Submitted by: David Adamany, President

Reorganization of Detroit Medical Center

Recommendation

It is recommended that the Board of Governors authorize the president to sign a memorandum of understanding to be executed by all Medical Center institutions to establish a Medical Center holding company. Each institution will act as an incorporator of the holding company, which will become the parent corporation of all Medical Center institutions other than Wayne State University.

Background

The reorganization of the Detroit Medical Center (DMC), which has been discussed for more than a year, is about to occur. This reorganization will create consolidated governance for DMC, while still retaining the separate identities of the five hospitals and retaining them as separate operating units. Although past practice suggests that it is probably within the president's delegated authority to sign an agreement of this kind, given the scope of the agreement the president requests the Board's concurrence by requesting formal action.

The proposed corporation provisions are detailed in the attached documents, and are summarized below.

The Hospitals:
1. Each would retain its present name and distinct mission.
2. Each would remain as a separate operating entity.
3. Each would retain present assets.
4. Each would have a separate operating budget; each would be responsible for any debt it accumulates.
5. Each would have its own board of trustees.
6. Each would have a chief operating officer.

The Medical Center Corporation:
1. The corporation would engage in long-range planning and mission definition.

ACADEMIC AFFAIRS COMMITTEE Agenda December 12, 1984
2. The corporation Board of Trustees will consist of 14 members, including the chair of the board of each hospital, the president of Wayne State, the president of the corporation, and seven elected members who hold no office in any hospital.

3. The corporation will approve hospital budgets.

4. The corporation will approve all capital outlay expenditures for the hospitals.

5. The corporation will become the sole member for each of the hospital corporations and will select members for the hospital boards of trustees as vacancies occur.

6. The chief executive officer of each hospital will be selected by the hospital board from persons recommended by the president of the corporation after a search conducted by a committee consisting equally of members selected by the hospital board and the corporation.

7. Chief executive officers of hospitals may be removed upon a two-thirds vote of the corporation board, after consultation with the chair of the hospital board.

8. The name of the medical center remains open. But the tentative name given the corporation is the DMC/WSU Health System. There is strong sentiment for assuring the inclusion of Wayne State University in the corporation name.

9. Medical policy would be set by the corporation president and the corporation board, but they would be assisted by a Medical Affairs Board consisting of one physician from each hospital and five departments chairs from the WSU Medical School. The dean of the Medical School would chair the board. He/she would serve both as dean and as an employee of the Medical Center Corporation.

10. The method for selecting the dean would be agreed upon in an affiliation agreement between the corporation and WSU. It is anticipated that the Corporation would select some members to serve on the dean selection committee whenever a new dean is appointed. The dean would continue to serve at the pleasure of WSU; but his/her status as an employee of the Medical Center for purposes of chairing the Medical Affairs Board would be subject to continuing Medical Center approval.

11. It is anticipated that the Medical Center would also enter into an affiliation agreement with WSU formalizing the present case-by-case arrangement for department chairs at the Medical School to become physicians-in-chief for the entire Medical Center staff in each specialized area.

12. The Medical Center's charter includes language indicating an intent to collaborate with and support WSU medical education and medical research efforts.
13. It is anticipated that the affiliation agreement between the Medical Center and WSU would preclude WSU from entering into affiliation agreements for medical education and research with other entities, unless the Medical Center had been given a right of first refusal for the services and had in fact refused.
SUMMARY OF
MEMORANDUM OF UNDERSTANDING

1. The Memorandum of Understanding (the "Memorandum") is to be executed by all of the Medical Center institutions (i.e., the five Medical Center hospitals and Wayne State University) to memorialize their agreement to form the holding company. Each institution agrees in Paragraph 1 of the Memorandum to act as an incorporator of the holding company, which will, after a formative period, become the parent corporation of all the institutions other than Wayne State University. Paragraph 2 accordingly provides for the execution and filing of the holding company Articles of Incorporation, and for the adoption of Bylaws. The initial members of the holding company, as well as the initial members of the Board of Trustees, are to be designated in Paragraph 3.

2. Paragraph 4 of the Memorandum provides that once the holding company is established there will be a formative period during which the holding company Board of Trustees will address the issues set forth in Paragraphs 5 and 6 of the Memorandum (summarized below). During the formative period, the Medical Center institutions will not be subsidiaries of the holding company. Each institution will, however, provide the holding company with advance notice of all material matters to enable the holding company to provide recommendations if necessary. Each Medical Center institution also agrees during the formative period not to merge, consolidate, sell all or substantially all of its assets or make any similar change without the consent of the holding company. The holding company operations are to be funded during the formative period by assessment, utilizing the same methodology as payments are made to Detroit Medical Center Corporation (exclusive of payments made to DMCC by the City of Detroit).

3. Parent corporations of the Medical Center hospitals will continue to function during the formative period. Those corporations will, however, either be dissolved or merged into the holding company at the time the Medical Center hospitals become subsidiaries, or, if appropriate, they will become subsidiaries of the holding company for purposes of planning or providing non-hospital activities.

4. Issues to be addressed during the formative period, as described in Paragraphs 5 and 6, include: (i) reorganization of existing entities (e.g., to avoid duplication), (ii) merger, consolidation, dissolution or other restructuring of existing parent corporations, (iii) the process by which other entities may become affiliated with the holding company or the Medical Center institutions, (iv) the relationship of the holding company to Wayne State University, it being the intent that an affiliation agreement be executed addressing certain matters, (v) the modifications required in existing affiliation agreements and relationships between Wayne State University and the Medical Center hospitals, (vi) medical staff matters (primary responsibility for which will remain at the institutional level), (vii) establishment of the Medical Board described below to address issues relating to medical programs, (viii) funding of the holding company following the
formative period, (ix) coordination and consolidation of common functions, and (x) such other matters as the Board of Trustees determines. In addition to policy matters, the following legal, financial and management issues will be addressed during the formative period as well: (i) revision of the Articles of Incorporation and Bylaws of each institution and its affiliates, (ii) approvals required from lenders and other third parties, (iii) all other legal, financial, human resource and management issues pertaining to the formation of the holding company and its establishment as the parent corporation of each Medical Center hospital, and (iv) a review and analysis of the existing indebtedness, obligations, commitments and affiliations of each Medical Center institution.

5. Paragraph 7 provides for institutional cooperation and support for the holding company during the formative period.

6. Paragraph 8 provides that following the formative period (which is expected to last from three to six months), the holding company Board of Trustees will issue a report to the institutions containing recommendations with respect to the issues addressed. Upon receipt and approval by each hospital of the report and the changes required in its Articles of Incorporation and Bylaws, the hospital will become a subsidiary of the holding company.

7. Paragraph 9 of the Memorandum reiterates the following principles established through the Articles of Incorporation and Bylaws of the holding company: (i) each Medical Center hospital, although a subsidiary of the holding company, will maintain its separate corporate existence, including its own Board of Trustees, with primary responsibility for fulfilling the mission, objectives and strategic plan of the hospital and for the property, business and affairs of the hospital, subject to the authority of the holding company (ii) no debts or other financial obligations of any institution will be assumed by the holding company or any other institution solely by virtue of becoming a subsidiary, and (iii) no significant modification of the distinctive nature of the mission of each Medical Center institution shall be made.

8. Paragraph 10 of the Memorandum provides a process whereby an institution will have an opportunity to examine its relationship with the holding company, and terminate that relationship if necessary, at the end of three years. Upon withdrawal, the withdrawing institution will be required to meet any financial commitments to the holding company, as well as any other obligations under agreements with the holding company or other Medical Center institutions. The period of time for exercising the right to withdraw may be extended by mutual agreement of the holding company and the affected Medical Center institution.

9. Paragraph 11 describes the Medical Board to be established by the holding company to address issues relating to medical programs. The Medical Board will consist of the Dean as chairperson, five clinical department chairpersons selected from time to time by Wayne State University from persons nominated by the council of department chairpersons of WSU, a representative of the medical staff leadership of each Medical Center institution other than WSU selected from time to time by such institution (and
for such purposes, Harper-Grace Hospital shall be treated as two separate institutions), the President of the holding company and the chairperson of the Management Council of the holding company, if such person is other than the President of the holding company. The Dean shall act as chairperson upon the conditions described in Paragraph II. One of the selected medical staff representatives shall be designated by the Dean to act as vice chairperson of the Medical Board. The vice chairperson will attend meetings of the Board of Trustees of the holding company. Each physician representative on the Medical Board will also have an alternate selected to attend meetings in the absence of the representative. Included in the Memorandum of Understanding is a list of the initial physician representatives on the Medical Board.

To ensure adequate communication between the Board of Trustees of the holding company, the Medical Board and administration of the holding company, a liaison committee will be established as a standing committee. The liaison committee will consist of three trustees, three physicians and three persons designated by the President of the holding company in addition to the Chairperson of the Board of Trustees and the President. The liaison committee will meet on a quarterly basis or upon the request of any member to discuss issues of mutual concern pertinent to the operation of the holding company.

10. Paragraph 12 provides that the Board of Trustees of the holding company will approve any reasonable financing plan approved by the Board of Trustees of an institution to accomplish pending projects for which certificates of need for capital expenditures have been applied for or received.

11. Paragraph 13 provides for the establishment of a Management Council to assist the President of the holding company. The Management Council will consist, at a minimum, of the President of the holding company and the Chief Executive Officer of each Medical Center hospital. The Chairperson of the Medical Board will also serve on the Management Council as an ex officio member.
MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is executed this ___ day of ____________, 1984 by and between Children's Hospital of Michigan, a Michigan trustee corporation ("Children's"), Detroit Receiving Hospital and University Health Center, a Michigan nonprofit corporation ("DRHUHC"), Harper-Grace Hospitals, a Michigan trustee corporation ("Harper-Grace"), Hutzel Hospital, a Michigan nonprofit corporation ("Hutzel"), Rehabilitation Institute, Inc., a Michigan nonprofit corporation ("Rehabilitation"), and Wayne State University, a constitutional body corporate established pursuant to Article VIII, Section 5 of the Michigan Constitution ("WSU").

WHEREAS, it is the collective mission of the Medical Center institutions (i.e., Children's, DRHUHC, Harper-Grace, Hutzel, Rehabilitation, and WSU) to be a cohesive, preeminent academic health center, evidencing the interdependent relationship of Wayne State University and the other Medical Center institutions, integrating education, research and clinical service, maintaining centers of excellence and striving to provide high-quality primary, secondary and tertiary care within the framework of an integrated, synergetic health care delivery system; and

WHEREAS, it is the consensus of the Medical Center institutions that if their collective mission is to be fulfilled, and if they are to effectively respond to the challenges of a changing environment and to achieve their own distinct missions, they must be strengthened through unification under the direction of a strong holding company; and

October 19, 1984
WHEREAS, this holding company would be the single overall holding company for the Medical Center institutions, having as its subsidiaries all institutions other than WSU and providing for ancillary and supporting activities as appropriate; and

WHEREAS, the Medical Center institutions would, nevertheless, continue to maintain their separate corporate existence, with their own Boards of Trustees maintaining primary responsibility for fulfilling their respective missions, objectives, and strategic plans and for their respective property, business and affairs, subject to the authorities of the holding company where necessary to meet its responsibilities;

WHEREAS, the holding company would have a community-oriented Board of Trustees and would engage a President and Chief Executive Officer and other staff of sufficient depth and experience to provide necessary leadership and effective management; and

WHEREAS, the Medical Center institutions desire to authorize the establishment of a holding company upon the premises set forth above and the terms and conditions described herein, and to provide a process whereby, with the exception of WSU, they will become subsidiaries of the holding company.

