any special meeting shall not be required to be given to any Member who shall attend such meeting without protesting prior thereto or at its commencement, the lack of notice to him or her, or who submits a signed waiver of notice, whether before or after the meeting.

(c) Quorum.

- i. A majority of the Members appointed as of the day of meeting shall constitute a quorum and shall be necessary to conduct the business of the Board of Directors. No vacancy in the Board of Directors shall impair the right of a quorum to exercise all the powers and perform all the duties of the Board of Directors.
- ii. A majority of the Members present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice, whether or not a quorum exists.
- iii. All Members may participate in a meeting of the Board of Directors by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting, including the public when required, to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

(d) Executive Session.

- i. At any regular or special meeting of the Board of Directors, the Members may, by resolution, close the meeting to the public to meet in executive session as authorized by the OPMA.
- ii. Any resolution to meet in executive session shall state as precisely as possible the time and the circumstances under which the discussions conducted in executive session can be disclosed to the public.

(e) Minutes. Minutes of all meetings, including executive sessions, shall be kept showing the time, place, members present, subjects considered, actions taken, votes of each Member, and any other information required to be shown in the minutes by law, and shall be promptly made available to the public, except as otherwise provided by law.

(f) Action of the Board. Any action approved by a majority of all of the Members at any meeting of the Board of Directors at which a quorum is present shall be the act of the Board of Directors.

(g) Rules of Order. The Board of Directors may make such rules and regulations covering its meetings as it may, in its reasonable discretion, determine to be necessary, including rules and regulations covering the activities of Committees described herein.

(h) Notice.

- i. No later than January 10th of every year, the Board of Directors shall publish a schedule of its regular meetings to be held by the Board of Directors during the year. Said schedule shall be posted and made available to the public in accordance with the OPMA and the Restructuring Act.
- ii. Notice of special meetings shall be posted and made available to the public in accordance with the terms of the OPMA and the Restructuring Act.

Section 8. Appointment of Committees.

(a) The Board of Directors shall have the power to appoint and regulate the duties, functions, powers and procedures of committees, standing or special, from among the Members and such advisory committees or bodies, as it may deem necessary or conducive to the efficient management and operation of the Hospital, consistent with applicable statutes of the State of New Jersey and these bylaws.

(b) Except as otherwise expressly set forth in Article IV below, the Chairperson shall appoint the members and chairpersons of all standing committees. Such appointments shall be announced at a meeting of the Board of Directors and shall be recorded in the minutes of such meeting.

(c) The Board of Directors shall have the power to establish any and all committees which it deems appropriate to carry out its duties and obligations. The bylaws, rules, and regulations of all such bodies shall be subject to approval by the Board of Directors. Any authority delegated by the Board of Directors to such bodies shall be subject to the Board of Directors' right to rescind any such delegation at any time. For the avoidance of doubt, no committee shall make, alter or repeal any bylaw of the Hospital or amend or repeal any resolution previously adopted by the Board of Directors.

(d) A special committee shall be appointed to evaluate any transaction contemplated under N.J.S.A. 18A:64G-6.1e, and/or any material modification of any agreement entered into

pursuant to N.J.S.A. 18A:64G-6.1e, and/or the performance of any entity or person retained by the Hospital pursuant to N.J.S.A. 18A:64G-6.1e. In addition to other reasonable criteria used in its evaluation of contemplated transactions, the special committee shall also consider the impact of a transaction upon:

- i. The tax qualified status of the Hospital's pension and other employee benefit plans;
- ii. The tax exempt status of any bonds issued to support the Hospital and its operations; and
- iii. The status of the Hospital's employees as public employees.

The foregoing special committee shall consist of five (5) Members, of whom two (2), but only two (2), shall be two (2) of the five (5) *ex officio* Members. The other three (3) Members of this special committee shall be selected from among the seven (7) public Members appointed by the Governor.

(e) The powers set forth in this Section 8 may be exercised by resolution without requiring an amendment to the Bylaws.

Section 9. Compensation. Members shall not receive compensation for their services. Notwithstanding the foregoing, each Member shall be reimbursed for his or her actual expenses incurred in the performance of his or her duties as a Member.

