

# STOUGHTON HOSPITAL ASSOCIATION BYLAWS



**STOUGHTON**  
**HEALTH**

*Creating Excellence Together*

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SEVENTH AMENDED AND RESTATED BY-LAWS  
OF  
STOUGHTON HOSPITAL ASSOCIATION  
900 RIDGE STREET, STOUGHTON, WI 53589-1896

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## ARTICLE I OFFICES

Section 1. Location. The principal office of the Stoughton Hospital Association (“corporation”) in the State of Wisconsin shall be located in the City of Stoughton, County of Dane. The corporation may have such other offices, either within or without the State of Wisconsin, as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

The corporation shall have and continuously maintain in the State of Wisconsin a registered office, and a registered agent whose office is identical with such registered office. The registered office may be, but need not be, identical with the principal office in the State of Wisconsin, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 2. Purpose. The objectives of the corporation shall be:

A. To establish and maintain an institution or institutions with permanent facilities that include inpatient beds and medical services to provide diagnosis and treatment for patients (and associated services such as, but not limited to acute care, geropsych, Swing Beds, and outpatient care).

B. To carry on any educational activities related to rendering care to the sick and injured, or to the promotion of health and wellness, that in the opinion of the Board of Directors may be justified by the facilities, personnel, funds, and other requirements that are, or can be, made available.

C. To promote and carry on scientific research related to the care of the sick and injured insofar as, in the opinion of the governing board, such research can be carried on in, or in connection with, the hospital.

D. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

This corporation is organized exclusively for charitable, scientific, and educational purposes as a not-for-profit corporation; and its activities shall be conducted for the aforesaid purposes in such a manner that no part of its net earning shall inure to the benefit of any member, director, officer or individual. Upon dissolution of the corporation, and after payment of just debts and liabilities, SSM Health Care of Wisconsin, Inc. or its permitted successor in interest (the “Special Member”) shall receive forty (40%) percent of all remaining assets, and any remaining assets following such distribution shall be distributed to organizations enjoying an exempt status under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or successor provisions.

## ARTICLE II

### SPECIAL MEMBER

Section 1. Special Member. The Special Member of the corporation shall be SSM Health Care of Wisconsin, Inc. or its permitted successor in interest. The Special Member's rights are created pursuant to that certain Master Agreement between the Special Member and the corporation dated February 6, 2003 (the "Master Agreement").

Section 2. Right of First Refusal. In the event any person or entity that is not controlled by or under common control with the corporation makes an unsolicited bona fide offer to acquire all or substantially all of corporation's assets (whether structured as an asset purchase, lease, merger, or other acquisition technique) or to acquire any real estate comprising part of the corporation's campus or located within a one mile radius of the corporation's campus, the corporation shall give the Special Member sixty (60) days prior written notice of the Board of Directors' intention to accept such offer ("Offer Notice"). The Offer Notice, in addition to stating the corporation's intention to sell its assets, shall also state: (i) a description of the assets to be sold; (ii) the name and address of the proposed acquirer; (iii) the amount of the purchase price; and (iv) the terms of the sale. The Special Member shall have an option for sixty (60) days following delivery of the Offer Notice to purchase the assets proposed to be sold at the purchase price and in accordance with the terms set forth in the Offer Notice. The Special Member shall exercise such option by providing the corporation written notice within said sixty (60) day period. In the event the Special Member fails to timely exercise such option or the Special Member delivers to the corporation a written declination to exercise such option, then the corporation may sell the assets to the proposed acquirer upon the precise terms set forth in the Offer Notice, provided such sale must occur within the twelve (12) month period immediately following the corporation's delivery of the Offer Notice. Any deviation in the terms of such sale from the terms set forth in the Offer Notice or failure of the sale to occur within such twelve (12) month period shall require the corporation to comply again with the provisions of this section 2 prior to any subsequent sale of the corporation's assets.

