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**BYLAWS  
OF  
OCHSNER LSU HEALTH SYSTEM OF NORTH LOUISIANA**

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**BYLAWS**  
**OF**  
**OCHSNER LSU HEALTH SYSTEM OF NORTH LOUISIANA**

Article I.  
**PURPOSE**

The purpose and corporate powers of Ochsner LSU Health System of North Louisiana (the “Corporation”) is as provided in the Corporation’s articles of incorporation, as amended from time to time (the “Articles of Incorporation”). In addition to the purpose and corporate powers set forth in the Articles of Incorporation, the following shall apply to the Corporation:

Section 1.1 Earnings.

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the Articles of Incorporation and/or these Bylaws.

Section 1.2 Activities of the Corporation.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code, or the corresponding section of any future federal tax code.

Section 1.3 Tax Exempt Status.

It is intended that the Corporation shall have the status of an organization: (i) that is exempt from federal income tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code and that is other than a private foundation by qualifying as an organization described in Section 509(a) of the Code; (ii) to which contributions are deductible for federal income tax purposes under Section 170(c)(2) of the Code; and (iii) to which bequests and gifts are deductible for federal estate and gift tax purposes so long as such taxes shall apply. The Articles and these Bylaws shall be construed, and all authority and activities of the Corporation shall be limited, accordingly.

Article II.  
**OFFICES**

Until otherwise determined by the Board of Directors, the Corporation will have and continuously maintain its principal offices in Caddo Parish, Louisiana. The Corporation may have other offices within or without the State of Louisiana as the Board of Directors may from time to time determine.

Article III.  
**BOARD OF DIRECTORS**

Section 3.1 Duties and Powers of the Board of Directors.

Except as may be otherwise set forth in the Articles of Incorporation or in these Bylaws, the powers of the Corporation will be vested in, and the business, affairs, property, and funds of the Corporation will be managed by, the Board of Directors (the “Board” or “Board of Directors” or collectively “Directors” or individually “Director”). Except as may be expressly limited by applicable law, the Articles of Incorporation, or these Bylaws, the Board will have and is vested with the full power and authority of the Corporation, and the Board will have the power to do or cause to be done by delegation to the officers of the Corporation or others any and all lawful and ethical things for and on behalf of the Corporation.

Any action by the Board to transfer, assign, and convey any or all assets or property of the Corporation to other non-profit corporations or organizations created and functioning for similar scientific, educational, charitable, or literary purposes must be structured to assure that no part of the net earnings of such assignee or assignees shall inure to the benefit of any private individual and no substantial part of its activities shall consist of carrying on propaganda, or otherwise attempting to influence legislation, except to the extent permitted under the Code. The Board may delegate to the Joint Management Committee of the Corporation the power to sell, lease or otherwise enter into transactions relating to real property or immovable property.

In accordance with the voting requirements set forth in these Bylaws, the Board of Directors shall be responsible for directing and overseeing the business and affairs of the Corporation that come before the Board in accordance with Section 3.14 below in a manner that contributes to the accomplishment of the Corporation’s purpose set forth in the Articles of Incorporation and the Bylaws. The Board will at all times exercise its authority, and assure that the Corporation’s Joint Management Committee and officers at all times exercise their authority, consistent with the Corporation’s tax-exempt purposes and the Academic and Clinical Collaboration Agreement among LSU, Ochsner, and Corporation (“ACCA”).

No contributions to the Corporation shall be required of the Directors.

Section 3.2 Board Composition.

The Board shall have ten (10) Directors, until changed by amendment to these Bylaws. Five (5) Directors (the “LSU Appointees”) shall be appointed by the President of Louisiana State University and Agricultural and Mechanical College (“LSU”), and five (5) Directors (the “Ochsner Appointees”) shall be appointed by the Chief Executive Officer of Ochsner Clinic

Foundation doing business as Ochsner Health System (“Ochsner”). Two (2) of the LSU Appointees and two (2) of the Ochsner Appointees (collectively the “Community Directors”) will be community members who are (i) residents of north Louisiana, (ii) not an officer, director, employee, agent or independent contractor of (a) LSU, Ochsner or the Corporation, or (b) any entity with which LSU, Ochsner or the Corporation does business, unless otherwise approved by the Board of Directors pursuant to Section 3.14 on a case-by-case basis after a determination by the Board that such is in the best interest of the Corporation, and (iii) acceptable to the other appointing individual (i.e., the President of LSU or the Chief Executive Officer of Ochsner, as applicable). The composition of the Board shall at all times satisfy the community benefit requirements of Section 501(c)(3) of the Code.

Each Community Director will serve a two (2)-year term. The initial Community Directors shall be appointed by LSU and Ochsner on or before the Commencement Date (as such term is defined in the ACCA). In all cases, successor Community Directors appointed by LSU and Ochsner shall also serve two (2)-year terms and shall be appointed in accordance with the provisions of the preceding paragraph. Of the three (3) remaining LSU Appointees (“LSU Designated Directors”) and three (3) remaining Ochsner Appointees (“Ochsner Designated Directors”), initially two (2) shall serve a one (1)-year term and one (1) shall serve a two (2)-year term, as the President of LSU and Chief Executive Officer of Ochsner, as applicable, shall appoint. Thereafter, each LSU Designated Director and each Ochsner Designated Director shall serve two (2) year terms. LSU Designated Directors and Ochsner Designated Directors will continue to serve in office until a successor for such Director has been appointed in accordance with the provisions of these Bylaws. No Director will be subject to limitation in the number of consecutive terms such Director may serve.

Section 3.3 Board Chair.

The Chair of the Board will serve a two (2)-year term. The initial Chair of the Board will be selected by the Ochsner Appointees from among the Ochsner Designated Directors. Upon expiration of the two (2)-year term of the initial Chair, the second Chair of the Board will be selected by the LSU Appointees from among the LSU Designated Directors and serve a two (2)-year term. Thereafter, the Chair of the Board will rotate every two (2) years between a Director selected by the Ochsner Appointees from among the Ochsner Designated Directors and a Director selected by the LSU Appointees from among the LSU Designated Directors.

