

- ARTICLES OF INCORPORATION

**ARTICLES OF INCORPORATION, AS AMENDED,
OF WILLIS-KNIGHTON MEDICAL CENTER**

BE IT KNOWN that this day before me, the undersigned authority, a Notary Public in and for said Parish and State, in the presence of the undersigned competent witnesses, personally came and appeared:

THOMAS S. PITMAN	455 Elmwood Shreveport, Louisiana
HARRY V. BOOTH	933 Erie Street Shreveport, Louisiana
DR. JOSEPH E. KNIGHTON, SR.	923 Erie Street Shreveport, Louisiana
DR. THOMAS E. STRAIN	1030 Erie Street Shreveport, Louisiana
RUTLEDGE H. DEAS	845 Margaret Place Shreveport, Louisiana
DR. J. C. WILLIS, JR.	4434 Richmond Street Shreveport, Louisiana
RALPH F. CALDWELL	3424 Johnette Street Shreveport, Louisiana

each of whom declared unto me, Notary, that availing themselves of the laws of the State of Louisiana, and particularly Act. No. 455 of the Regular Session of the Legislature in Louisiana for the year 1948, they do hereby, and by these presents, associate themselves, their successors and assigns together, as a non-profit corporation, for the purposes and under the terms and conditions set out below.

ARTICLE I

The name of this corporation shall be WILLIS-KNIGHTON MEDICAL CENTER.

ARTICLE II

The domicile of this corporation is hereby fixed at Shreveport, Caddo Parish, Louisiana and its duration shall be for ninety (99) years unless sooner dissolved according to law.

ARTICLE III

Wherever the word "trustee" or "trustees" is used in these Articles, it is to be considered that they are synonymous with the word "director" or "directors" as provided for in Act 455 of the Regular Session of the Legislature of Louisiana for the year 1948.

ARTICLE IV

"This corporation is formed for charitable, scientific and educational purposes, with the objective of acquiring and operating a hospital or hospitals without profit, for the reception and treatment of sick and diseased human beings..." and for this general and primary purpose, the said corporation shall have the following specific powers (this enumeration being without prejudice to other powers incidental to, or related to the primary purpose), to-wit:

(a) To acquire all kinds of property, real, personal or mixed, by purchase, gift, donation, will or otherwise, and to hold, improve, sell, dispose of, pledge, mortgage, or encumber said properties;

(b) To build and erect hospital buildings, nurses homes, operate schools of nursing and make contracts with doctors and clinics; to receive, accept and administer donations, gifts or money and property of all kinds and to hold or dispose of same at will;

(c) To engage in scientific medical research independently or in connection or collaboration with other persons or agencies;

(d) For any purpose of the corporation, particularly for the purpose of acquiring land, hospital buildings and facilities, the corporation is vested with authority for acquiring, in whole or in part, the stock of another corporation or corporations, whether the latter be organized for profit, in no event amount to a merger or consolidation; and this corporation shall have the power to pledge, mortgage or hypothecate such stock so acquired and generally to exercise all power and authority appertaining to the ownership of said stock, including dissolution of the corporation for which the stock was issued, but the stock of a business corporation shall not be acquired and held primarily for profit except the stock of a business corporation accruing to this corporation by gift may be held by it for profit provided the accruals from said stock shall belong to the general fund of this corporation and held and expended for the general purposes of this corporation, which is non-profit.

(e) To charge and receive such compensation for hospitalization and for other services or activities rendered by the corporation as shall be necessary for the operation, maintenance and improvement for the corporation's activities, but to at all times endeavor to serve and to make no charge to the indigent and those unable to pay therefore to make only a partial charge to those unable to pay more than partially therefore.

ARTICLE V

The initial membership of this corporation shall consist of the incorporation hereof and the future membership shall be provided for hereinafter in Article VII.

ARTICLE VI

The affairs of this corporation shall be managed by a Board of Trustees composed of not less than seven (7) or more than thirteen (13) members who shall be appointed and elected by vote of two-thirds of the members of the corporation, and the corporation members shall determine the term of office of each member who is appointed or elected to the Board of Trustees.

The number of members on the Board of Trustees shall never be an even number but shall always be an uneven number.

Upon death, resignation, or termination of office for any cause of a Trustee prior to the expiration of the term for which he was appointed, his successor shall be elected and appointed by a two-thirds vote of the members to finish the term of the member who was succeeded.

Members of the Board of Trustees are expected to be regular in their attendance at all duly called meetings of the Board, and in the event a member fails to attend three (3) consecutive meetings he shall be considered as having resigned his office and have no further official standing as a member of the Board unless reasons beyond his control prevented his attendance, in which event he may be reinstated and accorded full privileges of membership on the Board of Trustees upon the affirmative vote of two-thirds of the other members. In the event the membership of a member of the Board of Trustees is terminated for this cause, his successor for the remaining period of his term shall be appointed as above provided.

