

BYLAWS
OF
TORRANCE MEMORIAL MEDICAL CENTER
(A California Nonprofit Public Benefit Corporation)

As Amended By the Board of Trustees of
Torrance Memorial Medical Center
on December 12, 1990
on December 11, 1996
on May 7, 1997
on April 29, 1998
on October 5, 2005
On December 8, 2010
On February 1, 2018

Approved by the Statutory Member,
Torrance Health Association, Inc.,
On December 12, 1990
On February 27, 1991 (Section 4.2)
On December 11, 1996
On May 7, 1997
on April 29, 1998
on October 5, 2005
On December 8, 2010
On February 1, 2018

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OF
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DEFINITIONS

Unless otherwise expressly provided, the following terminology shall apply throughout these Bylaws:

1. **AFFILIATION AGREEMENT** means that certain Affiliation Agreement between Cedars-Sinai Health System, a California nonprofit public benefit corporation, and Torrance Health Association, Inc., a California nonprofit public benefit corporation, dated June 5, 2017, as such is amended from time to time.

2. **ALLIED HEALTH PROFESSIONAL** or **AHP** means an individual other than a licensed physician, dentist or podiatrist who exercises independent judgment within the areas of his or her professional competence and who is qualified to render care under the supervision of a practitioner who has been accorded privileges in the Hospital.

3. **ARTICLES** means the Articles of Incorporation of this Corporation as now in effect or as later amended.

4. **BOARD OF TRUSTEES** or **BOARD** means the Board of Trustees of this Corporation, which shall discharge the responsibilities required of a Board of Directors under applicable laws.

5. **CHANGE OF CONTROL** means: a) any transaction or series of related transactions of an entity (including, without limitation, merger or consolidation, sale, transfer or other disposition of equity, amendment to the articles of incorporation or bylaws or other applicable governing documents of such entity or other contract or arrangement) that results in another entity becoming the beneficial owner of more than fifty percent (50%) of the voting ownership interests of such entity, (b) the sale, lease, transfer, exchange, disposition or change in use of all or substantially all of the property and assets of an entity, (c) the substitution of a new corporate member or members that transfers the control of, responsibility for, or governance of the entity; or (d) a joint venture, management arrangement or similar transaction by an entity with another entity that results in the other entity becoming the owner, operator or manager of all or substantially all of the assets of the entity.

6. **CORPORATION** means Torrance Memorial Medical Center, a California nonprofit profit public benefit corporation.

7. **HEALTH CARE ADVOCACY GROUP** means a health care advocacy group that represents residents from the Corporation's primary service area, which shall include the following zip codes: 90505, 90275, 90745, 90501, 90503, 90717, 90250, 90277, 90274, 90744, 90278, 90504, 90731, 90710, 90247, 90502, 90266, 90260, 90746, 90249, 90732, 90254, 90248.

8. HOSPITAL means the general acute care hospital or hospitals, as defined by the California Health & Safety Code, which are owned and/or operated by the Corporation.

9. LAW means the California Nonprofit Corporation Law, as amended and restated from time to time.

10. MEDICAL STAFF or STAFF means the formal organization of all licensed physicians, dentists and podiatrists who are privileged to attend to patients in the Hospital.

11. MEDICAL STAFF BYLAWS means the bylaws, rules and regulations adopted by the Medical Staff, and approved by the Board of Trustees for the internal governance of the Medical Staff.

12. MEDICO-ADMINISTRATIVE OFFICER means a practitioner who serves the hospital either on a full or part-time basis and whose duties include certain responsibilities which are both administrative and clinical in nature.

13. PRACTITIONER means, unless otherwise expressly limited, any physician, dentist or podiatrist applying for or exercising clinical privileges in the Hospital.

14. PRESIDENT means the individual appointed to act on its behalf in the overall administrative management of the Hospital and who shall perform the duties of the Chief Executive Officer.

15. SECRETARY means the Secretary of the Corporation as elected by the Board of Trustees.

16. TRUSTEE means any person then serving as a member of the Board of Trustees of this Corporation.

ARTICLE I

Purposes and Powers

Section 1.1 **Purposes and Powers.** The principal purposes and powers of the Corporation are:

- (a) All purposes and powers set forth in the Articles;
- (b) The power to do all other acts necessary or appropriate for administration of the affairs and attainment of the Corporation's purposes;
- (c) To have and exercise all rights and powers conferred on nonprofit corporations under the Law as now in effect or as later amended.

Section 1.2 **Specific Purposes.** The Corporation is dedicated to the promotion of health within its service area. The purposes for which the Corporation exists include, by way of example and not limitation:

- (a) The operation of a general acute hospital; and
- (b) The purchase, lease, and improvement of such real and personal property as may be necessary for the purposes of such hospital and related uses.

ARTICLE II

Statutory Member and Health System Parent Entity

Section 2.1 **Statutory Member.** Torrance Health Association, Inc., a California nonprofit public benefit corporation (the “Statutory Member”), shall be the sole member of the Corporation, as the term “member” is defined in Section 5056 of the Law. No amendment of this Section 2.1 shall be valid or effective unless and until approved by the Statutory Member. Except as provided in these Bylaws and as is not inconsistent with law, the Statutory Member shall have and be entitled to exercise fully all rights and privileges of a member of a nonprofit public benefit corporation under the Law, and under all other applicable laws. All actions of the Statutory Member with respect to this Corporation shall be taken by majority vote of its Board of Trustees at a meeting at which a quorum is present or the written consent of all members of the Board of Trustees of the Statutory Member then in office.

Section 2.2 **Health System Parent Entity.** Cedars-Sinai Health System, a California nonprofit public benefit corporation (the “Health System Parent Entity”), as the sole member of the Statutory Member, shall have powers with respect to the Corporation as set forth in this Section 2.2 for so long as the Health System Parent Entity remains the sole member of the Statutory Member.

