

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

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ATTACHMENT A

**BYLAWS
OF
UNIVERSITY HOSPITAL
IN
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These bylaws of University Hospital (the “Bylaws”) are adopted effective March 17, 2015.

ARTICLE I
MISSION STATEMENT

The mission of University Hospital (the “Hospital”) is to improve the quality of life for everyone who comes in contact with the Hospital through effective patient care, education, research, and community service. As the core teaching facility in Newark, the Hospital is the center of referral for many of the State’s most advanced medical services and specialty care programs. The Hospital is committed to education, primary care, and specialized referral.

In accordance with Public Law 2012, c. 45, the New Jersey Medical and Health Sciences Education and Restructuring Act (the “Restructuring Act”), the Hospital shall continue to be the primary teaching hospital for the Newark based schools of the Rutgers School of Biomedical and Health Sciences.

The Hospital shall maintain its public mission to provide a comprehensive healthcare program and services to the greater Newark community, including outreach and mobile health services as well as services in collaboration with the Newark based schools of the Rutgers School of Biomedical and Health Sciences. The Hospital is committed 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.”

ARTICLE II
GENERAL PROVISIONS

1. The principal office of the Hospital shall be located at 150 Bergen Street, Newark, New Jersey 07103. All communications to the Hospital shall be addressed to its principal office except as may otherwise be specified by resolution, regulation, or rule.
2. The records of the Hospital shall be available for public inspection at the principal office as provided by, and in accordance with, applicable law.
3. 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

1. **GENERAL POWERS AND OBLIGATIONS**

- a. The government, control, conduct, management and administration of the Hospital, including the patient care facilities owned, leased or directed by the Hospital, shall be vested in the Board of Directors of the Hospital (hereinafter the “Board”).
- b. The Board shall 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.

2. **MEMBERS AND TERMS OF MEMBERSHIP**

- a. In accordance with N.J.S.A. 18A:64G-6.1, the Board shall have Eleven (11) members (each hereinafter 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 or his or her designee (serving *ex officio*);
 - iv. The Chancellor of the School of Biomedical and Health Sciences of Rutgers University (serving *ex officio*); and
 - v. Seven (7) public members:
 1. Three (3) of whom shall be appointed by the Governor, with the advice and consent of the Senate, each for a term of five (5) years. One of these members shall be a resident of the City of Newark; and
 2. Four (4) of whom shall be appointed by the Governor without the advice and consent of the Senate, each for a term of five (5) years, *provided however*, that upon the expiration of the five-year term of the four (4) initial members appointed *without* the advice and consent of the Senate as set forth herein, these four (4) public members shall thereafter be appointed by the Governor *with* the advice and consent of the Senate.

- 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 for consideration.
- c. The President of Rutgers, The State University, serving *ex officio* may designate an individual to represent him or her at meetings of the Board. Such designee may lawfully vote and otherwise act on behalf of the President of Rutgers, The State University, provided that such designation shall be in writing and delivered to the Board 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.

3. VACANCIES

Any vacancies in the membership of the Board 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.

4. BOARD MANAGEMENT

- a. The Governor of the State of New Jersey shall appoint a chairperson of the Board from among the Members (the "Chairperson"). The Board shall elect from among its other Members a vice-chairperson and a Board secretary.
- b. The Chairperson, vice-chairperson, and the secretary may resign such offices at any time, upon written notice to the Board specifying the date of resignation.
- c. The vice-chairperson and the secretary may be removed from such positions at any time, with or without cause, by the majority vote of the Board. Notwithstanding such removal, the individuals shall continue as Members.
- d. No compensation shall be paid to the Chairperson, the vice-chairperson, or the secretary on account of their service in such offices, provided however that each may be reimbursed for actual expenses incurred in the performance of the duties of such offices.
- e. The Chairperson shall preside at all meetings of the Board. Subject to the direction and control of the Board, he or she shall have general charge of all the business and affairs of the Hospital and shall perform such other duties and services as may be prescribed from time to time by the Board.
- f. The vice-chairperson of the Board 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.

- g. The secretary of the Board shall keep and maintain accurate minutes of all meetings of the Board.

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, consistent with his or her duties of care and loyalty to the Hospital, 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.

6. REMOVAL

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

7. MEETINGS

a. First Meeting

The initial Board shall meet at the call of the Governor at a time and location determined by the Governor for purposes of organizing.

b. Regular Meetings

- i. Regular meetings of the Board shall be held within the State of New Jersey at such times and at such places as the Board shall fix.
- ii. No notice to Members shall be required of any regular meeting of the Board and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board 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.

c. Special Meetings

- i. Special meetings of the Board 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 the business to be brought before such special meeting and no business other than that specified in such notice shall be transacted.

- ii. Written notice of special meetings shall be mailed directly to each Member, addressed to him or her at his or her residence or usual place of business, or shall be delivered to him or her personally, or given to him or her orally, or delivered by e-mail, at least five (5) days prior to the time at which the meeting is to be held.
- 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.

d. 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. No vacancy in the Board shall impair the right of a quorum to exercise all the powers and perform all the duties of the Board.
- 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 by means of a conference telephone or similar communications equipment allowing all person 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.

e. Executive Session

- i. At any regular or special meeting of the Board, the Members may, by resolution, close the meeting to the public to meet in executive session as authorized by the Senator Byron M. Baer Open Public Meetings Act, N.J.S.A. 10:4-6 *et seq.* (hereinafter the “OPMA”).
- ii. Any resolution to meet in executive sessions shall state as precisely as possible the time or circumstances under which the discussions conducted in executive sessions can be disclosed to the public. Minutes of executive sessions shall be taken and shall be disclosed to the public when deemed appropriate by the Board.

f. 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.

g. Action of the Board

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

h. Rules of Order

The Board may make such rules and regulations covering its meetings as it may, in its reasonable discretion, determine to be necessary.

i. Notice

- i. No later than January 10th of every year, the Board shall publish a schedule of its regular meetings to be held by the Board 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.

