

**BYLAWS
OF
WEST TEXAS INTEGRATED HEALTHCARE NETWORK
dba/ Midland Quality Alliance**

A Texas Non-Profit Health Organization Corporation

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**BYLAWS
OF
WEST TEXAS INTEGRATED HEALTHCARE NETWORK**

**ARTICLE I
PURPOSES, POWERS, AND DEFINITIONS**

Section 1.1 Statement of Purpose. The purpose of the Corporation is to further any or all purposes permitted under the Texas Medical Practice Act (the “Act”), specifically Texas Occupations Code § 162.001(b), and Section 177 of the Texas Administrative Code, as they may be amended, to function as a non-profit health organization corporation (under the Texas Non-Profit Corporation Act) with the goals of carrying out any or all of the following purposes:

- (a) The carrying out of scientific research and research projects in the public interest in the fields of medical sciences, medical economics, public health, sociology, or related areas;
- (b) The supporting of medical education and medical schools through grants and scholarships;
- (c) The improving and developing of the abilities of individuals and institutions studying, teaching and practicing medicine;
- (d) The delivery of healthcare to the public;
- (e) The engaging in the instruction of the general public in the area of medical science, public health and hygiene and related instruction useful to the individual and beneficial to the community; and
- (f) Other activities useful or appropriate to the accomplishment of the foregoing purposes.

The Corporation shall transact any and all other business permitted under the Act as well as under the Texas Business Organizations Code, as such may be amended from time to time. The Corporation is not established or organized and shall not be operated in contravention to or with the intent to circumvent any of the provisions of the Act.

Section 1.2 Powers. Except as limited by the Certificate of Formation or these Bylaws, the Corporation shall have and exercise such powers in furtherance of its purposes as are now or may hereafter be granted by the laws of the State.

Section 1.3 Interpretation of Bylaws. These Bylaws shall be interpreted in a manner that reserves through the Corporation’s retained physicians the sole authority to engage in the practice of medicine and reserves through its Board of Directors the sole authority to direct the medical, professional, and ethical aspects of the practice of medicine, if any.

Section 1.4 Definitions. The terms set forth below shall have the following meanings unless otherwise required by the context in which they may be used:

Act. The term “Act” shall mean the Texas Medical Practice Act.

Board. The term “Board” shall mean the Board of Directors of the Corporation.

Bylaws. The term “Bylaws” shall mean the Bylaws of the Corporation, and any amendments and restatements thereto, except where reference is specifically made to the bylaws of another entity or unit.

Certificate of Formation. The term “Certificate of Formation” shall mean the Certificate of Formation of the Corporation filed with the Secretary of State of the State of Texas on the 5th day of August, 2016, and any amendments and restatements thereto.

Corporation. The term “Corporation” shall mean West Texas Integrated Healthcare Network, a Texas non-profit corporation.

Member. The term “Member” shall mean that member of the Corporation described in Section 3.1, which shall mean Midland County Hospital District, a political subdivision of the State of Texas.

Rules. The term “Rules,” shall mean 22 Texas Administrative Code Chapter 161 – 200, promulgated by the Texas Medical Board pursuant to the Act.

TBOC. The term “TBOC” shall mean the Texas Business Organizations Code.

TMB. The term “TMB” shall mean the Texas Medical Board.

ARTICLE II **OFFICES**

Section 2.1 Principal Place of Business. The principal business office of Corporation shall be located at 400 Rosalind Redfern Grover Parkway, Midland, Texas 79701.

Section 2.2 Other Places of Business. The Corporation may also have offices at such other places both within and without the State of Texas as the Board may from time to time determine or the business of the Corporation may require.

Section 2.3 Registered Agent. The Corporation shall have and continuously maintain in the State of Texas 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 business office of the Corporation in the State of Texas, and the name of the registered agent and/or the address of the registered office may be changed from time to time by the Board.

ARTICLE III **MEMBERS**

Section 3.1 Number, Powers, Duties and Qualifications. The Corporation shall have one class of Members, and, until changed by amendment to these Bylaws, the number of Members constituting the membership of the Corporation shall be one. Midland County Hospital District (“MCHD”) is the Member of the Corporation, and any new Member must be approved by MCHD. The Member shall exercise such rights and perform such duties as may be provided by law, the Corporation's Certificate of Formation, or these Bylaws.