ARTICLE IV **STANDING COMMITTEES**

Section 1. General Rules Governing Committees.

(a) Quorum. A majority of the Members of a standing committee of the Board of Directors appointed as of the day of a scheduled meeting shall constitute a quorum and shall be necessary for such committee to act within its duties and powers. A majority of the Members of a standing committee present at the time and place of a scheduled meeting, although less than a quorum, may adjourn the same from time to time without notice, whether or not a quorum exists. A Member of the Board of Directors who is not a member of the standing committee may not attend a meeting of a standing committee unless invited to do so by the chair of the committee and, in the case of such attendance, such Member shall not be counted towards the quorum of the standing committee. For the avoidance of doubt, a quorum shall not be required for a committee to consider and make recommendations to the Board of Directors.

(b) Membership and Meetings. All standing committees shall be comprised of at least three (3) members of the Board of Directors, and shall be designated by the Chairperson of the Board. Committees shall meet at least once prior to every scheduled meeting of the Board, and in no instance less than quarterly. Notice of all committee meetings shall be provided at least forty-eight (48) hours in advance

containing the time, date, location and agenda of the meeting, to the extent known.

(c) Minutes. Minutes shall be kept of all committee meetings, and shall be presented to the Board of Directors for review.

(d) Actions of a Standing Committee. Any action approved by a majority of all of the Members of a standing committee at any meeting of the standing committee at which a quorum is present shall be the act of the standing committee. Any action required or permitted to be taken by a standing committee may be taken without a meeting if all of the members of the standing committee consent in writing to the adoption of a resolution authorizing such action.

(e) Ex officio Members of Standing Committees. The President of the Hospital shall serve on all standing committees, *ex officio* and without vote.

(f) Other Members of Standing Committees. The Board of Directors, by majority vote, may appoint individuals from the Hospital's management, the Medical Staff, and the community to the standing committees where they shall serve without vote.

Section 2. Executive Committee.

(a) Committee Administration. The Chairperson of the Board shall serve as the Chair of the Executive Committee. The Chair of each standing committee shall serve as a member of the Executive Committee.

(b) Duties and Powers. Generally, the Executive Committee shall be responsible for all matters relating to the organization and governance of the Hospital. It shall perform the traditional duties of an executive committee and such duties as are assigned to it by the Board of Directors. Subject to ratification by the Board of Directors, when necessary and in the best interest of the Hospital, the Executive Committee shall act on behalf of the Board of Directors between the Board of Directors' regular meetings and shall review and make recommendations to the Board of Directors on issues involving ethics, strategic planning, initiatives and programs, external affairs, community relations development, compensation and senior management employment matters. In addition, the Executive Committee shall be responsible for reviewing, monitoring, and providing direction to the General Counsel concerning the defense and settlement of all liability claims and all litigation against the Hospital that are equal to or in excess of \$250,000. In addition, the General Counsel shall periodically report such settlements to the Board of Directors. All settlements less than \$250,000 shall be approved by the CEO or General Counsel. The Executive Committee shall also provide oversight of the process by which the General Counsel assigns and engages outside counsel, and shall make recommendations to the Board of Directors when necessary or desirable. The Executive Committee shall also address other legal matters which the Board of Directors may assign to it from time to time.

Section 3. Finance and Audit Committee.

(a) Committee Composition.

- i. All Members of the Committee shall meet the independence requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations of the Securities and Exchange Commission (the “Commission”), which include, but are not limited to, the following:
 1. The Committee Members are barred from accepting any consulting, advisory, or other compensatory fee from the Hospital or any related entity thereof, other than the Member’s capacity as a Member of the Board of Directors or any Standing Committee;
 2. The Committee Members may be not affiliated persons of the Hospital or any related entity thereof apart from his or her capacity as a member of the Board of Directors or any Standing Committee. An affiliated person is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Hospital.
- ii. At least one (1) Member on the Committee shall be “financially literate” as defined in Attachment A hereto and interpreted and approved by the Board of Directors in its business judgment, or shall acquire such financial literacy within a reasonable period of time after appointment to the Committee.
- iii. The Committee Chairperson shall have accounting or related financial management expertise as the Board of Directors interprets such qualification in its business judgment.
- iv. At least one member of the Committee shall be an “audit committee financial expert” as defined by the Commission and outlined in Attachment A.