(a) **Powers of Final Approval of the Health System Parent Entity.** The Health System Parent Entity shall have the power to give final approval for the following actions of the Corporation adopted and approved by the Statutory Member and the Board of Trustees of the Corporation (the “Board of Trustees”), and no attempted exercise of any such powers without the approval of the Health System Parent Entity shall be valid or of any force or effect whatsoever:

- (i) Change the mission, vision and values of the Corporation;
- (ii) Change the corporate structure of the Corporation if such change would affect the Corporation’s status as an exempt organization under Section 501(c)(3) of the Code;
- (iii) Elect to voluntarily dissolve the Corporation;
- (iv) Enter into any settlement or consent decree on behalf of the Corporation with a government authority or any other third party that is not an Immaterial Settlement (as such term is defined in the Affiliation Agreement);
- (v) Approve the community benefit plan of the Corporation;
- (vi) Sell any real property owned by the Corporation; provided, however, if the sale of real property is in connection with a Change of Control of

the Corporation, the Health System Parent Entity shall have the exclusive power and right to approve such action;

(vii) Approve the Corporation's incurrence of debt or lending of money in amounts that exceed two percent (2%) of the Corporation's net assets;

(viii) Except as otherwise set forth in an approved capital budget or operating budget of the Corporation, approve any contract or transaction of the Corporation that involves paying or spending an amount that exceeds two percent (2%) of the net revenue of the Corporation during the Corporation's immediately prior fiscal year;

(ix) Change the name of the Corporation or a licensed hospital owned and operated by the Corporation;

(x) Transfer non-cash assets from the Corporation to the Health System Parent Entity;

(xi) During the first five (5) years after the effective date of the Affiliation Agreement (the "Transition Period"), adopt, repeal, modify, amend or restate the Articles of Incorporation or Bylaws or other governing documents of the Corporation; and

(xii) During the Transition Period, form an obligated group that includes, without limitation, the Health System Parent Entity and the Corporation.

(b) Exclusive Powers of the Health System Parent Entity. The Health System Parent Entity shall also have the exclusive power to take any of the following actions without the need to obtain the approval of the Board of Trustees or the Statutory Member, and no attempted exercise of any such powers by anyone other than the Health System Parent Entity shall be valid or of any force or effect whatsoever:

(i) Establish or consummate a transaction that results in a Change of Control of the Corporation;

(ii) Approve the strategic plans, capital budgets and operating budgets of the Corporation;

(iii) Select the independent auditor that will serve as auditor for the Corporation;

(iv) After the expiration of the Transition Period, adopt, repeal, modify, amend or restate the Articles of Incorporation or Bylaws or other governing documents, as applicable, of the Corporation; and

(v) After the expiration of the Transition Period, form an obligated group that includes, without limitation, the Health System Parent Entity and the Corporation.

(c) Powers in Affiliation Agreement. Pursuant to the Affiliation Agreement, the Health System Parent Entity may take certain action unilaterally with respect to this Corporation (“Unilateral Action”). In addition and also pursuant to the Affiliation Agreement, the Health System Parent Entity and the Statutory Member make take certain action jointly with respect to this Corporation (“Joint Action”). Notwithstanding anything in these Bylaws that may be construed to the contrary and subject to the terms of the Affiliation Agreement, the Health System Parent Entity shall have the power to take any Unilateral Action without the need to obtain any separate approval of this Corporation and the Health System Parent Entity and the Statutory Member shall have the power to take any Joint Action without the need to obtain any separate approval of this Corporation.

Section 2.3 Nonmember Support Groups. The Board of Trustees may, by appropriate resolution, from time to time, establish auxiliaries, friends and other support groups for the Corporation, but none of such auxiliaries, friends or support groups, or the constituents thereof, shall be or have the rights and privileges of “members,” within the meaning of Section 5056 of the Law.

ARTICLE III

Board of Trustees

Section 3.1 General Powers. Except as otherwise provided by law, by the Corporation’s Articles of Incorporation, these Bylaws or the Affiliation Agreement, the activities and affairs of the Corporation shall be conducted and all the corporate powers shall be exercised by or under the direction of the Board of Trustees, subject to any necessary approvals of the Health System Parent Entity and/or Statutory Member as described herein and in the Affiliation Agreement. The Board of Trustees may delegate the management of the Corporation to any person or persons, management company or committee however composed, provided that the affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Trustees, the Statutory Member and the Health System Parent Entity as consistent and in compliance with the Corporation’s Articles of Incorporation, these Bylaws and the Affiliation Agreement. Subject to the powers reserved to the Health System Parent Entity as set forth in these Bylaws, the recommendation and input of the Statutory Member and the applicable terms of the Affiliation Agreement, the powers and responsibilities of the Board of Trustees shall include:

(a) To recommend to the Health System Parent Entity for approval, the strategic plans, capital budgets and operating budgets of this Corporation, taking into account the recommendation of this Corporation’s President/CEO;

(b) To prescribe such duties for the officers, agents and employees of this Corporation as are not inconsistent with these Bylaws or applicable laws, and to require from them security for faithful performance;

(c) To provide input on the addition of a new entity as a “Member Organization” as such term is defined in the Health System Parent Entity’s Bylaws;

(d) To provide advice and counsel to the Health System Parent Entity on any proposed action to establish or consummate a transaction that results in a Change of Control of the Health System Parent Entity;

(e) To provide input on any proposed change in the name of the Health System Parent Entity; and

(f) To do and perform every act whatsoever not inconsistent with these Bylaws that may pertain to the office of director, or that may legally or properly be done by a board of directors, as approved by this Corporation's President/CEO.

Section 3.2 **Number of Trustees.** Until changed by an amendment to the Articles or by an amendment to these Bylaws, the authorized number of Trustees comprising the Board shall be twelve (12).

Section 3.3 **Election and Term of Office.**

(a) **Election of Trustees.** Trustees shall be elected by the Board of Trustees of the Statutory Member at each annual meeting of the Board of Trustees of the Statutory Member, but if any such annual meeting is not held, or the Trustees of this Corporation are not elected thereat, the Trustees of this Corporation may be elected at a special meeting of the Board of Trustees of the Statutory Member called for that purpose or without a meeting by the written consent of all members of the Board of Trustees of the Statutory Member; provided, however, that once so elected by the Statutory Member, any Trustee who is a compensated officer of this Corporation shall be automatically re-elected at the end of such Trustee's initial or any re-election term for so long as such individual is a compensated officer of this corporation. Notwithstanding the foregoing and anything in these Bylaws to the contrary, the Board of Trustees of this Corporation shall always reflect the identical membership of the Board of Trustees of the Statutory Member.

(b) **Term.** Each Trustee will hold a specific numbered position. Each position will have a term of three (3) years. The terms shall be staggered so that the terms of approximately one-third of the authorized number of Trustees expire each year.