ARTICLE VII

The members of this corporation shall never be less than seven (7) nor more than thirteen (13) in number unless a greater number be required to maintain the membership of the Board of Trustees. If the membership be depleted for any cause, qualified replacements shall be appointed upon the affirmative vote of two-thirds of the members.

ARTICLE VIII

The officers of this corporation shall be elected from the Board of Trustees and shall consist of President, Vice-President, and Secretary-Treasurer which office of Secretary-Treasurer shall be held by one person. The said officers shall be elected annually by the Board of Trustees and shall hold office under the terms and conditions designated by the Board of Trustees.

The first officers, who shall serve until their successors are elected and qualified are as follows, to-wit:

Dr. Joseph E. Knighton, Sr.	President
Ralph F. Caldwell	Vice-President
Rutledge H. Deas	Secretary-Treasurer

ARTICLE IX

This corporation shall have and may exercise all the powers conferred by virtue of the Laws of the State of Louisiana upon corporations of like character, and the enumeration of certain powers herein specified is not intended as exclusive or as waiving any of the powers, rights or privileges granted or conferred which may be granted or conferred by the Laws of the State of Louisiana respecting corporations of like character.

ARTICLE X

No personal liability shall attach to any member of this corporation, his heirs or assigns merely by virtue of his being a member of a Trustee or officer thereof.

ARTICLE XI

This corporation shall not be used for either business or political purposes. It is organized exclusively for charitable, scientific and educational purposes as a non-profit corporation and its activities shall be conducted for the aforesaid purposes in such manner so that no part of any net earnings or other gain will inure to the benefit of any member, director or officer, or any other individual or organization. It shall not be its purpose to engage in carrying on propaganda or otherwise attempting to influence legislation.

In the event of the voluntary or involuntary dissolution or liquidation of this corporation, any surplus of assets, remaining after paying all indebtedness, which may be available for distribution, shall be transferred and conveyed to one or more non-profit and charitable, scientific and educational corporations or associations dedicated to the same, or as nearly as possible the same, objects and purposes as this corporation; and in such event in no case shall any assets so available for distribution be distributed so as to inure to the benefit of any member, director, officer, or individual, it being the express intent and purpose that any and all properties held in this corporation, and all increases thereof and increment and improvements thereto, shall be held in perpetuity to charitable, scientific and educational uses and purposes and subject to no possibility of reverter to any member, director, officer or individual.

ARTICLE XII

Any excess in income over the expense of operating the corporation and its facilities, after reasonable provision for expansion and improvement of facilities, shall be devoted to medical research, either independently or in collaboration with other groups, corporations or individuals, and shall be spent exclusively in Shreveport, Caddo Parish, Louisiana; it being intended that any such excess be devoted exclusively to charitable, scientific and educational purposes.

ARTICLE XIII

The first annual meeting of the members of this corporation shall be held at its principal office in Shreveport, Caddo Parish, Louisiana on the first Tuesday in January of each year, beginning the first Tuesday in January, 1950.

- **BY LAWS**

ARTICLE I -CORPORATION

Section 1.

The purposes for which this corporation is formed are benevolent, charitable and educational, and to this end to own, control, lease real properties and other facilities; to operate a hospital or hospitals for the care and attention of the sick, injured, afflicted, disabled and other persons, especially the friendless who are in need of, and are without means to procure hospitalization; to train and educate persons for the nursing and para medical professions; and to promote and participate in any activity designed to improve the general health of the community. This corporation, in the management of such hospital or hospitals as it may own or control, shall have authority to take in and care for patients for hire and pay, and to receive and charge for the care and attention given, but such sums so received shall be for the purpose of the use of the corporation as a charitable, benevolent and educational institution, and under no circumstances for private gain to the incorporators or to any future members hereof; but as a measure of protection, this corporation shall have the right to reject as patients any person or persons. *

Section 2.

Primarily, the corporation shall serve Northwest Louisiana, but traditionally and over a period of many years it has served and shall continue to serve many patients from Arkansas and Texas, as well as patients from other states. No patient is denied admission on basis of residence, sex, race, color, creed, religion, or national origin. No emergency admission is denied on the basis of residence, sex, race, color, creed, religion, national origin or ability to pay. *

Section 3.

Members of this corporation shall be citizens of Louisiana, interested in the purposes of this corporation and willing to contribute of their time and efforts to achieve such purposes. They shall never be less than seven (7) or more than thirteen (13) in number unless a greater number be required to maintain the membership of the Board of Trustees. If the membership be depleted for any cause, qualified replacements shall be appointed on the affirmative vote of two-thirds (2/3) of the members.