(b) Duties and Powers. Under the direction and control of the Board of Directors, the Committee’s duties and powers, in addition to others as are assigned to it by the Board of Directors, shall be to (i) oversee and control the finances of the Hospital, including the deposit of sums and payment of obligations, (ii) engage and oversee the Hospital’s external independent auditor (the “Independent Auditor”), (iii) render periodic reports with respect to the financial condition of the Hospital, (iv) review and submit budgets to the Board of Directors, (v) review and oversee the Hospital’s endowment funds and investment activities, (vi) report and make recommendations to the Board of Directors concerning the fiscal administration, risk management, compliance program, buildings and grounds, and financings of the Hospital, and (vii) assist the Board of Directors in fulfilling its audit oversight responsibilities. While the Committee has the responsibilities and powers set forth in these Bylaws, it is not the duty of the Committee to plan or conduct audits or to determine that the Hospital’s financial statements and disclosures are complete, accurate, and in accordance with generally accepted accounting principles. Nor is it the duty of the Committee to

conduct investigations or to assure compliance with laws and regulations and the Hospital's Code of Conduct. This is the responsibility of the Hospital's management and the Independent Auditor.

(c) Meetings. In addition to the routine Committee agenda, the Committee shall meet regularly, in separate private sessions, with each of:

1. The Hospital's senior management, either together or individually;
2. The Hospital's senior internal auditing officer;
3. The Chief Compliance Officer; and
4. The Independent Auditor.

Section 4. Safety and Quality Committee.

(a) Committee Composition. The President of the Medical Staff shall serve on the Quality and Safety Committee, *ex officio*, without vote.

(b) Duties and Powers. The Committee shall consider all matters concerning the clinical operations of the Hospital, the Medical Staff Bylaws, credentialing and privileges of medical staff, and other matters concerning professional practice in the Hospital. The Committee shall also serve as a formal means of liaison to assure effective communication between the Board of Directors and the Medical Staff. It shall review the recommendations of the Medical Executive Committee ("MEC") appointed by the Medical Staff, relating to initial appointment and reappointment, and renewal or modification of staff categories and clinical privileges, seeking additional review and clarification from the MEC as it may deem necessary. The Quality and Safety Committee shall report its findings and make recommendations with respect to these issues to the Board of Directors. If no meeting of the Board of Directors is scheduled within thirty (30) days of the Committee's findings and/or recommendations, the Committee shall report its findings and/or recommendations to the Executive Committee for a timely decision on the initial appointment and reappointment, and renewal or modification of staff categories and clinical privileges.

Section 5. Additional Committees. In addition to the above-referenced Standing Committees of the Board of Directors and any committees established by the MEC in accordance with the Medical Staff Bylaws, the Hospital shall establish and maintain such operational committees as required by applicable laws, regulations, and accreditation standards, including, without limitation, the Hospital Licensing Standards, N.J.A.C. 8:43G-1.1 et seq., and the accreditation requirements of The Joint Commission. Upon recommendation of the Chairperson, the Board of Directors shall approve the chairs of all additional Hospital Committees. Where medical staff are slated to serve as a chair of an additional Hospital Committee, the President of the Medical Staff, in consultation with the CEO of the Hospital, will make a recommendation for each such committee chair to the MEC for approval, prior to submitting the chair's name to the Board of Directors for its approval.

ARTICLE V
OFFICERS OF THE HOSPITAL

Section 1. Qualifications and Appointments. The Hospital's officers shall have such titles and duties as shall be stated in these Bylaws or in a resolution of the Board of Directors that is consistent with these Bylaws. The officers of the Hospital shall consist of a president, chief executive officer, corporate secretary, assistant secretary, and treasurer, and may further consist of additional designated officers as the Board of Directors may determine from time to time. Officers may, but need not be, Members. Any two or more offices may be held by the same person, provided that the offices of chief executive officer and president on the one hand, and corporate secretary on the other hand, must be held by separate people, and provided further that no officer shall execute, acknowledge or verify any instrument in more than one capacity if the instrument is required by law or the Bylaws to be executed, acknowledged or verified by two (2) or more officers.

