

BY-LAWS
OF
KONA HOSPITAL FOUNDATION

ARTICLE I
PURPOSES AND NONPROFIT CHARACTER

SECTION 1.1. Purposes. The purposes of the corporation shall be as specifically set forth in Article III of the Charter of Incorporation.

SECTION 1.2. Nonprofit Character. The corporation shall be a nonprofit corporation, and any net income or earnings which may be derived from its operations, in pursuance of the purposes of the corporation, shall not inure to the benefit of any member, trustee, or officer of the corporation, or any private individual, but shall be used to promote the purposes of the corporation.

ARTICLE II

PRINCIPAL OFFICE; SEAL

SECTION 2.1. Principal Office. The principal office of the corporation shall be maintained at such place within or without the State of Hawaii, and the corporation may have such other offices within or without the State of Hawaii, as the Board of Trustees shall determine.

SECTION 2.2. Place of Meetings. All meetings of the members and of the Board of Trustees shall be held at the principal office of the corporation, unless some other place is stated in the call. Any meeting, regular or special, of either the Board of Trustees or of the members, may be held by conference telephone or similar communication equipment, so long as all trustees or all members participating in the meeting can hear one another, and all such trustees or members shall be deemed to be present in person at the meeting.

SECTION 2.3. Seal. The Board of Trustees may adopt and use a common seal.

ARTICLE III

MEMBERS

SECTION 3.1. Annual Meeting. The annual meeting of the members of the corporation shall be held on such day within ninety (90) days following the close of each fiscal year as the Board of Trustees shall designate, or, if the Board of Trustees shall not have designated such day by the end of the second month following the close of the fiscal year, the annual meeting for that year shall be held on the fourth Thursday in the third month following the close of the fiscal year.

SECTION 3.2. Regular Meetings. The members may establish regular meetings to be held in such places and at such times as the members may from time to time by vote determine, and when such meeting or meetings shall be so determined, no further notice thereof shall be required.

SECTION 3.3. Special Meetings. Special meetings of the members may be held at any time upon the call of the Board of Trustees, or upon the call of one-fourth (25%) of all of members of the corporation. Upon receipt of such call or written request, the secretary shall send out notices of the meeting to all members.

SECTION 3.4. Notice of Meetings. Subject to Section 3.2 of Article III, notice setting forth the time and place of the annual and any special meetings and the general nature of the business to be considered thereat shall be given by the secretary or by the person or one of the persons calling the meeting, to each member. Such notice shall be given to each such member by advising him of the meeting by telegram or by personally delivering written notice thereof to him, in each case not less than forty-eight (48) hours prior to the time set for the meeting, or by mailing written notice thereof, postage prepaid, addressed to him at his residence or usual place of business at least

five (5) days prior to the time set for the meeting. Non-receipt by a member of notice of a meeting mailed to such member shall not invalidate any business done at the meeting while a quorum is present. Any member may waive notice of any meeting of members in writing signed by himself or his duly authorized proxy or attorney-in-fact, either prior to, at, or after the meeting.

SECTION 3.5. Notice Unnecessary. The presence or representation at any meeting of any member shall be the equivalent of the waiver of the giving of notice of such meeting to such member. Any meeting at which all of the members shall be present in person or represented by proxy in writing shall be valid without notice.

SECTION 3.6. Quorum. At any meeting of members of which proper notice has been given, a majority of members present in person or by proxy (provided that not more than three-fourths (75%) of the votes present are by proxy), shall constitute a quorum, and the concurring vote of a majority of the members constituting a quorum shall be valid and binding upon the corporation, except as otherwise provided by law, by these Bylaws, or by the Charter of Incorporation of the corporation.

SECTION 3.7. Voting. Each member is entitled to one (1) vote, either in person or by proxy, at all meetings

of the members of the corporation. The authority given by a member to any person to represent such member at meetings of the members shall be in writing, signed by such member, and shall be filed with the Secretary, and unless limited by its terms such authority shall be deemed good until revoked in writing.