Section 3.4 Resignation.

A Director may resign at any time by tendering his or her resignation in writing to the Board at the principal place of business of the Corporation. A Director’s resignation will be effective upon receipt by the Board.

Section 3.5 Removal.

An LSU Appointee may be removed, with or without cause, only by LSU and an Ochsner Appointee may be removed, with or without cause, only by Ochsner.

Section 3.6 Vacancies.

A position on the Board of Directors held by an LSU Appointee may only be declared vacant by LSU (and not the Board). A position on the Board of Directors held by an Ochsner Appointee may only be declared vacant by Ochsner (and not the Board).

If a position on the Board of Directors previously held by an LSU Appointee is or becomes vacant for any reason, the vacancy may be filled only by LSU. If a position on the Board of Directors previously held by an Ochsner Appointee is or becomes vacant for any reason, the vacancy may be filled only by Ochsner. All appointments of Community Directors shall be acceptable to the non-appointing party.

In case of a vacancy on the Board that has not been filled by LSU's or Ochsner's appointment, as applicable, the then-serving LSU Designated Directors or then-serving Ochsner Designated Appointees, as applicable, shall be entitled to cast the vote of the vacant Director, as the then-serving LSU Designated Directors or then-serving Ochsner Designated Directors shall agree. In all cases there will be an equal number of votes between LSU Appointees and Ochsner Appointees.

Section 3.7 Compensation of Directors.

At the discretion of the Board, Directors may be reimbursed for out-of-pocket expenses incurred on behalf of the Corporation, but otherwise Directors will not receive compensation for services rendered in their capacity as Directors. Directors who are not Community Directors may receive reasonable compensation for services rendered to the Corporation in other capacities.

Section 3.8 Regular Meetings of the Board.

The Board will hold regular meetings no less than annually but not more frequently than each calendar quarter at such time and place as the Board may from time to time designate. Each Director will be notified of the time and place of a regular meeting of the Board at least ten (10) and not more than sixty (60) days prior to the date fixed for the holding of such meeting.

Directors will be designated as set forth in the Articles of Incorporation at the first regular Board meeting during each calendar year, which will take place on a date fixed by the Board.

Section 3.9 Special Meetings of the Board.

Special meetings of the Board may be called at any time by at least four (4) LSU Designated Directors or four (4) Ochsner Designated Directors. The business to be transacted at any special meeting will be limited to those items of business set forth in the notice of the meeting. At least two (2) days (or seven (7) days, if notification is made by United States mail), prior to the date fixed for the holding of any special meeting, each Director will be notified of the time, place and purpose of such meeting. Upon certification to the Secretary by the Board and President that a state of emergency or matter of extreme urgency in connection with the affairs of the Corporation exists, said notice may be given to each Director twenty-four (24) hours prior to the meeting.



Section 3.10 Notices and Mailing.

All notices required to be given to Directors pursuant to these Bylaws will state the authority pursuant to which they are issued and will bear the written, stamped, typewritten or printed signature of the Secretary or Assistant Secretary. Except as these Bylaws otherwise provide, notice of a meeting of the Board need not state the purpose thereof. Every notice will be deemed to have been given to a Director when the same has been deposited in the United States mail, with postage fully prepaid, addressed to such Director at his or her last address appearing upon the records of the Corporation, hand delivered to such Director at his or her last address appearing upon the records of the Corporation, or dispatched by electronic mail (“email”), facsimile transmission, or other recognized electronic means to such Director at his or her last applicable facsimile number or physical or email address, as applicable, appearing upon the records of the Corporation.

Section 3.11 Waiver of Notice.

Notice of the time, place and purpose of any meeting of the Board may be waived by email, telex, telegraph, facsimile transmission, or other recognized electronic means, or in writing, by any Director, either before or after such meeting has been held. Attendance at a meeting will constitute a waiver of notice of such meeting, except where a Director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting was not properly called or convened.

Section 3.12 Voting.

Subject to the provisions of the Articles of Incorporation, these Bylaws, the Act, and the ACCA, the Board may initiate any corporate action set forth in Section 3.14 deemed to be in the best interest of the Corporation, and each Director will be entitled to one (1) vote upon each matter properly submitted to a vote of the Board.

Except as otherwise provided in these Bylaws, no vote, either in person or by proxy, shall be valid unless a quorum of the Board is present at the meeting of the Board. The physical presence or participation by means available under Section 3.16 of at least six (6) Directors including at least two (2) LSU Designated Directors and at least two (2) Ochsner Designated Directors shall constitute a quorum. All matters discussed and considered by the Board will be discussed in a forum in which all Directors who are present can participate.

Section 3.13 Proxies.

Any LSU Appointee absent from a meeting of the Board or any committee thereof may be represented by another LSU Appointee, who may cast the vote of the absent LSU Appointee according to written instructions, general or special, of the absent LSU Appointee. Any Ochsner Appointee absent from a meeting of the Board or any committee thereof may be represented by another Ochsner Appointee, who may cast the vote of the absent Ochsner Appointee according to written instructions, general or special, of the absent Ochsner Appointee.

Section 3.14 Reserved Powers.