(c) **Qualifications of Trustees.** The Trustees shall be selected on the basis of breadth of experience, appropriateness of skills, and willingness and ability to participate effectively in fulfilling the Board's responsibilities. The Trustees shall be selected so as to provide the Board with a broad representation of the community served by the Corporation and representation of the Medical Staff. No more than twenty-five percent (25%) of the authorized number of Trustees shall be physicians and surgeons and the authorized number of Trustees less that number of Trustees who are physicians and surgeons shall be divided equally or nearly equally between men and women. During the Transition Period, at least one (1) Trustee shall be a member of a Health Care Advocacy Group. No Trustee who has served on the Board for two (2) consecutive terms of three (3) years each may be re-elected to the Board until the expiration of not less than one (1) year from the date of completion of such second term; provided, however, that Trustees who are compensated officers of the Corporation shall be exempt from this requirement; provided, further, that additional Trustees may be exempted from this requirement by written resolution of the Board of Trustees of the Statutory Member, but in no

event shall more than three (3) additional Trustees at one time be so exempted. The Board of Trustees of the Statutory Member shall designate by written resolution those Trustees, if any, who will be so exempt.

(d) **Foundation Attendance.** The President of Torrance Memorial Medical Center Health Care Foundation shall receive notice of all meetings of the Board of Trustees, and shall have the right to participate in the discussions at such meetings, but shall not have the right to vote. In the discretion of the Chairman of the Board, the President of the Foundation may be excused from executive sessions of the Board.

Section 3.4 **Vacancies.**

(a) Vacancies on the Board may be filled by the vote of the Board of Trustees of the Statutory Member and each Trustee so elected shall hold office for the balance of the term of the vacated position, unless the Trustee is removed from office.

(b) A vacancy in the Board shall be deemed to exist (1) in case of the death, resignation or removal of any Trustee, (2) if the authorized number of Trustees be increased, or (3) if no nomination is made pursuant to these Bylaws to fill any Trustee position to be voted for at that meeting, or (4) when a Trustee who was a compensated officer of this Corporation at the beginning of such Trustee's initial or re-election term, as applicable, has ceased to be a compensated officer of this Corporation.

(c) In the event vacancies in the Board are created by an increase in the authorized number of Trustees, the new Trustees shall be appointed for staggered terms so that the terms of approximately one-third of the authorized number of Trustees expire each year. No reduction of the authorized number of Trustees shall have the effect of removing any Trustee prior to the expiration of his or her term, unless the reduction or any amendment provides for the removal of one or more specified Trustees.

Section 3.5 **Place of Board Meetings.** Board meetings shall be held at any place which has been designated by written resolution of the Board or by written consent of all Trustees. In the absence of such designation, meetings shall be held at the Corporation's principal office.

Section 3.6 **Organization Meeting.** As soon as reasonably practicable and no later than thirty (30) days following each annual meeting of the Board of Trustees of the Statutory Member, the Board shall hold a meeting for the purpose of organization, election of officers and the transaction of other business.

Section 3.7 **Other Regular Meetings.** Regular meetings of the Board shall be held at least quarterly at such time and place as the Board may fix by written resolution. No notice of any regular meeting of the Board need be given. The Board shall evaluate annually, at a regular meeting of the Board, the performance of the Corporation and of the Board of Trustees of the Corporation during the preceding year.

Section 3.8 **Special Meetings.** Special meetings of the Board for any purposes may be called at any time by the Chairman of the Board, the Vice Chairman of the Board, any Vice President, the Secretary or any two (2) Trustees.

Section 3.9 **Notice of Special Meetings.** Notice of each special Board meeting shall be given by the Secretary and shall specify the place, day and hour of the meeting and the nature of the business to be transacted thereat. Special meetings of the Board shall be held upon four (4) days' notice by first-class mail or 48 (forty-eight) hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission, by the Corporation. Those notices which are sent by mail shall be delivered, charges prepaid, to the Trustee's address appearing on the Corporation's books or supplied by the Trustee to the Corporation for the purposes of notice. Business transacted at a Special meeting shall be confined to the specific matters stated in the notice given unless said notice states that any and all matters may be acted upon at the meeting.

Section 3.10 **Board Quorum.** The presence, in person, of not fewer than one-third (1/3) of the total number of Trustees authorized in these Bylaws shall constitute a quorum for the transaction of business at a Board meeting. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Trustees, if any action taken is approved by at least a majority of the quorum required for such meeting.

Section 3.11 **Waiver of Notice.** Notice of a meeting need not be given to any Trustee who signed a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Trustee. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 3.12 **Adjournment.** A quorum of the Trustees may adjourn any meeting of the Board to meet again at a stated day and hour; provided, however, that in the absence of a quorum a majority of the Trustees present at any meeting may adjourn until the time fixed for the next regular meeting of the Board.

Section 3.13 **Notice of Adjournment.** Unless the meeting is adjourned for more than 24 (twenty-four) hours, notice of the time and place of holding an adjourned meeting of the Board need not be given to absent Trustees if the time and place be fixed at the meeting adjourned.

Section 3.14 **Action Without Meeting.** Any action by the Board may be taken without a meeting if all Trustees shall unanimously consent in writing to such action, such written consent(s) shall be filed with the minutes of the Board.

Section 3.15 **Fees and Compensation.** Trustees shall not receive any stated salary for their services as Trustees; provided, however, that Trustees may be reimbursed for any expenses actually incurred in connection with the performance of their duties as Trustees if the same be authorized by the Board. Nothing herein shall be construed to preclude any Trustee from serving

the Corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation therefor.

Section 3.16 **Duality of Interest**. No Trustee shall vote upon any matter as to which such Trustee has any possible duality or conflict of interest. The Board shall adopt a written policy concerning Trustees with any possible duality or conflict of interest. This policy statement shall be reviewed from time to time and updated when necessary or appropriate. Violation of this policy may result in removal from office in accordance with Sections 3.18 and 4.4.

Section 3.17 **Resignation of Trustees**. Any Trustee may resign effective upon giving written notice to the Chairman, or the Secretary, or to the Board itself, unless the notice specifies a later time for the effectiveness of such resignation.

Section 3.18 **Removal of Trustees**. A Trustee may be removed from office for any reason by the Statutory Member through the affirmative vote of a majority of the votes represented and voting at a duly held meeting of the Board of Trustees of the Statutory Member at which a quorum has been established.

Section 3.19 **Attendance Requirement**. Each Trustee shall attend at least two-thirds (2/3) of the Board meetings each year and shall also attend, during each year, at least two-thirds (2/3) of the meetings of each Committee on which he or she sits. Each Trustee shall sit on at least one (1) Committee at all times. Failure of a Trustee to attend the required number of Board and Committee meetings shall be reported by the Secretary to the Chairman and the Board. Under such circumstances, said Trustee may be removed from the Board by a two-thirds (2/3) vote of the Trustees then in office. Whether or not such a Trustee is removed from the Board, he or she may be removed from any Committee in the same fashion as he or she was appointed to that Committee.