NOW, THEREFORE, the Medical Center institutions hereby agree as follows:

1. Establishment of holding company

Each Medical Center institution shall act as an incorporator of a new corporation to be known as DMC/WSU Health System, which corporation is intended, after the formative period described in Paragraph 4 below, to become the parent corporation of all Medical Center institutions other than WSU.

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2. Article of Incorporation and Bylaws

Each Medical Center institution, as an incorporator of the holding company, shall cause the Articles of Incorporation attached to this Memorandum of Understanding as Exhibit A to be executed and filed, and cause the Bylaws attached to this Memorandum of Understanding as Exhibit B to be adopted.

3. Members and Boards of Trustees

The following persons are designated as the initial members and Board of Trustees of the holding company:

<table>
<thead>
<tr>
<th>Institutional Affiliation</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children's Hospital of Michigan</td>
<td>David K. Page</td>
</tr>
<tr>
<td>Detroit Receiving Hospital and University Health Center</td>
<td>John B. Waller, Jr., Dr. P.H.</td>
</tr>
<tr>
<td>Harper-Grace Hospitals</td>
<td>Dean E. Richardson</td>
</tr>
</tbody>
</table>

October 19, 1984
4. **Formative Period**

Immediately following the execution of this Memorandum of Understanding, the holding company shall be established. Prior to the Medical Center institutions becoming subsidiaries of the holding company, there shall be a formative period, during which time the Board of Trustees of the holding company, and such other persons as the Board may desire, including the staff of the Medical Center institutions, shall address the matters described in Paragraphs 5 and 6 below. During such period it is recognized that each institution will continue to make necessary decisions on matters pertaining to it, as required, with approvals obtained in accordance with its existing Articles of Incorporation and Bylaws. Accordingly, except as otherwise provided in the next sentence, the approval of the holding company shall not be required with respect to any matter relating to a Medical Center institution, but each institution shall provide the holding company sufficient advance notice of all material matters affecting either the institution, the holding company or any other Medical Center institution, to enable the holding Company to provide recommendations on such matter, if it deems such recommendations necessary or desirable. Further, no institution shall merge, consolidate, sell all or a substantial portion of its assets, or make any similar change (including a modification in its corporate structure or governance) without the consent of the holding company. Funding of the operations of the holding company during the formative period shall be by assessment by its Board with payment by each Medical Center institution to be made utilizing the same methodology as used to determine payments made by it to the Detroit...
Medical Center Corporation (DMCC), exclusive of any payments made to the DMCC by the City of Detroit.

5. Issues to be addressed

After its formation, the holding company shall address and make recommendations concerning, among others, the following issues:

a. The reorganization of existing entities, it being the intent of the parties that duplication of services be avoided except where necessary and that entities performing the same or similar services be consolidated with appropriate recognition given to institutional financial investments;

b. Existing parent corporations, it being the intent of the parties that such institutions be either dissolved or merged into the holding company or, if appropriate, that they become subsidiaries of the holding company for purposes of planning or providing non-hospital activities;

c. The process by which other entities may become affiliated with the holding company or the Medical Center institutions;

d. The relationship of the holding company to WSU and the development of an affiliation agreement evidencing that relationship, it being the intent of the parties that (i) following the execution of an affiliation agreement with WSU that the holding company utilize the phrase "the academic health center affiliated with Wayne State University," and (ii) the affiliation agreement, at a minimum, shall acknowledge the establishment of the Medical Board described in Paragraph 11 below, address the requirements relating to the selection and retention of the Dean of the Medical School described in Paragraph
11 below, establish a President’s Advisory Council consisting of the President of the holding company and the Deans of the Medical School, College of Nursing, Colleges of Pharmacy and Allied Health Sciences, Nursing School, School of Pharmacy, and School of Allied Health Sciences of WSU, and acknowledge the need for the holding company and WSU to seek to establish relationships with each other before establishing relationships with other entities;

d. The modifications required, if any, in existing affiliation agreements and relationships between WSU and the Medical Center institutions, and the impact of the affiliation of the holding company with WSU upon the ability of WSU to affiliate with other non-Medical Center institutions;

e. Medical staff matters, it being the intent of the parties that appointment, reappointment and the process for delineation of privileges as well as the responsibility for the quality of care rendered remain the responsibilities of the Medical Center institutions and their respective Boards and medical staffs, but that physician input be sought regarding areas in which medical programs can be improved, and medical staffs can be better coordinated;

f. Medical program matters, it being the intent that the Medical Board described in paragraph 11 below be established as expeditiously as possible.

g. Funding of the holding company following the formative period;

h. The coordination and, where appropriate, consolidation, of such functions as planning, marketing, development, information systems,
finance, human resources, public relations and other areas of common concern to the Medical Center institutions;

j. The future role and organizational structure of the University Health Center; and

k. Such other matters as the Board of the holding company deems appropriate.

6. Legal, Financial and Management issues

After its formation, the holding company shall, in addition, address the following legal, financial and management issues:

a. The revisions required to the Articles of Incorporation and Bylaws of each Medical Center institution and its affiliated entities;

b. The approvals required from lenders and other third parties with respect to the formation of the holding company and its establishment as the parent corporation of each Medical Center institution;

c. All other legal, financial, human resource and management issues relating to the formation of the holding company and its establishment as the parent corporation of each Medical Center institution; and

d. A review and analysis of the existing indebtedness, obligations, commitments and affiliations of each Medical Center institution toward the end that each institution has a full understanding of the legal, financial and managerial structures, obligations, commitments and affiliations of all institutions.
7. Institutional Cooperation and Support

It is acknowledged that a search committee has been formed to select an individual to serve as President of the DMCC, and that such person shall serve as the President of the holding company. Such individual, together with the Board of Trustees of the holding company, shall determine the staffing requirements of the holding company. The President and the Board may, to the extent they deem necessary or desirable, utilize DMCC staff and legal counsel and the Chief Executive Officers of the Medical Center institutions and their staffs and the Dean of the Wayne State University School of Medicine to address the issues described herein and to otherwise fulfill the obligations and responsibilities of the holding company. The Medical Center institutions shall fully cooperate with the Board and President of the holding company.

8. Expiration of Formative Period

It is estimated that the time required to establish the holding company and to address the issues described in Paragraphs 5 and 6 above will be from three to six months. At the end of such period, the Board of Trustees of the holding company shall provide a report to the Medical Center institutions containing recommendations with respect to such issues and the amendments required to the Articles of Incorporation and Bylaws of each institution and its affiliates to make them subsidiaries of the holding company. Such report shall be distributed to the institutions and upon receipt and approval by them of the report and the changes required in the Articles of Incorporation and Bylaws, they, with the exception of WSU, shall become subsidiaries of the holding company.

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9. Medical Center Institutions as Subsidiaries

In accordance with the provisions described above, and the Articles of Incorporation and Bylaws of the holding company, attached hereto as Exhibits A and B, respectively, the following principles shall apply to the Medical Center institutions, as subsidiaries of the holding company:

a. Each institution shall maintain its own separate corporate existence, with its own Board of Trustees maintaining primary responsibility for fulfilling its mission, objectives and strategic plan and for its property, business and affairs, subject to the authorities of the holding company;

b. No debts or other financial obligations of any Medical Center institution shall be assumed by the holding company or by any other institution solely by virtue of it becoming a subsidiary of the holding company; and

c. No significant modification of the distinctive mission of each institution shall be made.

The Board of Trustees of each institution shall have the right to modify all or any of the foregoing principles, as appropriate, in conjunction with the holding company. The holding company shall, in addition, have the requisite authorities and powers set forth in its Articles of Incorporation and Bylaws to fulfill its mission and purposes, including the power to establish those policies deemed necessary or desirable by it to meet its responsibilities.

10. Process for withdrawal

It is acknowledged that all issues will not be identified and resolved during the formative period and that the success of the holding company will require the commitment and good faith of the Boards of Trustees,
administration and medical staffs of the Medical Center institutions. Each institution will be required to demonstrate its commitment and faith by agreeing to remain a subsidiary of the holding company for a period of at least three years. Following that three year period, however, each institution shall have the right to reexamine and terminate if necessary its relationship with the holding company. Accordingly, the Articles of Incorporation or bylaws of each institution shall provide that the Board of Trustees of the institution shall have the right to amend the bylaws, without consent of the holding company, to remove the holding company as the sole member of the institution if the Board deems such action to be in the best interests of the institution. Such right shall be exercised (i.e., the Board decision to amend the bylaws made) only during the ninety day period commencing three years after the institution becomes a subsidiary of the holding company. There must be ninety days advance written notice provided to the holding company prior to the Board meeting at which the decision will be made and the decision must be made by a majority vote of those members of the Board of Trustees present and voting at a meeting at which there is a quorum of Trustees present. Such right will be effective only after the passage of ninety days following the vote and will be further conditioned upon the requirement that the institution meet any financial commitments to the holding company for the remainder of the fiscal year as well as any other obligations under agreements with the holding company or any other Medical Center institution. The period of time for exercising the right to withdraw may be extended by mutual agreement of the holding company and an institution for a period determined by them.

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11. Medical Board

There shall be a Medical Board established by the holding company to address issues relating to medical programs. Such committee shall consist of (i) the Dean of the Wayne State University Medical School, as chairperson, (ii) five clinical department chairpersons selected from time to time by WSU from persons nominated by the council of department chairpersons of WSU, (iii) a representative of the medical staff leadership of each Medical Center institution other than WSU selected from time to time by such institution (and for such purposes, Harper-Grace Hospitals shall be treated as two separate institutions), (iv) the President of the holding company, and (v) the chairperson of the Management Council of the holding company, if such person is other than the President of the holding company. The Dean shall act as chairperson of the Medical Board on the condition that he be an officer and employee of the holding company responsible for medical affairs and on the further condition that agreement be reached with WSU regarding the rights of the holding company with respect to the selection and retention of the Dean, similar to the rights provided to the Medical Center institutions under their existing affiliation agreement regarding the selection and retention of a clinical department chairperson. The Dean shall designate from the selected medical staff leadership of the Medical Center institutions a physician to act as vice chairperson of the Medical Board. The vice chairperson shall act in the absence of the chairperson, shall perform such other duties as the Medical Board may from time to time determine and shall be the representative of the medical staffs of the Medical Center hospitals for purposes of attending meetings of the Board of Trustees of the holding company pursuant to Article IV, Section 12 of the Bylaws attached to this Memorandum of Understanding.