SECTION 3.8. Adjournment. Any meeting of the members, whether annual or special, may be adjourned from time to time, whether a quorum be present or not, without notice other than the announcement at the meeting. Such adjournment may be to such time and to such place as shall be determined by a majority of the members present. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted by a quorum at the original meeting as originally called.

SECTION 3.9. Members. Any member may be removed as a member of the corporation, with or without cause, by the affirmative vote of all members of the corporation at the time of said vote, not including the person whose removal is the subject of said vote. Any member may withdraw from the corporation at any time upon giving prior written notice to the secretary. Additional members may be admitted upon the affirmative vote of not less than a majority of all

members of the corporation at the time of said vote.

Notwithstanding any other provision of this Section 3.9, the number of members shall not be set at less than four (4) nor more than fifteen (15) in any event unless and until the Charter of Incorporation is amended to permit same. Any person appointed as a substitute trustee from time to time in accordance with Section 4.12 shall be deemed to be a member of the corporation during the period of his service.

ARTICLE IV

BOARD OF TRUSTEES

SECTION 4.1. Election. There shall be a Board of Trustees of the corporation, to consist of not less than four (4) nor more than fifteen (15) members. The number of trustees shall be equal to the number of members from time to time, and each member shall be a trustee, to hold office until his successor shall be duly elected. Within the foregoing limitations as to number, the number of trustees shall be decreased or increased in accordance with the increase or decrease in the number of members from time to time.

SECTION 4.2. Annual Meeting. A meeting of the Board of Trustees shall be held at the place of each annual meeting of the members and immediately following such meeting.

At such annual meeting, the Board of Trustees shall elect the officers of the corporation for the ensuing year, who shall be the same as the officers of the Board.

SECTION 4.3. Chairman. The Board may appoint from among its members a Chairman who shall preside at all meetings, and serve during the pleasure of the Board, and perform such other duties as may be assigned to him by the Charter of Incorporation, these Bylaws, or by the Board.

SECTION 4.4. Regular Meetings. The Board of Trustees may establish regular meetings to be held in such places and at such times as it may from time to time by vote determine, and no further notice thereof shall be required.

SECTION 4.5. Special Meetings. Special meetings of the Board of Trustees may be called at any time by the Chairman of the corporation or by any two (2) trustees.

SECTION 4.6. Notice of Meetings. Except as otherwise expressly provided, reasonable notice of any meeting of the Board of Trustees shall be given to each trustee (other than the person or persons calling the meeting and other than the person giving notice of the meeting) by the secretary or by the person or one of the persons calling the meeting, by advising the trustee of the meeting by word of mouth or by telephone or by leaving

written notice thereof with him or at his residence or usual place of business. Such written notice shall be mailed not less than ten (10) days prior to the date of the meeting. Nonreceipt by a trustee of any written notice of a meeting mailed to such trustee shall not invalidate any business done at the meeting while a quorum is present. Any trustee may, prior to, at the meeting, or subsequent thereto, waive notice of any meeting in writing, signed by him.

SECTION 4.7. Notice Unnecessary. The presence at any meeting of any trustee shall be the equivalent of a waiver of the requirement of the giving of notice of said meeting to such trustee. No notice of a meeting of the Board of Trustees need be given to any trustee who at the time is absent from the State of Hawaii.

SECTION 4.8. Quorum. A majority of the total number of trustees at a meeting at which the Board of Trustees has been fixed by the members shall constitute a quorum to transact business, and, in order to be valid, any act or business must receive the approval of a majority of such quorum. A vacancy or vacancies in the membership of the Board of Trustees shall not affect the validity of any action of the Board of Trustees, provided there is present at the meeting a quorum of all the trustees at which the

Board of Trustees has been fixed.

SECTION 4.9. Adjournment. In the absence of a quorum at a meeting duly called, the Chairman or a majority of the trustees present may adjourn the meeting from time to time without further notice, and may convene or reconvene the meeting when a quorum shall be present.

SECTION 4.10. Action by Consent. Any action by the Board of Trustees may be taken without a meeting if a written consent thereto is signed by all the Trustees and filed with the records of the meetings of the Board of Trustees. Such consent shall be treated as a vote of the Board of Trustees for all purposes.