Section 3.20 **Participation in Meetings By Conference Telephone or Similar Means**. Trustees may participate in a meeting through the use of conference telephone, electronic video communication or electronic transmission by and to the Corporation, as long as all Trustees participating in such meeting can communicate with all of the other Trustees concurrently and each Trustee is provided a means of participation in all matters before the Board, including without limitation, the capacity to propose, or interpose an objection to, a specific action to be taken by the Corporation. Participation in a meeting by a Trustee in accordance with this Section 3.21 shall constitute presence in person at that meeting.

ARTICLE IV

Officers

Section 4.1 **Officers**.

(a) The Corporation's officers shall be a Chairman, a President, a Vice Chairman, a Secretary and a Treasurer. The Chairman, Vice Chairman, Secretary and Treasurer shall each be Trustees.

(b) The Corporation may also have one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with Section 4.3.

(c) One (1) person may hold two (2) or more offices, except that neither the Secretary nor the Treasurer may serve concurrently as the President or Chairman of the Board.

Section 4.2 **Election of Officers.**

(a) The Corporation's officers, except the President and other officers appointed in accordance with Section 4.3, shall be elected annually by the Board at the organizational meeting referred to in Section 3.7.

(b) The President shall be appointed by the Statutory Member by the affirmative vote of a majority of the votes represented and voting at a duly held meeting of the Board of Trustees of the Statutory Member at which a quorum has been established.

(c) Each officer shall hold office until he or she resigns or is removed or otherwise disqualified to serve, or until a successor is elected and qualified.

Section 4.3 **Subordinate Officers.** The President may appoint such other officers not enumerated in Section 4.1(a) as the Corporation's affairs may require. Each such officer shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board or the President may determine from time to time.

Section 4.4 **Removal and Resignation.**

(a) Any officer other than the President may be removed, either with or without cause, by the Board, at any meeting thereof, or, in case of a subordinate officer appointed by the President pursuant to Section 4.3, by the President. The removal of officers by the Board shall be by vote of a majority of Trustees then in office present in person at any duly held meeting. The President may be removed, either with or without cause, by the Statutory Member by the affirmative vote of a majority of the votes represented and voting at a duly held meeting of the Board of Trustees of the Statutory Member at which a quorum has been established.

(b) Any officer may resign by giving written notice to the Board, to the President or to the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(c) Should a vacancy occur in any office, the Board may delegate the powers and duties of such office to any officer or to any Trustee until such time as a successor for said office has been elected or appointed.

Section 4.5 **Chairman of the Board.** The Chairman of the Board shall preside at all Board meetings. The Chairman of the Board shall be a member *ex officio*, with the right to vote, of all Standing Committees of the Board, including the Executive Committee, and shall have the general powers and duties of management usually vested in the office of the corporate Chairman

of the Board, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 4.6 **President**. The President shall be the chief executive officer of the Corporation, and shall have the authority and responsibility for the overall management of the Corporation, subject to those policies and orders as may be adopted or issued by the Board or any of the Board's Committees to which power has been delegated for such action including, but not limited to, those specific responsibilities of the President as are adopted from time to time by the Board. The President shall also be authorized to act as the duly authorized representative of the Board in all matters not formally delegated to the Chairman of the Board, to another Trustee or to another individual. The President shall have the authority and duties usually vested in such position and shall conduct the affairs of the Corporation to comply with all applicable laws and regulations including compliance with State licensure and certification requirements. The office of President shall at all times be occupied by an individual that possesses the following skills and experience:

- (a) Excellent communication and conflict resolution skills.
- (b) Extensive knowledge relative to the applicable regulatory requirements of California and of the healthcare market in Southern California.
- (c) Leadership skills sufficient to develop consensus among all leadership components on proposed strategies and plans.
- (d) At least 10 (ten) years' experience in senior management of a large complex medical center, teaching hospital, or market level management of a multi-hospital system.
- (e) A demonstrated ability to assess the significant market trends and the ability to develop appropriate strategies to respond to those trends on a timely basis.
- (f) Educational experience and background appropriate for the duties and responsibilities of a chief executive officer, including college and masters degrees.

Section 4.7 **Vice Chairman**. In the absence or disability of the Chairman of the Board, the Vice Chairman shall perform all the duties of the Chairman, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the Chairman of the Board. The Vice Chairman shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 4.8 **Secretary**.

(a) The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all Board meetings with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present, and the proceedings thereof.

(b) The Secretary shall keep, or cause to be kept, at the principal office or such other place as the Board may order, a register showing the name and address of the Statutory Member and the Health System Parent Entity.

(c) The Secretary shall give, or cause to be given, notice of all the meetings of the Board required by the Bylaws or by law to be given, and shall keep the seal of the Corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 4.9 **Treasurer.**

(a) The Treasurer shall cause to be kept and maintained, adequate and correct accounts of the Corporation's properties and business transactions including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall be open to inspection by any Trustee.

(b) The Treasurer shall cause to be deposited or shall cause to be disbursed in accordance with procedures approved by the Board all moneys and other valuables in the name and to the credit of the Corporation which such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board and upon request shall render to the Chairman and the Board an account of all transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 4.10 **Assistant Secretaries and Assistant Treasurers.** The Assistant Secretaries and the Assistant Treasurers in the order of their seniority as specified by the Board shall, in the absence or disability of the Secretary or Treasurer, respectively, perform the duties and exercise the powers of the Secretary or Treasurer and shall perform such other duties as he Board shall prescribe. Assistant Secretaries and Assistant Treasurers shall be appointed as provided in Section 4.3.

ARTICLE V

Committees

Section 5.1 **Committees Generally.** The Board may, by resolution(s) adopted by a majority of the Trustees then in office, form one (1) or more committees, each having at least two (2) or more Trustees, to serve at the Board's pleasure. The Board may form such committees for any purpose and may delegate to such committees any of the powers and authority of the Board except as limited by California law. Such committees shall have power to act only between Board meetings and shall at all times be subject to the ultimate supervision and control of the Board. Appointments to such committees shall be by a majority vote of the Trustees then in office if such committee is to exercise any authority of the Board, and if it is not to exercise such authority, such appointments may be made by the Chairman. The Chairman shall be a member ex officio with the right to vote, of each committee created by the Board. The President, or his designee, shall have the right to attend all committee meetings. Each committee shall meet as often as necessary, at the call of its chairman, to transact its business, and shall

keep accurate minutes of its meetings, and the committee's chairman shall designate a secretary of the committee for this purpose and shall make periodic reports and recommendations to the Board. Committees containing committee members who are not Trustees may not act on any matter involving exercise of authority delegated by the Board.