The Board of Directors reserves to itself the following powers and acts (“Reserved Powers”), all of which will require majority approval of the Board including approval of at least two (2) LSU Designated Directors and at least two (2) Ochsner Designated Directors. Stated differently, an act of the Board of Directors with respect to any Reserved Powers shall be determined through “block voting,” such that, in order to have been approved by the Board of Directors, the action must have received the vote of a majority of the LSU Designated Directors and a majority of the Ochsner Designated Directors, either in person or by proxy. Subject to these Bylaws, any power or act not specifically reserved to the Board of Directors and set forth below is hereby delegated to, and shall be vested exclusively with, the Joint Management Committee in accordance with Article IV of these Bylaws:

- (A) Amendment of the Corporation’s Articles of Incorporation or these Bylaws;
- (B) Resolution of any Dispute (as defined in the ACCA);
- (C) Any decision to sell, merge or consolidate the Corporation or any other of the OLHS Entities (as defined in the ACCA) with a party or entity not affiliated with or otherwise under the control of the Corporation;
- (D) Any decision to initiate an action for voluntary or involuntary dissolution of the Corporation or any other of the OLHS Entities (as defined in the ACCA);
- (E) The filing of a voluntary petition for bankruptcy, reorganization, receivership, or protection from creditors generally by the Corporation or any other of the OLHS Entities (as defined in the ACCA), or an involuntary filing against the Corporation or any other OLHS Entity (as defined in the ACCA) that is not resolved by dismissal after ninety (90) days from the filing date;
- (F) Any decision to sell or otherwise dispose of a material portion of the assets of the Corporation or any other of the OLHS Entities (as defined in the ACCA);
- (G) Any decision by the Corporation or any other of the OLHS Entities (as defined in the ACCA) to incur indebtedness or otherwise assume a liability in excess of Two Million Dollars (\$2,000,000.00) that was not part of an approved budget or capital budget;
- (H) Any decision by the Corporation to terminate its participation in the New CEA in accordance with the terms of the New CEA (as defined in the ACCA);
- (I) Any distributions made by the Corporation;
- (J) Any proposal submitted to the Board of Directors for approval that is materially inconsistent with any provision of the ACCA;
- (K) Following the initial approval of the Joint Management Committee pursuant to Section 4.2, approval or revision of a budget or capital budget for any or all of the

OLHS Entities (including, for clarity and without limitation, the budgets of the North Louisiana Department);

- (L) Following the initial approval of the Joint Management Committee pursuant to Section 4.2, approval or revision of a strategic plan for any or all of the OLHS Entities;
- (M) Following the initial approval of the Joint Management Committee pursuant to Section 4.2, any amendments or other material modification to any Collaborative Agreement (as defined in the ACCA);
- (N) Final decision on any matter or action on which the Joint Management Committee cannot agree after taking a final vote on the matter or action;
- (O) Any decision under Article VIII by the Corporation to indemnify any Director, Officer, Joint Management Committee Member, employee or agent or to select special counsel to make such decision;
- (P) Following the initial approval by the Joint Management Committee pursuant to Section 4.2, any decision by any OLHS-NL Entity to either enter any new contracts or to amend or modify any existing contracts with Biomedical Research Foundation of Northwest Louisiana (“BRF”), with any affiliate of BRF, with any person who is a current or former officer, board member, or principal of BRF or of any affiliate of BRF, or with any entity in which a current or former officer, board member, or principal of BRF or of any affiliate of BRF: (i) is an officer, board member, or principal of BRF, or (ii) has an ownership interest in BRF;
- (Q) Following the initial approval by the Joint Management Committee pursuant to Section 4.2, approval of medical staff bylaws on behalf of the Hospitals (as defined in the ACCA); and
- (R) Approval of any Community Director pursuant to Section 3.2 who is an officer, director, employee, agent or independent contractor of any entity with which LSU, Ochsner or the Corporation does business and who otherwise satisfies all of the requirements of Section 3.2 above.

Section 3.15 Action by Unanimous Written Consent.

Any action that may be taken at any meeting of the Board or any committee thereof may be taken without a meeting if a consent in writing setting forth the action is signed by all of the Directors, whether collectively or severally, and filed with the records of proceedings of the Board.

Section 3.16 Telephonic Meetings.

Unless otherwise prohibited by statute, Directors may participate in any meeting of the Board by means of (a) a telephone conference or similar communications equipment by means of which all persons participating in such meeting can hear each other, or (b) another suitable

electronic communications system, including videoconferencing technology or the Internet. Such participation in a meeting will constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.17 Fiduciary Duties.

Directors shall have and owe a fiduciary duty to the Corporation to (1) carry out their duties within the scope of their authority under the Articles of Incorporation, these Bylaws, and the ACCA; (2) be loyal to the Corporation, placing its interests above their own personal or other business interests; (3) use appropriate care and diligence when acting on behalf of the Corporation, exercising reasonable prudence to achieve the best interests of the Corporation; (4) act with honesty, good faith, and fairness in discharging their duties on behalf of the Corporation; and (5) make immediate full disclosure of any potential or actual conflict of interest as provided for in Article XVIII.

Each Director shall sign a statement acknowledging, accepting, and agreeing to fulfill his or her fiduciary duty to the Corporation.

Article IV.

**JOINT MANAGEMENT COMMITTEE**

Section 4.1 Appointment and Composition.

The Joint Management Committee is hereby established as a permanent management committee of the Corporation. The President of LSU and Chief Executive Officer of Ochsner shall appoint the Joint Management Committee, which shall be comprised, in addition to the Corporation's Chief Executive Officer ("CEO") and Corporation's Chief Medical Officer ("CMO"), of an even number between four (4) and eight (8) additional members (collectively, the "JMC Members"), an equal number of which will be (a) LSU employees appointed by the President of LSU ("LSU JMC Members"), and (b) Ochsner employees appointed by the Chief Executive Officer of Ochsner ("Ochsner JMC Members"); provided, however, that no more than one (1) of the LSU JMC Members may be a non-HSC-S employee and no more than one (1) of the Ochsner JMC Members may be a person who neither is employed by nor works full-time on behalf of the Corporation, unless there are ten (10) JMC Members, in which case no more than two (2) of the LSU JMC Members may be non-HSC-S employees and no more than two (2) of the Ochsner JMC Members may be persons who neither are employed by nor work full-time on behalf of the Corporation. A primary purpose of the Joint Management Committee is to promote essential communication between the Corporation and HSC-S and Ochsner and to assure continuing collaboration, alignment and coordination of the day-to-day activities of the Corporation and HSC-S and Ochsner in the best interests of the AMC (as defined in the ACCA) consistent with the ACCA. Subject to these Bylaws and, where not inconsistent, the ACCA, the Joint Management Committee shall have power and authority to act on any matter not a Reserved Power, including, without limitation, the authority expressly delegated to the Joint Management Committee as provided in Section 4.2. Except for the authority expressly delegated to the Joint Management Committee by the Board as provided in Section 4.2, the Joint Management Committee shall delegate such other authority to the officers of the Corporation as

the Joint Management Committee deems appropriate including, without limitation, the day-to-day operations of the Corporation which shall be delegated to the CEO and CMO according to a dyad model of management. The Joint Management Committee will at all times exercise its authority, and assure that the Corporation's officers at all times exercise their authority, consistent with the Corporation's tax-exempt purposes, the Bylaws, and the ACCA.