8. APPOINTMENT OF COMMITTEES

- a. The Board 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 the United States of America.
- b. Except as otherwise expressly set forth in Article IV, below:
 - i. The Chairperson shall appoint the members and chairpersons of all standing committees; and
 - ii. Notwithstanding the foregoing, the Board, acting *en banc*, shall appoint the members of the Compensation Committee and the chairperson of such committee.
- c. The Board 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. Any authority delegated by the Board to such bodies shall be subject to the Board's right to rescind any such delegation at any time.

- 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 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 State employees.

The foregoing special committee shall consist of three (3) Members of whom one (1), but only one (1), shall be one (1) of the four (4) *ex officio* Members. The other two (2) 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.

9. COMPENSATION

Members of the Board 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.

10. SUPPORT OF HOSPITAL MISSION

In support of the Hospital's mission, the Board shall:

- a. Approve and adopt the Hospital's written scope of services and provide for the resources which are needed to maintain care, treatment, and services which are safe and of the highest quality;
- b. Work with senior management of the Hospital and the leaders of the organized medical staff of the Hospital (the "Medical Staff") to evaluate, at least annually, the Hospital's performance in relation to its mission, vision, and goals.
- c. Provide the Medical Staff with the opportunity to participate in the governance of the Hospital;
- d. Together with senior managers and the leaders of the Medical Staff:
 - i. Work to create the Hospital's mission, vision, and goals;

- ii. Work to identify the skills required of the Hospital's leaders; and
- iii. Work to define policies to avoid conflicts of interest at the Hospital;
- e. Provide a system for resolving conflicts between or among individuals working in the Hospital; and
- f. Provide leaders with access to information and training to help leaders develop additional skills and expertise.

11. DUTIES AND POWERS

The Board of Directors of the Hospital shall have the general supervision over, and be vested with the power and authority to direct and conduct, the business of the Hospital regardless of the source of funding. The Board shall have and exercise all the powers, rights, and privileges that are incident to its status as a body corporate and politic and necessary for the proper government, conduct, and management of the Hospital, and the control of its properties and funds and such powers granted to the Hospital or the Board. Not in derogation of the foregoing, and by way of example, and not of limitation, the Board shall have the power to:

- a. Determine policies for the organization, administration, and development of the Hospital;
- b. Study the financial needs of the Hospital, report annually to the Governor and the Legislature concerning the condition of the Hospital, and prepare and submit an annual request for appropriation to the Division of Budget and Accounting in the New Jersey Department of Treasury;
- c. Disburse all monies appropriated to the Hospital by the Legislature and all monies received from fees, services, and other sources;
- d. Direct and control expenditures and transfers of funds appropriated to the Hospital in accordance with provisions of the State appropriation acts of the Legislature 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, reporting changes and additions thereto and transfers thereof to the Director of the Division of Budget and Accounting in the State Department of the Treasury. All accounts of the Hospital shall be subject to audit by the State at any time;
- e. In accordance with the provisions of the State budget and appropriation acts of the Legislature, appoint and fix the compensation and terms of office of the President of the Hospital;

- f. In accordance with the provisions of the State budget and appropriation acts of the Legislature, appoint, upon nomination of the President and following his or her consultation, a General Counsel and such other senior executives as may be required to conduct the business of the Hospital and assign their duties, determine their compensation, and prescribe qualifications and terms of employment for all positions;
- g. Engage an Independent Auditor (as hereinafter defined) in accordance with Executive Order 122, dated July 23, 2004;
- h. Enter into contracts and agreements with the State or any of its political subdivisions or with the United States, or with any public body, department or other agency of the State or of the United States or with any individual or entity which are deemed necessary or advisable by the Board for conducting the business of the Hospital including, but not limited to, entering into a contract for the management of, for the assistance in the management of, the Hospital in accordance with the Restructuring Act;
- i. Accept from any government or governmental department, agency, or other public or private body or from any other source, grants or contributions of money or property which the Board may use for conducting the business of the Hospital;
- j. Acquire (by gift, purchase, condemnation, or otherwise), own, lease, dispose of, use and operate property, whether real, personal or mixed, or any interest therein, which is necessary or desirable for the business of the Hospital including, but not limited to, the disposition of the Hospital in accordance with the Restructuring Act;
- k. Adopt standing operating rules and procedures for the purchase of all equipment, materials, supplies and services in a manner consistent with N.J.S.A. 52:34-6 *et seq.*;
- l. Employ architects to plan buildings, secure bids for the construction of buildings and for the equipment thereof, make contracts for the construction of buildings and for equipment and supervise the construction of buildings;
- m. Manage and maintain and provide for the payment of all charges on, and expenses in respect of, all properties utilized by the Hospital;
- n. Invest monies in such obligations, securities, and other instruments as the Board shall deem prudent in accordance with State and Federal Law;
- o. Borrow money for the needs of the Hospital, as deemed requisite by the Board, in such amounts and for such time and upon such terms as may be determined by the Board, provided that no such borrowing shall be deemed or construed to

create or constitute a debt, liability, loan, or pledge of the credit of the State;