Section 3.2 Member Voting & Retention of Rights. On all issues other than those specifically identified in these Bylaws, the Member shall be non-voting, and all operations of the Corporation shall be under the exclusive management and control of the Board as provided in Article IV of these Bylaws. However, these Bylaws specifically retain in the Member the right to make any financial decision of the Corporation, following consultation with the Board, including, but not limited to, decisions regarding:

- (a) Capital and operating budgets;
- (b) Physician compensation and benefits;
- (c) Expenditures of monies;
- (d) Managed care contracts in which the corporation is at financial risk;
- (e) The borrowing or lending of money or the creation of indebtedness through the guaranty of another's debt or similar action; and
- (f) The settlement of claims or litigation.

Section 3.3 Non-Interference by the Member. The Member shall not interfere in any credentialing, quality assurance, utilization review, peer review or medical practice matters of the Corporation. Such matters shall be the exclusive responsibility of the physician directors on the Board.

Section 3.4 Non-Liability of the Member. The Member shall not be liable for any debts, liabilities, or obligations of the Corporation.

Section 3.5 Action By Member. Any action which may be required or permitted to be taken by the Member by law, the Certificate of Formation, or these Bylaws shall be evidenced in writing, signed by the president or any vice president of the Member for and on behalf of the Member and shall be filed in the minute book of the Corporation as part of the permanent records of the Corporation.

ARTICLE IV **DIRECTORS**

Section 4.1 General Powers. The business and affairs of the Corporation shall be managed and controlled by the Board, and, subject to any restrictions imposed by applicable law, by the Certificate of Formation or by these Bylaws, the Board may exercise all the powers of the Corporation. The Board shall make appropriate delegations of authority to the officers and, to the extent permitted by law, by appropriate resolution, the Board may authorize one or more committees to act on its behalf when it is not in session.

Section 4.2 Number. The number of directors which shall constitute the whole Board shall be not less than three (3) persons, and the number of directors shall be fixed from time to time by the Board through a resolution, except as to the number of initial directors which shall be fixed by the Certificate of Formation.

Section 4.3 Appointment. Directors shall be appointed, and/or re-appointed, by a majority of the Board every two (2) years in the month the Corporation files its Biennial Recertification of the Corporation with TMB, as required in each even numbered year of the Corporation's existence. Each director shall hold office until such director's successor has been duly qualified and appointed, or until his or her death, resignation or removal.

The Member may not appoint or elect any director without the approval of at least a majority of the Board unless required by law including requirements to obtain or maintain tax exemption.

Section 4.4 Qualifications.

(a) Any director shall at all times be a physician duly licensed to practice medicine by the TMB and be actively engaged in the practice of medicine, which means, for purposes of these Bylaws, that the physician is engaged in diagnosing, treating or offering to treat mental or physical disease or disorder or any physical deformity or injury or performing such actions with respect to individual patients for compensation. Subject to the qualifications set forth in the immediately preceding sentence, at least three directors shall be physician employees of the Corporation. Each director shall attend no fewer than fifty percent (50%) of any regular or special meetings of the Board in person or by proxy annually.

(b) Prior to assuming a position on the Board and during service on the Board, each director shall, pursuant to the Conflict of Interest Policy and Procedure attached to these Bylaws as Exhibit A, disclose any position on the board of directors of, any fiduciary capacity for, or any other affiliation (other than as a provider of professional services) held by such director or any member of such director's group in, any physician-hospital organization, physician organization, or other provider entity reasonably seen as being competitive with the Corporation. In the event a director or any member of such director's practice group serves in any such fiduciary capacity, the director shall be disqualified from serving on the Board.