SECTION 4.11. Permanent Vacancies. If any permanent vacancy shall occur in the Board of Trustees through death, resignation, removal, or other cause, the remaining trustees, by the affirmative vote of a majority of all remaining members of the Board, may elect a successor trustee to hold office for the unexpired portion of the term of the trustee whose place shall be vacant.

SECTION 4.12. Temporary Vacancies, Substitute Trustees. If any temporary vacancy shall occur in the Board of Trustees through the absence of any trustee from the State of Hawaii or the sickness or disability of any trustee,

the remaining trustees, whether constituting a majority or a minority of the whole Board, may by the affirmative vote of a majority of such remaining trustees appoint some person as a substitute trustee, who shall be a trustee during such absence, sickness, or disability and until such trustee shall return to duty or the office of such trustee shall become permanently vacant.

SECTION 4.13. Proxies. Voting by proxy shall not be permitted at any meeting of the Board of Trustees or of any committees, boards, or bodies created by the Board.

SECTION 4.14. Powers. The Board of Trustees shall manage the property and business of the corporation and shall have and may exercise all of the powers of the corporation except such as are reserved to or may be conferred from time to time by law or by the Charter of Incorporation and any amendments thereto or by the Bylaws upon the members of the corporation.

SECTION 4.15. Committees. The Board of Trustees may create and appoint such general or special committees of any kind as the business of the corporation may require and define the authority and duties of such committees; except that such committees shall not have the power to fill vacan-

cies in the Board of Trustees, or any such other powers as may be reserved to the Board of Trustees by statute or otherwise.

SECTION 4.16. Gifts and Contributions. The Board of Trustees may accept on behalf of the corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the corporation.

SECTION 4.17. Procedure. The Board of Trustees shall fix its own rules of procedure which shall not be inconsistent with these Bylaws.

ARTICLE V

OFFICERS AND MANAGEMENT

SECTION 5.1. Appointment, Term, Removal. The officers of the corporation shall be the Chairman of the Board of Trustees, one Vice Chairman of the Board of Trustees, the Secretary of the Board of Trustees, the Treasurer of the Board of Trustees, and in addition thereto, in the discretion of the Board of Trustees, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers, with such duties, as the Board of Trustees shall from time to time determine. The officers shall be elected annually by the Board of Trustees at the first meeting thereof after the annual or special meeting of the members at which the

Board is elected and shall hold office at the pleasure of the Board until the next annual meeting and thereafter until their respective successors shall be duly elected and qualified. No officer need be a trustee or member of the corporation. Any person may hold more than one office provided that there be at least two (2) persons as officers of the corporation. The Board of Trustees may, in its discretion, from time to time limit or enlarge the duties and powers of any officer appointed by it.

SECTION 5.2. The Chairman. The Chairman shall be the chief executive officer of the corporation. He shall preside at all meetings of the members and at all meetings of the Board of Trustees. He may call special meetings of members at his discretion and shall call annual meetings of members, as provided by these Bylaws. Subject to the directions and control of the Board of Trustees, the Chairman shall:

(a) be in personal charge of the principal office of the corporation;

(b) have the general management, supervision, and control of all of the property, business, and affairs of the corporation, and prescribe the duties of the

managers of all branch offices, and exercise such other powers as the Board may from time to time confer upon him;

(c) subject to approval of the Board, appoint heads of departments, and generally control the engagement, government, and discharge of all employees of the corporation, and fix their duties and compensation.

He shall at all times keep the Board of Trustees fully advised as to all of the corporation's business.

SECTION 5.3. The Vice Chairman. The Vice Chairman shall perform all of the duties and exercise all of the powers of the Chairman provided by these Bylaws or otherwise, during the absence or disability of the Chairman or whenever the office of Chairman shall be vacant, and shall perform all other duties assigned to him or them by the Board of Trustees or the Chairman.