Section 4.2 Expressly Delegated Authority.

Notwithstanding anything in these Bylaws to the contrary, authority to take the following actions on behalf of the Corporation is hereby expressly delegated to the Joint Management Committee, which shall take such action only by unanimous agreement of the JMC Members:

A. Subject to final approval by the Board of Directors in accordance with Section 3.14, approval or revision of a budget or capital budget for any or all of the OLHS Entities (including, for clarity and without limitation, the budgets of the North Louisiana Department);

B. Subject to final approval by the Board of Directors in accordance with Section 3.14, approval or revision of a strategic plan for any or all of the OLHS Entities;

C. Approval of the OLHS-NL Chief Quality Officer appointed by the CMO;

D. Approval of the CEO for OLPG selected by HSC-S;

E. Approval of a Separate Activity or Prior Separate Activity as part of the Separate Activity Evaluation Procedure (all as defined in the ACCA);

F. Any final decision whether to consent to the recruiting, employing, or contracting with a New Physician (as defined in the ACCA) at a set compensation amount and model in the event that both the HSC-S Dean and OLHS-NL CEO and HSC-S Chancellor and Ochsner Chief Administrative Officer are unable to agree on such consent;

G. Approval of the amounts payable to HSC-S, Ochsner, by any of the OLHS Entities or by any OLHS Entity to any other OLHS Entity under the Collaborative Agreements;

H. Approval of the Physician Compensation Plans applicable to the Ochsner Physicians and HSC-S Physicians (all as defined in the ACCA);

I. Subject to final approval by the Board of Directors in accordance with Section 3.14, any amendment or other material modification to any of the Collaborative Agreements;

J. Subject to final approval of the Board of Directors in accordance with Section 3.14, any decision by any OLHS-NL Entity to either enter any new contracts or to amend or modify any existing contracts with BRF, with any Affiliate of BRF, with any Person who is a current or former officer, board member, or principal of BRF or of any Affiliate of BRF, or with any entity in which a current or former officer, board member, or principal of BRF or of any

Affiliate of BRF: (i) is an officer, board member, or principal, or (ii) has an ownership interest (all as defined in the ACCA);

K. The acceptance of any Grant Payment (as defined in the ACCA);

L. Any decision to draw funds on the Line of Credit (as defined in the ACCA) in excess of Five Million Dollars (\$5,000,000.00) without the express approval of (a) either the HSC-S Vice Chancellor of Administration and Finance or the LSU Chief Financial Officer, and (b) either the CEO or the Ochsner Chief Financial Officer;

M. Selection of the Corporation's Chief Medical Officer ("CMO") from a slate of HSC-S employees identified by LSU; and

N. Any other matter or proposed action that is materially inconsistent with any provision of the ACCA.

Section 4.3 Regular Meetings of the Joint Management Committee.

The Joint Management Committee will hold regular meetings as needed, but on no less than a monthly basis, at such time and place as the JMC Members designate. The Corporation's Chief Executive Officer will assure that each JMC Member is duly notified as much in advance as possible of the time, place and agenda of any meeting of the Joint Management Committee.

Section 4.4 Voting.

Subject to the provisions of these Bylaws and (where not inconsistent) the ACCA, the Joint Management Committee may initiate any corporate action deemed to be in the best interest of the Corporation, unless such action is reserved to the Board as a Reserved Power. Each JMC Member will be entitled to one (1) vote upon each matter submitted to a vote of the Joint Management Committee. Subject to Section 4.2 (which require unanimous agreement of the JMC Members), the act of a supermajority of the JMC Members will be the act of the Joint Management Committee. For purposes of this Section 4.4, a supermajority act requires the approval, either in person or by proxy, of at least two-thirds (2/3) of the LSU JMC Members and two-thirds (2/3) of the Ochsner JMC Members present at the meeting. Except as otherwise provided in these Bylaws, no vote shall be valid unless a quorum of the Joint Management Committee is present, either in person or by proxy, at the meeting of the Joint Management Committee. The physical presence or participation by means available under Section 4.7 of a majority of the LSU JMC Members and a majority of the Ochsner JMC Members shall constitute a quorum. All matters discussed and considered by the Joint Management Committee will be discussed in a forum in which all JMC Members who are present can participate by any means available pursuant to the provisions of these Bylaws.

In the event of a final vote that results in a deadlock, the Joint Management Committee may bring the matter before the Board of Directors, and the Board will make the final determination on the matter, as set forth in Section 3.14(N).

All matters discussed and considered by the Joint Management Committee will be discussed in a forum in which all JMC Members who are present can participate by any means available pursuant to the provisions of these Bylaws.

Section 4.5 Proxies.

Any LSU JMC Member absent from a meeting of the Joint Management Committee or any sub-committee thereof may be represented by another LSU JMC Member, who may cast the vote of the absent LSU JMC Member according to written instructions, general or special, of the absent LSU JMC Member. Any Ochsner JMC Member absent from a meeting of the Joint Management Committee or any sub-committee thereof may be represented by another Ochsner JMC Member, who may cast the vote of the absent Ochsner JMC Member according to written instructions, general or special, of the absent Ochsner JMC Member.

Section 4.6 Action by Unanimous Written Consent.

Any action that may be taken at any meeting of the Joint Management Committee may be taken without a meeting if the action is taken by unanimous consent.

Section 4.7 Telephonic Meetings.

Members may participate in any meeting of the Joint Management Committee by means of (a) a telephone conference or similar communications equipment by means of which all persons participating in such meeting can hear each other, or (b) another suitable electronic communications system, including videoconferencing technology or the Internet. Such participation in a meeting will constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Article V.  
**OFFICERS**

Section 5.1 Terms of Office; Appointment.