Section 5.2 **Standing Committees.** Standing Committees of the Board shall consist of an Executive Committee, a Finance & Planning Committee, an Audit Committee, a Nominating Committee, a Bylaws Committee, a Performance Improvement Committee, and such other Standing Committees as the Board may authorize from time to time.

Section 5.3 **Executive Committee.** There shall be an Executive Committee of the Board, consisting of the Chairman, Vice Chairman, Secretary, Treasurer and one (1) other Trustee appointed by the Board. Members of the Executive Committee shall include both physician and non-physician members. Except as otherwise prohibited by the Law, the Board, by written resolution, may delegate to the Executive Committee any of the powers and authority of the Board in the management of the business and affairs of this Corporation, provided, however, that the designation of such Executive Committee and the delegation of authority to it shall not operate to relieve the Board or any Trustee of any responsibility imposed by law, by the Articles or by these Bylaws. The Executive Committee shall have only those powers specifically delegated to it by written resolution of the Board. The Executive Committee shall establish rules and regulations for its meetings and meet at such times and places as shall be fixed by the Chairman, provided that a reasonable notice as required by law, shall be given of all meetings of the Executive Committee, and no act of the Executive Committee shall be valid unless approved by the vote of a majority of the members present at a meeting at which a quorum is then present; provided, however, that the dissenting opinion of any member of the Executive Committee may be reported to the Board of Trustees. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board from time to time as the Board may require. A quorum of the members of the Executive Committee may adjourn any meeting thereof to meet again at a stated day and hour; provided, however, that in the absence of a quorum a majority of the Trustees present at any meeting of the Executive Committee may adjourn until the time fixed for the next meeting of the Executive Committee. The Executive Committee may establish such subcommittees as it deems appropriate, which subcommittees shall have such duties and responsibilities as are delegated to them by written resolution of the Executive Committee. Without limiting the foregoing, there shall be established a Compensation Subcommittee of the Executive Committee that shall consist of at least two (2) Trustees. The Compensation Subcommittee shall, from time to time, recommend to the Executive Committee the compensation and benefits of the executive officers of this Corporation and shall assure that such compensation and benefits are just and reasonable. Such review and approval shall occur initially upon the hiring of the officer, whenever the term of employment, if any, of the officer is renewed or extended, and whenever the officer's compensation is modified; provided, that separate review and approval shall not be required if a modification of compensation extends to substantially all employees. The Compensation Subcommittee shall be responsible for the periodic evaluation of the performance of the President and shall confer with the President from time to time concerning the President's evaluation of the Corporation's other executive officers.

Section 5.4 **Finance & Planning Committee.** The Finance & Planning Committee shall consist of the President, the Treasurer, and at least four (4) Trustees (including both

physician and non-physician Trustees). The Finance & Planning Committee's duties shall be to see that a budget showing the expected revenues and expenditures for the ensuing year is prepared and submitted to the Board. The Finance & Planning Committee shall meet regularly, shall review the monthly financial statements of the Corporation, shall report to the Board regarding the financial condition of the Corporation and shall make recommendations for expenditures of corporation funds. Subject to all required approvals set forth in these Bylaws, the bylaws of the Statutory Member, and the Affiliation Agreement, the Finance & Planning Committee shall have the power and authority to authorize capital expenditures not provided for in the Corporation's annual operating or capital budget; provided, however, that such power and authority is limited to the expenditure of not more than One Million Dollars (\$1,000,000). The Finance & Planning Committee shall have general supervision and planning responsibility for the physical plant and equipment of the Hospital. The Finance & Planning Committee shall act as a consulting body in guiding the President in the development of long range plans for physical plant and equipment, shall have the power to approve change orders on on-going construction programs in accordance with limits established by the Board, and shall make recommendations to the Board regarding expansion and remodeling programs.

Section 5.5 **Audit Committee.** The Audit Committee shall consist of at least two (2) Trustees, whose terms are not expiring and the Chairman of the Board, whether or not his or her term is expiring. To assure Audit Committee independence: (a) the Audit Committee shall not include any members of the Corporation's management team; (b) the Chair of the Audit Committee may not be a member of the Finance & Planning Committee; (c) members of the Finance & Planning Committee shall constitute less than one-half (1/2) of the members of the Audit Committee; and (d) members of the Audit Committee shall not receive any compensation in excess of the compensation, if any, received by members of the Board of Trustees for service on the Board of Trustees and shall not have a material financial interest in any entity doing business with this Corporation. The Audit Committee shall be responsible for: (a) reviewing with the independent auditors and management this Corporation's policies and procedures with respect to internal auditing, accounting and financial control; (b) reviewing with the independent auditors and management all financial statements, audit results and reports and the recommendations made by any of the auditors with respect to changes in accounting procedures and internal controls; (c) reviewing the results of studies of this Corporation's system of internal accounting control; (d) reviewing and determining whether to accept the audit; (e) approving the performance of nonaudit services by the independent auditors; and (f) assuring that this Corporation's annual (and any other) audited financial statements are made available to the public in the same manner that is prescribed for IRS Form 990 by the latest revision of Section 6104(d) of the Internal Revenue Code of 1986, as amended, and associated regulations. At least annually the Audit Committee shall assure that any nonaudit services performed by the independent auditors conform with the standards for auditor independence set forth in the latest revision of the Government Auditing Standards issued by the Comptroller General of the United States. The Audit Committee shall have the powers and rights necessary or desirable to fulfill these responsibilities, including the power and right to consult with legal counsel and to rely upon the opinions of legal counsel. The Audit Committee is authorized to communicate directly with this Corporation's financial officers and employees, internal auditors and independent auditors as it deems desirable.

Section 5.6 **Nominating Committee.**

(a) Composition of the Nominating Committee. The Nominating Committee shall consist of at least two (2) Trustees, whose terms are not expiring. The Chairman shall also be an ex-officio member of the Audit Committee with the capacity to vote, whether or not the Chairman's term is expiring.

(b) Annual Nominations of Trustees. Not less than forty-five (45) days prior to the annual meeting of the Board of Trustees of the Statutory Member, the Nominating Committee shall submit to the Board of Trustees of the Statutory Member a slate of recommended nominees for the Board of Trustees of the Corporation. The Board of Trustees of the Statutory Member shall review and consider the slate of nominees submitted to it by the Nominating Committee but may elect Trustees to this Corporation who are not on the list of nominees submitted to it by the Nominating Committee.