Section 2. Term. Any officer elected or appointed as herein provided shall hold office for the term for which that officer is so elected or appointed and until a successor is elected or appointed and has qualified, subject to earlier termination by removal or resignation.

Section 3. Resignation; Removal. Any officer may resign at any time by giving written notice of such resignation to the Hospital. The validity of such resignation is effective when given to the Hospital, regardless of whether or not the Board of Directors has accepted such resignation or if a successor has been appointed. Any officer appointed by the Board of Directors may be removed, either with or without cause, and a successor appointed by the Board of Directors at any time.

Section 4. Compensation. The compensation of the Chief Executive Officer of the Hospital shall be fixed from time to time by the Board of Directors.

Section 5. Officers and Their Duties.

(a) Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Hospital and, as such, shall be responsible to the Board of Directors and shall have such powers as shall be requisite for the executive management and day-to-day conduct of the Hospital in all departments, branches and divisions, and for the execution and enforcement of the Bylaws, rules, regulations and orders governing the management, conduct and administration of the Hospital, including oversight of the President of the Hospital (if such office is held by a separate person) and determination of all executive compensation (other than compensation of the Chief Executive Officer), in consultation with the Executive Committee and/or Board of Directors. The Chief Executive Officer (and other officers to whom such responsibilities may be delegated by the Chief Executive Officer) is responsible for investigating and resolving all complaints and allegations concerning the conduct of Hospital officers and staff, and the Board of Directors is responsible for investigating and resolving all reported complaints and allegations concerning the conduct of the Chief Executive Officer.

(b) President. The President shall be the chief operating officer of the Hospital and, as such, together with the Chief Executive Officer, shall have the general powers and duties of supervision and management of the Hospital, including specifically responsibility for the following:

- i. Information and support systems;

- ii. Recruitment and retention of staff; and
- iii. Physical and financial assets.

Except as the Board of Directors shall authorize the execution thereof in some other manner, the Chief Executive Officer or President shall execute bonds, mortgages, and other contracts on behalf of the Hospital, and shall cause the seal to be affixed to any instrument requiring it and when so affixed, the seal shall be attested by the signature of the Corporate Secretary. The offices of Chief Executive Officer and President may be, but shall not be required to be, filled by the same individual.

(c) Corporate Secretary. The Corporate Secretary shall be the General Counsel of the Hospital. The Corporate Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and all such other notices required by law or by these Bylaws, and, in case of his or her absence or refusal or neglect to do so, any such notice may be given by any person thereunto directed by the Chief Executive Officer or by the Board of Directors, upon whose request the meeting is called as provided in these Bylaws. The Corporate Secretary shall keep in safe custody the seal of the Hospital, and affix the same to any instrument requiring it. It shall be the duty of the Corporate Secretary, with the assistance of an Assistant Secretary, who shall be a member of the Hospital's staff, to give notice and keep the minutes of all meetings of the Board of Directors, including committee meetings. The Corporate Secretary shall perform such other duties and exercise such other powers as may be prescribed from time to time by the Board of Directors. An Assistant Secretary may act in place of the Secretary.

(d) Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Hospital, shall keep or cause to be kept regular books of account for the Hospital, shall (together with the Finance and Audit Committee) report to the Board of Directors at such times as requested by the Board of Directors on the finances of the Hospital (including the Hospital's assets and liabilities, changes in assets and liabilities since the last annual meeting, and revenues and expenses since the last annual meeting), and shall perform such other duties and possess such other powers as are incident to the office of Treasurer or as shall be assigned by the President or by the Board of Directors. The Chief Financial Officer of the Hospital shall serve as Treasurer.

(e) All Other Officers. All other officers of the Hospital shall have such powers and shall perform such duties as shall be assigned to them by the Board of Directors.