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as Exhibit B. Each physician representative on the Medical Board shall have an alternate selected in the same manner as the physician representative who shall be expected to attend meetings in the absence of the representative.

The initial physician representatives on the Medical Board shall be as follows: Dr. Nadler, Chairperson (assuming the conditions described above are satisfied); Drs. Vaitkevicius, Walt, Sokol, Gruskin and Weiner, as the five clinical department chairpersons; and Drs. Jenkins, Engberg, Endler, Ryszewski, Black and Reynolds representing the Medical Center institutions. Such persons shall serve until their replacements are selected (in the manner described above).

To ensure adequate communication between the Board of Trustees of the holding company, the Medical Board and administration of the holding company, the holding company shall establish a Liaison Committee as a standing committee consisting of three trustees designated by the Chairperson of the Board of Trustees of the holding company, three physicians designated by the Medical Board as its representatives and three persons designated by the President of the holding company. The Chairperson of the Board of Trustees and the President of the holding company shall be ex officio members of the Liaison Committee with vote. The Liaison Committee shall meet upon a quarterly basis or upon the request of any member to discuss issues of mutual concern pertinent to the operation of the holding company.

12. Financing

It is acknowledged that each Medical Center institution has applied for or received one or more certificates of need for capital expenditures for projects relating to such institution for which financing from third parties will be required. It is the intention of the parties that the Board of Trustees of the
holding company shall approve any reasonable financing plan approved by the Board of Trustees of the institution to accomplish such projects.

13. Management Council

To assist the President of the holding company in the management and direction of the health care system represented by the Medical Center institutions and their affiliated entities, a Management Council shall be established by the holding company. At a minimum, the Management Council shall consist of the President of the holding company and the Chief Executive Officer of each Medical Center institution other than WSU. The chairperson of the Medical Board shall, in addition, serve on the Management Council as an ex officio member.

IN WITNESS WHEREOF, the parties rededicate themselves to their collective mission as well as their own respective missions, and signify their commitment to the strengthening of the Medical Center institutions by the execution of this Memorandum of Understanding and the establishment of the holding company described herein.

INCORPORATORS:

CHILDREN'S HOSPITAL OF MICHIGAN

By: 

David K. Page, Chairperson

and

By: 

Paul L. Broughton, President

(signatures continued)

October 19, 1984
DETROIT RECEIVING HOSPITAL and UNIVERSITY HEALTH CENTER

By:                                
John B. Waller, Jr., Dr. P.H., Chairperson

and

By:                                
Edward S. Thomas, President

HARPER-GRACE HOSPITALS

By:                                
Dean E. Richardson, Chairperson

and

By:                                
Richard L. Sejnost, Chief Executive Officer

HUTZEL HOSPITAL

By:                                
Paul R. Townsend, Jr., Chairperson

and

By:                                
Frank P. Iacobell, President

REHABILITATION INSTITUTE, INC.

By:                                
J. Kay Felt, Chairperson

and

(signatures continued)

October 19, 1984
Leonard F. Bender, M.D., President

WAYNE STATE UNIVERSITY

David Adamany, Ph.D., President

and

Henry L. Nadler, M.D., Dean
Medical School
SUMMARY OF ARTICLES OF INCORPORATION

1. Article 1 sets forth the purposes of the holding company, which include the development, planning and implementation of health and health-related services and activities, including long-range and strategic planning and medical education and research activities, as well as providing other charitable, scientific and educational activities which will enable the Medical Center institutions to fulfill their collective mission. Article 1 provides that the holding company is further organized to facilitate the achievement of the individual missions of the Medical Center institutions and their affiliated entities, consistent with the collective mission of the Medical Center institutions. The holding company is authorized to take all actions necessary or desirable to accomplish its purposes.

2. Article II provides that the holding company is organized on a membership basis, and that its actions are to be financed in several different ways, including: i) dues and transfers of sums from its subsidiaries and affiliates, ii) donations and contributions, and iii) reimbursement of the cost of services provided to subsidiaries, affiliates and other entities.

3. Article V sets forth the names and addresses of the incorporators of the holding company. It is contemplated that the five Medical Center hospitals and Wayne State University will act as incorporators.

4. Upon dissolution of the holding company, Article VI provides that the assets of the holding company will be distributed exclusively to the Medical Center institutions, assuming they are tax-exempt entities, on such basis as is determined by the Board of Trustees of the holding company. In the event any institution is not a tax-exempt entity, the assets will be distributed to the other Medical Center institutions or to such other tax-exempt organizations as the Board of Trustees of the holding company may direct.

5. Article VII of the Articles of Incorporation provides that the Bylaws of the holding company will govern matters relating to the membership, term of office, time and place of meetings and powers and duties of the members and the Board of Trustees of the holding company. Article VII further provides that the Bylaws may be amended or repealed only by the Board of Trustees of the holding company, except that any provision regarding the composition of the Board of Trustees or the number of persons who shall serve as Trustees is subject to the approval of the members of the holding company. Thirty days prior written notice will be provided to a hospital subsidiary prior to any amendment of the Articles of Incorporation or Bylaws that would materially affect such hospital.

6. In addition to the provisions set forth above, the Articles of Incorporation contain standard provisions setting forth the name of the holding company (Article I) and the registered office and resident agent of the holding company (Article IV).

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ARTICLES OF INCORPORATION
OF
DMC/WSU HEALTH SYSTEM

Pursuant to the provisions of Act 162, Public Acts of 1982, the undersigned Corporation executes the following Articles:

ARTICLE I - NAME

The name of the Corporation is DMC/WSU HEALTH SYSTEM.

ARTICLE II - PURPOSE

The Corporation is organized for the following purposes:

A. To provide for the development, planning and implementation of health and health-related services and activities, as well as supporting and ancillary activities, including long-range and strategic planning and medical education and research activities, and

B. To provide or further other charitable, scientific and educational activities,

toward the purpose of enabling the Corporation, together with the Medical Center institutions (Children's Hospital of Michigan, Detroit Receiving Hospital and University Health Center, Harper-Grace Hospitals, Hutzel Hospital, Rehabilitation Institute, Inc., and Wayne State University) and their affiliated entities to fulfill their collective mission, which is:

To be a cohesive, preeminent academic health center evidencing the interdependent relationship of Wayne State University and the other Medical Center institutions and integrating clinical service, education and research; and

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To maintain centers of excellence; and

To provide high quality primary, secondary and tertiary care within the framework of an integrated, synergetic health care delivery system.

The Corporation is further organized:

A. To further any and all charitable, scientific and educational activities in which the Medical Center institutions now are or hereafter may become engaged, in carrying out their respective missions, as long as the Medical Center institutions are organizations described in Section 501(c)(3) and Sections 509(a)(1) or (a)(2) of the Internal Revenue Code of 1954, as amended, or comparable provisions of subsequent legislation (the "Code");

B. To facilitate the achievement of the individual missions of the Medical Center institutions and their affiliated entities, consistent with the collective mission; and

C. To otherwise operate exclusively for the benefit of, to perform the functions of, and to carry out any of the purposes of the Medical Center institutions.

In furtherance of the foregoing but not by way of limitation, the Corporation is authorized:

A. To acquire, purchase, own, maintain, hold, use, sell, convey, manage, exchange, assign, transfer, mortgage, lease, sublease or rent all real and personal property of every kind and nature;

B. To loan, borrow, manage, contribute, donate, give and invest funds;

C. To accept, receive and hold in trust or otherwise, contributions, gifts, legacies, grants, donations, bequests, devises and benefactions which may be left, made or given to the Corporation;

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D. To receive and administer assets for purposes of promoting and participating in activities for the education and training of professional and paraprofessional personnel and for purposes of conducting and promoting medical and scientific research to reduce morbidity and mortality and improve patient care and public health;

E. To conduct activities, either directly, through related organizations or in cooperation with other organizations exempt from tax under Section 501(c)(3) of the Code, in order to raise funds to further the purposes of the Corporation and the Medical Center institutions; and

F. To take all such actions and do all such things as may be necessary or desirable to accomplish the foregoing purposes within the restrictions and limitations of these Articles of Incorporation, the Bylaws of the Corporation and applicable law.

Notwithstanding any other provision of these Articles of Incorporation, no part of the earnings of the Corporation shall inure to the benefit of any private individual (except that reasonable compensation may be paid for services rendered to the Corporation effecting one or more of its purposes), no substantial part of the activities of the Corporation shall be to carry out propaganda or to otherwise attempt to influence legislation, the Corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office (by the publication or distribution of statements or otherwise), in violation of any provisions applicable to corporations exempt from federal income tax under Section 501(c)(3) of the Code, and the Corporation shall not carry on any activity not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or a corporation, contributions to which are deductible under Section

October 19, 1984
(170(c)(2) of the Code, or an organization described in Section 509(a)(3) of
the Code.

**ARTICLE III - ORGANIZATION**

The Corporation is organized on a membership basis.

A description and statement of value of the assets of the Corporation are
as follows:

<table>
<thead>
<tr>
<th>Real Property</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Property</td>
<td>$100.00 (cash and cash equivalents)</td>
</tr>
</tbody>
</table>

The Corporation is to be financed by dues and transfers of funds from
its subsidiaries and affiliates, through gifts, donations, contributions,
legacies, bequests, devises, benefactions and other voluntary transfers of
property, and through reimbursement of costs of services provided to
subsidiaries and affiliates, fees and charges for services, receipts from
parties serviced by the Corporation and other sources of revenue received
from the operations of the Corporation.

**ARTICLE IV - REGISTERED OFFICE AND RESIDENT AGENT**

The address of the registered office of the Corporation, as well as the
Corporation's mailing address is ________________________.

The name of the resident agent at the registered office is

**ARTICLE V - INCORPORATORS**

The names and addresses of the incorporators are as follows:

Children's Hospital of Michigan   3901 Beaubien, Detroit, Michigan 48201

October 19, 1984   -4-
ARTICLE VI - DISSOLUTION

Upon dissolution of the Corporation or the winding up of its affairs, the assets of the Corporation shall be distributed exclusively to the Medical Center institutions, on such basis as the Board of Trustees of the Corporation shall direct, if such institutions are then existing and qualified under the provisions of Section 501(c)(3) of the Code, or if any or all of such institutions are not so existing and qualified, to such of them as are, or to such other charitable, scientific or educational organizations which then qualify under the provisions of Section 501(c)(3) of the Code, as the Board of Trustees of the Corporation shall direct.