* Amended May 25, 1993

Section 4.

The annual meeting of the membership shall be held in the month of May for the purpose of appointing and electing the Board of Trustees (synonymous with the word "director" or "Directors" as used under Louisiana Law). At least ten days written notice shall be given to all members prior to the annual meeting.

Section 5.

Special meetings of the members may be called, as needed, by any three members, and upon giving ten days written notice to the other members.

ARTICLE II-BOARD OF TRUSTEES*

Section 1.

The affairs of this corporation shall be managed by a Board of Trustees composed of not less than seven (7) or more than thirteen (13) members who shall be appointed and elected by vote of two-thirds (2/3) of the members of the corporation, and the corporation members shall determine the term of office of each member who is appointed or elected to the Board of Trustees.

Upon death, resignation, or termination of office for any cause of a Trustee prior to the expiration of the term for which he was appointed, his successor may be elected and appointed by a two-thirds (2/3) vote of the members to finish the term of the member who was succeeded.

Members of the Board of Trustees are expected to be regular in their attendance at all duly called meetings of the Board, and in the event a member fails to attend three (3) consecutive meetings he shall be considered as having resigned his office and have no further official standing as a member of the Board unless reasons beyond his control prevented his attendance, in which event he may be reinstated and accorded full privileges of membership on the Board of Trustees upon the affirmative vote of two-thirds (2/3) of the other members. In the event the membership of a member of the Board of Trustees is terminated for this cause, his successor for the remaining period of his term shall be appointed as above provided.

The present policy of the membership is to elect the members to the Board for a term of two (2) years. Qualifications for membership on the Board are the same as for membership in the corporation.

The Board of Trustees is also sometimes referred to as the "Governing Body" or "Governing Board".

* Synonymous with Board of Directors under Louisiana Law

ARTICLE III -MEETINGS OF THE BOARD OF TRUSTEES

Section 1.

All meetings shall be held at the Willis-Knighton Medical Center, 2600 Greenwood Road, Shreveport, Louisiana, or at such place as may be designated from time to time by the chairman of the Board of Trustees.

Annual meeting of the Board of Trustees shall be held immediately after the annual meeting of corporate members.

Regular meetings of the Board of Trustees shall be held as required, upon proper notice.

Notice of regular and annual meetings shall be in writing and sent at least ten (10) days prior to meeting.

Special meetings of the Board of Trustees may be called for at any time by the Chairman of the Board, or the President, or any three (3) Trustees, upon giving not less than twenty-four (24) hours written notice. In case of a serious emergency, certified by the chairman and the president, twenty-four (24) hours notice by telephone shall suffice.

Any required notice of any meeting may be waived in writing at any time.

Section 2.

A quorum consists of a majority of the number of members of a body. A majority vote by the quorum suffices for the taking of action, except where the Articles of Incorporation require a specified percentage.

Section 3.

Conflict of interest: when any member of the Board of Trustees believes that he has any personal financial interest, relationship, or involvement in any project or project proposal or any other issue before the Board, that member shall disclose the fact of such interest, relationship, or involvement and shall be required to absent himself from discussion of the project, proposal, or issue unless, as a matter of record, he has been specifically invited to participate after the fact of such interest, relationship, or involvement has been fully disclosed. Any member of the Board having disclosed such

interest, relationship, or involvement in any project, proposal, or issue before the Board shall be disqualified from voting on the project, proposal, or issue. Additionally, ownership interest in any hospital, surgical center, or other entity rendering services similar to those provided by Willis-Knighton Medical Center in the Caddo/Bossier parish areas or, ownership interest in land or facilities leased to such entities shall be presumed to establish a conflict of interest for a member of the Board of Trustees which would preclude continued beneficial services on the Board by such member. *

* Amended May 26, 1981

ARTICLE IV -OFFICERS

Section 1.

Officers of the corporation shall be a Chairman of the Board, Vice-Chairman of the Board, President, Secretary-Treasurer, and Assistant Secretary-Treasurer, and such other officers as the Board of Trustees deem advisable. The same person may hold one (1) or more of the above offices at the same time. Officers may, but are not required to be, members of the Board of Trustees.

Officers shall serve for a term of two (2) years upon election at an annual meeting of the Board of Trustees immediately following an annual members meeting.

Section 2.

The chairman shall preside at all meetings whether of the corporation or of the governing board, and shall be, ex officio, a member of all committees.

Section 3.

The vice-chairman shall act as chairman in the absence of the chairman, and when so acting, shall have the power and authority of the chairman.