(c) As required by applicable regulations, each director shall submit to the TMB a sworn statement providing (i) that he or she is actively engaged in the practice of medicine as defined by applicable regulations; (ii) that in serving as a director of the Corporation he or she shall comply with all relevant provisions of the Texas Medical Practice Act and applicable regulations; (iii) that he or she shall exercise independent judgment as a director in all matters relating to credentialing, quality assurance, utilization review, peer review, and the practice of medicine; and (iv) that he or she shall immediately report to the TMB any act or event which such director reasonably and in good faith believes constitutes a violation or attempted violation of the Act or the Rules

(d) A director is required to immediately report to the Board of Directors and the TMB any action or event which such director reasonably and in good faith believes constitutes a violation or attempted violation of the Act or the Rules.

(e) If a director or nominee has a financial relationship (as defined by the TMB) with the Member, any other director, any Supplier (as defined by the TMB) of the Corporation, or any affiliate of the Member, another director or Supplier of the Corporation, then the existence of, and a concise explanation of the nature of such relationship shall be disclosed by the director or nominee to the Board of Directors at the time of selection and appointment and to the TMB in the initial application and thereafter in any biennial reports.

Section 4.5 Removal of Directors. A director may be removed by the affirmative vote of two-thirds (2/3) of the Board at any time with or without cause.

Section 4.6 Vacancies. Any vacancies among the directors shall be filled by the Board's appointment of a new director. A director appointed to fill a vacancy shall serve for the unexpired term of such director's predecessor in office.

Section 4.7 Meetings.

(a) **Annual and Regular Meetings.** Meetings of the Board may be held with or without notice and at such time and at such place as shall be determined by the Board. Except as may be otherwise provided by law, by the Certificate of Formation or by these Bylaws, neither the business to be transacted at, nor the purpose of, any regular meeting of the Board need be specified in any notice of such meeting. The first meeting of each newly appointed Board shall be held without notice immediately following the meeting for appointment of the new Board and at the same place unless such time or place shall be changed by the unanimous consent of the directors then appointed and serving.

(b) **Special Meetings.** Special meetings of the Board may be called by the President or upon the written request of a majority of the directors. Notice of each special meeting of the Board shall be given to each director at least two (2) days before the meeting, and such notice shall include the date, time, and place of the meeting. The purpose of the meeting need not be specified in the notice.

(c) **Meetings of the Member(s).** The Board shall designate at least two meetings per year as a member(s) meeting. Such meetings shall take place at such place and at such time as designated by the board. The meeting minutes of the member meetings shall reflect that a member meeting was held in accordance with this provision of the Bylaws. Except as may be otherwise provided by law, by the Certificate of Formation or by these Bylaws, neither the business to be transacted at, nor the purpose of, any member meeting need be specified in any notice of such meeting.

Section 4.8 Waiver of Notice. Notice of a meeting of the Board need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except when a director states, at the beginning of the meeting or promptly upon arrival at the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened. Except as otherwise provided by applicable law or by these Bylaws, neither the business to be transacted at nor the purpose of any regular meeting or special meeting of the Board need be specified in the waiver of notice of such meeting.

Section 4.9 Quorum and Voting. At all meetings of the Board, a majority of the directors present in person shall constitute a quorum for the transaction of business, and the act of a majority of the directors present in person at any meeting at which there is a quorum shall be the act of the Board, unless otherwise specifically provided by law, the Certificate of Formation or these Bylaws. The directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of directors required for a quorum. If a quorum shall not be present at any meeting of directors, the directors present may also adjourn the meeting without notice other than announcement at the meeting.

Section 4.10 Proxies. A director may vote by proxy. All proxies must be in writing, must bear the signature of the director giving the proxy, and must bear the date on which the proxy was executed by the director. No proxy is valid after three months from the date of execution. A vote by proxy does not constitute attendance at a meeting for purposes of constituting a quorum.

Section 4.11 Board Committees. The Board may from time to time by resolution adopted by a majority of the directors designate and appoint committees, including but not limited to an Executive Committee, which may or may not exercise the authority of the Board, as determined by a resolution of the Board.

(a) **Quorum.** A majority of the members of a Board committee shall constitute a quorum for the transaction of business at any meeting of the committee, unless otherwise specifically provided by the Certificate of Formation or these Bylaws. If less than a majority of the members of the committee are present at such meeting, a majority of the committee members present may adjourn the meeting from time to time without further notice, until a quorum shall be present. A majority of all the members of any such committee may

determine its action and fix the time and place of its meetings, unless the Board shall otherwise provide.