Section 3. Board Supermajority. The following decisions by the SH Board of Directors shall require the approval of both a majority of the Class I Directors, Class II Directors and Class III Directors, voting as a single combined class, and both of the Class IV Directors, voting separately:

A. Approval of SH's strategic and financial plans, including its annual capital and operating budgets and any change in the scope of services provided at the SH Campus, and any amendments thereto;

B. Approval of (A) the incurrence by SH of indebtedness for borrowed money having a final maturity in excess of one year, (B) SH entering into any sale-leaseback transaction having a term in excess of one year, (C) SH entering into any installment purchase transaction having a final maturity in excess of one year, or (D) SH increasing the approved level of aggregate indebtedness for borrowed money having a final maturity of one year or more;

C. Approval of major acquisitions and affiliations by SH;

D. Approval of the appointment of the Chief Executive Officer of SH in the event of a vacancy; and;

E. Approval of any policies or resolutions of the Board of Directors which would delegate any authority for all or any portion of the transactions or approvals described in clauses (A) through (E) above to any committee of the Board of Directors or to any officer or other agent of SH (e.g., a Board policy authorizing the Chief Executive Officer to incur specified levels of indebtedness or authorize specified amounts of capital expenditures without Board approval).

Section 4. SSM WI and Member Approval. Unless the law, the Amended and Restated Articles of Incorporation or the Amended and Restated By-laws of SH provide otherwise, the following decisions by the SH Board of Directors shall require the vote of a majority of the SH Board of Directors, and the vote of a majority of the Class I Directors, Class II Directors and Class III Directors, voting as a single class (but only if the approval of the Class I Directors, Class II Directors and Class III Directors is required by law or the Amended and Restated Articles of Incorporation or the Amended and Restated By-laws of SH), and the approval of the members of the corporation, including the Special Member:

A. Approval of any amendment or restatement of the Articles of Incorporation or By-laws of SH;

B. Approval of the sale of all or substantially all of the assets of SH in the event that SSMWI has not been given the opportunity to exercise its right of first refusal under Section 2.3(f) hereof;

C. Approval of the sale or Restricted Long-Term Lease of any real estate comprising part of the SH Campus (other than as part of a sale of all of the assets of SH which is covered under Section 2.3(c)(ii));

D. Approval of any merger or consolidation involving SH; and

E. Approval of the dissolution of SH.

In each case under clauses (A), (B), (C), (D), and (E), the failure to obtain all required approvals means that the proposed action will not proceed and is not subject to arbitration.

In the event a majority of the Class I, Class II and Class III directors, on the one hand, and both of the Class IV directors, on the other hand, fail to agree with respect to any decision to be made by the Board of Directors subject to this subsection B, then in the case of clauses (3) and (5), the specific proposed action will not proceed and is not subject to arbitration, but in the case of clauses (1), (2) and (4), the deadlock will be resolved by mediation and, if necessary, binding arbitration, as provided below. Unless otherwise agreed by a majority of the Class I, Class II and Class III directors, on the one hand, and both of the Class IV directors, on the other hand, any such mediation will be conducted by a single mediator selected from the CPR Panels of Distinguished Neutrals under the Mediation Procedure of the CPR Institute for Dispute Resolution. Unless otherwise agreed by a majority of the Class I, Class II and Class III directors, on the one hand, and both of the Class IV directors, on the other hand, any such binding

arbitration will be conducted by a single arbitrator (who may be the same person who served as the mediator) selected from the CPR Panels of Distinguished Neutrals under the Rules for Non-Administered Arbitration of the CPR Institute for Dispute Resolution, but with the modification that the arbitrator may only choose to agree with either (1) the position of the majority of the Class I, Class II and Class III Directors, on the one hand, or (2) the position of both of the Class IV Directors, on the other hand; the arbitrator may not fashion an alternate position. As a condition of serving on the Board of Directors, all directors agree to ratify and implement the decision of the arbitrator as the action of the Board of Directors.

### ARTICLE III

#### MEMBERS

Section 1. Members. Any person eighteen years of age or older who is a resident of any of the following municipalities may be a member of the corporation: City of Stoughton, Village of McFarland, Village of Cottage Grove, Town of Albion, Town of Christiana, Town of Cottage Grove, Town of Dunkirk, Town of Dunn, Town of Pleasant Springs, Town of Rutland, Village of Oregon and Town of Oregon, in Dane County, Wisconsin and the City of Evansville, Town of Union and Town of Porter in Rock County, Wisconsin. In addition thereto, any person who is a member of the active Medical Staff as defined in the Amended and Restated By-Laws of said Medical Staff of this corporation shall also be members. A person who votes thereby agrees to abide by the terms of the Articles of Incorporation of this corporation and by the terms of the Amended and Restated By-Laws and amendments thereto adopted by this corporation. The Board of Directors may set eligibility requirements for membership of the corporation.

Section 2. Voting Rights. Each member present shall be entitled to one vote on each matter submitted to a vote of the corporation.