- p. Ensure that all meetings of the Board at which there is a quorum in attendance shall be conducted in conformance with 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 personnel and the initial appointment, renewal, and discipline of members of the Medical Staff.
- q. Review and amend the Bylaws as is necessary and proper for the administration and operation of the Hospital;
- r. Authorize any new program, department, or service not inconsistent with the programmatic mission of the Hospital;
- s. Function as a public employer under the “New Jersey Employer Employee Relations Act,” P.L. 1968, c. 303 (C.34:13A-1 *et seq.*) and conduct all labor negotiations, and with the participation of the Governor’s Office of Employee Relations, act as the chief spokesperson with respect to all matters under negotiation.
- t. Sue and be sued in its own name;
- u. 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;
- v. 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 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;
- w. Procure and enter into contracts for any type of insurance, including insurance on its own property, and indemnify against loss or damage to property from any cause, including loss of use and occupancy, against death or injury of any person, against employees’ liability, against any act or omission of any member, officer, director, trustee, employee or servant of the Hospital (including professional liability), whether part-time, full-time, compensated or non-compensated in the performance of the duties of his or her office or employment, or any other insurable risk. In addition, the Hospital shall carry its own liability insurance or maintain an actuarially sound program of self

insurance. Any joint venture, subsidiary hospital, or partnership or such other entity entered into or owned wholly or in part by the Hospital shall carry insurance or maintain reserves in such amounts as are determined by an actuary to be sufficient to meet its actual or accrued claims;

- x. Create auxiliary organizations;
- y. Adopt and use a corporate seal; and
- z. 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.

ARTICLE IV **STANDING COMMITTEES**

1. GENERAL RULES GOVERNING COMMITTEES

a. Quorum

A majority of the Members of a standing committee of the Board appointed as of the day of a scheduled meeting shall constitute a quorum and shall be necessary to conduct the business of the Committee.

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.

If any Member of the Board who is not a member of the standing committee attends a meeting of a standing committee, that member shall not be counted towards the quorum.

b. 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.

c. Rules of Order

Each committee shall comply with the rules and regulations applicable to meetings and rules of order adopted by the Board.

d. Ex officio Members of Standing Committees

The President of the Hospital shall serve on all standing committees, *ex officio* and without vote.

e. Other Members of Standing Committees

The Board, 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.

2. GOVERNANCE, ETHICS, AND LEGAL COMMITTEE

a. Committee Composition

The Governance, Ethics, and Legal Committee of the Board shall be comprised of up to five (5) members, of whom the Chairperson shall be one.

b. Purpose

Generally, the Governance, Ethics, and Legal Committee shall be responsible for all matters relating to the organization and governance of the Hospital and shall perform the traditional duties of an Executive Committee. Subject to ratification by the Board, when necessary and in the best interest of the Hospital, the Governance, Ethics, and Legal Committee shall act on behalf of the Board between the Board's regular meetings and shall review and make recommendations to the Board on issues involving strategic planning, external affairs, community relations development, senior management employment matters, and matters regarding credentialing and privileges of medical staff.

In addition, the Governance, Ethics, and Legal Committee shall be responsible for reviewing, monitoring, and making recommendations to the Board concerning the defense and settlement of all liability claims and all litigation against the Hospital that are equal to or in excess of \$250,000.00. All settlements less than \$250,000 need approval from the CEO or General Counsel. The Governance, Ethics, and Legal Committee shall also assist the General Counsel of the Hospital in the assignment and engagement of outside counsel, shall oversee the process, and shall make recommendations to the Board when necessary or desirable. The Governance, Ethics, and Legal Committee shall also address other legal matters which the Board may assign to it from time to time.

c. Duties and Powers

In addition to various responsibilities which may be assigned to it from time to time by the Board, the Committee shall have the following duties and powers:

i. Governance:

1. Monitor, with the assistance of the General Counsel and the Chief Compliance Officer, current standards, initiatives, regulations (actual and proposed), statutes (actual and proposed) and general expert commentary on practices and procedures and regulation of corporate governance and make recommendations to the Board concerning the same.
2. Review and make recommendations to the Board, on all matters of corporate governance and concerning any matter of corporate governance being (or to be) considered by the Board.
3. Review and assess and from time to time report on the adequacy of the governance and recommend changes when necessary or desirable.
4. Oversee governance practices and procedures and make recommendations to the Board with respect thereto.
5. Conduct an annual performance of self-evaluation of the corporate governance functions of the Committee and lead the Board in an annual performance self-evaluation of the Board.
6. Establish criteria and processes for undertaking the self-evaluations mentioned above.
7. Review the governance structure of the Hospital, including charter and bylaw provisions affecting governance and make any appropriate comments or suggestions for change.
8. Review the composition of the Board annually to determine the qualifications and areas of expertise needed to further enhance the composition of the Board and the discharge of Board responsibilities and work with the Governor's Office in identifying and attracting candidates with such qualifications and expertise.
9. Assist the Chairperson and the Board in identifying appropriate Committee assignments for the Board members and recommend changes in number, function and/or composition of Committees if deemed necessary or desirable.