ARTICLE VII - BYLAWS

The Bylaws of the Corporation shall govern the membership, qualifications, term of office, manner of election and removal, time and place of meetings and powers and duties of the members and the Board of Trustees of the Corporation. The Bylaws may be amended or repealed, or new Bylaws adopted, only by the Board of Trustees of the Corporation, except that any provision regarding the composition of the Board of Trustees or the number of persons who shall serve as Trustees shall be subject to approval by the
members of the Corporation. Thirty days prior written notice shall be provided to a hospital subsidiary Medical Center institution prior to any amendment of the Bylaws or these Articles of Incorporation which would materially affect such hospital subsidiary.

IN WITNESS WHEREOF, the undersigned incorporators of have executed these Articles of Incorporation on this day of , 1984.

INCORPORATORS:

CHILDREN'S HOSPITAL OF MICHIGAN

By: __________________________

David K. Page, Chairperson

and

By: __________________________

Paul L. Broughton, President

DETROIT RECEIVING HOSPITAL and UNIVERSITY HEALTH CENTER

By: __________________________

John B. Waller, Jr., Dr. P.H., Chairperson

and

By: __________________________

Edward S. Thomas, President

HARPER-GRACE HOSPITALS

By: __________________________

Dean E. Richardson, Chairperson

(Signatures continued)

October 19, 1984
By: Richard L. Sejnost, Chief Executive Officer

HUTZEL HOSPITAL

By: Paul R. Townsend, Jr., Chairperson

REHABILITATION INSTITUTE, INC.

By: J. Kay Felt, Chairperson

WAYNE STATE UNIVERSITY

By: David Adamany, Ph.D., President

Henry L. Nadler, M.D., Dean, Medical School

October 19, 1984
SUMMARY OF BYLAWS

Members

1. Article III of the Bylaws provides that the holding company will have thirty-three members. The initial members will be designated in the Bylaws and will include eight persons appointed by Harper-Grace Hospitals, including the Chairperson of its Board of Trustees, four persons appointed by each of the other Medical Center hospitals (including the Chairperson of each Board), the President of Wayne State University, the President of the holding company and seven persons who either have no affiliation with any Medical Center hospital or other subsidiary of the holding company or who have resigned from any position of board membership or employment by any such hospital or other subsidiary.

2. A person serving as a member by virtue of his or her position (i.e., Chairpersons, the President of Wayne State University and the President of the holding company) will automatically cease to be a member of the holding company upon expiration of his or her term of office or upon death, removal or resignation.

3. Article III, Section 3 provides that non-ex officio members will be divided into three classes, each class consisting of approximately one-third of the members appointed by each Medical Center hospital and one-third of the unaffiliated members. The first class will serve as members for one year, the second class for two years and the third class for three years. Thus, approximately one-third of the members will be replaced each year. Replacements will be elected by vote of the incumbent members, except that replacement of those members initially selected by each Medical Center hospital will be elected only after receipt of nominations from that institution. There is no limit on the number of successive terms a member may serve.

4. Article III, Section 5 provides that members, other than those serving ex officio, may be removed by the affirmative vote of two-thirds of the members of the holding company present and voting at a meeting of the members if they determine it to be in the best interest of the holding company. In the event a vacancy occurs by removal or otherwise, the vacancy shall be filled by a vote of the membership. If, however, the vacancy arises in a position initially filled by a person designated by a Medical Center hospital, the vacancy shall be filled only after receipt of a nomination for the replacement from that institution.

5. Article III, Section 11 provides that a majority of the voting members constitute a quorum for the transaction of business, and provides that the resolution or action of a majority of the members present at a meeting at which a quorum is present constitutes the valid action or resolution of the members, except where otherwise expressly required by law, the Articles of Incorporation or the Bylaws.
Board of Trustees

1. Article IV of the Bylaws describes the Board of Trustees of the holding company. Section 2 of Article IV provides that the Board shall have fourteen voting members, seven of whom shall consist of the Chairpersons of the Boards of Trustees of the Medical Center hospitals, the President of Wayne State University and the President of the holding company, who shall all serve ex officio. The other seven members of the Board shall be elected by the members on an annual basis. The non-ex officio Trustees may not hold a position of Board membership or employment with any Medical Center hospital or other subsidiary of the holding company while serving as a holding company Trustee.

2. An ex officio Trustee ceases to be a Trustee upon the expiration of his or her term of office or upon removal or resignation from that office, or upon death or resignation as a Trustee. In such an event, the vacancy in the Board shall be filled only by the successor to the person who vacated the position. A substitute Trustee may be appointed to serve on a temporary basis until the appointment or election of the successor, which substitute Trustee shall have all the powers and perform all the duties of a Trustee during his or her tenure.

3. Article IV, Section 12 provides that the President and Chief Executive Officer of each Medical Center hospital, the Dean of the Wayne State University Medical School and a representative of the medical staffs of each Medical Center hospital may attend all meetings of the Board of Trustees of the holding company, except to the extent otherwise determined by the Board of Trustees.

4. Section 13 of Article IV provides that a majority of the Trustees constitute a quorum for the transaction of business, and that the act or resolution of a majority of the Trustees present at a meeting at which a quorum is present shall be the act or resolution of the Board, except as otherwise required by law, the Articles of Incorporation or the Bylaws.

5. Article IV of the Bylaws provides that the Board of Trustees may take action without a meeting, without prior notice and without a vote if all of the Board members consent in writing. Article IV permits participation in a Board meeting by Trustees pursuant to conference telephone or similar communications equipment.

Committees

1. Article V, Section 1 provides for an Executive Committee consisting of the Chairperson of the holding company, the Vice-Chairperson(s), if any, the President of the holding company, and the Secretary and Treasurer of the holding company, if such persons are Trustees, or if the Secretary and Treasurer are not Trustees, two other Trustees designated by the Board. The Executive Committee is empowered to exercise the power and authority of the Board between meetings of the Board. Notice of Executive Committee meetings will be provided to all
Trustees and Trustees who are not members of the Executive Committee may attend meetings and participate in discussions.

2. Article V also provides for a Nominating Committee of three or more Trustees designated by the Chairperson, the purpose of which is to recommend to the Board persons to serve as Trustees and officers of the holding company. In performing its duties the Nominating Committee will solicit nominations from subsidiaries.

3. Article V, Section 3 provides that the Board may establish other committees as it deems appropriate, to exercise the powers prescribed by the Board when establishing such committees.

4. The quorum for the transaction of business by any committee is a majority of its members. The Chairperson and President of the holding company shall serve as ex officio members of all committees with vote.

Officers

Article VI describes the officers of the holding company, which shall consist at a minimum of a Chairperson, President, Secretary and Treasurer. The Chairperson is to be chosen from among the members of the Board. The President need not be selected from among the Trustees, but shall serve as a Trustee, ex officio. The Secretary and Treasurer need not be Trustees. The remainder of Article VI empowers the Board to appoint such other officers as it deems appropriate, provides that the compensation, if any, for each officer is to be established by the Board, and sets forth the duties of the various officers, other than the President, whose duties are set forth in Article VII.

Subsidiaries

1. Article VIII of the Bylaws governs subsidiaries of the holding company. Section 1 acknowledges that each Medical Center institution has a distinct mission, any significant modification to which shall require the concurrence of the Board of Trustees of that institution. Section 1 also provides that the individual Boards of Medical Center institutions will continue to have primary responsibility for the institution and sets forth the duties of the individual Boards of Trustees.

2. Section 2 of Article VIII sets forth the responsibilities of the holding company with respect to the Medical Center hospitals. In furtherance of the Board's responsibility for achieving the mission and fulfilling the purposes of the holding company, the Board of the holding company is empowered to: (i) engage in strategic planning for the Medical Center institutions on a collective basis and to approve the strategic plan and planning process of each Medical Center hospital, (ii) approve the operating and capital budgets of each Medical Center hospital, (iii) review and evaluate the operating, financial and other performances of the Medical Center hospitals, (iv) establish limits beyond which approvals will be required for capital expenditures, indebtedness and acquisitions and dispositions of property by Medical Center hospitals, (v) establish policies requiring
approval of affiliations, joint ventures and other relationships, (vi) establish policies as necessary or desirable to fulfill the responsibilities of the holding company, (vii) approve changes in the Articles of Incorporation or Bylaws of a Medical Center hospital, and (viii) act with regard to all matters requiring approval of the holding company as the sole member of each Medical Center hospital. If approvals are required but are not received, the Board of the holding company will provide its rationale for the action taken and any recommendations relating to the matter. These recommendations are to be addressed by the affected hospital and no action will be taken that requires approval until such approval has been received.

3. Section 3 of Article VIII provides that the composition and size of the Board of Trustees of each Medical Center hospital will be as specified in its bylaws, and further provides that the Trustees of each hospital shall be appointed by the Board of Trustees of the holding company, acting on behalf of the holding company as the sole member of each Medical Center hospital. The holding company Board will receive nominations from each such institution with respect to the positions to be filled, and the Bylaws provide that it is the intent of the holding company that those persons will normally be selected. A member of the Board of Trustees of a hospital may be removed by the holding company only upon a determination by the Board of the holding company that the removal is in the best interest of the hospital and upon approval of the action by two-thirds of the Trustees of the holding company present and voting at a meeting of the Board.

4. Section 4 of Article VIII provides that the duties of the Chief Executive Officer of each Medical Center hospital shall be established by his or her Board of Trustees in accordance with the bylaws of that institution and the policies established by the Board of the holding company. Section 4 provides that, among other things, the duties of each chief executive officer shall include the responsibility to achieve the mission and objectives of the Medical Center hospital in a manner consistent with the collective mission of the Medical Center institutions. Further, the Chief Executive Officer will be accountable to the President of the holding company for enabling the holding company to fulfill its mission with respect to that hospital.

5. Article VIII, Section 5 provides that a Chief Executive Officer may be removed with or without cause in either of two ways: (i) by vote of two-thirds of the Trustees of the holding company after recommendation by the President of the holding company and consultation by the Chairperson and President of the holding company with the Chairperson of the Board of the affected Medical Center hospital, or (ii) by the Board of Trustees of the Medical Center hospital in accordance with procedures described in its bylaws, but only upon concurrence by the Board of the holding company. The President of the holding company will meet periodically with each Chief Executive Officer and upon request of a Chairperson of the Board of a hospital, with the Board or a committee of the hospital, to discuss the duties and responsibilities of the Chief Executive Officer of a hospital and to evaluate his or her performance. Action to remove a Chief Executive Officer of a Medical Center hospital by the Board of Trustees of the holding company or by the Board of the hospital will be taken upon a determination by such Board in its discretion that the Chief Executive Officer has failed to fulfill his
or her duties and responsibilities in a manner consistent with the fulfillment of the mission, objectives and purposes of the holding company and the hospital.