### ARTICLE IV

#### MEETING OF MEMBERS

Section 1. Annual Meeting. An annual meeting of the members shall be held on the last Monday of November of each year. Such annual meeting shall be called by the Chair of the corporation, and notice thereof shall be published in a newspaper of local distribution not more than twenty-one (21) days nor less than three (3) days before such meeting. The annual meeting shall be held each year for the purpose of electing Class I directors, reviewing annual progress reports from Administration, Governing Board, Foundation, Auxiliary, and for the transaction of such other business as may come before the meeting. If the election of Class I directors shall not be held on the day designated in such notice of an annual meeting, the Board of Directors shall cause the election to be held at a special meeting as soon thereafter as convenient.

Section 2. Special Meetings. Special meetings of the members may be called by the Hospital President, the Board of Directors or not less than ten (10) persons who are residents of the jurisdictions defined in Article III. Notice of special meetings shall be published as required in Section 1. above stating the purpose of such meeting.



Section 3. Place of Meetings. The place of the corporation meeting shall be Stoughton Hospital, 900 Ridge Street, in the City of Stoughton, Dane County, Wisconsin, or such other place or by any electronic means as the Board of Directors may determine.

A. Any or all members may participate in an annual, regular, or special meeting of the members by, or conduct the meeting through the use of, telephone or any other means of communication by which either: (i) all participating members may simultaneously hear or read each other's communications during the meeting; or (ii) all communication during the meeting is immediately transmitted to each participating member, and each participating member is able to immediately send messages to all other participating members.

B. If a meeting will be conducted through the use of any means described in subsection A above, all participating members shall be informed that a meeting is taking place at which official business may be transacted. A member participating in a meeting by any means described in subsection A above is deemed to be present in person at the meeting.

Section 4. Quorum. Ten (10) voting members who are eligible to vote at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of the members, the majority of the members present may adjourn the meeting without further notice.

Section 5. Proxies and Voting by Mail. No vote by proxy or by mail shall be valid. Only the votes cast by those members present in person at the meeting shall be valid.

## ARTICLE V

### BOARD OF DIRECTORS

Section 1. General Powers. The affairs of the corporation shall be overseen by its Board of Directors.

Section 2. Number, Tenure and Qualifications. Membership on the Board of Directors shall be divided into four classes, which shall have equal rights and responsibilities as members of the Board of Directors of the corporation, except as otherwise provided in these Amended and Restated Bylaws. The immediate past Chair of the Board of Directors shall serve as a non-voting ex officio representative to the Board for a period of one year, should his/her director eligibility be expired. The four classes of directors shall comprise the following:

A. Class I. Class I shall consist of six (6) members who shall be elected by the members for terms of three (3) years. All Class I directors may serve up to two (2) consecutive full terms as a Class I director (and no more than seven (7) consecutive years as a director, exclusive of partial terms) and shall be eligible for election or appointment as director after the expiration of one (1) calendar year from the time said director vacated office.

B. Class II. Class II shall consist of two (2) members of the Medical Staff, one of whom must be corporation's Chief of Staff. Class II directors may serve no more than seven (7) one-year consecutive terms.

C. Class III. Class III shall consist of two (2) members who shall be appointed by the Board of Directors of the corporation and shall serve for a term of one (1) year. Class III directors may be appointed for successive terms at the discretion of the Board of Directors. Class III directors may serve no more than seven (7) consecutive years as a director, exclusive of partial terms. The Governance Committee shall present a slate of appointed directors for the Class III directors.

D. Class IV. Class IV shall consist of two (2) members who shall be appointed by the Special Member. The Special Member shall also identify an alternate (the “Alternate”). The Class IV directors shall serve at the pleasure of the Special Member. In the event any Class IV Director is unable to attend a meeting of the Board of Directors but the Alternate does attend, the Special Member shall be deemed to have removed such director and appointed the Alternate to serve as a Class IV director for that meeting only, whereafter the Special Member shall be deemed to have removed the Alternate and reappointed the regular Class IV director. Class IV directors may be appointed for unlimited successive terms.

### Section 3. Nomination and Appointment.

A. Class I Directors. The Governance Committee shall present a proposed slate of directors for Class I directors for approval at a regular meeting of the Board of Directors prior to the regular annual meeting of the corporation. Upon such approval, the proposed slate of directors for Class I directors shall be presented to the members at the regular annual meeting of the corporation, and the Class I directors shall be elected by the members present at such annual meeting of the corporation. The elected director shall assume the position effective immediately.