10. As set forth in Article IV, Section 8(b) below, the Governance, Ethics, and Legal Committee shall: (1) review and consider the Medical Liaison Committee's findings and/or recommendations for the initial appointment, reappointment, and renewal or modification of clinical privileges, based on Medical Staff recommendation, (2) make a decision on such appointment and modification, and (3) advise the Board accordingly.

ii. Ethics:

1. Review the existing policies of the Hospital concerning ethics and conflicts of interest as well as any code or codes of ethics and/or business conduct, and from time to time make recommendations to the Board concerning the promulgating, revising, amending and supplementing such policies and code or codes.
2. Be responsible for, and oversee, the implementation of such policies and code or codes as well as the requirements of all laws and regulations of the State of New Jersey, or of the Federal government or any agency thereof having jurisdiction over the Hospital, concerning ethics, business conduct and conflicts of interest.
3. Interpret such policies, code or codes and laws and regulations as they pertain in individual cases or matters; answer questions which may arise concerning the same.
4. Review reports of the Hospital's chief compliance officer (hereinafter "Chief Compliance Officer") to the Finance, Investment, Administration, and Audit Committee and offer appropriate comments if any.
5. Review reports prepared by management with respect to the ethical environment of the Hospital.
6. Interact and cooperate, on the Board's behalf, with the State Commission on Ethics and other governmental agencies concerning the subject matter.
7. Review and make appropriate comments concerning reports of the Chief Compliance Officer to the Finance, Investment, Administration, and Audit Committee.

iii. Legal:

1. Review, monitor, and make recommendations to the Board concerning the defense and settlement of liability claims and litigation against the Hospital, as provided herein.
2. Assist the general counsel of the Hospital in the engagement of outside counsel, shall oversee the process, and shall make recommendations to the Board when necessary or desirable.
3. Address other legal matters which the Board may assign to it from time to time.

iv. Good Will and Morale:

1. Review, monitor and make recommendations to the Board concerning programs to bolster the morale of the Hospital community and to instill in employees a feeling of pride in the Hospital.
2. Review, monitor and make recommendations to the Board concerning programs to enhance the Hospital's presence, prestige, and perceived value to local, state, national, and international audiences, and matters relating to the Hospital's communications, media relations, marketing, publications, public and community relations, outreach, development and fundraising as appropriate.

d. Meetings

The Governance, Ethics, and Legal Committee shall meet as circumstances dictate. Meetings shall be called by the Chairman with notice provided at least forty-eight (48) hours before the meeting containing the time, date, location and the agenda of the meeting to the extent known.

3. STRATEGIC PLANNING COMMITTEE

a. Committee Composition

The Strategic Planning Committee shall consist of five (5) Members of the Board.

The Strategic Planning Committee shall meet four (4) times a year, or when necessary at the call of the Committee Chair. The Committee Chair shall confer with the President of the Medical Staff with respect to any matters with which it is prepared to refer to the Board for consideration.

b. Purpose

The purpose of the Strategic Planning Committee is to assist the Board with its

responsibilities for the Hospital's mission, vision, strategic initiatives, major programs, and services in establishing and deploying the Hospital's strategic planning process and overseeing the development and implementation of programmatic initiatives at the Hospital and ensuring their consistency with the mission of the Hospital.

c. Duties and Powers

The duties and powers of the Strategic Planning Committee shall be to assist the Board with the following:

- i. Making recommendations to the Board related to the Hospital's mission, vision, strategic initiatives, major programs, and services;
- ii. Helping management identify critical strategic issues facing the Hospital and assisting in analysis of alternative strategic options;
- iii. Understanding the needs of both the Hospital and the community with respect to health care needs, cost effectiveness, and quality of services provided by the Hospital; and
- iv. Periodically reviewing the mission, vision, and strategic plans and making recommendations to the Board to address changes with respect to the needs of the community and/or the Hospital.

4. FINANCE, INVESTMENT, ADMINISTRATION, AND AUDIT COMMITTEE

a. Committee Composition

- i. The Finance, Investment, Administration, and Audit Committee of the Board shall be comprised of five (5) Members none of whom may be employed by the Hospital or by any organization that does business with the Hospital. The Board shall identify the "audit committee financial expert" as referenced in subsection (vi) below.
- ii. 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 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 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.

- iii. The Members on the Committee shall serve one-year terms and shall be appointed by the Chairperson, on such date as the Chairperson shall determine. The Members on the Committee may be replaced by the Chairperson.
- iv. At least one (1) Member on the Committee shall be financially literate as defined in Attachment A hereto and interpreted by the Board in its business judgment, or shall acquire such financial literacy within a reasonable period of time after appointment to the Committee.
- v. The Committee Chairperson shall have accounting or related financial management expertise as the Board interprets such qualification in its business judgment.
- vi. 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, Generally

Under the direction and control of the Board, the Committee’s duties and powers (in addition to others that may from time to time be assigned to the Committee by the Board) shall be:

- i. *Finances*: To provide for the proper oversight and control of the finances of the Hospital and for the accounting of all monies and property received, disbursed or expended by the Hospital.
- ii. *Depositories*: To provide for the deposit of all sums received to the credit of the Hospital as required by statute and to work with the State Treasurer in the discharge of his or her responsibilities to designate depositories and custodians.
- iii. *Payment of Obligations*: To provide for the issuance of all checks, drafts, notes and orders for the payment of money on behalf of the Hospital and, without limitation, to oversee the payment and satisfaction of all debts and other financial obligations of the Hospital.
- iv. *Financial Condition*: To render or cause to be rendered to the Board periodic reports on the transactions and financial condition of the Hospital and all such other reports as the Board, or Chairperson of the Board, may

request and, without limitation, to evaluate the economics of the operation of the Hospital and to make recommendations as to how the quality of academic and health care functions may be maintained at a high level.