(b) **Membership.** The Board shall have the power at any time to change the number of members of any such committee, or to fill vacancies, or to discharge any member or any such committee. Neither the designation of one or more such **committees**, the designation to any committee of authority nor the action by any such committee, shall operate to relieve the Board, or any individual director, of any responsibility imposed upon it or such director by law. Committee members shall be indemnified as are directors as described in the Certificate of Formation or these Bylaws.

(c) **Standing Committees.** Any committee designated and/or authorized by the Board shall be comprised of at least three (3) directors of the Board, and shall be chaired by the director appointed by the Board. Upon written resolution of the Board, a committee shall have and may exercise, between meetings of the Board, all the powers and authority of the Board in the management of the business and affairs of the Corporation, except that the committee shall not have such power or authority with reference to the following:

- (i) Amending the certificate of formation.
- (ii) Adopting a plan of merger or of consolidation with another corporation or entity.
- (iii) Authorizing the sale, lease, exchange, or mortgage of all or substantially all of the Corporation's property and assets.
- (iv) Authorizing voluntary dissolution of the Corporation.
- (v) Revoking proceedings for voluntary dissolution of the Corporation.
- (vi) Adopting a plan for distributing the Corporation's assets.
- (vii) Amending, altering, or repealing these Bylaws.
- (viii) Electing, appointing, or removing a member of a committee or a director or officer of the Corporation.
- (ix) Approving any transaction to which the Corporation is a party and that involves a potential conflict of interest.
- (x) Taking any action outside the scope of authority delegated to it by the Board.
- (xi) Taking final action on a matter requiring approval by the Members.

Section 4.12 Decision Without A Meeting. Any decision required or permitted to be made at a meeting of the Board, or any committee of the Board, may be made without a meeting. A decision without a meeting may be made if a written consent to the decision is signed by all the persons entitled to vote on the matter. The original signed consents will be placed in the Corporation minute book and kept with the Corporation records. A telegram, telex, cablegram, electronic mail, internet transmission, or similar transmission by a Director, or committee member, or a photographic, facsimile, or similar reproduction of a signed writing, will be treated as an original being signed by the Director or committee member.

Section 4.13 Resignation. A director may resign at any time by delivering written notice to the President or to the Board. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. If a resignation is made effective at a later date and the Corporation accepts such future effective date, the pending vacancy may be filled before the effective date provided that the successor does not take office until the effective date.

Section 4.14 Meetings by Remote Electronic Communications. Directors and committee members may participate in and hold a regular or special meeting by means of a remote electronics communications system, including by conference telephone, video-conferencing technologies or the internet by means of which all persons participating in the meeting may simultaneously hear each other. However, each person participating must consent to the meeting being held by means of that system, and the system must provide access by which each person participating in the meeting can communicate concurrently with each other participant. If a vote is to be taken at such a meeting, reasonable measures must be taken to verify that each person voting is sufficiently identified and that a record is made of the votes and any action taken.

Section 4.15 Duties of Directors. Directors will discharge their duties, including any duties as committee members, in good faith, with ordinary care, and in a manner they reasonably believe to be in the Corporation's best interest. In this context, the term "ordinary care" means the care that ordinarily prudent persons in similar positions would exercise under similar circumstances. In discharging any duty imposed or power conferred on directors, directors may, in good faith, rely on information, opinions, reports, or statement, including financial statements and other financial data, concerning the Corporation or another person that has been prepared or presented by a variety of persons, including officers and employees of the Corporation, professional advisors or experts such as accountants or legal counsel. A director is not relying in good faith if he or she has knowledge concerning a matter in question that renders reliance unwarranted. Directors are not deemed to have the duties of trustees of a trust with respect to the Corporation or with respect to any property held or administered by the Corporation, including property that may be subject to restrictions imposed by the donor or transferor of the property.