Section 4.

The president shall be the chief executive officer of the corporation and shall execute all documents issued in the corporate name, and he shall discharge all other duties and have such other powers as the Board of Trustees may prescribe.

Section 5.

The secretary-treasurer shall keep accurate and current records of the minutes of meetings; shall issue notices and shall produce his records for the inspection of any officer, Trustee or member upon request. He shall have such other powers and shall perform such other duties as the Board may prescribe. In addition, the secretary-treasurer shall receive all monies payable to the corporation, have custody thereof, and shall keep a correct and

accurate account of all funds received and disbursed and shall prepare and submit such financial statements as the Board requires. He shall timely prepare and file all tax returns and renditions required by Law. If the Board of Trustees so requires, the Treasurer shall give satisfactory bond in such amount as the Board may fix. Persons elected as assistant secretary-treasurer shall be vested with all powers and required to perform all the duties of the secretary-treasurer in his absence or disability, and shall perform such other duties as shall be prescribed by the Board of Trustees including all duties of secretary-treasurer.

Section 6.

The Board of Trustees may employ such other officers including additional vice-presidents, for such compensation as they deem reasonable and advisable and they may delegate to such persons such title and powers not inconsistent with these bylaws or the Articles of Incorporation, as the Board sees fit.

ARTICLE V - COMMITTEES OF THE BOARD OF TRUSTEES

Section 1.

Committees of the Board of Trustees shall be standing or special. All committees other than the executive committee shall be appointed by the Chairman of the Board; appointments shall be for a term of two years. Chairmen and vacancies shall be filled by appointment by the Chairman of the Board. At a committee meeting, a quorum shall be one-half of the number of members of the committee. Each committee meeting shall have an agenda and shall submit minutes of its meeting to the board. Standing committees shall be an Executive Committee, a Joint Conference Committee and a Nominating Committee.

Section 2.

The executive committee shall consist of the Chairman of the Board, the Vice-Chairman, President and Secretary-Treasurer. The executive committee shall have power to transact all regular business of the hospital during the period between the meetings of the governing board, subject to any prior limitation imposed by the governing board and with the understanding that all matters of major importance will be referred to the governing board. The executive committee shall cause to be prepared and shall submit to the governing board at its last meeting before the end of the fiscal year, a budget showing the expected receipts, income and expense for the ensuing year. It shall be the further duty of the executive committee to examine the monthly financial reports. Minutes of the executive committee meetings shall be submitted to the board, and its actions shall be subject to approval or disapproval at the next regular board meeting.

Section 3*

The joint conference committee shall consist of the executive committee and the physician board members. * This committee shall:

- a. Receive recommendations from the medical staff and make final recommendation to the governing board on all appointments to the medical staff of the hospital and on assignments of responsibilities within the medical staff, including definition of the scope of privileges, re-appointments, reductions, extensions, suspensions, and termination of privileges.

*Amended May 25, 1993

- b. Recommend to the governing board the specific clinical privileges to be granted to each member of the medical staff consistent with the scope of clinical privileges allowed in the institution.
- c. Recommend to the governing board the adoption of amendments to, or repeal of, rules and regulations governing the medical staff.
- d. Receive and make recommendations to the governing board regarding any communications, requests, or recommendations presented by the medical staff through its duly authorized representatives.
- e. Constitute a liaison group that shall discuss medical administrative matters between the governing board, the administrator, and the medical staff.
- f. Receive and consider all reports on the work of the medical staff and make such recommendations to the governing board in respect thereto as the committee considers to be in the best interests of the hospital and its patients.
- g. Consider plans for future growth of the hospital's services, facilities, properties, and organization and make recommendations to the governing board accordingly.
- h. Review these bylaws every two years, or more often if required, recommend necessary revisions to the board, if pertinent, and annotate the bylaws to reflect the latest date of review or change.

Section 4.

The nominating committee shall have the duty of nominating at the annual meeting of the corporation, and at other meetings when vacancies are to be filled, candidates to be elected as officers and members of the governing board. An opportunity shall be accorded to members of the governing body for nominations from the floor.

Section 5.

Special committees may be appointed by the chairman, with the concurrence of the governing board, for such special tasks as circumstances warrant. A special committee shall limit its activities to the accomplishments of the task for which it is appointed and shall have no power to act except as specifically conferred by action of the

governing board. Upon completion of the task for which appointed, such special committee shall stand discharged.

ARTICLE VI – ADMINISTRATION

Section 1.