SECTION 5.4. The Secretary. The Secretary shall attend all meetings of the members and of the Board of Trustees and shall record the proceedings thereof in the minute book or books of the corporation. He shall give notice, in conformity with these Bylaws, of meetings of members and, where required, of the Board of Trustees. In the absence of the Chairman of the Board of Trustees and of

the Vice Chairman, he shall have power to call such meetings and shall preside thereat until a Chairman pro tempore shall be chosen. The Secretary shall perform all other duties incident to his office, or which may be assigned to him by the Board of Trustees or the Chairman.

SECTION 5.5. The Treasurer. The Treasurer shall have custody of all of the funds, notes, bonds, and other evidences of property of the corporation. He shall deposit or cause to be deposited in the name of the corporation all monies or other valuable effects in such banks, trust companies, or other depositories as shall from time to time be designated by the Board of Trustees. He shall make such disbursements as the regular course of the business of the corporation may require or the Board of Trustees may order. He shall perform all other duties incident to his office or which may be assigned to him by the Chairman or the Board of Trustees.

SECTION 5.6. Assistant Secretary and Assistant Treasurer. The Assistant Secretary or Assistant Secretaries and Assistant Treasurer or Assistant Treasurers, if elected, shall, in such order as the Board of Trustees may determine, perform all of the duties and exercise all of the powers of the Secretary and Treasurer, respectively, during the absence

or disability of, and in the event of a vacancy in the office of the Secretary or Treasurer, respectively, and shall perform all of the duties assigned to him or them by the Chairman, the Secretary in the case of Assistant Secretaries, the Treasurer in the case of Assistant Treasurers, or the Board of Trustees.

SECTION 5.7. Absence of Officers. In the absence or disability of the Chairman and Vice Chairman, the duties of the Chairman (other than the calling of meetings of the members and the Board of Trustees) shall be performed by such persons as may be designated for such purpose by the Board of Trustees. In the absence or disability of the Secretary and of the Assistant Secretary, or Assistant Secretaries if more than one, or of the Treasurer and the Assistant Treasurer, or Assistant Treasurers if more than one, the duties of the Secretary or of the Treasurer, as the case may be, shall be performed by such person or persons as may be designated for such purpose by the Board of Trustees.

SECTION 5.8. Salaries. The salaries and compensation, if any, of officers, agents, and employees shall be determined by the Board of Trustees.

ARTICLE VI

REMOVALS, VACANCIES, AND ABSENCES

SECTION 6.1. Removals. The members of the corporation may at any time depose or remove from office for or without cause, any trustee, officer, subordinate officer, agent, or employee. The Board of Trustees may at any time, but for cause only, remove from office or discharge from employment any officer, subordinate officer, agent, or employee appointed by it or by any person under authority delegated by it.

SECTION 6.2. Vacancies. In case of any vacancy occurring in the Board of Trustees between meetings of the members, through death, resignation, disqualification, removal, or other cause other than temporary absence or illness, the trustees remaining, although less than a majority of them, may appoint a successor or successors to fill the vacancy or vacancies so occurring for the unexpired term or terms thereof, respectively, or until the members shall by election fill the same. The Board of Trustees may elect a successor for any officer whose office becomes vacant for any of the foregoing reasons.

ARTICLE VII

AUDIT OF BOOKS OF THE CORPORATION

The Board of Trustees shall cause a complete audit

to be made of the books of the corporation at least once in each fiscal year and more often if required by the Board of Trustees, and shall thereafter make appropriate reports to all members of the Board of Trustees and of the corporation. The Board of Trustees may appoint some person, firm, or corporation engaged in the business of auditing to act as the auditor of the corporation.

ARTICLE VIII

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

SECTION 8.1. Contracts. The Board of Trustees may by general or special resolution authorize the Chairman and/or any other officer or officers of the corporation to enter into any contract or to execute and deliver any document, instrument, or writing of any nature in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 8.2. Checks, etc. All checks, letters of credit, drafts, or orders for the payment of money, notes, or other evidences of indebtedness shall be signed by the Chairman and/or such other officer or officers of the corporation and in such manner as shall from time to time be determined by general or special resolution of the Board of

Trustees. In the absence of such determination by the Board of Trustees, such instruments shall be signed by the Chairman.