- v. *Budgets*: To review, evaluate, revise if necessary or desirable and submit to the Board the budgets of the Hospital submitted to the Committee by the President.
- vi. *Investments*: To review management of endowment funds and to provide advice to the Board on investment policy. In addition, subject to oversight and directives of the Board, to discharge on behalf of the Board, all functions, powers and duties relating to the investment or reinvestment of funds.
- vii. *Fiscal Administration*: To report and make recommendations to the Board concerning fiscal administration of the Hospital, including hospital charges and research grants.
- viii. *Risk Management*: To review, monitor, and make recommendations to the Board concerning the defense and settlement of all liability claims and all litigation against the Hospital and in addition, to assess, calculate and make recommendations concerning liability risk control and risk financing.
- ix. *Buildings and Grounds*: To review, monitor and make recommendations to the Board concerning the acquisition of property by purchase, lease or gift, the design and location of new buildings, major repairs or renovations of existing buildings, the development, maintenance and landscaping of grounds and all other matters pertaining to the physical care and preservation of the physical plant. The Committee shall also make recommendations to the Board concerning the naming of buildings and other facilities and outdoor areas under the management or control of the Hospital.
- x. *Financings*: To review, monitor, and make recommendations to the Board concerning financing or refinancing of any the Hospital capital debt in connection with the Hospital projects; and review, monitor, and make recommendations to the Board concerning financing or refinancing for the purpose of working capital.
- xi. *Audits*: To assist the Board in fulfilling its oversight responsibilities.

c. Duties and Powers, Audits

The Committee's primary duties and responsibilities are to assist the Board with respect to:

- i. The adequacy and integrity of the Hospital's internal controls and financial reporting processes and the reliability of its financial reports.
- ii. The independence, qualifications, and performance of the Hospital's internal auditors (hereinafter the "Internal Auditor") and external independent auditor (hereinafter the "Independent Auditor").
- iii. The Hospital's compliance with legal and regulatory requirements.
- iv. The Committee shall have the authority to conduct investigations and recommend to the Board the retention of independent legal, accounting, or other professionals or experts to advise the Committee. Any such recommendations shall provide the appropriate funding, as recommended by the Committee, for payment of compensation to the Independent Auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee, as well as for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- v. Oversight of contracts and contractual processes, and the oversight and administration of the policies and procedures of the Hospital in connection with the letting of contracts, to review (or provide an effective process for reviewing) all contracts proposed to be let without public, competitive bidding, and generally to make recommendations to the Board concerning the processes involved in the letting of Hospital contracts.
- vi. The review and oversight of the Hospital's "Compliance Program" including, but not limited to, the performance of the Chief Compliance Officer and the Compliance Committee.
- vii. The periodic review, and at least annually, of the effectiveness of the Hospital's Compliance Program.
- viii. The adoption of a resolution, signed by each individual member of the Committee, summarizing the Committee's review and oversight of the Hospital's compliance with the requirements of Federal health care programs.
- ix. An annual self-assessment relative to the Committee's performance of its purpose, duties, and responsibilities as set forth in the Bylaws.
- x. Enterprise risk management by discussing policies with respect to risk assessment and risk management. The Committee shall inquire of management, compliance, internal audit, and the external auditors about significant risks or exposures facing the Hospital, assess the steps

management has taken or proposed to take to minimize such risks to the Hospital, and periodically review compliance with such steps.

d. Obligations under Executive Order 122

The Committee is specifically charged with performing the tasks set forth in Executive Order 122, dated July 23, 2004.

e. Meetings

- i. The Committee shall hold meetings at least quarterly each fiscal year and at any additional time as either the Board or the Committee deems necessary.
- ii. The Committee may request that members of the Hospital's management, any employee of the Hospital, the Hospital's outside counsel and/or the Hospital's Independent Auditor be present at Committee meetings as needed.
- iii. The Committee shall meet at least quarterly, 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.
- iv. The Committee may form and delegate authority to subcommittees when appropriate including, without limitation, the authority to pre-approve permitted audit related and non-audit services when appropriate.
- v. Minutes of each meeting will be kept and distributed to the entire Board.

f. General Principles as to Independent Auditor

- i. The Committee shall have the sole and direct authority to engage, appoint, evaluate, compensate, or replace the Independent Auditor.
- ii. The Committee shall be directly responsible for the oversight of the work of the Independent Auditor, including resolution of disagreements between management and the Independent Auditor regarding financial reporting. The Independent Auditor shall report directly to the Committee.
- iii. The Committee shall review and approve in advance all audit, audit

related, and non-audit services.

- iv. The Committee shall review and approve in advance all fees to be paid to the Independent Auditor for audit, audit related, and non-audit services.
- v. If the Hospital's Independent Auditor identifies a significant problem that is not being adequately addressed by the Hospital's management, it shall be communicated to the Committee in a timely fashion.
- vi. The Committee shall obtain and review an annual report from the Independent Auditor describing:
 - 1. The Independent Auditor's internal quality-control procedures;
 - 2. Any material issues raised by the most recent internal quality-control review or peer review of the firm or by an inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm; and
 - 3. Any steps taken to deal with such issues.
- vii. The Committee shall regularly review:
 - 1. All critical accounting practices and policies to be used; and
 - 2. The appropriateness of accounting principles followed by the Hospital, changes in accounting principles and the reasons for changes not mandated by standards, setters or regulators and their impact on the Hospital's financial statements.
- viii. The Independent Auditor shall report to the Committee concerning all written communications between the Independent Auditor and the Hospital's management including, by way of example and not limitation, "management letters" prepared by the Independent Auditor and the Hospital's response to such letters, as well as any schedule of unadjusted audit differences,
- ix. The Committee shall undertake the following with respect to the Independent Auditor's independence:
 - 1. Ensure that the Independent Auditor submits annually, a formal written statement including the written disclosures required by Independence Standards Board Standard No. 1 delineating all relationships between the Independent Auditor and the Hospital.

