

**FIRST AMENDMENT TO  
BYLAWS OF DOUGLAS, GRANT, LINCOLN & OKANOGAN  
COUNTIES PUBLIC HOSPITAL DISTRICT NO. 6**

THIS FIRST AMENDMENT ("this Amendment"), effective as of September <sup>29<sup>th</sup></sup>, 2009, is entered into by and among the Commissioners of Douglas, Grant, Lincoln & Okanogan Counties Public Hospital District No. 6, a Washington municipal corporation, (the "District").

RECITALS

A. Pursuant to RCW 70.44.050, the Commissioners of the District shall, by resolution, adopt rules governing the transaction of business.

B. The Commissioners of the District adopted and approved Bylaws for the Districted dated December 13, 1990 ("Existing Bylaws").

C. Pursuant to Article VI of the Existing Bylaws, the Commissioners of the District hereby desire to amend the Existing Bylaws in order to make certain changes to the Existing Bylaws required to replace its existing hospital facilities to better meet the health care needs of the District residents

D. To replace its existing facilities, the District will be entering into a series of transactions including: entering into a Site Lease with the Coulee Medical Foundation to lease the real property on which the existing facilities are located and upon which the replacement facilities will be constructed, and enter into an Operating Lease with the Foundation to lease the new facilities constructed by the Foundation utilizing funds that are secured by HUD Section 242 Mortgage Insurance.

E. To affirm the Commissioner's and District's authority to enter into the required series of transactions, the Commission desires to amend the Existing Bylaws.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the undersigned Commissioners hereby consent to and adopt the following amendments to the Existing Bylaws as follows:

1. Definition. Capitalized terms used herein and not otherwise defined shall have the meaning given them in the Existing Bylaws.

2. Amendments.

(a) Article II, Section 7 of the Existing Bylaws is hereby deleted in its entirety and replaced with the following:

Section 7. Powers and Duties of the Board or Commission. The Board shall be the governing body of the District to which the superintendent (administrator), other District employees and the medical staff are

responsible. The Board is ultimately responsible for all activities in the hospital and the condition of the physical plant. All the authority of the Board may be delegated to the superintendent (administrator) and the medical staff as specified in Article III, Section 1 and Article IV, respectively, or by resolution. Any delegation of authority by the Board may be rescinded in its sole discretion.

2.1 Powers. All the powers authorized in Chapter 70.44 RCW may be exercised by the Board in the performance of its duties prescribed herein. Subject to the limitations in Chapter 70.44 RCW, the Board shall:

(i) provide and/or operate on a non-profit basis hospital facilities and services for the care and treatment of persons who are acutely ill who otherwise seek medical and related services of the kind customarily furnished most effectively by hospitals, pursuant to Section 242 in the National Housing Act, as amended; and

(ii) have the power to pledge its revenue and perform all acts reasonably necessary to accomplish the purposes of the Board, including the execution of a Regulatory Agreement with the Secretary of Housing and Urban Development (“Secretary” and “HUD” respectively) acting by and through the Federal Housing Commissioner, and such other instruments and undertaking as may be necessary to enable the Foundation to secure the benefits of financing with the assistance of mortgage insurance under the provisions of the National Housing Act. Such Regulatory Agreement and other instruments and undertakings shall remain binding upon the Board, its successors and assigns, so long as a mortgage on the District’s property (owned or leased) is insured or held by the Secretary of Housing and Urban Development.

(iii) have the power to authorize the Foundation to act on the District’s behalf in issuing debt, including but not limited to Taxable Revenue Build America Bonds of other taxable or nontaxable bonds (“Bonds”) and to engage in activities to support the District.

2.2 Prohibited Power. As long as a mortgage held by HUD exists on a hospital facility leased by the District, the District shall not, without the prior written consent of the Secretary or its designee, take any action that would result in the Regulatory Agreement, Mortgage Note, Mortgage, or Security Agreement (the “HUD Loan Documents”) from remaining binding on the District.

2.3 Duties. In addition to the aforementioned powers, the Board shall strive to:

(i) Determine the policies of the District and the purposes of the hospital in proper relation to community needs;

(ii) Provide facilities, equipment and personnel to meet the needs of patients within the purposes of the hospital and such other health care facilities as may be provided, and consistent with present and future community needs;

(iii) Assure that an appropriate standard of professional care is maintained, requiring the medical staff of the hospital to be accountable to the Board and assuring that persons granted clinical privileges possess appropriate current qualifications, and determining in its discretion which kinds of health care providers shall be considered for clinical privileges or medical staff membership;

(iv) Promote planning and coordinate professional interests with administrative, financial and community needs, the policies of the District, and the purposes of the hospital and such other health care facilities as may be provided;

(v) Provide for the sound administration and application of public funds, adopting annual budgets for the District and the hospital and such other health care facilities as may be provided; and

(vi) Exercise proper care and judgment in the selection of a qualified superintendent (administrator) who shall be responsible for implementing policies adopted by the Board.

(b) Article V of the Existing Bylaws is hereby amended by adding a new Section 4 as follows:

Section 4. Conflict Between Bylaws and HUD Documents. At any time there is a mortgage held by the Secretary on any of the property leased by the District and there is an event of conflict between any provision of these Bylaws and the HUD Loan Documents, the provisions of the HUD Loan Documents shall govern and be controlling in all aspects.

(c) Article VI of the Existing Bylaws is hereby deleted in its entirety and replaced with the following:

ARTICLE VI

AMENDMENT

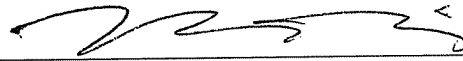
These Bylaws may be amended by resolution of the Board introduced at a regular meeting and adopted at a subsequent regular meeting, unless there is a mortgage insured or held by the Secretary on a hospital facility leased by the District and in that case these Bylaws may not be amended, without the prior written approval of such Secretary.

3. Effect on the Existing Bylaws. Except as specifically amended by this Amendment, all terms of the Existing Bylaws shall remain in full force and effect. The term “*Bylaws*” as used in the Existing Bylaws shall mean the Existing Bylaws as amended by this Amendment.

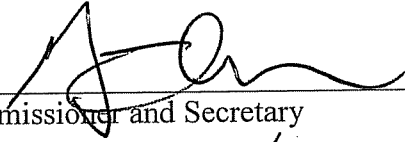
4. Other.

- (a) This Amendment shall be governed by the laws of the State of Washington without giving effect to principles of conflicts of laws.
- (b) This Amendment shall not be amended or revised except in accordance with any condition contained herein.
- (c) Upon approval of the Commissioners, this Amendment shall be binding upon, and inure to the benefit of, the District and its successor and assigns.

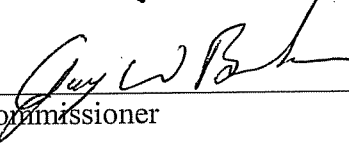
IN WITNESS WHEREOF, the undersigned has hereunto set his hand to be effective as of the date first written above.



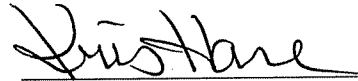
Commissioner and President



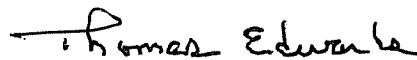
Commissioner and Secretary



Commissioner



Commissioner



Commissioner