6. Article VIII, Section 6 provides that when a vacancy occurs in the position of Chief Executive Officer of a Medical Center hospital, the vacancy will be filled by appointment by the Board of Trustees of that hospital of an individual nominated by the President of the holding company and approved by a joint nominating committee composed of an equal number of members appointed by the Board of the holding company and the Board of the hospital.

7. Section 7 of Article VIII provides that the Chairperson and President of the holding company will have standing invitations to attend all meetings of the Boards of Trustees and Board committees of all Medical Center hospitals. Section 7 further provides that those officers are to receive agendas and minutes of such meetings, and are to have access to all information relating to the Medical Center hospitals as may be necessary or desirable in fulfilling their duties.

8. Consistent with the right of each Medical Center hospital to withdraw from the holding company at the conclusion of three years, Section 8 provides that the provision in the Articles of Incorporation or Bylaws of each Medical Center hospital permitting its Board of Trustees to amend the Bylaws to remove the holding company as the sole member of that institution may not be amended or otherwise modified by the holding company.

9. Section 9 of Article VI authorizes the Board of Trustees to establish, reorganize and/or dissolve other subsidiaries of the holding company, and to establish such policies as it deems necessary or desirable with respect to subsidiaries and affiliates of the holding company. The Bylaws obligate the Board to consult with the Boards of the subsidiaries with regard to such policies and actions.

Amendment

Consistent with the Articles of Incorporation, Article XII of the Bylaws provides that the Bylaws may be amended or repealed only by action of the Trustees of the holding company, except that any provision modifying the composition of the Board or the number of persons who serve as Trustees is subject to approval by the members of the holding company. Thirty days prior written notice will be provided to a Medical Center hospital prior to any amendment of the Bylaws which would materially affect such hospital.
BYLAWS
OF
DMC/WSU HEALTH SYSTEM
a Michigan nonprofit corporation

October 19, 1984
# Bylaws of DMC/WSU Health System

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# ARTICLE XII AMENDMENTS

# ARTICLE XIII APPROVAL
BYLAWS OF
DMC/WSU HEALTH SYSTEM

DEFINITIONS

For purposes of these Bylaws, the terms referred to herein shall have the following meanings:

1. The term "Board" means the Board of Trustees of the Corporation, and the term "Trustee" means an individual member of the Board.

2. The term "Corporation" means Medical Center Health System, a Michigan nonprofit corporation, unless from its context or use, it clearly has a different meaning.

3. The term "Medical Center institutions" means Children's Hospital of Michigan, a Michigan trustee corporation, Detroit Receiving Hospital and University Health Center, a Michigan nonprofit corporation, Harper-Grace Hospitals, a Michigan trustee corporation, Hutzel Hospital, a Michigan nonprofit corporation, Rehabilitation Institute, Inc., a Michigan nonprofit corporation, and Wayne State University, a constitutional body corporate established pursuant to Article VIII, Section 5 of the Michigan Constitution, any one of which is referred to as a "Medical Center institution."

4. The term "Medical Center hospitals" means the Medical Center institutions other than WSU, any one of which is referred to as "Medical Center hospital."

5. The term "subsidiary" means a corporation, all or a majority of the stock of which, if it is a stock corporation, is held by the Corporation or another subsidiary of the Corporation, or all or a majority of the members of

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which, if it is a membership corporation, either are Trustees of the Corporation or trustees or directors of a subsidiary of the Corporation, or are the Corporation or a subsidiary of the Corporation itself, or all or a majority of the directors of which, if it is a directorship corporation, either are Trustees of the Corporation or trustees or directors of a subsidiary of the Corporation. The term shall not include an "affiliate" as defined below.

6. The term "affiliate" means a corporation, less than a majority of the stock of which, if it is a stock corporation, is held by the Corporation or a subsidiary thereof (other than solely for investment), or if it is a membership corporation, less than a majority of the members of which either are the Corporation or a subsidiary of the Corporation, or are the Trustees of the Corporation or a subsidiary of the Corporation, or are the officers of the Corporation or officers of subsidiaries, serving in an ex officio capacity, or, one or more of the members of which are appointed in whole or in part by the Trustees of the Corporation or trustees or directors of a subsidiary. The term "affiliate" also means any unincorporated organization, such as a partnership, joint venture, association or enterprise in which the Corporation or a subsidiary of the Corporation is a partner, venturer, associate or participant. The term shall not include a subsidiary of the Corporation.

ARTICLE I
PURPOSES

Section 1. Purposes. The Corporation is established for the purposes set forth in its Articles of Incorporation, which are as follows:

A. To provide for the development, planning and implementation of health and health-related services and activities, as well as supporting and ancillary activities, including long-range and strategic planning and medical education and research activities, and

October 19, 1984
B. To provide or further other charitable, scientific and educational activities,

toward the purpose of enabling the Corporation, together with the Medical Center institutions (Children's Hospital of Michigan, Detroit Receiving Hospital and University Health Center, Harper-Grace Hospitals, Hutzel Hospital, Rehabilitation Institute, Inc., and Wayne State University) and their affiliated entities to fulfill their collective mission, which is:

To be a cohesive, preeminent academic health center evidencing the interdependent relationship of Wayne State University and the other Medical Center institutions and integrating education, research and clinical service;

To maintain centers of excellence; and

To provide high-quality primary, secondary and tertiary care with the framework of an integrated, synergetic health care delivery system.

The Corporation is further organized:

A. To further any and all charitable, scientific and educational activities in which the Medical Center institutions now are or hereafter may become engaged, in carrying out their respective missions, as long as the Medical Center institutions are organizations described in Section 501(c)(3) and Sections 509(a)(1) or (a)(2) of the Internal Revenue Code of 1954, as amended, or comparable provisions of subsequent legislation (the "Code");

B. To facilitate the achievement of the individual missions of the Medical Center institutions and their affiliated entities, consistent with their collective mission; and

C. To operate exclusively for the benefit of, to perform the functions of, and to carry out any of the purposes of Medical Center institutions.

In furtherance of the foregoing but not by way of limitation, the Corporation is authorized:

A. To acquire, purchase, own, maintain, hold, use, sell, convey, manage, exchange, assign, transfer, mortgage, lease, sublease or rent all real and personal property of every kind and nature;
B. To loan, borrow, manage, contribute, donate, gift and invest funds;

C. To accept, receive and hold in trust or otherwise, contributions, gifts, legacies, grants, donations, bequests, devises and benefactions which may be left, made or given to the Corporation;

D. To receive and administer assets for purposes of promoting and participating in activities for the education and training of professional and paraprofessional personnel and for purposes of conducting and promoting medical and scientific research to reduce morbidity and mortality and improve patient care and public health;

E. To conduct activities, either directly, through related organizations or in cooperation with other organizations exempt from tax under Section 501(c)(3) of the Code, in order to raise funds to further the purposes of the Corporation and the Medical Center institutions; and

F. To take all such actions and do all such things as may be necessary or desirable to accomplish the foregoing purposes within the restrictions and limitations of the Articles of Incorporation, the Bylaws of the Corporation and applicable law.

Notwithstanding any other provision of the Articles of Incorporation, no part of the earnings of the Corporation shall inure to the benefit of any private individual (except that reasonable compensation may be paid for services rendered to the Corporation effecting one or more of its purposes), no substantial part of the activities of the Corporation shall be to carry out propaganda or to otherwise attempt to influence legislation, the Corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office (by the publication or distribution of statements or otherwise), in violation of any provisions applicable to corporations exempt from federal income tax under Section 501(c)(3) of the Code, and the Corporation shall not carry on any activity not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or a corporation, contributions to which are deductible under Section 170(c)(2) of the Code, or an organization described in Section 509(a)(3) of the Code.
ARTICLE II

OFFICES

Section 1. Principal Office. The principal office of the Corporation shall be located at ____________________________, in the City of Detroit, County of Wayne, State of Michigan, or such other place as may be designated as the principal office by the Board. The Corporation also may have offices or branches at such other places, both within and without the State of Michigan, as the Board may determine from time to time or as the business of the Corporation may require.

Section 2. Registered Office. The registered office of the Corporation shall be maintained in the State of Michigan, and may be, but need not be, identical with the principal office in the State of Michigan. The address of the registered office may be changed from time to time by the Board.

ARTICLE III

MEMBERS

Section 1. Number and Qualifications. The membership of the Corporation shall consist of thirty-three persons. The initial members shall consist of the following persons, eight of whom have been appointed by Harper-Grace Hospitals and include the Chairperson of its Board of Trustees, four of whom have been appointed by each of the other Medical Center hospitals, and include the Chairpersons of their Boards of Trustees, two of whom are the President of Wayne State University and the President of the Corporation, ex officio, and seven of whom either have no affiliations with any Medical Center hospital or other subsidiary of this Corporation or else have resigned from any position of board membership on or employment by any such hospital or other subsidiary:

October 19, 1984
Institutional Affiliation

Children's Hospital of Michigan

Name

David K. Page

Detroit Receiving Hospital and University Health Center

John B. Waller, Jr., Dr. P.H.

Harper-Grace Hospitals

Dean E. Richardson

Hutzel Hospital

Paul H. Townsend, Jr.

Rehabilitation Institute

J. Kay Felt

Unaffiliated Members

Robert Surdam

Ex Officio

David Adamany Ph.D.

Section 2. Ex Officio Members. A person serving as a member of the Corporation on an ex officio basis by virtue of his or her status as Chairperson of the Board of Trustees of a Medical Center hospital, President of Wayne State University, or President of the Corporation shall cease to be a

October 19, 1984
member of the Corporation upon the expiration of the term of his or her office or upon his or her removal or resignation from such office or upon his or her death or resignation as a member of the Corporation. Upon the occurrence of any such event, a vacancy in the membership shall be deemed to exist and that vacancy shall be filled by the membership only by appointment of the successor to the person whose death, resignation, removal or expiration of term of office resulted in such vacancy. The institution which has the right to name the successor shall have the right to designate a substitute member, to serve temporarily until the appointment or election of the successor. The substitute member during his or her tenure shall have all the powers and perform all the duties of a member of the Corporation.

Section 3. Other Members. The remainder of the membership shall be classified with respect to the terms of which they shall severally hold office by dividing them into three classes, each class consisting of one third of the members from each Medical Center hospital (and the unaffiliated members) or, if such number shall not be a multiple of three, then such division shall be as nearly equal as the total number of members will permit. The term of office of the first class shall expire at the first annual meeting of the members to be held subsequent to the adoption of these Bylaws, the term of office of the second class shall expire at the second annual meeting of the members to be held subsequent to the adoption of these Bylaws and the term of office of the third class shall expire at the third annual meeting of the members to be held subsequent to the adoption of these Bylaws. At each annual meeting of the members, members shall be elected by vote of the membership to replace those members whose terms expire, and the members elected shall serve for a term of three years or until their successors are elected and qualified or until October 19, 1984
their resignation or removal. The replacement of any member whose position was initially filled by a person designated by a Medical Center hospital shall be elected only after the receipt of a nomination from that hospital for such replacement. There shall be no limit on successive terms for members.