(c) Annual Nominations of Officers. The Nominating Committee shall select and nominate suitable candidates for appointment to the offices of Chairman, Vice Chairman, Secretary and Treasurer of this Corporation to the Board of Trustees of this Corporation not later than sixty (60) days prior to the date of the annual organizational meeting of the Board of Trustees of this corporation. The Nominating Committee shall select and nominate suitable candidates for appointment to the office of President of this Corporation to the Board of Trustees of the Statutory Member not later than forty-five (45) days prior to the date of the annual organizational meeting of the Board of Trustees of the Statutory Member.

(d) Nominations to Fill Vacancies. Prior to filling any vacancies on the Board of Trustees, the Chairman will request the Nominating Committee to review and select suitable nominees. The Nominating Committee, upon completion of its review, shall submit to the Board of Trustees of the Statutory Member the recommended nominee or nominees. The Board of Trustees of the Statutory Member shall review and consider the recommended nominee or nominees submitted to it by the Nominating Committee but may elect Trustees to this Corporation who are not on the list of recommended nominees submitted to it by the Nominating Committee.

(e) Qualifications of Nominees. Qualifications of potential Trustees to be considered by the Nominating Committee shall be the ability of potential nominees to participate effectively in fulfilling the responsibilities of the Board and to provide the Board with a broad representation of the community served by the Corporation and representation of the Medical Staff of Torrance Memorial Medical Center.

Section 5.7 Performance Improvement Committee. The roles and purposes of the Performance Improvement Committee shall be defined by the Board of Trustees, which shall be subject to the approval of the Health System Parent Entity. The Performance Improvement Committee shall consist of at least four (4) Trustee members, at least one (1) of whom shall be a physician Trustee. The President and the Chief of the Medical Staff shall be Trustee members of the Performance Improvement Committee; provided, however, that if the President and/or the Chief of the Medical Staff are not Trustees, then they shall serve as non-Trustee members of the Performance Improvement Committee. In general, the Performance Improvement Committee shall serve to support the Health System Parent Entity in overseeing the quality initiatives,

overall quality of care, and maintenance of accreditation and licensure undertaken by this Corporation.

Section 5.8 **Bylaws Committee**. The Bylaws Committee shall consist of at least three (3) Trustees, one of whom shall be a physician Trustee. The Bylaws Committee shall review the Articles and Bylaws of the Corporation at least every two (2) years, and make recommendations to the Board for amendments, additions and deletions thereto, which shall in turn, in its discretion, make such recommendations to the Health System Parent Entity. Notwithstanding the foregoing, the Board may make recommendations to the Health System Parent Entity for amendments, additions and deletions to the Articles and Bylaws of the Corporation even if such amendments, additions or deletions were not recommended to the Board by the Bylaws Committee.

Section 5.9 **Committee Membership: Appointment**. The members and the chairman of each Standing or Special Committee which will exercise delegated powers of the Board shall be recommended by the Chairman and appointed by the Board pursuant to Section 5.1. The chairman and members of other Committees may be appointed by the Chairman. The chairman and at least one (1) other member of each Committee shall be Trustees. Other members of the Committees need not be Trustees unless so stated in these Bylaws.

Section 5.10 **Special Committees**. Committees for specific purposes or activities may be appointed from time to time by the Chairman. These Committees shall limit their activities to the accomplishment of the task for which they are appointed and shall have no power to take formal action involving delegated authority of the Board except that, if any Special Committee is given delegated authority by the Board the appointment of that Committee's members shall be consistent with all other provisions of these Bylaws. Upon completion of the task for which such a committee was appointed, the Committee shall stand discharged. To the extent that any Special Committee shall be appointed to deliberate issues affecting the discharge of Medical Staff responsibilities, the members of such committee shall include at least one (1) physician Trustee.

Section 5.11 **Term of Office**. The chairman and each member of each Standing Committee shall serve until the next annual election of Trustees and until his or her successor is appointed or otherwise ceases to qualify as a chairman or member, as the case may be, of the Standing Committee. Chairmen and members of Special Committees shall serve for the life of the committee unless they are sooner removed, resign, or cease to qualify as a chairman or member, as the case may be, of such Special Committee.

Section 5.12 **Vacancies**. Vacancies on any committee may be filled for the unexpired portion of the term in the same manner as provided in the case of original appointment.

Section 5.13 **Meetings/Quorum**. Each committee shall meet as often as necessary to perform its duties at such times and places as directed by its chairman or by the Board. A majority of the members of a committee shall constitute a quorum of such committee. Except as stated in Section 5.3, the act of a majority of members then present at a meeting at which a quorum has been established shall be the act of the committee, notwithstanding the withdrawal of enough committee members to leave less than a quorum.

Section 5.14 **Expenditures.** Any expenditure of corporate funds by a committee shall require prior approval by the Board or by the Executive Committee acting under authority granted by the Board.

Section 5.15 **Advisory Committees.** The Board of Trustees may establish one (1) or more advisory committees. An advisory committee's membership may consist of Trustees only, Trustees and non-Trustees, or non-Trustees only, and may also include non-voting members and alternate members. The chairman and members of advisory committees shall be appointed by the Chairman of the Board or the Board of Trustees. Advisory committees shall have no legal authority to act for the Corporation, but shall report their findings and recommendations to the Board of Trustees.

ARTICLE VI

Medical Staff

Section 6.1 **Organization.** The Board shall cause to be created a Medical Staff whose membership shall be comprised of all physicians, dentists and podiatrists who are privileged to attend patients in the Hospital. Membership in this Medical Staff organization shall be a prerequisite to the exercise of clinical privileges in the Hospital, except as otherwise specifically provided in the Medical Staff Bylaws.

Section 6.2 **Medical Staff Bylaws.**

(a) The Medical Staff shall propose and adopt by vote Medical Staff Bylaws for its internal governance which shall be effective when approved by the Board, which approval shall not be unreasonably withheld. These Medical Staff Bylaws shall create an administrative unit to discharge the functions and responsibilities assigned to the Medical Staff by the Board, and shall be consistent with The Joint Commission standards and recommendations, applicable law, applicable hospital policy, the Articles and Bylaws of the Corporation, the Statutory Member's Bylaws and the Health System Parent Entity's Bylaws. The Medical Staff Bylaws shall state the purposes, functions and organization of the Medical Staff and shall set forth the policies by which the Medical Staff exercises and accounts for its functions and responsibilities.