B. Class II Directors. The Class II director shall be suggested by the Medical Staff of the corporation to the Governance Committee for approval. Such approval will become effective upon the filing with the Board a resolution adopted by the Medical Staff of the corporation and certified by two (2) officers of said Medical Staff. Both Class II directors shall be voting members of the Board of Directors.

C. Class III Directors. The Governance Committee shall present a proposed slate of appointed directors for Class III directors at the regular annual meeting of the Board of Directors. Appointment shall be made by a majority vote of the Class I and Class II Board members at such meeting and the appointment shall become effective immediately.

D. Class IV Directors. The Class IV directors and the Alternate shall be appointed by the Special Member, such appointment to become effective upon notice of such appointment to the President or Secretary of the corporation’s Board of Directors.

Section 4. Regular Meetings. A regular annual meeting of the Board of Directors shall be held without other notice than this By-Law within 10 days of the annual meeting of the members. The Board of Directors may provide by resolution the time and place either within or without the State of Wisconsin, for the holding of additional regular meetings of the Board without other notice than such resolution.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Board Chair. The Board Chair shall call a special meeting at the

request of three (3) directors. Said special meetings shall be called by the Board Chair with a reasonable time after receipt of such request, and in all cases shall be within ten (10) days of the receipt of said request. The Board Chair may fix any place or format for holding a special meeting of the Board of Directors.

Section 6. Notice of Special Meeting. Said notice shall be given by personal delivery or by mailing at the last known address of said director. Twenty-four (24)-hour written notice of any special meeting shall be given to all members of the Board of Directors. Attendance by a member of the Board of Directors at any special meeting shall constitute a waiver of such notice by said director.

Section 7. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting. A director shall be considered "present" if such director attends a meeting in person or by any means of communication by which (i) all participating directors may simultaneously hear or read each other's communications during the meeting; or (ii) all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors; including without limitation by telephone or video conference.

Section 8. Manner of Acting.

A. General. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Amended and Restated By-Laws. In addition to any other approval required under these Bylaws, any decision (i) to alter the status of the corporation's medical staff from being an open medical staff, or (ii) to change the status of the corporation so that it is no longer a full service acute care hospital, will require the approval of a majority of the Board of Directors.

Section 9. Vacancies. Any vacancy occurring in Class I or Class III of the Board of Directors and any directorship to be filled by reason of an increase in the number of directors, shall be filled by action of the Class I, Class II and Class III directors. Any vacancy occurring in Class II of the Board of Directors shall be filled by the corporation's Medical Staff. Any vacancy occurring in Class IV of the Board of Directors shall be filled by the Special Member. A director elected to fill a vacancy shall be elected for the unexpired term of his/her predecessor in office.

Section 10. Removal of Directors. Any member of the Board of Directors who fails to excuse his/her absences at three (3) successive scheduled monthly meetings may be removed as such director by the class or classes of directors empowered to elect or appoint such member. A member of the Board of Directors may also be removed from office as such director upon the affirmative vote of eight (8) members of the Board of Directors where the actions and personal conduct of such member sought to be removed tends to defeat the purpose of the corporation, to subject it to public ridicule or to damage its reputation.

Section 11. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at such regular or special meeting of the Board not to exceed \$5,000/year for reimbursement of out-of-pocket expenses; but nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 12. Conflicts of Interest. The corporation may enter into contracts or transact business with one or more of its directors, officers, or with any corporation, firm, association, trust company, organization, or other entity in which any one or more of its directors or officers are directors, officers, trustees, beneficiaries, stockholders, or financially or otherwise interested. No such contracts or business transactions shall be void or voidable because of such relationships or interests or because such director or directors, officer or officers, are present at the meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contracts or business transactions or because his or their votes are counted for such purpose if (1) the fact of such relationship or interest is disclosed or known to the board of directors or committee which authorizes, approves or ratifies the contracts or business transactions by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors or officers and (2) the contracts or business transactions are fair to the corporation. Interested directors or officers may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contracts or business transactions.

A. Internal Revenue Service (IRS) Requirements. Board will at all times be comprised of at least 51% of independent directors per IRS requirements for community hospitals.

## ARTICLE VI

### OFFICERS

Section 1. Elected Officers. Elected officers shall be a Chair, a Vice Chair, and a Secretary-Treasurer.