Section 4. Honorary Life Members. Upon recommendation of the Board, the members may elect at any annual or special meeting one or more persons to serve as honorary life members of the Corporation. Such persons shall serve during their lifetime as honorary life members, without vote, but with all other rights and privileges of a member of the Corporation.

Section 5. Removal. Any member other than a member serving ex officio may be removed by the affirmative vote of two-thirds of the members of the Corporation present and voting at any general or special meeting if they determine it to be in the best interest of the Corporation. Upon the removal of a member, or in the event of a death or resignation of a member, such person shall cease to be a member, and a vacancy in the membership shall be deemed to exist, which vacancy may be filled by vote of the membership. In the event the vacancy is in a position which was initially filled by a person designated by a Medical Center hospital, the vacancy shall be filled only after the receipt of a nomination for the replacement from such hospital. The member elected to fill the vacancy shall hold office for the unexpired term of the vacant office, and until his or her successor is duly elected and qualified or until his or her resignation or removal. Vacancies in the position of honorary life members need not be filled.

Section 6. Annual Meetings. The annual meeting of the members shall be held each year during the month of April at such time as is determined by the Chairperson of the Corporation or such other date and time as shall be
designated from time-to-time by the Board. The annual meeting shall be for the purpose of electing members and Trustees, reporting on the affairs of the Corporation, and transacting such other business as may properly come before the meeting.

Section 7. Special Meetings. Special meetings of the members of the Corporation may be called at any time by the Chairperson of the Corporation and shall be called by the Chairperson of the Corporation upon written request of five or more members. Such request shall state the purpose or purposes of the requested meeting and the business transacted at the meeting shall be limited to such purpose or purposes.

Section 8. Place of Meetings. All meetings of the members shall be held at such place as shall be determined by the Chairperson of the Corporation.

Section 9. Notice of Meetings. Except as otherwise may be provided by Michigan law, notice of the date, time, place and purpose or purposes of all meetings, annual and special, shall be given to each member not less than ten nor more than sixty days before the date of the meeting. The notice may be given either by mail or by telegram, addressed to each member at his or her address as it appears on the records of the Corporation, with postage thereon prepaid, or in person to any member. Notice may be given in one way to one member and in another way to another. Any notice by mail shall be deemed to be given at the time when the notice is deposited in a post office or official depository under the exclusive care and custody of the United States Postal Service.

Section 10. Waiver of Notice. Attendance of a member at any meeting of the members shall constitute waiver of notice of the meeting, unless the member attends the meeting for the express purpose of objecting to the
transaction of any business because the meeting was not properly called or convened. Notice also may be waived in writing by any member by filing a waiver with the Chairperson of the Corporation either before or after the meeting. The waiver of notice need not specify the purpose or place of the meeting.

Section 11. Quorum and Valid Action. At all meetings of the members, a majority of the voting members shall constitute a quorum for the transaction of business. The resolution or action of a majority of the members present at a meeting at which a quorum is present shall be the valid action or resolution of the members unless the vote of a larger number is specifically required by law, the Articles of Incorporation, or these Bylaws. If a quorum initially shall not be present at any meeting of the members, those members present thereat may adjourn the meeting from time to time and to another place, provided notice is given to the absent members as provided herein for the giving of notice.

Section 12. Consent. Any action required or permitted by the Michigan Nonprofit Corporation Act to be taken at an annual or special meeting of members may be taken without a meeting, without prior notice and without vote, if either all the members entitled to vote thereon consent thereto in writing or a consent in writing setting forth the action taken is signed by members having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all members entitled to vote thereon were present and voted, and provided that prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent is given to members who have not consented in writing. The written consent shall be filed with the minutes of the October 19, 1984
proceedings of the members. Such consent shall have the same effect as a vote of the members for all purposes.

Section 13. Telephone Conference Call. Members may participate in a meeting of the members by a conference telephone or similar communications equipment by which all persons participating in the meeting may hear each other if all participants are advised of the communications equipment and the names of the participants in the conference are divulged to all participants. Participation in a meeting pursuant to this Section 12 constitutes presence in person at the meeting.

ARTICLE IV

BOARD OF TRUSTEES

Section 1. Management of Business and Affairs. The business and affairs of the Corporation shall be managed by the Board, which may exercise all the powers of the Corporation not reserved by law, by the Articles of Incorporation or by these Bylaws to the members. The Board shall appoint officers, establish committees and provide for the employment of staff sufficient to enable the Corporation to fulfill its mission and purposes as described in the Articles of Incorporation and Bylaws of the Corporation and to do so in a fiscally responsible manner. The Board shall, in addition, develop policies and practices to provide for the periodic and systematic review of the content, quantity, quality and fiscal integrity of the programs and services provided by the subsidiaries and affiliates of the Corporation and their consistency with its mission of the Corporation and its subsidiaries. With respect to the Medical Center hospitals, the Board shall have the specific powers described in Article VIII, Section 2 and with respect to its other
subsidiaries and its affiliates, the Board shall have the specific powers described in Article VIII, Section 8.

Section 2. Composition. The Board shall consist of fourteen persons. Seven persons shall serve ex officio and shall be the Chairpersons of the Boards of Trustees of the Medical Center hospitals, the President of Wayne State University and the President of the Corporation. The remaining seven shall be elected by the members on an annual basis. The seven non-ex officio Trustees either shall have no affiliation with any Medical Center hospital or other subsidiary of this Corporation or else shall resign from any position of board membership or employment by any such hospital or other subsidiary.

Section 3. Ex Officio Trustees. A person serving as a Trustee of the Corporation on an ex officio basis shall cease to be a Trustee upon the expiration of the term of his or her office or upon his or her removal or resignation from such office or upon his or her death or resignation as a Trustee. Upon the occurrence of any such event, a vacancy in the Board shall be deemed to exist and that vacancy shall be filled by the Board only by election of the successor to the person whose death, resignation, removal or expiration of term of office resulted in such vacancy. The institution which has the right to name the successor may appoint a substitute Trustee to serve temporarily until the appointment or election of the successor. The substitute Trustee during his or her tenure shall have all the powers and perform all the duties of a Trustee of the Corporation.

Section 4. Term of Office. Except as otherwise provided in Section 3 above, each Trustee shall hold office for a one-year term or until his or her successor is duly elected and qualified or until his or her resignation or removal. There shall be no limit on successive terms for Trustees.

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Section 5. Vacancies. Except as otherwise provided in Section 3 above, vacancies may be filled by the affirmative vote of a majority of the Trustees then in office, though less than a quorum. The Trustee so appointed shall hold office for the unexpired term of the vacant office, and until his or her successor is duly elected and qualified or until his or her resignation or removal.

Section 6. Annual Meetings. The annual meeting of the Board shall be held each year during the month of April at such time as is determined by the Chairperson of the Corporation or such other date and time as shall be designated from time to time by the Board. The annual meeting shall be for the purpose of appointing officers and transacting such other business as may properly come before the meeting.

Section 7. Regular Meetings. Regular meetings of the Board shall be held no less frequently than quarterly at such times and dates as are determined from time to time by the Board, and may be held at such other times and dates as determined by the Board. No notice need be given of regular meetings.

Section 8. Special Meetings. Special meetings of the Board may be called at any time by the Chairperson or President of the Corporation on five days' notice to each Trustee by mail or twenty-four hours' notice given either in person, or by telephone or telegram. Special meetings shall be called by the President of the Corporation in like manner and on like notice on the written request of four Trustees to be held not more than fourteen days after receipt of such request. Notice of a special meeting shall specify the purpose of the meeting, as well as the time and place of the meeting and the business transacted at such meeting shall be limited to such purpose.

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Section 9. Place of Meetings. All meetings of the Board shall be held at such place as shall be determined by the Board, either within or without the State of Michigan.

Section 10. Notice. Notice may be given either by mail or by telegram, addressed to each Trustee at his or her address as it appears on the records of the Corporation, with postage thereon prepaid, or in person to any Trustee. Notice may be given in one way to one Trustee and in another way to another. Any notice by mail shall be deemed to be given at the time when the notice is deposited in a post office or official depository under the exclusive care and custody of the United States Postal Service.

Section 11. Waiver of Notice. Attendance of a Trustee at a meeting constitutes a waiver of notice of the meeting except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. Notice also may be waived in writing by any Trustee by filing a waiver with the Chairperson of the Corporation either before or after the meeting. The waiver of notice need not specify the purpose or place of the meeting.

Section 12. Attendance by Chief Executive Officers and Others. Except to the extent otherwise determined by the Board, the President and Chief Executive Officer of each Medical Center hospital, the Dean of the Wayne State University Medical School and a representative of the medical staffs of the Medical Center hospitals may attend all meetings of the Board.

Section 13. Quorum and Valid Trustee Action. At all meetings of the Board, a majority of the Trustees then in office shall constitute a quorum for the transaction of business. The resolution or action of a majority of the Trustees present at any meeting at which a quorum is present shall be the
valid action or resolution of the Board, unless the vote of a larger number is specifically required by law, by the Articles of Incorporation, or by these Bylaws. If a quorum initially shall not be present at any meeting of the Board, or a committee, the members present thereat may adjourn the meeting from time to time and to another place, provided notice is given to the absent Trustees as provided herein for the giving of notice. At such adjourned meeting any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 14. Written Consents. Any action required or permitted by the Michigan Nonprofit Corporation Act to be taken at any meeting of the Board may be taken without a meeting, without prior notice and without a vote, if all members of the Board consent thereto in writing. The written consent shall be filed with the minutes of proceedings of the Board. Such consent shall have the same effect as a vote of the Board for all purposes.

Section 15. Telephone Conference Call. Members of the Board, or any committee designated by the Board, may participate in a meeting of the Board or committee by a conference telephone or similar communications equipment by which all persons participating in the meeting may hear each other if all participants are advised of the communications equipment and the names of the participants in the conference are divulged to all participants. Participation in a meeting pursuant to this Section 14 constitutes presence in person at such meeting.

ARTICLE V
COMMITTEES

Section 1. Executive Committee. There shall be an Executive Committee of the Board of the Corporation. The Executive Committee shall

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consist of the Chairperson of the Board of the Corporation, who also shall serve as Chairperson of the Executive Committee, the Vice-Chairperson(s), if any, the President, and the Secretary and the Treasurer of the Corporation, if such persons are Trustees or if not, two other Trustees designated by the Board. The Executive Committee shall meet on the call of the Chairperson. Except as otherwise provided by resolution of the Board, the Executive Committee shall exercise the power and authority of the Board when necessary or advisable between meetings of the Board and shall exercise such other powers as may be assigned to it from time to time by the Board, subject to the provisions of Section 4 below. Notice of Executive Committee meetings shall be provided to all Trustees and Trustees who are not members of the Executive Committee may attend meetings of the Executive Committee and participate in discussions of the Committee. The Executive Committee shall report to the Board on its actions at the next meeting of the Board and such actions shall be subject to revision and alteration by the Board at such meeting, provided, however, that the rights of third parties shall not be affected by any such revision or alteration.