The Board of Trustees shall select and employ a competent, experienced chief executive officer who shall be its direct executive representative in the management of the hospital. This executive officer shall also be the President of the Corporation, who shall be given the necessary authority and responsibility to operate the hospital in all its activities and departments, subject only to such policies as may be issued by the governing board or by any of its committees to which it has delegated power for such action. He shall act as the duly authorized representative of the governing board in all matters in which the governing board has not formally designated some other person to so act.

Section 2.

The authority and responsibility of the chief executive officer shall include:

- a. Carrying out all policies established by the governing board and advising on the formation of these policies.
- b. Developing and submitting to the governing board for approval a plan of organization for the conduct of hospital operation and recommended changes when necessary.
- c. Preparing an annual budget showing the expected revenue and expenditures as required by the governing board.
- d. Selecting, employing, controlling, and discharging employees and developing and maintaining personnel policies and practices for the hospital.
- e. Maintaining physical properties in a good and safe state of repair and operating condition.
- f. Supervising business affairs to ensure that funds are collected and expended to the best possible advantage.

- g. Working continually with other health care professionals to the end that high-quality care may be rendered to the patients at all times.
- h. Presenting to the governing board, or its authorized committee, periodic reports reflecting the professional services and financial activities of the hospital and such special reports as may be required by the governing board.
- i. Attending all meetings of the governing board and service on committees thereof.
- j. Serving as the liaison and channel of communications between the governing board and any of its committees and the medical staff and assisting the medical staff with its organization and medico administrative problems and responsibilities.
- k. Preparing a plan for the achievement of the hospital's specific objectives and periodically reviewing and evaluating that plan.
- l. Representing the hospital in its relationships with other health agencies.
- m. Establishing and maintaining a safe environment for patients, employees, and visitors by requiring and supporting effective hospital-wide safety, risk management and assessment programs. *
- n. Performing other duties that may be necessary or in the best interest of the hospital*.

Section 3. *

The performance of the chief executive officer will be reviewed and evaluated on an annual basis by the Board of Trustees; this will be accomplished during the annual meeting.

* Amended February 21, 1989

ARTICLE VII-MEDICAL STAFF

Section 1. Organization, appointments, and hearings.

- a. The governing board shall organize the physicians and appropriate other persons granted practice privileges in the hospital into a medical staff under medical staff bylaws approved by the governing board. The governing board shall consider recommendations of the medical staff and appoint to the medical staff, in numbers not exceeding the hospital's needs, physicians and others who meet the qualifications for membership as set forth in the bylaws of the medical staff. Each member of the medical staff shall have appropriate authority and responsibility for the care of his patients, subject to such limitations as are contained in these bylaws and in the bylaws, rules, and regulations for the medical staff and subject, further, to any limitations attached to his appointment.

- b. All applications for appointment to the medical staff shall be in writing and addressed to the administrator of the hospital. The applications shall contain full information concerning the applicant's education, licensure, practice, previous hospital experience, and any unfavorable history with regard to licensure and hospital privileges. This information shall be verified by the credentials committee of the medical staff, and appropriate recommendations shall be forwarded through the executive committee of the medical staff to the governing body. To expedite *this* action during periods between scheduled meetings of the governing body, favorable recommendations of the executive committee for appointments and clinical

privileges may be presented to members of the Board of Trustees for vote by mail ballot. Final board approval, in this case, would require unanimous vote, in which event, the vote would be presented for confirmation at the first subsequent meeting of the Board of Trustees.*

*Amended December 14, 1982

- a. Initial appointments to the medical staff shall be for a period of at least one year, renewable by the governing board pursuant to (or without) formal reapplication. Reappointments shall be for a period of not more than two medical staff years. When an appointment or privileges are not to be renewed, or when they have been, or are proposed to be, reduced, altered, suspended or terminated, the staff member shall be afforded the opportunity of a hearing before the Executive or the Credentials Committee of the medical staff whose recommendation shall be considered by the governing board prior to taking final action. Such hearings shall be conducted under procedures adopted by the governing board, and set forth in full detail in the medical staff bylaws, so as to ensure due process and to afford full opportunity for the presentation of all pertinent information. The provisions of this paragraph and the entire hearing and appellate review procedure shall apply equally, unless otherwise stated in their employment contract, to medico-administrative physicians and dentists employed by the hospital whose engagement requires membership on the medical staff.

- b. All appointments for clinical chiefs of service (department chairmen) shall be made by the governing board upon recommendation of the medical staff and shall be for one (1) year. Duties and responsibilities of the clinical chiefs shall be set forth in the medical staff bylaws. Clinical chiefs shall be required to maintain their qualifications for medical staff membership and privileges appropriate to their assignments.

- c. The governing board shall abide by the terms and conditions of the Health Care Quality Improvement Act of 1986 and any and all State and Federal Laws applicable to the health care field. *

* Amended August 29, 1991

Section 2. Medical Care and its Evaluation.