The officers of the Corporation will be a CEO, a CMO, a Secretary, a Treasurer, and such other officers, with such titles, if any, as the CEO and CMO designate, consistent with Louisiana law and laws applicable to tax-exempt organizations, the ACCA, and these Bylaws. Except as may be prescribed otherwise by the Board, the Articles of Incorporation, these Bylaws, or the ACCA, all such officers will hold their offices for an unlimited term and need not be reappointed annually or at any other periodic interval, and such officers (other than the CEO and CMO) will hold their offices at the pleasure of the CEO and CMO. Any action taken by an officer of the Corporation pursuant to appropriate authorization of the Board or the Joint Management Committee will constitute the act of and serve to bind the Corporation.

Section 5.2 Vacancies.

Any vacancy occurring in an officer position (other than the position of CEO and CMO) may be filled by the CEO and CMO, subject to the Articles of Incorporation, these Bylaws, and

the ACCA. Any vacancy occurring in the position of CEO shall be filled in accordance with Section 5.4 and the ACCA. Any vacancy in the position of CMO shall be filled in accordance with Section 5.5 and the ACCA.

Section 5.3 Resignation or Removal of Officers.

An officer of the Corporation may resign, effective immediately, at any time by tendering his or her resignation in writing to the Board. Such resignation will be effective upon receipt. Subject to the Articles of Incorporation, these Bylaws, and the ACCA, the CEO and CMO may remove any officer (other than the positions of CEO and CMO) at any time, with or without cause, whenever in the judgment of the CEO and CMO the best interests of the Corporation will be served thereby, subject to the provisions of a written employment agreement between the Corporation and the officer, if any.

Section 5.4 Chief Executive Officer.

The CEO shall perform duties prescribed by the ACCA and the Board of Directors and all duties incident to the office of CEO / President, including executing any contracts or other instruments on behalf of the Corporation, subject to any limitations imposed by the Board of Directors or Joint Management Committee. The CEO shall be a full-time Ochsner employee selected by Ochsner consistent with the terms of this Section 5.4 and the ACCA and removed at the discretion of Ochsner. The initial CEO will be Charles D. "Chuck" Daigle. In the event of a vacancy in the CEO position, Ochsner has the authority to appoint an interim CEO, subject to review and consultation with LSU. LSU will have a representative on the search committee for any permanent subsequent CEO, and Ochsner will confer with LSU regarding the candidates under consideration prior to appointing any permanent subsequent CEO; provided, however, that the final decision for the selection of any permanent subsequent CEO shall be within the sole discretion of Ochsner.

Section 5.5 Chief Medical Officer.

The CMO shall perform duties prescribed by the ACCA and the Board of Directors or the Joint Management Committee, including executing any contracts or other instruments on behalf of the Corporation, subject to any limitations imposed by the Board of Directors or Joint Management Committee. The CMO shall be a full-time HSC-S employee selected by LSU consistent with the terms of this Section 5.5 and the ACCA and removed at the discretion of LSU. The initial Chief Medical Officer will be David Lewis, M.D. In the event of a vacancy in the CMO position, an interim and/or permanent Chief Medical Officer shall be selected by the Board of Directors in accordance with Section 3.14 from a slate of HSC-S employees identified by HSC-S.

Section 5.6 Secretary.

The Corporation's Secretary will be appointed by the CEO and the Chief Medical Officer. The Secretary will attend all meetings of the Board of Directors. The Secretary will keep or cause to be kept all of the non-financial records of the Corporation, record the minutes of the meetings of the Board of Directors, send out all notices of meetings, attest to the seal of the Corporation where necessary or required, and perform such other duties as may be prescribed by



the Board. The Secretary will also keep or cause to be kept a register of the names and addresses of each Director and of the dates of expiration of their respective terms of office. The Secretary may be assisted in any of these duties by one or more Assistant Secretaries as provided herein.

Section 5.7 Treasurer.

The Corporation's Treasurer will be appointed by the CEO and the Chief Medical Officer. The Treasurer will have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation, and will report to, and will perform such duties as may be assigned by, the CEO and Chief Medical Officer, or another officer designated by the CEO and the Chief Medical Officer.

Section 5.8 Other Officers.

The CEO and Chief Medical Officer may appoint one or more Vice Presidents and Executive Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers having such duties and responsibilities as the CEO and Chief Medical Officer deem advisable, consistent with Section 5.1 of this Article IV. Notwithstanding anything herein to the contrary, the (i) the CEO shall have sole discretion to appoint the chief executive officers of the Hospitals (as defined in the ACCA) and (b) the Chief Quality Officer of OLHS-NL shall be a HSC-S Physician appointed by the CMO subject to approval of the JMC in accordance with Section 4.2C

Article VI.

**COMMITTEES OF THE BOARD**

In addition to the Joint Management Committee, the Board may establish and organize itself into committees in such manner as it deems appropriate from time to time.

Article VII.

**RECORDS AND PROPERTY**

Section 7.1 Certain Records.

The Corporation will maintain at its principal place of business a record of the name and address of each Director. Whenever membership on the Board of Directors is terminated, this fact will be recorded in the membership record together with the date on which the membership ceased.

Section 7.2 Purchase, Sale and Disposition of Property.

A resolution of the Board may authorize the purchase, sale or other disposition of property, or the investment or other disposition of trust funds that are subject to the control of the Corporation.

Article VIII.  
**INDEMNIFICATION**

Section 8.1 Indemnification of the Board of Directors, Members and Others.