Section 2. Manner of Selection. Officers enumerated in Section 1 of this Article shall be elected annually by and from the membership of the Board of Directors, provided that only Class I directors may hold office, and shall hold their respective offices until their successors are elected and qualified.

Section 3. Appointed Officers. Appointed officers shall consist of the President/Chief Executive Officer (CEO), Vice President Financial Services & Vice President Patient Services,

and such other officers as the Board may from time to time determine. The appointed officers shall not be members of the Board of Directors and shall not be entitled to vote thereon.

Section 4. Duties of the Chair. The Chair shall call and preside at all meetings of the Board of Directors and shall act as Chair of the Executive Committee and as an ex-officio member of all other committees of the Board of Directors. The Chair may sign, with the Secretary-Treasurer or any other proper officer of the corporation thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Amended and Restated By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed.

Section 5. Duties of the Vice Chair. The Vice Chair shall act as Chair in the absence of the Chair and when so acting, he/she shall have all the powers and authority of the Chair.

Section 6. Duties of the Secretary-Treasurer. The Secretary-Treasurer shall be required or directed to be stated, and to keep a record of all proceedings of the Board of Directors, and to safely and systematically keep all books, papers, records, and documents belonging to the corporation, as in any wise pertaining to the business thereof.

Section 7. Duties of the President/CEO.

A. Selection and General Duties. The Board of Directors shall appoint a qualified hospital CEO. The CEO shall have had actual experience of a suitable kind, nature and duration in hospital experience and preferably will have had formal training in an accredited graduate program in hospital administration. The CEO shall act as president and shall be responsible for the management of the hospital and all its departments subject only to such policies as may be adopted and such orders as may be issued by the Board of Directors or by any of its committees to which it has delegated power for such action. He/she shall act as the "duly authorized representative" of the Board of Directors in all matters in which the Board has not formally designated some other person for that specific purpose. He/she shall be responsible only to the Board of Directors for the proper performance of his/her duties.

B. Specific Authority and Duties of the President/CEO. In addition to the general authority set forth in sub-section A hereof, the authority and duties of the President shall be included in the President/CEO position description.

Section 8. Removal. Any officer elected or appointed by the Board of Directors may be removed by an affirmative vote of nine (9) or more members of the Board of Directors whenever in its judgment the best interests of the hospital would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section 9. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

## ARTICLE VII

### COMMITTEES

Section 1. Appointments. The Governance Committee at the first regular meeting of the Board of Directors held after the annual meeting (each January) shall recommend the following standing committees for the ensuing year requiring approval of the full Board: Finance Committee; Audit Compliance/Risk Management Committee; Quality Committee, and CEO Evaluation/Compensation Committee. The chairs of all standing committees shall be members of the Board of Directors. Each of said committees shall consist of at least three (3) members including Co-Chairs unless otherwise provided in these Amended and Restated By-Laws. Audit Compliance/Risk Management, and CEO Evaluation/Compensation Committees shall consist entirely of independent directors per IRS definition. Directors may not serve on the Finance Committee and Audit Compliance/Risk Management Committees simultaneously.

Section 2. Ex-Officio Members. The Chair and the President/CEO shall be ex-officio members of each of said committees.

Section 3. Other Committees. The Board of Directors shall have power from time to time to create such committees as it may deem expedient, and to delegate to such committees such duties and powers as may be found necessary for the proper conduct of the affairs of the corporation. The Board of Directors may appoint or delegate to the Chair the authority to appoint members of the corporation to such committees.

Section 4. Attendance/Voting.

A. All Directors may attend any Board Committee meetings, unless held under closed session.

B. Only Committee members can vote during a Committee meeting.

C. Committee meetings requiring only Committee member attendance will be held under closed session.

Section 5. Removal. The Chair of the Board of Directors shall have the power to remove any member of any committee for cause. Proper cause for removal by the Chair of any member of any committee shall include failure to regularly attend the meetings of said committee and for breach of moral turpitude which might tend to bring the corporation into general disrepute.

Section 6. Executive Committee. The Executive Committee shall have a minimum of four members and shall consist of the Chair, Vice Chair, the Secretary-Treasurer and one Class IV director. The Executive Committee is defined immediately following the Annual Member Meeting as part of the Annual Reorganizational Meeting.