- a. The governing board shall, in the exercise of its overall responsibility, assign to the medical staff reasonable authority for ensuring appropriate professional care to the hospital's patients.
- b. The medical staff shall conduct an ongoing review and appraisal of the quality of professional care rendered in the hospital and shall report such activities and their results to the governing board.
- c. The medical staff shall make recommendations to the governing board concerning: 1) appointments, reappointments, and other changes in staff status; 2) granting of clinical privileges; 3) disciplinary actions; 4) all matters relating to professional competency; and 5) such specific matters as may be referred to it by the governing board.

Section 3. Medical Staff Bylaws.

There shall be bylaws, rules, and regulations, or amendments thereto, for the medical staff that set forth its organization and government. Proposed laws, rules, and regulations should be recommended by the medical staff, subject to approval by the governing board. The power of the governing board to adopt or amend medical staff bylaws, rules and regulations, shall not be dependent upon ratification by the medical staff. Medical staff bylaws, when approved by the Board of Trustees, become a part of these corporate bylaws.

ARTICLE VIII-QUALITY OF CARE

Section 1.

The Board of Trustees shall be kept apprised of the quality of patient care that is provided within the hospital. To this end, the hospital administration and the medical staff shall establish a quality review organization responsibility directly to this Board, that shall function as the central administrative body for the Performance Improvement** Programs of the medical and professional staff.

Section 2.

The authority of the performance improvement organization, so established, shall include:

- a. The authority for the establishment of reporting requirements and formats on performance improvement activities by medical staff committees, hospital departments, and special performance improvement assessment groups as needed;
- b. authority to direct appropriate activities to conduct performance improvement studies on specific topics;
- c. authority to designate evaluation procedures and methods; and,
- d. authority to determine and direct appropriate corrective action to resolve problems affecting patient care and services.

** Amended January 13, 1998

Section 3.

The review of performance improvement reports and activities shall be established as an agenda item for all future Board of Trustee meetings.

Section 4.*

The Board of Trustees shall be kept apprised of the activities of the safety, risk management and assessment programs and their effectiveness in providing a safe environment for the patients, employees and visitors of the medical center.

*Amended February 21, 1989

ARTICLE IX -AMENDMENTS

Section 1.

These bylaws of the corporation and governing board may be amended by affirmative vote of a two-thirds (2/3) majority of the members present, or represented by proxy, at the annual meeting or any special meeting of the corporation.

ARTICLE X -CONFLICTS OF INTEREST POLICY

Section 1. Purpose. The purpose of the conflicts of interest policy is to protect the health system's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of the corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit or charitable corporation.

Section 2. Definitions.

1. **Interested Person.** Any trustee, principal 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. If a person is an interested person with respect to any entity in the health care system of which the corporation is a part, he or she is an interested person with respect to all entities in the health care system.

2. **Financial Interest.** A person has a financial interest if the person directly or indirectly, through business, investment or family has:
 - a. an ownership or investment interest in any entity with which the corporation has a transaction or arrangement; or
 - 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 or indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest under Article 3, Paragraph 2, a person who has a financial interest may have a conflict only if the appropriate board or committee decides that a conflict of interest exists.

Section 3. Procedures.

1. **Duty to Disclose.**

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest and all material facts to the trustees and members of committees with board delegated powers consider 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 or she shall leave the board or committee meeting while the financial 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 board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that result in the conflict of interest.
- b. The chairperson of the board or committee 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 or committee shall determine whether the corporation can obtain a more advantageous transaction or arrangement with reasonable efforts 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 attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in the corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the corporation and shall make its decision as to whether to enter the transaction or arrangement in conformity with such determination.

4. Violations of the Conflicts of Interest Policy.

- a. If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the member and making such further investigation as may be warranted under the circumstances, the board or committee determines that the member has, in fact, failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Proceedings. The minutes of the board and all committees with board-delegated powers shall contain:

1. 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 take to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed; and
2. 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 therewith.

Section 5. Compensation Committees.

- 1 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, director or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.
- 2 Physicians who receive compensation, directly or indirectly, from the corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

Section 6. Annual Statements. Each trustee, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person:

- 1 Has received a copy of the conflicts of interest policy;
- 2 Has read and understands the policy;
- 3 Has agreed to comply with the policy; and
- 4 Understands that the corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews. To ensure that the corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
2. Whether acquisitions of physician practices and other provider services results in inurement or impermissible private benefit.
3. Whether partnership and joint venture arrangements and arrangements with management service organizations and physician hospital organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the corporation's charitable purposes and do not result in inurement or impermissible private benefit.
4. Whether agreements to provide health care and agreements with other health care providers, employees, and third party payors further the corporation's charitable purposes and do not result in inurement or impermissible private benefit.