Subject to the further provisions of this ARTICLE VIII, the Corporation shall hold harmless and indemnify the following as set forth in Paragraphs A and B of this Section 8.1 (individually, an “Indemnified Person, and collectively, “Indemnified Persons”):

A. any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, whether formal or informal, and whether arising out of conduct in such person’s official capacity with the Corporation or otherwise (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a Director, Executive Committee Member, or officer of the Corporation, or is or was serving at the request of the CEO/CMO as an advisor to the CEO/CFO or other executive officer of the Corporation, against expenses (including attorneys’ fees), judgments, fines, and (subject to Section 8.9 of this ARTICLE VIII) amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe such person’s conduct was unlawful; and

B. any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a Director, Executive Committee Member, or officer of the Corporation, or is or was serving at the request of the CEO/CMO as an advisor to the CEO/CMO or other executive officer of the Corporation, against expenses (including (1) attorneys’ fees, and (2) subject to Section 8.9 of this ARTICLE VIII, amounts paid in settlement not exceeding, in the judgment of the Board, the estimated expense of litigating the action or suit to conclusion) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if the Director, Executive Committee Member, officer or advisor to one of the foregoing acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person’s conduct unlawful, except that no indemnification under this Section 8.1 B shall be made in respect to any claim, issue, or matter as to which such person shall have been adjudged liable to the Corporation unless and only to the extent that a court of competent jurisdiction shall determine upon application that, despite the adjudication of liability but in view of all of the relevant circumstances, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 8.2 Method of Determining Eligibility or Indemnification.

Any indemnification under this ARTICLE VIII, unless ordered by a court of competent jurisdiction, shall be made by the Corporation only as authorized in a specific case upon a

determination that the applicable standard of conduct has been met, and such determination shall be made:

A. by the Board of Directors in accordance with Section 3.14(O), by a quorum consisting of Directors who are not at the time parties to or threatened to be made a party to such action, suit, or proceeding, or

B. by special legal counsel selected by the Board in accordance with Section 3.14(O) by a quorum consisting of Directors who are not at the time parties to or threatened to be made a party to such action, suit, or proceeding.

Section 8.3 Limitations on Indemnification.

Anything elsewhere in this ARTICLE VIII to the contrary notwithstanding, no indemnity pursuant to this ARTICLE VIII (and, with respect to matters described in Section 8.3A, no advancement of expenses under paragraph (a)(1) of Section 8.7) shall be paid by the Corporation to an Indemnified Person:

A. on account of any action, suit, proceeding, cross-claim, or counterclaim initiated by such Indemnified Person against the Corporation itself (except to enforce this ARTICLE VIII) or against a third party, unless the Board has authorized such action, suit, proceeding, cross-claim, or counterclaim to be initiated by the Indemnified Person;

B. in respect of any claim, issue, or matter involving remuneration or other personal benefit paid to or received by such Indemnified Person if it shall be determined by a final judgment of a court of competent jurisdiction or other final adjudication that the payment or receipt of such remuneration or other personal benefit was in violation of applicable law;

C. if a final decision by a court of competent jurisdiction shall determine that such indemnification is not lawful; or

D. on account of any tax imposed by the IRS upon an Indemnified Person under Section 4958 of the Code and the Treasury Regulations promulgated thereunder or any successor or similar provision.

Section 8.4 Effect of Indemnitee Success in Defending Suits.

To the extent that a an Indemnified Person has been successful, on the merits or otherwise, including the dismissal of an action without prejudice, in defense of any action, suit, or proceeding of the character described in Section 1 or Section 8.2 of this ARTICLE VIII, or in defense of any claim, issue, or matter therein, it shall be conclusively presumed that the applicable standard of conduct has been met by such Indemnified Person with respect to such action, suit, proceeding, claim, issue, or matter.

Section 8.5 Right of Indemnity as a Contract Right.

The obligations of the Corporation to indemnify and hold harmless an Indemnified Person as set forth in this ARTICLE VIII (including, without limitation, the obligation under

Section 8.7 to advance the cost of defense to or on behalf of the Indemnified Person) shall be a contract right and shall continue during the period such person is a Director, Executive Committee Member, Officer, or advisor of the Corporation and shall continue thereafter so long as the Indemnified Person shall be subject to any possible claim or threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person was a Director, Executive Committee Member, Officer or advisor of the Corporation or was serving in any other capacity referred to in Section 8.1, notwithstanding that at the time when such indemnification is claimed, the Indemnified Person has ceased to serve in any of the capacities referred to in Section 8.1.

Section 8.6 Notification by Indemnitee to Corporation of Suit.

Promptly after receipt by an Indemnified Person of notice of the commencement of any action, suit, or proceeding with respect to which an indemnification claim is to be made against the Corporation as set forth in this ARTICLE VIII, such Indemnified Person shall notify the Corporation of the commencement thereof, but the omission to so notify the Corporation will not relieve it from any liability it may have to such Indemnified Person otherwise as set forth in this ARTICLE VIII.

Section 8.7 Advancement of Expenses and Conduct of Litigation.

With respect to any action, suit, or proceeding as to which an Indemnified Person notifies the Corporation pursuant to Section 8.6 of such person's intention to seek indemnity under this ARTICLE VIII:

A. Such Indemnified Person's right to indemnification shall include:

- (i) the right (subject to Section 8.3 and Section 8.7 B and E and to below) to be paid by the Corporation all expenses incurred in defending any such action, suit, or proceeding in advance of its final disposition; and
- (ii) a presumption (in the absence of a good-faith determination in writing to the contrary) that the Board has made an affirmative determination that the facts then known to it would not preclude the indemnification of such Indemnified Person under the applicable standard of conduct specified in Section 8.1;

B. advance payment as described in Section 8.7 A of expenses incurred by the Indemnified Person shall be made only upon delivery to the Corporation of:

- (i) a written affirmation of such Indemnified Person's good faith belief that he or she has met the applicable standard of conduct specified in Section 8.1; and
- (ii) a written undertaking, executed personally or by such Indemnified Person's duly authorized mandatary, to repay the advance of expenses if it is ultimately determined that he or she did not meet the applicable standard of conduct specified in Section 8.1;

C. the Corporation shall be entitled to participate therein at its own expense;

D. except as otherwise provided below, to the extent that it may wish, the Corporation jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Person;

E. the Indemnified Person shall have the right to employ counsel in such action, suit, or proceeding, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnified Person unless:

(i) the employment of separate counsel by the Indemnified Person has been authorized by the Corporation;

(ii) the Indemnified Person shall have reasonably concluded based on the advice of counsel that there may be a conflict of interest between the Corporation and him or her in the conduct of the defense of such action; or

(iii) the Corporation shall not in fact have employed counsel to assume the defense of such action; in each of which cases the reasonable fees and expenses of counsel shall be at the cost of the Corporation. The Corporation shall not be entitled to assume the defense of any action, suit, or proceeding:

(a) brought by or on behalf of the Corporation as described in Section 8.1B; or

(b) as to which the applicable Indemnified Person shall have made the conclusion provided for in Section 8.7 E (ii); and

F. the Indemnified Person will reimburse the Corporation for all reasonable expenses paid by the Corporation in defending any civil or criminal action, suit, or proceeding against the Indemnified Person in the event and only to the extent that it shall be ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation for such expenses as authorized in this Article VIII.