A. The Executive Committee shall have power to transact all regular business of the hospital during the period between the meetings of the Board of Directors subject to any prior limitation imposed by the Board of Directors; provided that no action may be taken by the

Executive Committee if such action would require either supermajority or Special Member approval under Article V, Section 8 (B) and (C), if taken by the Board.

B. The Executive Committee is accountable for strategic planning in relation to long-term health care needs of the communities served.

Section 7. Finance Committee. The Finance Committee shall consist of members of the Board with the Secretary-Treasurer as Chair. It shall be the further duty of the Finance Committee to:

A. Maintain general financial oversight of hospital finances, including the corporation's budget, and report to the Board.

(1) Examine monthly financial reports.

(2) Supervise the management of hospital funds.

B. Have the general responsibility to make recommendations to the Board of Directors concerning the purchase of additional property, replacement thereof as well as repair and maintenance of said property and equipment; review all prospective purchases of equipment which exceed a value established by resolution of the Board of Directors; make recommendations as to the acquisition, disposal, repair or maintenance of said property.

Section 8. Audit Compliance/Risk Management Committee. Perform the functions of an Audit Compliance/Risk Management Committee, including the following:

(1) Establish and maintain internal systems, controls and procedures to safeguard the corporation's assets, ensure compliance, avoid fraud and accurately report financial information;

(2) Serve as the liaison, and ensure adequate communication, between the Board of Directors, management and internal and external auditors; and

(3) Select and determine the compensation of the external auditor.

Section 9. Governance Committee. The Governance Committee shall meet as necessary and perform the following:

A. Duties delineated in Article V, Sections 3(A) and (C) and shall nominate officers of the Board of Directors for approval at the Annual Reorganizational meeting of the Board of Directors.

B. Oversees Board orientation, education, self-evaluations and goal setting.

Section 10. Quality Committee. The Quality Committee shall perform the following functions for the corporation:

A. Oversee continuous improvement of quality, safety and patient experience activities for the corporation.

B. Assures implementation of corrective action plans linked to regulatory survey results and sentinel root cause analysis (RCA) events.

Section 11. CEO Evaluation/Compensation Committee. The CEO Evaluation/Compensation Committee shall carryout the following duties annually:

- A. Perform annual CEO evaluation.
- B. Review and approve CEO compensation.
- C. Discuss and set CEO goals and objectives.

## ARTICLE VIII

### AUXILIARY ORGANIZATIONS

Section 1. Management and Control. The Board of Directors shall have full and complete authority to create auxiliary organizations for such purposes as the Board of Directors may from time to time decide to promote the general welfare of the corporation's hospital and, more particularly, to provide associated services to those persons being treated in the corporation's hospital. All auxiliary organizations shall have such rights and privileges as may be granted from time to time by the Board of Directors.

Section 2. Space and Services. The Board of Directors may provide space and furnish services and supplies to said hospital auxiliary in such manner as the Board may from time to time deem proper.

Section 3. Governance. The members of said hospital auxiliary shall prepare by-laws, rules and regulations setting forth its organization and government. Proposed by-laws, rules and regulations may be recommended to the Board of Directors by said auxiliary, but only those adopted by the Board of Directors shall become effective. Said hospital auxiliary shall at all times function under the direct supervision and control of the Chief Executive Officer.

## ARTICLE IX

### MEDICAL STAFF

Section 1. Organization, Appointments and Hearings.

A. The Board of Directors shall organize the practitioners granted practice privileges in the hospital into a Medical Staff under Medical Staff by-laws approved by the Board of Directors. The Board of Directors shall consider recommendations of the Medical Staff and appoint to the Medical Staff, in numbers not exceeding the hospital's needs, physicians who meet the qualifications for membership as set forth in the by-laws of the Medical Staff. Each member of the Medical Staff shall have appropriate authority and responsibility for the care of his/her



patients subject to such limitations as are contained in these Amended and Restated By-Laws and in the by-laws, policies and procedures for the Medical Staff and subject, further, to any limitations attached to their appointment.

B. All applications for appointment to the Medical Staff shall be in writing and addressed to the President of the corporation. They shall contain full information concerning the applicant's education, licensure, practice, previous hospital experience, and any unfavorable history with regard to licensure and hospital privileges. Reappointments of the Medical Staff shall be made on a biennial basis.

C. All appointments to the Medical Staff shall be for two years, except Initial Provisional appointments which shall be for a period of at least one (1) year but not more than (2) years. When an appointment is not to be granted or renewed, or when privileges have been (or are proposed to be) denied, reduced, suspended, or terminated, the staff member shall be afforded such procedures as are required by law according to the Medical Staff By-Laws.