Section 2. Nominating Committee. There shall be a Nominating Committee of three or more Trustees designated by the Chairperson of the Corporation. The Nominating Committee shall recommend to the Board persons to serve as Trustees and officers of the Corporation and, if directed to do so by the Board, shall recommend persons to be considered as trustees or officers of subsidiaries or affiliates of the Corporation. In performing its duties the Nominating Committee shall solicit nominations from subsidiaries of the Corporation. The Nominating Committee shall further perform such other duties as may be assigned by the Board. A person need not be nominated by the Nominating Committee to be elected.

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Section 3. Additional Committees. The Board may, from time to time, by resolution, establish one or more additional committees as it deems appropriate. Each committee shall consist of one or more Trustees of the Corporation, and such additional members who are not Trustees as the Board may select from those persons nominated by the Chairperson of the Corporation. The Chairperson and the President of the Corporation shall serve as ex officio members of all committees with vote. The chairperson of each such committee shall be designated by the Board. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board.

Section 4. Powers and Duties of Committees. Each committee shall have and may exercise such powers as are prescribed in the resolution of the Board establishing such committee or these Bylaws, and shall have and may exercise such additional powers of the Board as are prescribed from time to time by resolution of the Board; provided, however, that no committee that is authorized by the Board to exercise any or all of the powers or authorities of the Board in the management of the business and affairs of the Corporation shall have as a voting member any person other than a Trustee and no committee of the Board, including without limitation, the Executive Committee, shall have the power or authority to take any action which a committee is prohibited by law, the Articles of Incorporation or these Bylaws from taking.

Section 5. Service on Committees. Each committee and each member thereof (other than the Chairperson and President of the Corporation) shall serve at the pleasure of the Board of Directors. The quorum for the transaction of business by any committee shall be a majority of its members, but not less than two, if there are at least two members of such committee.
The resolution or action of the majority of the members of any committee present at a meeting at which a quorum is present shall be the valid action or resolution of the committee unless the vote of a larger number is specifically required by law, the Articles of Incorporation or these Bylaws. Any action required or permitted to be taken by vote at any meeting of a committee may be taken without a meeting if, before or after the action, all members of the committee consent thereto in writing. The written consent shall be filed with the minutes of the proceedings of the committee. Such consent shall have the same effect as a vote of the committee for all purposes. Each committee shall keep regular minutes of its meetings and report to the Board when requested. Each committee shall deliver regularly to the Chairperson of the Corporation copies of its minutes and reports.

ARTICLE VI
OFFICERS

Section 1. Officers. The officers of the Corporation shall be chosen by the Board, and shall consist of a Chairperson, a President, a Secretary, and a Treasurer. The Chairperson shall be chosen from among the members of the Board. The President need not be selected from among the Trustees, but shall serve as a Trustee, ex officio. The Secretary and Treasurer need not be selected from among the Trustees. All officers shall serve at the pleasure of the Board.

Section 2. Other Officers. The Board may, from time to time, appoint one or more Vice-Chairpersons and Vice Presidents and such other officers and agents as it shall deem necessary, who shall hold their offices for such
terms and shall exercise such powers and perform such duties as shall be
determined from time to time by the Board.

Section 3. Compensation. The compensation, if any, for each officer
of the Corporation for his or her services to the Corporation as an officer
shall be fixed in a reasonable amount by the Board.

Section 4. Vacancies. Any vacancy occurring in any office of the
Corporation by death, resignation, removal or otherwise shall be filled by the
Board. An officer may resign by written notice to the Chairperson of the
Board. A resignation is effective upon its receipt by the Chairperson or at a
subsequent date specified in the notice of resignation.

Section 5. Duties of Chairperson. The Chairperson shall preside at
all meetings of the Board and members, and shall see that all orders and
resolutions of the Board and members are carried into effect. The
Chairperson shall provide leadership in the governance of the Corporation, in
collaboration with the President, and in connection therewith, shall recommend
governance policies and procedures for the Corporation. The Chairperson
shall be an ex officio voting member of all committees of the Corporation, and
shall perform such other duties as are determined from time to time by the
Board.

Section 6. Duties of Secretary. The Secretary shall act under the
direction of and be accountable to the Chairperson, if a Trustee and if not,
to the President. Subject to the direction of the Chairperson, he or she
shall attend all meetings of the Board and record or cause the proceedings to
be recorded. He or she shall perform like duties for committees of the Board
when requested by the Board. He or she shall give, or cause to be given,
notice of all annual, regular and special meetings of the Board, and shall

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perform such other duties as may be prescribed from time to time by the Board. He or she shall keep in safe custody the seal of the Corporation, if any, and, when authorized by the Chairperson or the Board, cause it to be affixed to any instrument requiring it. He or she shall prepare and file all corporate reports and records required by law, sign or attest all instruments on behalf of the Corporation as he or she shall be authorized by law or the Board to do, and keep in safe custody all books and records of the Corporation.

Section 7. Duties of Treasurer. The Treasurer shall act under the direction of and be accountable to the Chairperson, if a Trustee and if not, to the President. He or she shall keep or require there to be kept full and accurate accounts of the corporate funds and securities are kept in books belonging to the Corporation. He or she shall perform such other duties as the Board may from time to time prescribe. He or she may affix or cause to be affixed the seal of the Corporation to documents requiring the seal.

Section 8. Customary Powers. To the extent the powers and duties of the several officers are not provided from time to time by resolution, these Bylaws, or the directive of the Board, the officers shall have all powers incident to their offices and shall discharge the duties customarily and usually held and performed by like officers of corporations similar in organization and business purposes to this Corporation.

Section 9. Acting Officers. The Board may appoint any person to perform the duties of an officer whenever, for any reason, it is impractical for the officer to act personally. An acting officer so appointed shall have the power and be subject to all the restrictions upon the officer to whose office he or she is appointed, unless otherwise provided by resolution of the Board.
Board, and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

ARTICLE VII

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Section 1. Selection; Authorities, Duties and Responsibilities. The President shall be selected and employed by the Board to be the Chief Executive Officer of the Corporation. The President need not be selected from among the Trustees. As Chief Executive Officer of the Corporation, the President shall, under the direction of the Board, have full charge of all activities and employees of the Corporation. He or she shall appoint and employ such staff as shall be required to conduct the business and affairs of the corporation. He or she shall make recommendations to the Board from time to time regarding any phase of policy or administration, all to the end that the Board shall establish all major policies and be kept generally informed on matters relating to the operation and administration of the Corporation. He or she shall have power, on behalf of the Board, to perform all acts, execute and deliver all documents, and take all steps that he may deem necessary or desirable in order to effectuate the actions and policies of the Board. The performance of the President shall be periodically evaluated by the Board.

Section 2. Additional Authorities, Duties and Responsibilities. As part of his or her authorities, duties and responsibilities, the President shall:

(a) Make recommendations to the Board and its committees from time to time regarding any phase of policy or administration;

(b) Apply and implement all orders, resolutions and policies established by the Board and advise on their formulation and implementation;

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(c) Within the authority delegated by the Board, establish an organizational structure for the management of the affairs of the Corporation; appoint, and establish formal means of accountability for, subordinate management personnel, and delegate appropriate management authority to such personnel; and establish written operating programs for the sound management of finances, facilities and personnel of the Corporation;

(d) Along with the Chairperson of the Corporation, act as principal spokesperson for the Corporation and the Medical Center institutions to the news media, to community groups, and in other situations requiring public exposition of the Corporation, except to the extent such function is delegated by him or her to other persons; and establish and implement a sound community relations program to ensure positive interpretation of the Corporation and the enhancement of its reputation.

(e) Assist the Corporation's subsidiaries and affiliates and their auxiliaries in the development of support services for the Corporation's health care system, and provide coordination between system operations and auxiliary programs;

(f) Serve as an ex officio voting member of all committees;

(g) Receive and review all requests from Boards of subsidiaries and affiliates for action by the Board of this Corporation and make recommendations with respect to such requests to the Board; and

(h) Perform such other duties as may be necessary or desirable in the best interests of the Corporation, including such duties as may be set forth in a position description.

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ARTICLE VIII
SUBSIDIARIES

Section 1. Medical Center Hospitals. The Corporation acknowledges that each of the Medical Center hospitals has a mission which is distinct from the others. Any significant modification of the distinctive nature of the mission of a Medical Center hospital shall require concurrence by the Board of Trustees of that hospital. Further, it is the intent of this Corporation that the Board of Trustees of each Medical Center hospital will continue to have primary responsibility for fulfilling its mission, objectives and strategic plan and for the property, business and affairs of the institution except to the extent that Board and the Board of this Corporation otherwise determine and except to the extent provided elsewhere in these Bylaws. In furtherance of the foregoing, but not by way of limitation, the Board of Trustees of each Medical Center hospital shall, subject to the provisions of its Articles of Incorporation, Bylaws and applicable law and except as otherwise provided in these Bylaws and the Articles of Incorporation of the Corporation, have the following duties and responsibilities:

(a) To fulfill its mission and objectives and to assure that major plans and programs are documented and designed to achieve its mission and objectives;

(b) To strive toward providing high quality care with regard to all services provided, and in connection therewith shall be responsible for appointment, reappointment and delineating the privileges of the medical staff of the hospital and for fulfilling the statutory responsibility of the hospital for the quality of care rendered;

(c) To establish policies and an organization and management structure to achieve its mission and objectives;
(d) To appoint officers and to establish committees to assist in the functioning of the hospital;

(e) To review and take action on reports of applicable regulatory, accrediting and external agencies;

(f) To make, approve and enter into contracts, agreements, letters of intent and other evidences of mutual and/or joint undertakings; and

(g) To take such other actions as it may deem necessary or desirable in the fulfillment of its responsibilities.