**Section 8.8 Enforcement of Indemnity Claim Against Corporation.**

If a claim for indemnification under Section 8.1 or for the advance of expenses under Section 8.7 is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any action (including an action brought to enforce a claim under Section 8.7 for expenses incurred in defending any proceeding in advance of its final disposition where the requirements described in Section 8.7 have been satisfied) that the claimant has failed to meet a standard of conduct that makes it permissible under Louisiana or other applicable law for the Corporation to advance to or indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither:

A. the failure of the Board or independent legal counsel to have made a determination prior to the commencement of the claimant's action that indemnification of the claimant is permissible in the circumstances because he or she has met the required standard of conduct;

B. an actual determination by the Board or independent legal counsel that the claimant has not met such standard of conduct; nor

C. the termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall be a defense to the claimant's action for indemnification under Section 8.1 or for the advance of expenses under Section 8.7 or create a presumption that the claimant has failed to meet the required standard of conduct.

Section 8.9 Settlements.

The Corporation shall not be liable to indemnify a an Indemnified Party as provided in this ARTICLE VIII for any amount paid in settlement of any action or claim effected without its written consent, which shall not be unreasonably delayed or withheld, and the Corporation shall not be obligated to indemnify any Indemnified Party as provided in this ARTICLE VIII who unreasonably withholds his or her consent to any proposed settlement that is recommended to him or her in writing by the Corporation.

Section 8.10 Indemnification Rights Under ARTICLE VIII Not Exclusive.

The rights to indemnification and advancement of expenses provided by or granted pursuant to this ARTICLE VIII shall:

A. be subject to any applicable limitations of state or federal law, but they shall not be deemed exclusive of any other rights to which the person seeking indemnification or obtaining advancement of expenses is entitled under any applicable law, bylaw, contract, or authorization of the Board regardless of whether Directors authorizing such indemnification are beneficiaries thereof, or otherwise, both as to action in their official capacity, and as to action in another capacity while holding such office; and

B. continue as to a person who has ceased to be a Indemnified Person and shall inure to the benefit of such person's heirs, legal representatives and assigns; provided, however, that no such other indemnification measure shall permit indemnification of any person for the results of such person's willful or intentional misconduct.

Section 8.11 Corporation's Additional Rights to Indemnify.

The express indemnification and advancement of expenses provided by or granted pursuant to this ARTICLE VIII shall not exhaust, reduce, or impair the Corporation's discretionary right to indemnify its officers, employees, or agents in accordance with §227 of the Louisiana Nonprofit Corporation Law, as it now exists or may hereafter be amended.

Section 8.12 D&O Insurance.

The Board shall purchase and maintain Directors' and officers' insurance in such amount as the Board may deem prudent, but in no event less than \$1 million per occurrence and \$3 million in the aggregate, at the expense of the Corporation, on behalf of any past, present, or future Director, Executive Committee Member, or officer of the Corporation, and may purchase and maintain insurance, at the expense of the Corporation, on behalf of any employee or agent of the Corporation, insuring against liabilities asserted against or incurred by any such person in any such capacity or arising from such person's status or former status as a Director, Executive Committee Member, Officer, employee, or agent, whether or not the Corporation would have the power or right to indemnify him against the same liability, all as provided in Louisiana Revised Statutes 12:227(F).

Section 8.13 Definition of Applicable Law.

The term "applicable law," as used throughout this ARTICLE VIII, shall (to the fullest extent allowed by the law under which this ARTICLE VIII is from time-to-time construed) be taken to mean the most generous (from the standpoint of an indemnification claimant) of the laws in effect:

- A. during any part of the period of time within which the acts or omissions alleged in the action, suit, or proceeding in question as the basis for liability of the indemnification claimant occurred;
- B. on the date when such action, suit, or proceeding was commenced; or
- C. on the date when the validity of the indemnification claim asserted by the indemnification claimant against the Corporation is finally determined or adjudicated.

Section 8.14 Severability.

Each and every provision of this ARTICLE VIII shall be considered severable, and to the extent any part or all of this ARTICLE VIII shall be held by a court of competent jurisdiction to be invalid, void, or unenforceable in whole or in part in any particular case or generally, the remainder of this ARTICLE VIII shall nevertheless be treated as valid and enforceable to the fullest extent permitted by applicable law

Section 8.15 Gender.

All references in this ARTICLE VIII to the masculine gender shall be considered as references to the feminine gender as well.

Article IX.  
**LIMITATION OF LIABILITY**

No person serving as a Director, Executive Committee Member, or Officer of the Corporation shall be individually liable for any act or omission, including, but not limited to, any breach of such person's fiduciary duty of care, resulting in damage or injury, if such person was acting in good faith and within the scope of such person's official functions and duties, provided that nothing contained in this ARTICLE IX shall limit the liability of a Director, Executive Committee Member, or Officer of the Corporation for:

- A. any breach of duty of loyalty to the Corporation;
- B. acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- C. any transaction from which such person derived an improper personal benefit; or
- D. any action that would result in any tax imposed by the IRS upon such Director, Joint Management Committee Member or Officer under Section 4958 of the Code and the Treasury Regulations promulgated thereunder, or any successor or similar provision.