Section 8. Use of Outside Advisors. In conducting the periodic reviews provided for in Section 7, the corporation may, but need not, use outside advisors. If outside advisors are used their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Section 9. Medical Staff Members -Conflicting Financial Interests.

1. General Policy.

A medical staff member who has a direct or indirect Financial Relationship with any Competing Entity shall not be eligible to serve as a trustee or officer of the Health System or any of its subsidiaries, a member of the Medical Staff Executive Committee, a chair of any medical staff committee, or the chair of any medical staff department at any hospital within the Health System.

2. Definitions.

The following terms shall have the following meanings as used in this section:

- a. "Financial Relationship" shall include ownership or investment interests and compensation arrangements.
 - i. An ownership or investment interest may be through equity, debt or other means.
 - ii. A compensation arrangement shall mean any arrangement pursuant to which remuneration is paid directly or indirectly from the entity to the individual in question.

- iii. A direct Financial Relationship is one that is between the medical staff member in question and the Competing Entity.
 - iv. An indirect Financial Relationship is one that is between the Competing Entity and either: (1) the medical staff member's employer, (2) the medical staff member's spouse, or (3) any entity in which the medical staff member serves as a director or officer, or in which the medical staff member holds an ownership or investment interest of 5% or more.
- b. "Competing Entity" means any health system, hospital, ambulatory surgery center, endoscopy or therapy center, freestanding diagnostic facility or other health care provider that offers the same or similar services as Willis-Knighton Health System or any of its subsidiaries to individuals in the service area of the Health System (such services do not include basic x-ray and laboratory services located in a medical staff member's office and used solely for the treatment of a medical staff member's patients).

3. Disclosure Requirement.

All medical staff members who currently hold or wish to be considered for any of the positions described in Section 9 shall fully disclose any Financial Relationships with Competing Entities on such form as may be prescribed by the Chief Executive Officer.

- **WK BOSSIER BYLAWS**

**WILLIS-KNIGHTON MEDICAL CENTER
BOARD OF TRUSTEES
ESTABLISHMENT OF BOARD OF DIRECTORS
TO ACT IN CONNECTION WITH
WK BOSSIER HEALTH CENTER**

ARTICLE I

PURPOSES FOR CREATION OF BOARD

Willis-Knighton Medical Center, a Louisiana non-profit corporation, is in the process of building and completing a new state of the art medical facility to be known as "WK Bossier Health Center" and located at 2400 Hospital Drive, Bossier City, Louisiana 71111. The facility is scheduled to open in the summer of 1996.

In connection with the project, the Board of Trustees of Willis-Knighton Medical Center has authorized the establishment of a separate professional medical staff for the new facility. The medical staff by-laws and rules and regulations, however, must be approved by the Board of Trustees of Willis-Knighton Medical Center before same can be implemented.

The Board of Trustees of Willis-Knighton Medical Center desires to establish a Board of Directors for WK Bossier Health Center to act in connection with certain matters pertaining to the medical staff, accreditation matters, and the monitoring of quality for the new facility as set forth below in Article III.

ARTICLE II

COMPOSITION OF BOARD

The Board of Directors for WK Bossier Health Center shall be composed of ten members:

- (1) The President of Willis-Knighton Medical Center.
- (2) The (Administrator) Chief Operating Officer of WK Bossier Health Center.

- (3) Four directors shall be Bossier City/Bossier Parish community leaders who have an interest in the well-being and growth of the new health facility. These Directors shall be appointed by the Board of Trustees of Willis-Knighton Medical Center and shall serve for two year terms. The medical staff of WK Bossier Health Center may submit the names of community leaders to the Board of Trustees of Willis-Knighton Medical Center for consideration for appointment as a community leader board member, but the final decisions pertaining to the appointment shall be made by the Board of Trustees of Willis-Knighton Medical Center.
- (4) Four directors shall be physicians who are or who will become members of the active medical staff of WK Bossier Health Center. These directors shall be appointed by the Board of Trustees of Willis-Knighton Medical Center and shall serve for two year terms. The medical staff of WK Bossier Health Center may submit the names of physicians to the Board of Trustees of Willis-Knighton Medical Center for consideration for appointment as a physician board member, but the final decisions pertaining to the appointment shall be made by the Board of Trustees of Willis-Knighton Medical Center.

If any vacancy shall occur by reason of death, resignation, incapacity or removal, the Board of Trustees of Willis-Knighton Medical Center shall appoint the successor director.