#### Section 2. Medical Care and its Evaluation.

A. The Board of Directors shall, in the exercise of its discretion, delegate to the Medical (and Dental) Staff the responsibility for providing appropriate professional care to the hospital's patients.

B. The Medical Executive Committee shall conduct a continuing review and appraisal of the quality of professional care rendered in the hospital, and shall report such activities and their results to the Board of Directors.

C. Medical Executive Committee shall make recommendations to the Board of Directors concerning: (1)appointments, reappointments, and alterations of staff status, (2)granting of clinical privileges, (3)disciplinary actions, (4)all matters relating to professional competency, and (5)such specific matters as may be referred to it by the Board of Directors.

Section 3. Medical Staff By-Laws. There shall be by-laws, policies & procedures for the Medical Staff, setting forth its organization and government. Proposed by-laws, policies & procedures may be recommended by the Medical Staff, but only those adopted by the Board of Directors shall become effective.

### ARTICLE X

#### INDEMNIFICATION

##### Section 1. Indemnification.

A. Mandatory Indemnification. The corporation shall, to the fullest extent permitted or required by Sections 181.041 to 181.053, inclusive, of the Wisconsin Nonstock Corporation Law ("Statute"), including any amendments thereto (but in the case of any such amendment, only to the extent such amendment permits or requires the corporation to provide broader indemnification rights than prior to such amendment), indemnify its Directors and Officers against any and all Liabilities, and advance any and all reasonable Expenses, incurred thereby in

a proceeding to which any Director or Officer is a Party because such Director or Officer is a Director or Officer of the corporation. The corporation may indemnify its employees and authorized agents, acting within the scope of their duties as such, to the same extent as Directors or Officers hereunder. The rights to indemnification granted hereunder shall not be deemed exclusive of any other rights to indemnification against Liabilities or the advancement of Expenses which such Director or Officer may be entitled under any written agreement, board resolution, vote of the Members, the Statute or otherwise. All capitalized terms used in this Article IX, Section 1 and not otherwise defined herein shall have the meaning set forth in Section 181.041 of the Statute.

B. Permissive Supplementary Benefits. The corporation may, but shall not be required to, supplement the foregoing right to indemnification against Liabilities and advancement of Expenses under Section 1(a) of this Article by (i)the purchase of insurance on behalf of any one or more of such Directors or Officers whether or not the corporation would be obligated to indemnify or advance Expenses to such Director or Officer under Section 1(a) of this Article, and (ii)entering into individual or group indemnification agreements with any one or more of such Directors or Officers.

C. Private Foundation Limitations. Notwithstanding the foregoing, no indemnification will be permitted to the extent such indemnification would constitute an act of "self-dealing" or is otherwise subject to excise taxes under Chapter 42 of the United States Internal Revenue Code of 1986, as amended, or prohibited under Section 181.77 of the Wisconsin Statutes or any similar successor provisions thereto.

## ARTICLE XI

### CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these Amended and Restated By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Secretary-Treasurer and countersigned by the President or a Vice President of the corporation.

Section 3. Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may elect.

Section 4. Gifts. The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the general purpose or for any special purpose of the corporation.

## ARTICLE XII

### FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of October and shall end on the last day of September of each year.

## ARTICLE XIII

### WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Non-Profit Corporation Act of Wisconsin or under the provisions of the Articles of Incorporation or the Amended and Restated By-Laws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

## ARTICLE XIV

### AMENDMENTS

Section 1. Amendments. These Amended and Restated By-Laws of the corporation may be amended by affirmative vote of a two-thirds majority of the members present at the annual meeting or any special meeting of the corporation, provided that the approvals required by Article V, Section 8 C(1) have been obtained.

Section 2. Review. The Amended and Restated By-Laws of the corporation shall be reviewed by the Board of Directors at least every two years.

KNOW ALL PEOPLE BY THESE PRESENTS: That the undersigned Secretary of the corporation known as STOUGHTON HOSPITAL ASSOCIATION does hereby certify that the above and foregoing Amended and Restated By-Laws were duly adopted by the Members of said corporation, as the Amended and Restated By-Laws of said corporation, on November 26, 2018, and that they do now constitute the Sixth Amended and Restated By-Laws of said corporation.

Date:

Attest: \_\_\_\_\_  
Steve Staton  
Secretary/Treasurer