(b) The Medical Staff shall have the initial responsibility to formulate, adopt and recommend Medical Staff Bylaws (and amendments thereto) to the Board, which shall be effective when approved by the Board. If such Medical Staff Bylaws or amendments thereto are not adopted in accordance with the standard in Section 6.2(a) or are not adopted in a reasonable, timely and responsible manner, and after notice from the Board to such effect including a reasonable period of time for response, the Board shall take appropriate action, including careful consideration of Medical Staff viewpoints, to ensure compliance with any applicable legal requirements or accreditation standards.

(c) The Medical Staff Bylaws shall afford the Chief of the Medical Staff the right to attend all meetings of the Board and to present issues of Medical Staff affairs to the Board.

Section 6.3 **Medical Staff Membership and Clinical Privileges.**

(a) The Board shall delegate to the Medical Staff the responsibility and authority to investigate and evaluate all matters relating to Medical Staff membership status, clinical privileges and corrective action, upon which subjects the Medical Staff shall make recommendations to the Board. Final action on all such matters shall be taken by the Board after considering Medical Staff recommendations, provided that the Board shall act in any event if the Medical Staff fails to submit any such recommendation within the time periods required by the Medical Staff Bylaws. Such Board action without Medical Staff recommendation shall be based on the same kind of documented investigation and evaluation of current ability, judgment and character as is required for Medical Staff recommendations.

(b) The Medical Staff Bylaws shall contain provisions for the Medical Staff to adopt and forward to the Board specific written recommendations on all matters of Medical Staff membership status, clinical privileges and, corrective action, and to support and document its recommendations in a manner that will allow the Board to take informed action.

(c) In acting on Medical Staff membership matters, the Board shall consider the Staff's recommendations, the supporting information on which such recommendations are based, the Corporation's and the community's needs, and such other criteria as set forth in the Medical Staff Bylaws; provided, however, the Board may designate certain privileges as the subject of exclusive contracts with only certain members of the Medical Staff, which may have the effect of terminating the grant of such privileges then held by those members of the Medical Staff who are not part of the entity granted the exclusive contract.

(d) No aspect of membership status nor specific clinical privileges shall be limited or denied to a practitioner on the basis of sex, race creed, color or national origin, or on the basis of any other criterion unrelated to (1) quality patient care at the Hospital, (2) professional ability and judgment, (3) the Hospital's purposes, needs and capabilities or (4) community needs; provided, however, the Board may designate certain privileges as the subject of exclusive contracts with only certain members of the Medical Staff, which may have the effect of terminating the grant of such privileges then held by those members of the Medical Staff who are not part of the entity granted the exclusive contract.

(e) The terms and conditions of membership status in the Medical Staff, and of the exercise of clinical privileges, shall be as specified in the Medical Staff Bylaws, as shall be the procedure to be followed by the Medical Staff and the Board in acting on matters of membership status, clinical privileges and corrective action.

(f) Notwithstanding any of the above provisions, the Board reserves to itself the right to declare, consistent with law, a partial or total moratorium on Medical Staff membership consistent with the commitment of the Board to provide cost-effective, quality care for the Corporation's patients.

(g) The Board may require Medical Staff members and holders of clinical privileges, as a condition for obtaining and maintaining such status, to obtain and keep in force medical malpractice liability insurance in such amounts as the Board may determine and with such companies as are admitted to place malpractice business in the State of California.

(h) The Medical Staff shall conduct and be accountable to the Performance Improvement Committee for conducting activities that contribute to the preservation and improvement of the quality of patient care provided in the Hospital.

Section 6.4 **Fair Hearing Procedures.** The Board shall require that any action taken by the Executive Committee of the Medical Staff or the Board, the effect of which is to deny, revoke, suspend or reduce a practitioner's staff appointment, reappointment, department or service affiliation, staff category, admitting prerogatives or clinical privileges, shall, except under circumstances for which specific provision is made in the Medical Staff Bylaws, be accomplished in accordance with Board-approved hearing procedures; provided, however, the Board may designate certain privileges as the subject of exclusive contracts with only certain members of the Medical Staff, which may have the effect of terminating the grant of such privileges then held by those members of the Medical Staff who are not part of the entity granted the exclusive contract and there shall be no right to a hearing concerning such termination of privileges. Such procedures shall assure fair treatment and afford opportunity for presentation of all pertinent information. The Board shall make its final decision no later than thirty (30) days after all hearing procedures and review processes have been completed, unless otherwise provided in the Medical Staff Bylaws.

Section 6.5 **Allied Health Professionals.** The Board shall delegate to the Medical Staff the responsibility and authority to investigate and evaluate each application by an allied health professional (AHP) for specified services, department and service affiliation, and modification in the services such AHP may perform, and shall require that the Medical Staff make recommendation to it thereon. Final action on all matters relating to the performance of specified patient care services in the Hospital by an AHP shall be taken by the Board after considering the Medical Staff recommendation, provided that the Board shall act in any event if the Staff fails to adopt and submit any such recommendation with the time periods required by the Medical Staff Bylaws. In general, AHP applications shall be submitted and processed in the same manner as are applications for Medical Staff membership and clinical privileges and AHPs shall be subject to the same terms and conditions of appointment as are Medical Staff members unless otherwise provided in the Medical Staff Bylaws; provided, however, that corrective action with regard to an AHP including termination or suspension of services authorized shall be accomplished in accordance with usual Hospital personnel practices or an AHP's employment agreement, if any. Notwithstanding anything herein to the contrary, no AHP shall be considered a member of the Medical Staff.

Section 6.6 **Recommendations Ensuing From Audits.** The Medical Staff Bylaws shall contain provisions whereby the Board will be kept advised of recommendations ensuing from patient care evaluation activities.

Section 6.7 **Medico-Administrative Officers.** Any physician or dentist engaged by the Hospital whose duties are medico-administrative in nature and include functions involving professional capabilities, must be a member of the Medical Staff, and must achieve such membership in the manner prescribed by the Medical Staff Bylaws. The Medical Staff privileges of any such practitioner shall not be terminated or reduced without compliance with the procedures in the Medical Staff Bylaws unless otherwise stated by contract, and such

person's administrative function shall not be reduced in a manner inconsistent with the Medical Staff Bylaws or any applicable contract.

ARTICLE VII

Miscellaneous

Section 7.1 **Indemnification of Trustees, Officers and Others.**

(a) **Definitions.** For the purposes of this Section 7.1, "agent" means any person who is or was a Trustee, officer, employee or other agent of the Corporation or is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another foreign or domestic corporation partnership, joint venture, trust or other enterprise, or was a trustee, director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the Corporation or of another enterprise at the request of such predecessor corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under Sections 7.1(d) or 7.1(e)(iii).