Section 2. Responsibilities of the Corporation in Relation to the Medical Center Hospitals. Notwithstanding the provisions of Section 1 of this Article VIII, it is acknowledged that the Board of the Corporation is responsible for achieving the mission and fulfilling the purposes of the Corporation. The Board of the Corporation shall therefore, on behalf of the Corporation, as the sole member of each Medical Center hospital, have the following powers:

(a) To engage in strategic planning for the Medical Center institutions on a collective basis, and to approve the strategic plan and planning process of each Medical Center hospital (including, without limitation, additions, deletions or significant modifications of beds or services), with approvals conditioned upon whether the plan and planning process fulfills the mission and objectives of the hospital and the collective mission, objectives and strategic plan of the Medical Center institutions;

(b) To approve operating and capital budgets of each Medical Center hospital;
(c) To review and evaluate the operating, financial and other performance of each Medical Center hospital;

(d) To establish limits beyond which approvals will be required for capital expenditures; short-term, long-term and alternative indebtedness (including guaranties and lines of credit); and acquisitions, leases, encumbrances and dispositions of land, buildings and equipment by each Medical Center hospital;

(e) To establish policies requiring approval of affiliations, joint ventures and other business relationships of a Medical Center hospital (either with another Medical Center hospital or any other entity);

(f) To establish such other policies as may be deemed necessary or desirable by the Board to fulfill the responsibilities of the Corporation, including policies establishing standards by which actions of a Medical Center hospital requiring approval of the Corporation shall be reviewed;

(g) To approve all changes in the Articles of Incorporation or bylaws of a Medical Center hospital; and

(h) To act on behalf of the Corporation with regard to all other matters requiring approval by the Corporation as the sole member of each Medical Center hospital.

Where approvals of the Corporation are required, in the event such approvals are not forthcoming, the Board shall provide its rationale for the action taken and any recommendations relating to the matter. Such recommendations shall be addressed by the affected Medical Center hospital and no action shall be taken by such hospital which requires approval by this Corporation unless and until such approval has been received.

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Section 3. Boards of Trustees - Medical Center Hospitals. The composition and size of the Board of Trustees of each Medical Center hospital shall be specified in its bylaws. The trustees of each such hospital shall be appointed by the Board of this Corporation, acting on behalf of this Corporation as the sole member of each such hospital. Prior to acting this Board shall receive the nominations of the Board of Trustees of such hospital with respect to the positions to be filled. While the Board of this Corporation shall retain the right to make all final decisions with respect to appointments, it is the intent of this Corporation that except in unusual circumstances, those persons who are nominated shall be appointed. A member of the Board of Trustees of a Medical Center hospital may only be removed by the Corporation, acting as the sole member of such hospital, upon a determination by the Board of this Corporation that such removal is in the best interest of the hospital and upon approval of such action by the affirmative vote of two-thirds of the Trustees of this Corporation present and voting at any regular or special meeting of the Board.

Section 4. Chief Executive Officers - Medical Center Hospitals. The duties and responsibilities of the chief executive officer of each Medical Center hospital (described in these Bylaws as the "Chief Executive Officer," whether such person is actually designated by a Medical Center hospital as its President, Chief Executive Officer, or President and Chief Executive Officer) shall be established by his or her respective Board of Trustees in accordance with its bylaws as well as the policies established by the Board of this Corporation. Those duties and responsibilities shall include at a minimum the following:

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(a) To achieve the mission and objectives of the Medical Center hospital in accordance with policies approved by the Board of Trustees of that hospital and in a manner consistent with the collective mission and objectives of the Medical Center institutions and the policies established by the Board of the Corporation;

(b) To create and maintain an organizational environment contributing to a synergistic multi-corporate system; and

(c) To be accountable and responsible to the President of this Corporation for enabling the Corporation to fulfill its mission, objectives and purposes insofar as it relates to such hospital.

Section 5. Removal of Chief Executive Officer of Medical Center Hospital. A Chief Executive Officer of a Medical Center hospital may be removed upon recommendation of the President of the Corporation and upon approval of such recommendation by the affirmative vote of two-thirds of the Trustees of this Corporation present and voting at any regular or special meeting of the Board. The Chairperson and President of this Corporation shall consult with the Chairperson of the Board of the Medical Center hospital prior to the President of this Corporation making his or her recommendation to the Trustees. A Chief Executive Officer of a Medical Center hospital may also be removed by the Board of Trustees of the hospital in accordance with procedures described in its bylaws, but only upon receipt of the concurrence of the Board of this Corporation, acting as the sole member of that hospital.

As described in Article VIII, Section 4 above, the duties and responsibilities of a Chief Executive Officer of a Medical Center hospital shall be established by his or her respective Board of Trustees in accordance with its bylaws as well as the policies established by the Board of this

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Corporation. These duties and responsibilities shall include, at a minimum, the specific duties described in Section 4 above. The President of this Corporation shall periodically meet with each Chief Executive Officer and, upon request of a Chairperson of the Board of a Medical Center hospital, with such Board or a committee thereof, to discuss the duties and responsibilities of a Chief Executive Officer of a Medical Center hospital and to evaluate his or her performance. Action to remove a Chief Executive Officer of a Medical Center hospital by the Board of Trustees of this Corporation or by the Board of a Medical Center hospital shall be taken upon a determination by such Board in its discretion that the Chief Executive Officer has failed to fulfill his or her duties and responsibilities in a manner consistent with the fulfillment of the mission, objectives and purposes of this Corporation and such hospital.

Section 6. Appointment of Chief Executive Officer of Medical Center Hospital. Whenever a vacancy occurs with respect to the position of Chief Executive Officer of a Medical Center hospital, the vacancy shall be filled by the Medical Center hospital through appointment of an individual nominated by the President of the Corporation and approved by a committee composed of equal members appointed by the Board of this Corporation and the Board of Trustees of such hospital.

Section 7. Meetings of Medical Center Hospitals. The Chairperson and President of this Corporation shall each have a standing invitation to attend all meetings of the Boards of Trustees and Board committees of all Medical Center hospitals. Minutes shall be distributed to them and agendas made available. In addition, they shall have access to all information relating to such hospitals as may be necessary or desirable to fulfill their duties and responsibilities.

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Section 8. Modification of Bylaws. It is acknowledged that each Medical Center hospital has a provision in its Articles of Incorporation or bylaws permitting its Board of Trustees to amend those bylaws to remove this Corporation as the sole member of that hospital under certain circumstances as is more fully described in those bylaws. Anything to the contrary in these Bylaws notwithstanding, this Corporation may not amend or otherwise modify such provision without the consent of the Board of Trustees of such hospital.

Section 9. Other Subsidiaries. The Board may establish, reorganize and/or dissolve other subsidiaries of the Corporation. The Board may further establish such policies as it deems necessary or desirable with respect to the subsidiaries and affiliates of the Corporation. The boards of such subsidiaries and affiliates shall be consulted with respect to all the policies and actions affecting them. With respect to subsidiaries, the powers of the Corporation shall include, at a minimum, the powers with respect to the Medical Center hospitals described in Section 2 of this Article VIII.

ARTICLE IX
INDEMNIFICATION

Section 1. Indemnification. The Corporation shall indemnify, to the fullest extent authorized or permitted by Michigan law, any person, and such person's heirs and legal representatives, who is made or threatened to be made a party to any action, suit or proceeding (whether civil, criminal, administrative or investigative) whether brought by or in the right of the Corporation or otherwise, by reason of the fact that such person is or was a member, Trustee, officer, employee, or agent of the Corporation or such
person served on any formally constituted advisory body or voluntary committee of the Corporation or the Board, or any such person served at the request of the Corporation as a trustee, shareholder, member, officer, director, employee or agent of any other corporation, business corporation, partnership, joint venture, trust, association, or any other enterprise, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation or its members, and with respect to any criminal action or proceeding, had no reasonable course to believe that the conduct was unlawful.

Section 2. Liability Insurance. Notwithstanding the foregoing, the indemnification provided to any person described in Section 1 above shall be only in excess of any valid and collectible insurance or other source of indemnification available for the benefit of such person, including any benefit available under any insurance or self-insurance plan of the Corporation, and no rights of subrogation are intended to be created hereby. Notwithstanding any limit on indemnification under Michigan law, the Corporation may purchase and maintain insurance on behalf of any person described above against any liability asserted against him or her or incurred by him or her in any capacity or arising out of his or her status as such, whether or not the Corporation would otherwise have the power to indemnify under the circumstances.

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ARTICLE X
EXECUTION OF CONTRACTS
AND FINANCIAL PROVISIONS

Section 1. Conveyances and Contracts. The Board may authorize any officer, agent or employee to enter into any contract or other instrument on behalf of the Corporation, and such authority may be general or confined to specific instances. All conveyances, contracts and instruments of transfer and assignment shall be specifically approved by the Board and shall be executed on behalf of the Corporation by such officers or agents as may be specifically authorized by the Board. Except as herein provided or as authorized by the Board, no officer, agent, or employee other than the Chairperson and President shall have any power or authority to bind the Corporation by any contract for any purpose or for any amount.

Section 2. Reliance on Authority. Any persons dealing with the Corporation or its property in reliance upon any instrument executed in accordance with these Bylaws or duly certified corporate resolutions shall be fully protected thereby, and shall be under no duty to inquire as to the authority of the persons executing such instrument.

Section 3. Accounts. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may from time to time designate.

Section 4. Borrowing. To the extent permitted by law, the Corporation may, whenever its general interests and corporate purposes require, borrow money and issue its promissory notes, debentures or bonds for the repayment thereof with interest, and may in like case mortgage, pledge or encumber its property as security for its debts or other lawful
engagements or guaranty the debt of any subsidiary or affiliate or other entity, whenever it is in the best interests of the Corporation and in furtherance of its purposes.

Section 5. Annual Audit. Each year, the President shall arrange for an independent audit of the financial records of the Corporation by an independent certified public accountant approved by the Board, who shall provide a written report to the Board.

Section 6. Funding of the Corporation. The Board shall have the right to determine the method of funding the Corporation, which may include the assessment of its subsidiaries or affiliates.

ARTICLE XI
GENERAL PROVISIONS

Section 1. Signatures. All checks, drafts or demands for money and notes of the Corporation shall be signed by the President of the Corporation unless the Board of Directors has specifically designated another officer or person to sign.

Section 2. Fiscal Year. The fiscal year of the Corporation shall end on December 31 of each year or such other date as shall be fixed from time to time by resolution of the Board.

Section 3. Seal. The Board may adopt a corporate seal for the Corporation. The corporate seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Michigan". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

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Section 4. **Books and Records.** The Corporation shall keep within or without the State of Michigan books and records of account and minutes of the proceedings of its Board. The Corporation shall keep at its registered office records containing the names and addresses of all Trustees. Any of such books, records or minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

Section 5. **Internal Affairs.** These Bylaws shall govern the internal affairs of the Corporation to the extent they are consistent with law and the Articles of Incorporation. Nothing contained in these Bylaws shall, however, prevent the imposition by contract of greater voting, notice or other requirements than those set forth in these Bylaws.

**ARTICLE XII**

**AMENDMENTS**

These Bylaws may be amended or repealed, or new Bylaws adopted, only by the Trustees of the Corporation, except that any provision regarding the composition of the Board or the number of persons who shall serve as Trustees shall be subject to approval by the members. Thirty days prior written notice shall be provided to a Medical Center hospital prior to any amendment of these Bylaws which would materially affect such hospital.

**ARTICLE XIII**

**APPROVAL**

These Bylaws were approved by the incorporators of the Corporation this ____ day of ________, 1984.

SL11d/c

October 19, 1984