2. Actively engage in a dialogue with the Independent Auditor with respect to any disclosed relationships or services that may have an impact the objectivity and independence of the Independent Auditor.
3. Consider whether the provision of non-audit services by the Independent Auditor is compatible with maintaining the independence of the Independent Auditor.

g. Primary Responsibilities

i. Financial Reporting and Disclosure

1. The Committee shall review and discuss with management and the Independent Auditor the audited financial statements of the Hospital, the results of the year-end audit by the Independent Auditor and the other financial information, including management's discussion and analysis of financial condition and results of operations in any the Hospital filings.
2. The Committee shall discuss with the Independent Auditor the matters the Independent Auditor determines are required to be discussed by Statement on Auditing Standards No. 114.
3. Based on the review and discussions with management and the Independent Auditor, the Committee will advise the Board whether it recommends that the audited financial statements be included in the Hospital's annual report or any governmental filings.
4. The Committee shall discuss with management and the Hospital's Independent Auditor the Hospital's quarterly financial statements and shall discuss with the Independent Auditor the matters the Independent Auditor determined are required to be discussed by Statement on Auditing Standards No. 100.

ii. Audits/Internal Controls

1. The Committee shall review the proposed audit plans of both the Internal Auditor and the Chief Compliance Officer for the coming year and the coordination of such plans with the Independent Auditor, and shall review and discuss with management their results of such audits.
2. The Committee shall discuss with the Hospital's management, the Independent Auditor, the Internal Auditor, and the Chief

Compliance Officer:

- a. The adequacy of the Hospital's internal accounting controls financial reporting process and the Hospital's compliance procedure.
- b. The status of internal control recommendations made by the Independent Auditor, the Internal Auditor, and the Chief Compliance Officer.
- c. The Committee shall review and recommend to the Board of Directors the appointment, replacement, reassignment, or dismissal of the Internal Auditor and Chief Compliance Officer and provide input to the President and Chairperson of the Board and the Members of the Board, concerning their performance evaluation.

iii. Compliance Oversight – Ethics Committee

1. The Committee shall be knowledgeable about the content and operation of the Hospital's Compliance programs and shall exercise reasonable oversight with respect to the implementation and effectiveness of the programs including:
 - a. Review and evaluation of the adequacy of the Ethics and Compliance Programs to ensure that they address all important areas of ethical conduct and compliance with civil and criminal laws.
 - b. Discussions with the Hospital's General Counsel on the adequacy of the policies and practices of the Hospital related to compliance with key regulatory requirements.
 - c. Establishment of procedures for the receipt, retention, and treatment of complaints received by the Hospital regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submissions of employees.
 - d. Periodic review of the Hospital's policies with respect to risk assessment including, but not limited to, key legal and compliance major financial risk exposures, and the steps the Hospital's management has taken to monitor and control such exposures, and the use of these assessments to modify the Hospital's operations in order to meet emerging threats to compliance.

iv. Enterprise Risk Management

1. Identify, review, assess, monitor, and make recommendations with respect to the Hospital's business opportunities and risks, including, but not limited to, professional and other liabilities and cyber security.
2. The Committee shall manage and report on all events that may affect the Hospital's economic performance, environmental performance and compliance, labor practices and performance, service responsibility, social/community responsibility, and legal compliance practices and performance in order to avoid the risk of loss and achieve the Hospital's mission and objectives.

v. Other

1. The Committee shall periodically receive reports from, and discuss with, the Hospital's General Counsel any material government investigations, litigation or legal matters.
2. The Committee shall:
 - a. Review and reassess the adequacy of these Bylaws annually and recommend any proposed changes to the Board for approval.
 - b. Review and reassess the adequacy of the policy regarding the Independent Auditor, proposing changes as necessary.
3. The Committee shall discuss and preview with the Hospital's management financial press releases and financial information provided to analysts and rating agencies prior to their release.
4. The Committee shall report to the full Board all significant items discussed at any Committee meeting.

vi. Scope of Responsibilities

1. 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. This is the responsibility of the Hospital's management and the Independent Auditor. Nor is it the duty of the Committee to

conduct investigation or to assure compliance with laws and regulations and the Hospital's Code of Conduct.

2. The Committee shall have such additional responsibilities related to financial matters of the Hospital as the Board may, from time to time, assign to the Committee.

5. QUALITY OF CARE COMMITTEE

a. Committee Composition

The Quality of Care Committee of the Board shall be comprised of at least three (3) Members, of whom the Chairperson shall be one. In addition, the President of the Medical Staff shall also serve on the Quality of Care Committee, *ex officio*, without vote.

b. Duties and Powers

The Quality of Care Committee shall consider and make recommendations to the Board on any matters concerning the clinical operations of the Hospital. Pursuant to this, the Quality of Care Committee shall:

- i. Consider such matters as may be appropriate, including the operation, services, budget, quality, compliance, patient safety, and educational programs of the Hospital and the requirements for the establishment and operation of auxiliary organizations and volunteer services at the Hospital;
- ii. Establish a formal means of liaison to assure effective communication among the Board, administration, the Medical Staff, and the surrounding community of the Hospital;
- iii. Review, annually reappraise, and make recommendations to the Board regarding the Quality Assurance Plan of the Hospital;
- iv. Review and consider reports as may be appropriate attesting to an ongoing quality assurance process that objectively and systematically monitors and evaluates the quality of patient care and make recommendations to the Board regarding the improvement of patient care and the resolution of identified problems;
- v. Review and recommend to the Board on matters related to the Medical Staff Bylaws, and to perform other such duties as may be assigned by the Board;
- vi. Receive and review safety management reports and to recommend

corrective action where necessary to assure a safe environment for patients, personnel, and visitors to the Hospital;