Section 4.16 Delegating Duties. Upon consultation with and approval of the Member, directors may select advisors and delegate duties and responsibilities to them, such as the full power to buy or otherwise acquire stocks, bonds, securities, and other investments on the Corporation's behalf; and to sell, transfer, or otherwise dispose of the Corporation's assets and

properties at a time and for a consideration that the advisor deems appropriate. The directors have no liability for actions taken or omitted by the advisor if the Board acts in good faith and with ordinary care in selecting the advisor. The Board may remove or replace the advisor at any time and without any cause whatsoever.

Section 4.17 Compensation. Directors may receive salaries for their services. The Board may adopt a resolution providing for paying directors a fixed sum and expenses of attendance, if any, for attending each Board meeting. A director may serve the Corporation in any other capacity and receive compensation for those services. Any compensation that the Corporation pays to a director will be reasonable and commensurate with the services performed.

ARTICLE V **OFFICERS**

Section 5.1 Number and Qualifications. The officers of the Corporation shall consist of a President, Secretary and Treasurer of the Board. The Corporation shall also have a CEO, who is appointed by the Member, to administer the obligations of the Member under these Bylaws and may also have such other officers and such agents as the Board may from time to time elect or appoint. Any one person may serve in more than one office, except that no one person shall simultaneously hold the office of President and Secretary.

Section 5.2 Appointment and Term. The Board shall select and appoint officers at its first meeting at which a quorum shall be present after the meeting for the newly appointed Board or whenever a vacancy exists. Each officer shall be appointed to a two (2) year term and may serve two (2) consecutive two (2) year terms and shall hold office until such officer's successor has been duly chosen, qualified and appointed, or until his or her death, resignation or removal.

Section 5.3 Qualifications. The President of the Board shall be a member of the Board of Directors, but no other officers of the Corporation need be a director of the Corporation. Additionally, any person who is serving as director, medical director or in any fiduciary capacity for any health plan, physician-hospital organization or physician organization reasonably determined by the Board to be competitive with the Corporation shall not be an officer.

Section 5.4 Removal. Any appointed officer or agent, except for the CEO who is appointed by the Member, may be removed by the Board with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. However, the Board may, by separate action, take any authorized action with respect to the contract rights, if any, of any elected or appointed officer or agent. Appointment of an officer or agent shall not of itself create any contract rights.

Section 5.5 Vacancies. Any vacancy in any office for any cause may be filled by the remaining directors for the unexpired portion of the term, except as otherwise disallowed by these Bylaws, the Certificate of Formation or the TBOC.

Section 5.6 Duties. The officers of the Corporation shall have such powers and duties, except as modified by the Board as applicable, as generally pertain to their respective offices, as well as such powers and duties as from time to time shall be conferred by the Board as applicable and by these Bylaws.

(a) **President of the Board.** The President of the Board shall preside at meetings of the Board, shall be an ex officio member of all committees, and shall have such other powers and perform such other duties as the Board may from time to time prescribe. In addition, the President of the Board may sign and execute contracts, agreements, instruments and other documents on behalf of the Corporation, and may sign and execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation.

(b) **Secretary.** The Secretary shall: (i) prepare the minutes of all meetings of the Board and keep such minutes, as well as the minutes of all committees of the Board, in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iii) serve as custodian of the corporate records of the Corporation; (iv) have general charge of such books and papers as the Board may direct, and (v) authenticate records of the Corporation. The Secretary shall also perform all duties and exercise all powers incident to the office of the Secretary and such other duties and powers as the Board from time to time may assign or confer.

(c) **Treasurer.** The Treasurer shall: (i) keep complete and accurate books and records of account, showing accurately at all times the financial condition of the Corporation; (ii) be the legal custodian of all monies, notes, securities, and other valuables that may from time to time come into the possession of the Corporation; and (iii) furnish at meetings of the Board, or whenever requested, a statement of the financial condition of the Corporation. The Treasurer shall also perform all duties and exercise all powers incident to the office of the Treasurer and such other duties and powers as the Board from time to time may assign or confer.

(d) **Assistant Officers.** Any assistant officer(s) appointed by the Board shall have power to perform, and shall perform, all duties incumbent upon the appropriate officer(s) of the Corporation subject to the general direction of such officers, and shall perform such other duties as the Bylaws may require or the Board may from time to time assign or confer.