ARTICLE VI **RELATIONSHIP WITH MEDICAL STAFF**

Section 1. Board Review of Medical Staff Bylaws. The Board of Directors shall review and approve the bylaws adopted by the Medical Staff (the "Medical Staff Bylaws"). The Medical Staff Bylaws shall provide for the organization and self-governance of the Medical Staff and set forth its responsibilities. Through the Medical Staff Bylaws, the Board of Directors shall ensure that mechanisms are in place to:

(a) Properly assess the qualifications of the members of the Medical Staff, through clearly defined procedures developed to facilitate a comprehensive review of licensure status,

credentials relating to training, experience, and clinical competence;

(b) Establish the categories of privileges and set forth the qualifications, prerogatives, responsibilities and limitations of such categories;

(c) Provide for a process under which emergency or temporary privileges may be granted to any qualified physician, dentist, or podiatrist who is not a member of the Medical Staff;

(d) Hold the Medical Staff accountable for the quality of professional care and treatment provided to patients of the Hospital;

(e) Assure that members of the Medical Staff will abide by the Medical Staff Bylaws and all Hospital rules and regulations and that appropriate procedures are available in the event of non-compliance or conduct which poses a risk to Hospital patients; and

(f) Provide for fair hearing and appellate procedures by which membership on the Medical Staff may be terminated or modified.

Section 2. Board Review of Matters Relating to Appointment to the Medical Staff.

(a) The Board of Directors shall have ultimate responsibility for all Medical Staff, Advanced Practice Nurses, and Physician Assistant staff appointments and reappointments, the categories of staff privileges authorized and specific delineated clinical privileges granted, after review and consideration of the recommendations of the MEC.

(b) If the Board of Directors shall have a need of further information and/or clarification with respect to any appointment proposed by the MEC, the Board of Directors shall refer the matter back to the MEC.

(c) In accordance with the provisions of the Medical Staff Bylaws, decisions concerning appointments to the Medical Staff shall be made in a timely manner, but in no event more than ninety (90) days after receipt of the proposed appointment from the MEC. With respect to reappointments, the Board of Directors shall act on or before the expiration of the current appointment term.

(d) Notice of final decisions concerning appointments to the Medical Staff shall be given to the Chief Executive Officer of the Hospital (or his or her designee), who shall communicate the contents of such decisions in accordance with the Medical Staff Bylaws.

Section 3. Board Review of Disciplinary Actions and Corrective Actions.

(a) The Board of Directors may request the Medical Staff to undertake a review of the performance of a member of the Medical Staff and shall consider such corrective action as may be warranted. The Board of Directors shall also review and make determinations with respect to MEC recommendations relating to summary suspensions, automatic suspensions, corrective actions, or other adverse professional review actions made in accordance with the fair hearing procedures set forth in the Medical Staff Bylaws.

(b) The Board of Directors will base any decision on a review of the record before the hearing committee constituted pursuant to the Medical Staff Bylaws and the MEC recommendation. If a member of the Medical Staff who is the subject of an adverse professional review action seeks appellate review of the determination, the Board of Directors shall participate as set forth in the Medical Staff Bylaws.

Section 4. Designation of Chiefs of Clinical Services. The designation of Chiefs of Service for each department shall be subject to the approval of the Chief Executive Officer of the Hospital as set forth in the Medical Staff Bylaws. The Chief of Service of each clinical department shall be qualified by training, experience, and administrative ability for such position. The Chief Executive Officer of the Hospital, in consultation with the Dean of New Jersey Medical School or the Dean of New Jersey Dental School (also known hereafter as the Rutgers School of Dental Medicine), each as applicable, may remove any Chief of Service.

Section 5. Board Responsibility for Review of Medical Staff Efforts to Ensure Quality of Care. The Board of Directors shall ensure that the Medical Staff has mechanisms to objectively, systematically, and regularly monitor and evaluate the quality and appropriateness of patient care and clinical performance of the members of the Medical Staff. The Board of Directors shall delegate to the Medical Staff the responsibility to develop an ongoing effective and efficient quality assurance/performance improvement program and shall review the quality improvement activities of the Medical Staff as well as the processes used to oversee, evaluate and revise such activities. The Board of Directors shall be responsible for providing the Medical Staff with the administrative assistance necessary to conduct quality improvement activities in accordance with the Hospital's quality assurance/performance improvement program and to provide reports of the nature and frequency set forth in the program.

Section 6. Actions of the Medical Executive Committee. All actions of the MEC shall be immediately transmitted to the Board of Directors for consideration.