- vii. Review and receive periodic reports from the Hospital Chief Compliance Officer;
- viii. Review and oversee the information, procedures and reporting systems that the Hospital has in place to provide reasonable assurance that they deliver quality and safe medical care to patients;
- ix. Review the Hospital's compliance programs which are intended to foster compliance with all federal and state laws and regulations applicable to healthcare providers and required to participate in Federal health care programs; and
- x. Review at least annually the Hospital Code of Ethics and efforts to educate employees and promote adherence to the Code. During discussion or consideration of any matter involving quality assurance, peer review, and compliance at the Hospital, any members of the Committee who are not members of the Board shall be excused, provided however that Hospital staff may participate by express invitation of the Chairperson of the Committee. Any and all such discussions shall be considered confidential and privileged.

6. COMPENSATION COMMITTEE

a. Committee Composition

The Compensation Committee of the Board shall be comprised of three (3) Members.

b. Duties and Powers

- i. The Compensation Committee shall review, monitor, and make recommendations regarding the evaluation and compensation of the President and senior executives of the Hospital.
- ii. Periodically, the Compensation Committee will review the procedures and methods used in the evaluation and compensation of the Hospital executive officers, faculty and staff and other compensation-related matters in order to maintain and enhance the Hospital's competitive status.
- iii. The Compensation Committee shall have:
 - 1. The power and responsibility to recommend guidelines to the

Board for determining executive compensation.

2. Oversight of compensation practices and policies for the compensation of all other Hospital employees and the responsibility to make recommendations to the Board concerning these policies and procedures.
3. Without limitation of the foregoing, consideration of the reasonableness of the compensation proposed for each new hire of executive personnel including, without limitation, any proposed severance, incentive, or other financial benefits, and making appropriate recommendations to the Board concerning the same.

7. MEDICAL LIAISON COMMITTEE

a. Committee Composition

The Medical Liaison Committee of the Board shall be comprised of three (3) Members. In addition, the President of the Medical Staff shall also serve on the Medical Liaison Committee, *ex officio*, without vote.

b. Duties and Powers

The Committee shall serve as a formal means of liaison to assure effective communication between the Board and the Medical Staff. It shall consider all matters concerning the Medical Staff Bylaws and other matters concerning professional practice in the Hospital. It shall review the recommendations of the “Medical Executive Committee” appointed by the Medical Staff (“MEC”), 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 Medical Liaison Committee shall report its findings and make recommendations with respect to these issues to the Board. If no Board meeting is scheduled within thirty (30) days of the Medical Liaison Committee’s findings and/or recommendations, the Committee shall report its findings and/or recommendations to the Governance, Ethics, and Legal Committee for a timely decision on the initial appointment and reappointment, and renewal or modification of staff categories and clinical privileges.

c. Meetings

The Medical Liaison Committee shall meet on a regular basis as determined by its chairperson or the Board, but shall meet at least six (6) times per year.

8. ADDITIONAL HOSPITAL COMMITTEES

In addition to the above-referenced Standing Committees of the Board, and in accordance with the Hospital Licensing Standards, N.J.A.C. 8:43G-1.1 et seq., and the accreditation requirements of The Joint Commission, the Hospital shall have the following operational committees, of which the chairs shall be approved by the Board of Directors. The President of the Medical Staff, in consultation with the CEO of the Hospital, will make a recommendation for each committee chair to the Medical Executive Committee (“MEC”) for approval prior to submitting the chair’s name to the hospital Board of Directors for their approval.

- a. Bioethics Committee
- b. Pharmacy & Therapeutics Committee
- c. Quality Improvement Committee
- d. Combined Critical Care/Resuscitation Committee
- e. Occupational Health and Safety Committee
- f. Pediatric Intensive Care Committee
- g. Safety Committee
- h. Emergency Management Committee
- i. Medical Records & Information Management Committee
- j. Transplant Safety Committee
- k. Waived Testing Committee
- l. Ambulatory Care Committee
- m. Blood Utilization Review Committee
- n. Invasive & Other Procedures Review Committee
- o. Medical Informatics Committee
- p. Radiation Safety Committee
- q. Utilization Management Committee
- r. Operating Room Committee

In accordance with the Hospital Licensing Standards, N.J.A.C. 8:43G-1.1 et seq., and the accreditation requirements of The Joint Commission, the Hospital shall also have the following operational committees, which shall be chaired by a physician and approved by the hospital Board of Directors. The President of the Medical Staff, in consultation

with the CEO of the Hospital, will make recommendations for each committee chair to MEC for approval prior to submitting the chair's name to the hospital Board of Directors for their approval.

- a. Credentials Committee
- b. Infection Control Committee
- c. Oncology Committee

ARTICLE V **OFFICERS OF THE HOSPITAL**

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 which is not inconsistent with these Bylaws. The officers of the Hospital may consist of a president, three or more executive vice-presidents, a secretary, a treasurer, a chief executive officer, chief operating officer, executive officer and one or more vice-presidents and such other officers as the Board may determine from time to time. Any two or more offices may be held by the same person, except for the offices of president and secretary which must be held by separate people.