(e) **CEO.** The CEO shall be appointed by the Member and shall administer the Member's specific obligations retained by the Member in Article III of these Bylaws. Only the Member shall have the right to appoint and remove the CEO.

Section 5.7 Delegation. The Board may delegate temporarily the powers and duties of any officer of the Corporation, in case of his absence or for any other reason, to any other

officer, and may authorize the delegation by any officer of the Corporation of any of his powers and duties to any agent or employee subject to the general supervision by such officer.

Section 5.8 Resignations. An officer may resign at any time by delivering written notice to the Board. Any such resignation shall take effect at the time it is delivered unless the notice specifies a later effective date. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. If a resignation is made effective at a later date and the Corporation accepts such future effective date, the Board may fill the pending vacancy before the effective date provided that the successor does not take office until the effective date.

ARTICLE VI **COMMITTEES**

Section 6.1 Standing Committees. The Corporation may have the committees described below (each, a “Standing Committee”), and each Standing Committee shall at all times consist of at least one (1) director. Unless otherwise provided for in these Bylaws or in the Board resolution designating such Standing Committee, no Standing Committee shall have the authority of the Board and each Standing Committee shall only have the power to make recommendations to the Board, which the Board may or may not accept in its sole discretion.

Section 6.2 Credentialing Committee.

(a) **Establishment; Board Oversight.** The Board shall appoint a Credentialing Committee, which shall be chaired by a director and comprised of only physicians duly licensed to practice medicine in the State of Texas. The Credentialing Committee will perform the credentialing functions and/or processes of the Corporation, upon the conditions that the Board:

- i. Sets forth clear criteria and performance expectations to the Credentialing Committee;
- ii. Retains the right to make key decisions regarding credentialing matters;
- iii. Engages in active oversight of the Credentialing Committee using clear criteria and performance expectations; and
- iv. Maintains evidence (including, without limitation, through minutes of the meetings of the Board) that the Credentialing Committee is complying with applicable standards set forth in the credentialing policies and procedures of the Corporation (the “Credentialing Policies”).

(b) **Credentialing Activities.** The Credentialing Committee shall be charged with verifying physician credentials related to license, education, training, experience, and current competence, which the Credentialing Committee shall verify through communications with the primary sources of such information. The Credentialing Committee

is authorized to delegate to an external agency or contractor the responsibility of collecting primary source verification information; provided, that the Credentialing Committee has the ultimate responsibility of ensuring that complete and accurate information is available from which to make credentialing decisions. The Credentialing Committee shall be charged with making recommendations to the Board concerning the credentialing or recredentialing of individual physicians with the payers that have entered into delegated credentialing agreements with the Corporation.

(c) **NCQA Standards.** The Credentialing Committee shall be charged with conducting the credentialing activities of the Corporation in a manner that meets the National Commission on Quality Assurance (NCQA) standards.

Section 6.3 Meetings. Meetings of a Standing Committee may be called by, or at the direction of, the Chairman of the Board, the President of the Corporation, the chairman of the Standing Committee, or a majority of the members of the Standing Committee then in office, to be held at such time and place as shall be designated in the notice of the meeting.

Section 6.4 Notice. Notice of the time and place of any meeting of a Standing Committee shall be published in writing by the person(s) calling the meeting at least two (2) days prior thereto. Any member of a Standing Committee may waive notice of any meeting. The attendance of a member of a Standing Committee at any meeting shall constitute a waiver of notice of such meeting, unless the member of the Standing Committee at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular meeting of a Standing Committee need be specified in the notice or waiver of notice of such meeting unless required by statute.

Section 6.5 Quorum; Voting. A majority of the members of a Standing Committee in office, but not less than two (2) members, shall constitute a quorum for the transaction of business at any meeting of the Standing Committee, unless otherwise specifically provided by the Certificate of Formation or these Bylaws. Attendance at each meeting of a Standing Committee shall be either in person or by means of communication by which all members participating may simultaneously hear each other during the meeting. Any action that may be taken at a meeting of a Standing Committee may be taken without a meeting if a consent in writing (setting forth the action so taken) shall be signed by all members of the Standing Committee and included in the minutes or filed with the corporate records reflecting the action taken. If less than a majority of the members of the Standing Committee are present at such meeting, a majority of the members of the Standing Committee present may adjourn the meeting from time to time without further notice, until a quorum shall be present.