(b) **Indemnification In Third Party Actions.** The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor, an action brought under section 5233 of the Law or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

(c) **Indemnification In Derivative Actions.** The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the Corporation or brought under section 5233 of the Law or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 7.1(c):

(i) in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person's duty to the Corporation unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(ii) of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(iii) of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

(d) **Indemnification Against Expenses.** To the extent that an agent of the Corporation has been successful on the merits in defense of any proceeding referred to in Sections 7.1(b) or 7.1(c) or in defense of any claim issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

(e) **Required Determinations.** Except as provided in Section 7.1(d), any indemnification under this Section 7.1 shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper under the circumstances because the agent has met the applicable standard of conduct set forth in Sections 7.1(b) or 7.1(c), by:

(i) a majority vote of a quorum consisting of Trustees who are not parties to such proceeding;

(ii) approval of the Statutory Member by appropriate vote of its Board of Trustees; or

(iii) the court in which such proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the corporation.

(f) **Advance of Expenses.** Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Section 7.1.

(g) **Other Indemnification.** No provision made by the corporation to indemnify its or its subsidiary's directors, Trustees or officers for the defense of any proceeding, whether contained in the Articles of Incorporation, these Bylaws, a resolution of the Statutory Member, Health System Parent Entity or the Board of Trustees, an agreement or otherwise, shall be valid unless consistent with this Section 7.1. Nothing contained in this shall affect any right to

indemnification to which persons other than such agents may be entitled by contract or otherwise.

(h) **Forms of Indemnification Not Permitted.** No indemnification or advance shall be made under this Section 7.1 except as provided in Sections 7.1(d) or 7.1(e)(iii), in any circumstances where it appears:

(i) that it would be inconsistent with a provision of the Articles of Incorporation, these Bylaws or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification;

(ii) that it would be inconsistent with any condition expressly imposed by a court in approving a settlement; or

(iii) that it would constitute or likely constitute an excess benefit transaction within the meaning of section 4958 of the Internal Revenue Code of 1986, as amended.

(i) **Insurance.** The Corporation shall have power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of this Section 7.1, provided, however, that the Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of section 5233 of the Law.

(j) **Nonapplicability to Fiduciaries of Employee Benefit Plans.** This does not apply to any proceeding against any Trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Corporation as defined in Section 7.1(a). The Corporation shall have power to indemnify such Trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of section 207 of the California General Corporation Law.

Section 7.2 **Checks, Drafts, and Notes.** All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 7.3 **Execution of Contracts and Other Investments.** The Board, and the Executive Committee as authorized by the Board, except as otherwise provided in these Bylaws, may authorize any officer or agent of the Corporation to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, subject to the required approval of the Statutory Member and/or Health System Parent Entity as set forth in these Bylaws, the Statutory Member's Bylaws, the Health System Parent Entity's Bylaws or the Affiliation Agreement. Such authority may be general or confined to a specific instance. Unless so authorized by the Board or the Executive Committee, no officer, agent or employee shall have any power or authority to bind the Corporation by any agreement or to pledge its credit or render it liable for any purpose.

Section 7.4 **Representation of Shares of Other Corporations.** The Chairman, Treasurer, or any other officer(s) designated by the Chairman and the Board, is authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any shares of any Corporation standing in the name of this Corporation. The authority granted herein may be exercised either by such officers in power or by any other person authorized so to do by proxy or power of attorney duly executed by said officers.

Section 7.5 **Inspection of Corporate Records.** The books of account and minutes of proceedings of the Board of Trustees of this Corporation, and the written consents of the Statutory Member and the Health System Parent Entity, shall be open to inspection and copying in a manner and to the extent required by law, except those books, minutes or other documents relating to peer review which would be privileged in civil actions.

Section 7.6 **Offices.** The principal office for the transaction of the Corporation's business is hereby fixed within the County of Los Angeles. The Board is hereby granted full power to change the principal office from one location to another in said County. Branch or subordinate offices may be established at any time by the Board at any place or places where the Corporation is qualified to do business.

Section 7.7 **Hospital Auxiliary.** There shall be Bylaws, rules and regulations for a Hospital Auxiliary, setting forth its organization and governance. Proposed Bylaws, rules and regulations may be recommended by the Hospital Auxiliary, but only those approved by the Board shall become effective. The Hospital Auxiliary may be formed as a separate corporation if its members so choose and the Board of the Corporation approves.

Section 7.8 **Annual Trustees Report.** Not later than one-hundred twenty (120) days after the close of the Corporation's fiscal year, the Board shall cause to be prepared and sent to the Statutory Member and the Health System Parent Entity an annual report of the activity of the Corporation during said fiscal year. The annual report shall include the names and city of residence of Corporation's officers and directors and shall include any other information required by law, as well as such other data as the Board shall determine. The annual report shall be available for examination and shall be published and distributed in a manner not inconsistent with law.

ARTICLE VIII

Amendments

Section 8.1 **Amendment of Bylaws.**

(a) These Bylaws and any part thereof may be amended or repealed, and new Bylaws may be adopted, only by the Health System Parent Entity; provided, however, if these Bylaws or any part thereof are amended or repealed, or new Bylaws adopted, during the Transition Period, then such change shall also require the approval of the Statutory Member through the affirmative vote of a majority of the total number of trustees then in office at any meeting of the Board of Trustees of the Statutory Member.

(b) Notwithstanding anything in this Section 8.1 to the contrary, any amendment or restatement of the following provisions in these Bylaws either during or after the Transition Period shall require the approval of the Health System Parent Entity and the Statutory Member: (i) the minimum number of women required to serve on the Board of Trustees of the Corporation, (ii) the minimum number of physicians required to serve on the Board of Trustees of the Corporation, (iii) the total number of individuals authorized to serve on the Board of Trustees of the Corporation, as referenced in Sections 3.2 and 3.3(c); or (iv) any reference to the Affiliation Agreement in these Bylaws.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

- (1) That I am the duly elected and acting Secretary of Torrance Memorial Medical Center, a California nonprofit public benefit corporation; and
- (2) That the foregoing Bylaws constitute true and accurate Bylaws adopted by the action of the Board of Trustees on January 16 ____, 2018.

TORRANCE MEMORIAL MEDICAL
CENTER,

a California non-profit public benefit
corporation

By:



Sherry Kramer
Secretary

January 31, 2018

Date

(Signature page to Amended and Restated Bylaws of TMMC)