The members of the Board of Directors shall not be compensated for their services as members on the Board. Nothing contained herein, however, shall prevent any director from serving the organization in any other capacity and receiving compensation thereof.

The President of the Medical Staff of WK Bossier Health Center shall be invited to all meetings of the Board of Directors. If the President of the Medical Staff is not a member of the Board of Directors, he/she shall be able to participate in all the discussions at the board meetings, but shall have no vote in matters coming before the Board.

ARTICLE III

DUTIES AND RESPONSIBILITIES OF THE BOARD

- (1) The Board of Directors shall assist in the formation and organization of a professional medical staff for WK Bossier Health Center in accordance with medical staff by-laws and rules and regulations to be adopted and approved by the Board of Trustees of Willis-Knighton Medical Center and the Board of Directors of WK Bossier Health Center and the initial medical staff.

- (2) The Board of Directors shall be involved in the accreditation process including participation in the on-site survey and the final exit conference of the Joint Commission on Accreditation of Health Care Organizations.
- (3) The Board of Directors shall make the appointments to the medical staff and shall assign to the appointees the appropriate staff status as well as clinical privileges commensurate with their qualifications, experience and demonstrated capabilities, all in accordance with the procedures to be provided for in the medical staff by-laws and rules and regulations.
- (4) The Board of Directors shall make the decisions pertaining to reappointments and other changes in staff status, granting of clinical privileges, disciplinary actions, suspension or revocation of privileges, and other matters relating to the professional staff and in accordance with the procedures to be provided for in the medical staff by-laws and rules and regulations.
- (5) The Board of Directors shall conduct a review and evaluation of professional staff activities on a continuing basis to assess, preserve and improve the overall quality and efficiency of patient care being provided to WK Health Center patients.
- (6) The Board of Directors may make recommendations to the Board of Trustees concerning buildings and grounds and improvements or additions to the facility or equipment or services. However, the Board of Trustees of Willis-Knighton Medical Center shall have the final authority to approve or reject any and all recommendations.
- (7) The Board of Directors shall approve the elected officers of the Professional Staff of the WK Bossier Health Center.

ARTICLE IV

MEETINGS

The Board shall meet quarterly (March, June, September, December) at a time and place designated by the Chairman of the Board.

Special Meetings may be called by the Chairman, the Secretary, or the President of Willis-Knighton Health System. Notice of such special meetings shall be mailed to each Director at least seven (7) days before the day on which the meeting is to be

held. Notice is to designate the time and place of the meeting and the reason for calling the special meeting.

ARTICLE V

OFFICERS

(1) Officers.

The officers of the Board shall be:

- A. Chairman
- B. Vice-Chairman
- C. Secretary

(2) Duties

- A. The Chairperson of the Board shall preside at all meetings of the Board.
- B. The Vice-Chairperson of the Board shall preside at all meetings of the Board of Directors when Chairperson is not able to be in attendance.
- C. The Secretary of the Board shall maintain or cause to be maintained a complete accurate record of the proceedings of meetings of the Board of Directors.

ARTICLE VI

AUXILIARY

The Board of Directors may authorize the formation and development of a voluntary auxiliary at the Health Center.

ARTICLE VII

**RETAINED POWERS OF THE BOARD OF TRUSTEES
OF WILLIS-KNIGHTON MEDICAL CENTER**

In the event that the Board of Trustees of Willis-Knighton Medical Center should determine that the Board of Directors of WK Bossier Health Center is not acting in the best interest of Willis-Knighton Medical Center or the WK Bossier Health Center facility or is not fulfilling the duties

and responsibilities with which it has been assigned, the Board of Trustees retains and reserves the right to overrule the actions of the Board and perform any and all duties and responsibilities that have been assigned herein to the Board of Directors of WK Bossier Health Center.

ADOPTED AND APPROVED by the Board of Trustees of Willis-Knighton Medical Center on this 19th day of March, 1996.

RAY P. ODEN, JR., CHAIRMAN

AMMENDED by the Board of Directors of Willis-Knighton Bossier Health Center on September 11, 2001.

Kennon Harvill, Chairman
WK Bossier Health Center
Board of Directors

Ray P. Oden, Jr., Chairman
WK Medical Center
Board of Trustees

ARTICLE VIII

CONFLICT OF INTEREST

Annually the Board of Directors of WK Bossier Health Center shall execute a Conflict of Interest statement as adopted by the Board of Trustees of Willis-Knighton Health System.

AMMENDED by the Board of Directors of Willis-Knighton Bossier Health Center on September 9, 2003.

Kennon Harvill, Chairman
WK Bossier Health Center
Board of Directors

Ray P. Oden, Jr., Chairman
WK Medical Center
Board of Trustees