2. RESIGNATION

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 has accepted such resignation or if a successor has been appointed.

3. REMOVAL

Any officer appointed by the Board may be removed, either with or without cause, and a successor appointed by the Board at any time.

4. COMPENSATION

The compensation of the officers of the Hospital shall be fixed from time to time by the Board.

5. OFFICERS AND THEIR DUTIES

a. Chief Executive Officer

The Chief Executive Officer shall be the chief executive officer of the Hospital and shall have the general powers of supervision of the management of the President of the Hospital.

b. President

The President shall be the chief operating officer of the Hospital and shall have the general powers and duties of supervision and management of the Hospital, including 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 shall authorize the execution thereof in some other manner, the 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 Secretary.

In addition, the President shall have the authority to designate the person(s) to perform and fulfill the duties of the Secretary and the Assistant Secretary, as defined in subsection (c) below.

The offices of Chief Executive Officer and President may be, but shall not be required to be, filled by the same individual.

c. Secretary

The Secretary shall give, or cause to be given, notice of all meetings of the Board 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 upon whose request the meeting is called as provided in these Bylaws. The Secretary shall record all the proceedings of the meetings of the Hospital, and, if present, of the Board, in a book to be kept for that purpose. The Secretary shall keep in safe custody the seal of the Hospital, and when authorized by the Board, affix the same to any instrument requiring it.

It shall be the duty of the 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 and to see that proper notice is given and minutes kept for all meetings of committees of the Board. The Secretary shall perform such other duties and exercise such other powers as may be prescribed from time to time by the Board.

d. 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.

ARTICLE VI
RELATIONSHIP WITH MEDICAL STAFF

1. **BOARD REVIEW OF MEDICAL STAFF BYLAWS**

The Board 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 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.

2. **BOARD REVIEW OF MATTERS RELATING TO APPOINTMENT TO THE MEDICAL STAFF**

- a. The Board 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 shall have a need of further information and/or clarification with respect to any appointment proposed by the MEC, the Board 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 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.

3. BOARD REVIEW OF DISCIPLINARY ACTIONS AND CORRECTIVE ACTIONS

- a. The Board 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 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 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 shall participate as set forth in the Medical Staff Bylaws.

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.

5. BOARD RESPONSIBILITY FOR REVIEW OF MEDICAL STAFF EFFORTS TO ENSURE QUALITY OF CARE

The Board 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 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 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.

6. ACTIONS OF THE MEDICAL EXECUTIVE COMMITTEE

All actions of the MEC shall be deemed to be immediately transmitted to the Board for consideration.

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 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.

8. JOINT CONFERENCE COMMITTEE

If the Board 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's determination. If agreed upon by the Board, 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

1. SERVICES RENDERED TO THE HOSPITAL

The Hospital shall indemnify any Member, any officer holding an office pursuant to Article V, above, (hereinafter a "Hospital Officer") and/or any Hospital employee pursuant to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq., (hereinafter a "Hospital Employee") made or threatened to be made, a party to an action or proceeding, whether civil or criminal, against any judgments, fines, amounts paid in

settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, arising from such individual's position as a Member, Hospital Officer, or Hospital Employee or actions taken by such individual as a Member, Hospital Officer, or Hospital Employee if such Member, Hospital Officer, or Hospital Employee acted in good faith for a purpose which he or she reasonably believed to be in the best interests of the Hospital and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his or her conduct was unlawful.

2. SERVICES RENDERED TO OTHERS ON BEHALF OF THE HOSPITAL

The Hospital shall indemnify any Member, Hospital Officer, and/or any Hospital Employee, made or threatened to be made, a party to an action by or in the right of any other hospital of any type or kind domestic or foreign, or any partnership, joint venture, trust, employee benefit plan, or other enterprise, which any such Member, Hospital Officer, or Hospital Employee served in any capacity at the request of the Hospital, by reason of the fact that he or she was a Member, Hospital Officer, or Hospital Employee or served such other hospital, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against any judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such Member, Hospital Officer, or Hospital Employee acted, in good faith, for a purpose which he or she reasonably believed to be not opposed to the best interests of the Hospital and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his or her conduct was unlawful.

3. DERIVATIVE SUITS

The Hospital shall indemnify any Member, Hospital Officer, or Hospital Employee made, or threatened to be made, a party to an action by or in the right of the Hospital to procure a judgment in its favor arising from such individual's position as a Member, Hospital Officer, or Hospital Employee or actions taken by such individual as a Member, Hospital Officer, or Hospital Employee if such Member, Hospital Officer, or Hospital Employee acted in good faith for a purpose which he or she reasonably believed to be in the best interests of the Hospital, against amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred by him or her in connection with the defense or settlement of such action, or in connection with an appeal therein, except that no indemnification under this paragraph shall be made in respect of:

- a. A threatened action, or a pending action which is settled or otherwise disposed of, or
- b. Any claim, issue or matters as to which such person shall have been adjudged to be liable to the Hospital, unless and only to the extent that the court in which the action was brought, or, if no action was brought, any court of competent

jurisdiction, determines upon application that, in view of all of the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such portion of the settlement amount and expenses as the court deems proper.

ARTICLE IX
CHANGES TO THE BYLAWS

1. AMENDMENT AND REPEAL

The Bylaws may be altered, amended, or repealed at any meeting of the Board by the affirmative vote of a majority of the Board, after written notice of such intention is provided by the Secretary to each Member at least five (5) days prior to the meeting.

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.

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, Investment, Administration, 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;

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- 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.

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