



October 20, 2016

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CONSUMER PROTECTION  
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**VIA HAND DELIVERY**

Lawrence Wasden, Attorney General  
State of Idaho, Office of Attorney General  
700 W. State Street  
P.O. Box 83720  
Boise, Idaho 83720-0010

Dear Attorney General Wasden:

As a preliminary matter, we would like to thank you for meeting with us in January of this year to discuss the possibility of the sale of the assets of St. Joseph Regional Medical Center, Inc. ("SJPMC"), an Idaho non-profit corporation operating St. Joseph Regional Medical Center in Lewiston, Idaho (the "Hospital") to Capella Healthcare, Inc. ("Capella"). Capella has since combined with RegionalCare Hospital Partners to form RegionalCare Hospital Partners Holdings, Inc. d/b/a RCCH HealthCare Partners ("RCCH"). As a result of this combination, Capella is now a wholly-owned subsidiary of RCCH. We have been negotiating with Capella/RCCH since our January meeting in order to arrive at a mutually acceptable transaction. Subject to the approval of your office, the parties have reached an understanding of the terms by which SJPMC would sell substantially all of its assets to St. Joseph Hospital, LLC (the "Purchaser"), a subsidiary of RCCH. Please consider this letter the formal notice required pursuant to the provisions of Idaho Statute I.C. § 48-1506 (the "Idaho Conversion Law").

**SJPMC and Ascension**

You may recall from prior correspondence to your office, SJPMC is a wholly-owned indirect subsidiary of Ascension Health ("Ascension"), a faith-based, Catholic health care organization dedicated to transforming health care across the continuum of care. Ascension is sponsored by the Ascension Sponsor, which was established by the Roman Catholic Church pursuant to a Vatican decree dated June 30, 2011, and, as such, is considered an integral part of the Catholic Church. The "founding participating entities" of the Ascension Sponsor are the Congregation of the Sisters of St. Joseph of Carondelet (the "original" sponsor of SJPMC), the Congregation of St. Joseph, and the Daughters of Charity of St. Vincent de Paul, Province of St. Louise. Other religious communities have since joined the Ascension Sponsor. In addition to appointing the board of Ascension, the Ascension Sponsor exercises all canonical authority over the hospitals operated by Ascension subsidiaries such as SJPMC. The Ascension Sponsor's responsibilities include the development and oversight of spiritual formation programs, deepening relationships with the Church and local Bishops, fostering and overseeing spiritual care throughout the System, monitoring compliance with Ethical and Religious Directives for Catholic Health Care Services, and the development of

policies regarding care for persons who live in poverty and other vulnerable persons. The governing body of the Ascension Sponsor is appointed by religious communities that have joined the Ascension Sponsor. Currently, the Ascension Sponsor has ten members, six of whom are women religious (including three Sisters from the Congregation of the Sisters of St. Joseph of Carondelet).

### **The Proposed Transaction**

The understanding to sell the assets of SJRMC to the Purchaser is documented in an Asset Purchase Agreement by and among SJRMC, the Purchaser, and Capella, dated September 28, 2016 (the "Asset Purchase Agreement"). SJRMC's obligations under the Asset Purchase Agreement are contingent upon, among other things, the approval of your office. A confidential copy of the Asset Purchase Agreement will be made available to your office upon your request. Some of the aspects of the Asset Purchase Agreement that may be of interest to your office include the following:

1. The Purchase Price is \$109,000,000, subject to customary adjustments for normalized working capital. The purchase price was derived through a competitive bidding process described below.
2. The Purchaser has agreed to hire all employees of SJRMC in good standing subject to the usual background checks and drug screening requirements in positions and at compensation levels which are no less favorable than the positions and compensation levels provided by SJRMC immediately prior to closing. The Purchaser has agreed to provide such employees with benefits offered to similarly situated employees of Purchaser.
3. For at least ten years, the Purchaser will cause the Hospital to have a local board of trustees composed of, without limitation, physicians from the Hospital's active medical staff and local community leaders. Twenty-five percent of the members of this local board (but in no case less than three members) will be members of the Lewiston community. The members of the local board shall have certain rights and responsibilities, including adopting of the Hospital's Vision, Mission and Values statement (which among other things, will assure that the Hospital and its medical staff provide quality medical care that meets the needs of the community); participating in strategic planning of business decisions relating to the Hospital; monitoring performance improvement; granting medical staff privileges; executing physician disciplinary actions consistent with the Hospital's bylaws; identifying new services and educational opportunities; overseeing the Purchaser's commitment to maintain charity care and indigent care policies, including any material change to the charity and indigent care policies of the Hospital; and nominating any Chief Executive Officer candidate for the Hospital.