Section 7. Participation in Hospital Governance. The President of the Medical Staff, or an individual designated by the President of the Medical Staff, shall be invited to all public meetings of the Board of Directors and may participate, without vote, in all discussions of the public meeting, excepting only those matters as to which such participation is determined by the Chairperson to be inappropriate.

Section 8. Joint Conference Committee. If the Board of Directors determines to act contrary to the recommendation of the MEC concerning the appointment or reappointment of a physician to the Medical Staff, the Medical Staff may request the formation of a "joint conference committee" to discuss the Board of Directors' determination. If agreed upon by the Board of Directors, the Joint Conference Committee may be formed, which shall be composed of an equal number of Members (who shall be appointed by the Chairperson) and members of the Medical Staff (who shall be appointed by the President of the Medical Staff).

ARTICLE VII
HOSPITAL
STAFF

The President of the Hospital shall assure that procedures are in place to ensure that all individuals who provide patient care services, but who are not subject to the Medical Staff appointment and reappointment process, are qualified and competent to provide such service.

ARTICLE VIII
INDEMNIFICATION

To the extent consistent with applicable laws, the Hospital shall indemnify any Member, officer holding an office pursuant to Article III or Article V above, and/or any Hospital employee (each, a "Hospital Indemnitee"), against a Hospital Indemnitee's expenses and liabilities (including attorneys' fees) in connection with any proceeding involving the Hospital Indemnitee that arises directly from the Hospital Indemnitee's service to or on behalf of the Hospital if (a) the Hospital Indemnitee acted in good faith and in manner that the Hospital Indemnitee reasonably believed to be in or not opposed to the best interests of the Hospital; and (b) with respect to any criminal proceeding, the Hospital Indemnitee had no reasonable cause to believe the conduct was unlawful. It is intended that the Hospital Indemnitees' rights of indemnification provided hereunder shall be as broad as permitted under the Nonprofit Law. Wherever the Nonprofit Law permits the Hospital to provide indemnification of a Hospital Indemnitee, this Article VIII shall be deemed to require such indemnification to be provided by the Hospital to the Hospital Indemnitee. The Hospital may advance to Hospital Indemnitees expenses, including attorneys' fees, for which such Indemnitees are indemnified pursuant to this Article VIII. Notwithstanding the foregoing, indemnification for any expenses and liabilities, including without limitation any compromise or settlement payment, equal to or in excess of \$250,000.00 shall be approved by a majority vote of a quorum of Members who are not at that time parties to the proceeding. The Hospital may provide for the indemnification of or advancement of expenses to Hospital Indemnitees, such as by purchasing directors and officers liability insurance.

ARTICLE IX
CHANGES TO THE BYLAWS

Section 1. Amendment and Repeal. The Bylaws may be altered, amended or repealed by the affirmative vote of a majority of the Members then in office at any annual or regular meeting or any special meeting of the Board of Directors called for that purpose.

Section 2. Suspension. Any provision of these Bylaws (or these Bylaws in their entirety) may be suspended by the unanimous consent of the Members at any duly constituted meeting of the Board of Directors.

ATTACHMENT A

Financial Literacy Definition

- A Member shall be “financial literate” if he or she is able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement or will become able to do so within a reasonable period of time after his or her appointment to the Finance and Audit Committee.
- A Member shall have “accounting or related financial management expertise” if he or she has past employment experience in finance or accounting, professional certification in accounting or any other comparable employment, experience or background which results in the individual’s financial sophistication, including being or having been a Chief Executive Officer, Chief Financial Officer or controller of a company which has audited financial statements or other senior officer with financial oversight responsibilities.
- All Members shall attend an annual in-service training course provided by the Hospital to ensure a satisfactory understanding of all financial terms and concepts.

Audit Committee Financial Expert Definition Item 401(h) (1) of Regulation S-IC defines “audit committee financial expert” as a person who has, through:

- Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor, or
- Experience in one or more positions that involve the performance of similar functions, or
- Experience actively supervising such persons; or
- Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements, or
- Other relevant experience,

the following attributes:

- An understanding of generally accepted accounting principles (“GAAP”), government auditing standards (“GAS”) and financial statements;

- The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the company's financial statements, or experience actively supervising one or more persons engaged in such activities;
- An understanding of internal controls and procedures for financial reporting; and
- An understanding of audit committee functions.