Section 6.6 Removal. The Board, in its sole discretion, without assigning any cause, may remove any member of a Standing Committee from office at any time.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Indemnification, Insurance and Bonds. The Corporation shall indemnify directors, officers, employees and agents of the Corporation to the fullest extent required by the TBOC as it may be amended from time to time and may indemnify such persons to the fullest extent permitted by the TBOC, subject in each case to restrictions, if any, in the Corporation's Certificate of Formation. The Corporation may secure insurance on behalf of directors and officers against any liability asserted against them individually or collectively, for actions taken by them as directors and officers. The Corporation may also procure a fidelity bond to indemnify itself against the misfeasance or nonfeasance of any officer or director.

Section 7.2 Contracts. Upon consultation with and approval of the Member, the Board may authorize any officer or officers, agent or agents, of the Corporation 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. Unless so authorized by the Board, after consultation with and approval of the Member, or by these Bylaws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit or to render it liable in any pecuniary manner for any purpose or any amount.

Section 7.3 Checks, Drafts, Orders for Payment. All checks, drafts, or other orders for the payment of money and all notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers of the Corporation as authorized by these Bylaws and in such manner as shall from time to time be determined by resolution of the Board.

Section 7.4 Depositories. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in one or more such banks, trust companies or other depositories as the Member, in consultation with the Board, may from time to time designate, upon such terms and conditions as shall be fixed by the Member. The Member may from time to time authorize the opening and keeping with any such depository as the Member may designate, of general and special bank accounts and may make such special rules and regulations with respect thereto, not inconsistent with the provisions of these Bylaws, as the Member may deem necessary.

Section 7.5 Voting of Shares Owned by the Corporation. The President shall have full power and authority on behalf of the Corporation to attend, to vote and to grant proxies to be used at any meeting of members of such corporation in which the Corporation may hold stock unless otherwise ordered by the Board. The Board may confer like powers upon any other person or persons.

Section 7.6 Books and Records. The Corporation shall keep, correct and complete books and records of account, with complete entries as to each financial transaction of the Corporation, including income and expenditures, in accordance with generally accepted accounting principles, and shall also keep records of the actions of the Corporation.

Section 7.7 Fiscal Year. Accounting Election. The fiscal year of and the method of accounting for the Corporation shall be as the Board shall determine.

Section 7.8 Loans Prohibited. No loans shall be made by the Corporation to its directors, officers or employees, or to any other corporation, firm, association, or other entity in which one or more of its directors, officers or employees is a director, officer or employee holds a substantial financial interest.

Section 7.9 Revocability of Authorizations. No authorization, assignment, referral or delegation of authority by the Board to any committee, officer, agent or other official of the Corporation, or any other organization which is associated or affiliated with or conducted under the auspices of the Corporation, shall preclude the Board from exercising the authority required to meet its responsibility. The Board shall retain the right to rescind any such authorization, assignment, referral or delegation in its sole discretion.

Section 7.10 Transactions in Which Directors or Officers Are Interested.

(a) **Transactions.** No contract or other transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, firm, or entity in which one or more of the Corporation's directors or officers are directors or officers have a financial interest or whose immediate family members have a financial interest, shall be void or voidable solely because of such relationship or interest, or solely because such director(s) or officer(s) is (are) present at or participates in the meeting of the Board or a committee thereof that authorizes, approves, or ratifies such contract or transaction, or solely because his or their votes are counted for such purposes, if:

(i) The fact of such relationship or interest is disclosed or known to the Board or the committee that authorizes, approves, or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested director(s) or officer(s); or

(ii) The contract or transaction is fair and reasonable as to the Corporation at the time it is authorized by the Board or a committee thereof.