SECTION 8.3. Facsimile Signatures. The Board may from time to time by resolution, provide for the execution of any corporate instrument or document, including, but not limited to checks, letters of credit, drafts, and other orders for the payment of money, by a mechanical device or machine or by the use of facsimile signatures under such terms and conditions as shall be set forth in any such resolution.

SECTION 8.4. Funds. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Trustees may select.

ARTICLE IX

INSPECTION OF CORPORATE RECORDS AND BYLAWS

SECTION 9.1. Inspection of Corporate Records. The books of account and the minutes of proceedings of the membership and trustees shall be open to inspection upon written demand of any member, at any reasonable time, and for a purpose reasonably related to his interests as a member. Demand of inspection other than at a meeting shall

be made in writing upon the Chairman, the Secretary, or any other officer designated by the Board of Trustees.

SECTION 9.2. Inspection of Bylaws. The corporation shall keep in its principal office for the transaction of business a copy of the Bylaws of the corporation as amended or otherwise altered to date, which shall be open to inspection by the members at all reasonable times during office hours.

ARTICLE X

LIABILITY AND INDEMNIFICATION

SECTION 10.1. Liability. No trustee, officer, employee, or agent of the corporation and no heir, executor, or administrator of any such person shall be liable to this corporation for any loss or damage suffered by it on account of any action or omission by him as such trustee, officer, employee, or agent if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of this corporation, unless with respect to an action or suit by or in the right of the corporation to procure a judgment in its favor such person shall have been adjudged to be liable for gross negligence or willful misconduct in the performance of his duty to this corporation.

SECTION 10.2. Indemnification.

(a) The corporation shall indemnify each person

who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation) because he is or was a trustee, officer, employee, or agent of the corporation or any division of the corporation, against expenses (including reasonable attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of this corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of this corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

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(b) The corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor because he is or was a trustee, officer, employee, or agent of the corporation or any division of the corporation, against expenses (including reasonable attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of this corporation, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for gross negligence or willful misconduct in the performance of his duty to this corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) To the extent that a trustee, officer, employee, or agent of the corporation or any division of the

corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in paragraphs (a) and (b) of this Section, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including reasonable attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under paragraphs (a) and (b) of this Section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the trustee, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs (a) and (b). Such determination may be made (1) by the Board by a majority vote of a quorum consisting of members of the Board who were not parties to such action, suit, or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested members of the Board so directs, by independent legal counsel in a written opinion to the corporation.

(e) Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the

corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Trustees in a particular case upon receipt of an undertaking by or on behalf of the trustee, officer, employee, or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this Article.

(f) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled, shall continue as to a person who has ceased to be a trustee, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, administrators, and personal representatives of such person.

(g) The corporation may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee, or agent of the corporation or any division of the corporation against any liability asserted against or incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article. Any such insurance may be procured from any insurance company designated by the Board.

ARTICLE XI

FISCAL YEAR

The fiscal year of the corporation shall be such as may from time to time be established by the Board of Trustees.

ARTICLE XII

AMENDMENT TO BYLAWS

The Bylaws, and every part thereof, may from time to time and at any time, be amended, altered, repealed, and new bylaws may be adopted, subject to repeal or change by the members, by a majority vote of the trustees present at any meeting of the Board of Trustees at which a quorum is present, provided, however, that the Board of Trustees may not adopt a bylaw or amendment thereof changing the authorized number of trustees.

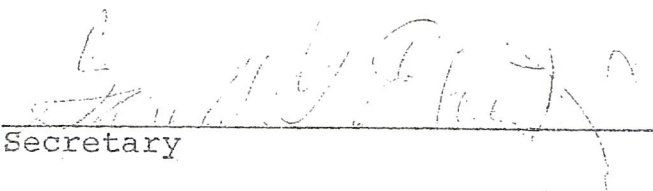
CERTIFICATE OF SECRETARY

I certify that:

1. I am the Secretary of Kona Hospital Foundation.
2. The attached Bylaws are the Bylaws of the

corporation adopted by the Board of Trustees at a meeting
held on _____ January 14, _____, ~~1984~~ 1987.

DATED: _____ January 23, 1987 _____ ~~1984~~



Secretary