This ARTICLE IX shall not limit or restrict the effect of any limitation of the liability of Directors, Executive Committee members, or officers of the Corporation provided by Louisiana or other applicable law.

Article X.  
**DISSOLUTION**

A voluntary proceeding for dissolution may be commenced only upon the vote of the Directors in accordance with the Bylaws. Upon liquidation or dissolution, the property of the Corporation shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the parish in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

Article XI.  
**EXECUTION OF INSTRUMENTS**

The Joint Management Committee will have the power to designate one or more officers or agents who will have the power to execute checks, notes, and other instruments on behalf of the Corporation. When the execution of any conveyance, check, note, or other instrument has been authorized without specifying the officers or agents authorized to execute the instrument, the President, Secretary, Treasurer and any Executive Vice President will be authorized to do so.



Article XII.  
**DEPOSITORIES**

All funds of the Corporation shall be deposited in the name of the Corporation in such bank, banks, or other financial institutions as the Joint Management Committee may from time to time designate and shall be drawn out on checks, drafts, or other orders signed on behalf of the Corporation by such person or persons as the Joint Management Committee may from time to time designate.

Article XIII.  
**FISCAL YEAR**

The fiscal year of the Corporation will begin on the first day of July of each year and end on the last day of June of the following year consistent with the state fiscal year for the State of Louisiana.

Article XIV.  
**SEAL**

The seal of the Corporation will have the name of the Corporation and the words “Non-Profit Corporation” together with the year and state of incorporation.

Article XV.  
**AMENDMENT TO THE BYLAWS OR ARTICLES**

Amendments to these Bylaws or the Articles of Incorporation must be approved by the Board of Directors in accordance with Section 3.14. An Amendment shall be effective only if the Amendment:

- A. does not cause any provision of the Corporation’s Articles of Incorporation to violate Louisiana law or federal statutes and regulations applicable to organizations exempt from federal income taxation; and
- B. would not result in the loss of the Corporation’s tax-exempt status.

Article XVI.  
**INCONSISTENCY**

In the event of any inconsistency or differences between the ACCA and any provision of these Bylaws, the ACCA shall prevail and control.

Article XVII.  
**SEVERABILITY**

In the event that any court of competent jurisdiction should find or hold any section or sections of these Bylaws null, void or unenforceable for any reason, then that section or sections will be considered deleted from these Bylaws and the remaining section or sections will continue in full force and effect.

Article XVIII.

**CONFLICTS OF INTEREST POLICY**

The Board has adopted a Conflicts of Interest Policy governing all Directors of the Corporation. The current effective Conflicts of Interest Policy is attached as Exhibit A to these Bylaws. Each Director of the Corporation shall sign a statement acknowledging and agreeing that he or she (a) will abide by the Conflict of Interest Policy; (b) has no conflict of interest at the time of his or her appointment; and (c) will immediately notify the Board of Directors and the Joint Management Committee if he or she believes, in good faith, that a potential or actual Conflict of Interest may exist. Notwithstanding anything herein to the contrary, all parties recognize and acknowledge that some Directors, JMC Members, and officers may have employment or other relationships with Ochsner, LSU, or an affiliate of Ochsner or LSU, and may be appointed to serve on the Board or as an officer based upon these relationships. The Directors, JMC Members, and officers shall, in the exercise of their overall duties and responsibilities, take such steps as it deems appropriate to avoid and resolve potential conflicts of interest between the personal, employment, and other interests of Directors, JMC Members, officers, and their respective employers, and the activities and interests of the Corporation. Such steps shall include adopting and requiring compliance with Conflicts of Interest Policy attached as Exhibit A.

Article XIX.

**CAPITALIZED TERMS**

Capitalized terms used in these Bylaws and not otherwise defined have the meanings given to those terms in the ACCA.

*The rest of this page intentionally left blank.*

*Signature page for Bylaws Of Ochsner LSU Health System Of North Louisiana*

IN WITNESS WHERE, the Parties have caused this Agreement to be duly executed and delivered, as of the date first above written.

**LSU:**

**BOARD OF SUPERVISORS OF LOUISIANA  
STATE UNIVERSITY AND  
AGRICULTURAL AND MECHANICAL  
COLLEGE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**OCHSNER:**

**OCHSNER CLINIC FOUNDATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT A**

**OCHSNER LSU HEALTH SYSTEM OF NORTH LOUISIANA  
CONFLICTS OF INTEREST POLICY**

# OCHSNER LSU HEALTH SYSTEM OF NORTH LOUISIANA

## CONFLICTS OF INTEREST POLICY

### **ARTICLE I** **PURPOSE**

The purpose of this conflicts of interest policy is to protect the interests of Ochsner LSU Health System of North Louisiana and its subsidiary entity(ies) (together, the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

### **ARTICLE II** **DEFINITIONS**

#### **1. Interested Person**

Any director, officer, or member of a committee or governing board, who has a direct or indirect financial interest, as defined below, is an interested person.

#### **2. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
- b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

**ARTICLE III**  
**PROCEDURES**

**1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose both the existence of the financial interest and all material facts to the directors and members of the committee or governing board considering the proposed transaction or arrangement.

**2. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the committee or governing board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

**3. Procedures for Addressing the Conflict of Interest**

a. An interested person may make a presentation at the committee or governing board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The committee or governing board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the committee or governing board shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the committee or governing board shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

**4. Violations of the Conflicts of Interest Policy**

a. If the committee or governing board has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it may inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

b. If the committee or governing board determines an interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### **ARTICLE IV** **RECORDS OF PROCEEDINGS**

The minutes of the board and all committees established by the board shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### **ARTICLE V** **ANNUAL STATEMENTS**

Each director, officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy;
- b. Has read and understands the policy;
- c. Has agreed to comply with the policy; and
- d. Understands that the Corporation is charitable and, in order to maintain its federal tax exemption, must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### **ARTICLE VI** **PERIODIC REVIEWS**

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect

reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**ARTICLE VII**  
**USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Article VI, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.