(b) **Conflicts of Interest Policy.** The Conflicts of Interest Policy and Procedure set forth in Exhibit "A" to these Bylaws is hereby adopted by the Corporation.

Section 7.11 Quorum. Common or interested directors or officers may be counted in determining the presence of a quorum at a meeting of the Board or of a committee thereof that authorizes, approves, or ratifies such contract or transaction.

Section 7.12 Employment by Member. Subject to applicable State and Federal laws and regulations, the Member, or an affiliate of the Member, is expressly allowed by these Bylaws to employ those persons providing financial and/or administrative services to the Corporation.

Section 7.13 Physician Termination. The termination of the retention of any physician to provide medical services on behalf of the Corporation during such physician's term of retention may be accomplished only by the Board or its physician designee(s) and such termination shall be subject to due process procedures adopted by the Board or its physician designee(s) or provided by the retention agreement between the Corporation and the subject physician.

Section 7.14 Ethical and/or Religious Directives. The requirements set out in Texas Occupations Code, Chapter 162, Subchapter A, may not be voided or waived by contract. However, the member may establish ethical and religious directives and a physician may contractually agree to comply with those directives.

ARTICLE VIII **FUNDAMENTAL ACTIONS**

Section 8.1 Amendment. Unless otherwise required by law, these Bylaws may be altered, amended, or repealed and new Bylaws adopted, by a two-thirds (2/3) vote of the Board.

Section 8.2 Fundamental Actions Requiring 2/3 Majority Vote of Members. Pursuant to Texas Business Organizations Code ("TBOC") § 22.164, the vote required for the approval of a Fundamental Action is two-thirds (2/3) of the votes that Members present in person or by proxy are entitled to cast at the meeting at which the action is submitted for a vote. Under TBOC § 22.164, "Fundamental Action" means:

- (a) An amendment of the Foundation's certificate of formation, including an amendment required for the cancellation of an event requiring winding up in accordance with § 11.152(b);
- (b) A voluntary winding up under Chapter 11;
- (c) A revocation of a voluntary decision to wind up under § 11.151;
- (d) A cancellation of an event requiring winding up under § 11.152(a);
- (e) A reinstatement under § 11.202;
- (f) A distribution plan under § 22.305;
- (g) A plan of merger under Subchapter F;
- (h) A sale of all or substantially all of the assets of the Corporation under Subchapter F;
- (i) A plan of conversion under Subchapter F; or

(j) A plan of exchange under Subchapter F.

CERTIFICATE OF SECRETARY

I certify that I am the duly appointed and acting secretary of West Texas Integrated Healthcare Network and that these Bylaws constitute the Corporation's Bylaws. These Bylaws were duly adopted by the Board of Directors effective as of the 5th day of August, 2016.

Dated: _____

Secretary
West Texas Integrated Healthcare Network

**EXHIBIT “A” TO BYLAWS OF
WEST TEXAS INTEGRATED HEALTHCARE NETWORK**

CONFLICT OF INTEREST POLICY AND PROCEDURE

**ARTICLE I
PURPOSE**

The purpose of the Conflict of Interest Policy and Procedure is to protect the Corporation’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, member, or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace the Bylaws and any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**ARTICLE II
DEFINITIONS**

1. Interested Person

Any member, director, officer, or member of a committee with Board delegated powers, 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 Board 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 the existence of the financial interest and be given the opportunity to disclose all material facts to the 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, the interested person shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining directors of the Board 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 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 President of the 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 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 Board shall determine by a majority vote of the disinterested directors 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 Board has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford him/her an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the Board determines the member 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 meeting 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 Board's decision as to whether a conflict of interest in fact existed.
- b. The names of 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
COMPENSATION

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI
ANNUAL STATEMENTS

Each Member, 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 the Corporation is a non-profit health organization corporation and in order to maintain its status as such, it must engage primarily in activities which accomplish one or more of its non-profit purposes.

ARTICLE VII
PERIODIC REVIEWS

To ensure the Corporation operates in a manner consistent with non-profit purposes and does not engage in activities that could jeopardize its non-profit 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 the Corporation's non-profit purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE VIII
USE OF OUTSIDE EXPERTS

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