4. The Purchaser has agreed to implement policies for treatment of indigent patients in a manner generally consistent with the charity care policies and practices of the Hospital in effect prior to closing. As noted above, material changes to such policies (other than those required by law) are subject to the approval of the local board.
5. The Purchaser has agreed to provide the same general levels of charity care as provided by the Hospital prior to closing.
6. For a period of at least ten years following the closing, the Purchaser has agreed to implement reasonable policies for the Hospital's community benefit programs in a manner generally consistent with those programs in effect immediately prior to closing. As noted above, material changes to those policies (other than those required by law) are subject to approval of the local board.
7. The Purchaser has agreed that the operations of the Hospital's medical staff shall be substantially unchanged as a result of the closing of the proposed transaction. Members of the Hospital's medical staff in good standing as of closing will maintain their privileges without change in status.
8. Prior to the expiration of five years from closing, Purchaser will spend or commit to spend not less than \$57,000,000.00 in the aggregate on capital expenditures at the Hospital to further the health care needs of the community. The Purchaser has agreed to consult with the local board to assist the Purchaser in identifying the most appropriate and needed areas for investment of capital, including the construction of an ambulatory care facility at the Hospital consistent with SJRMC's existing plans for the construction of such a facility.
9. For at least five years after closing, the Purchaser has agreed, among other things, not to make any material reductions to, or changes in, the mix or level of services offered by the Hospital (subject to certain limitations) except as approved by the local board. However, to the extent that any service commitment becomes commercially unreasonable, obsolete or generally disfavored in the medical industry based on advances in medicine, medical technology or generally recognized best practices in the medical industry, the Purchaser may seek the consent of SJRMC to discontinue the provision of any such service commitment, and SJRMC's consent shall not be unreasonably withheld.
10. The Purchaser has agreed to keep in place, for at least ten years following the closing, the names of certain portions, departments or wings of the Hospital.

The Asset Purchase Agreement permits the Purchaser to assign its right to purchase and lease the real property relating to the Hospital to an independent third-party real estate company that would simultaneously lease and sublease, respectively, that real property to the Purchaser. Notwithstanding this assignment with respect to real property, however, the Purchaser would

remain jointly and severally liable with its assignee for obligations under the Asset Purchase Agreement. Additionally, regardless of the party to whom such real property is conveyed at the closing of the transactions contemplated by the Asset Purchase Agreement, the purchase price will be paid directly to SJRMC at the closing.

**Compliance with the Idaho Conversion Law**

As we discussed at our meeting, we intend to fully comply with the Idaho Conversion Law. Below we will address each of the relevant factors that is statutorily required to be considered by the Idaho Attorney General in approving the proposed transaction:

Whether SJRMC will receive fair market value for its charitable trust assets.

We understand from our discussions with your office that the Idaho Attorney General will engage an independent valuation firm to ensure that SJRMC will receive fair market value for the assets it will be selling pursuant to the Asset Purchase Agreement. We are confident that we will meet this requirement.

Whether the fair market value of SJRMC's assets to be transferred has been affected by the actions of the parties in a manner that improperly causes the fair market value of the assets to decrease.

SJRM continues to operate in normal course and in a manner that is meeting the needs of the community it serves. No action has or will be taken by the parties to improperly cause the fair market value of SJRMC's assets to decrease.

Whether the proceeds of the proposed transaction will be used consistent with the trust under which the assets are held by SJRMC and whether the proceeds will be controlled as funds independently of the acquiring or related entities.

As an Idaho nonprofit corporation, SJRMC holds its assets and uses its resources for specific charitable purposes. The expressly declared charitable purposes of SJRMC set forth in its articles of incorporation, all of which have been accepted by the State of Idaho, include the following charitable purposes:

- (i) Operate and support health care institutions and activities which are sponsored by the Ascension Sponsor, both within and outside of the State of Idaho;
- (ii) Serve as an integral part of the Roman Catholic Church and carry out its mission in support of or in furtherance of the charitable purposes of the organizations described in SJRMC's Articles of Incorporation (i.e., the Ascension Sponsor and tax exempt subsidiary organizations);

- (iii) Further the philosophy and mission of Ascension Health of healing and service to the sick and poor, and promote, support and engage in any of the religious, charitable, scientific and educational ministries which are now, or may hereafter be established by Ascension Health, or sponsored by the Ascension Sponsor and which are in furtherance of or in support of the charitable purposes of the organizations described in SJRMC's Articles of Incorporation (i.e., the Ascension Sponsor and tax exempt subsidiary organizations);
- (iv) Engage in any lawful activities within the purposes for which a corporation may be organized under the Idaho Not For Profit Corporation Act, as it may be amended from time to time (the "Act"), which are in furtherance of or in support of the charitable purposes of the organizations described in SJRMC's Articles of Incorporation (i.e., the Ascension Sponsor and tax exempt subsidiary organizations);
- (v) Support institutions sponsored by the Ascension Sponsor, both within and outside of the State of Idaho, and to cooperate with other Ascension Health institutions;
- (vi) Promote cooperation and exchange of knowledge and experience among the various apostolates of the Ascension Sponsor within the health care mission;
- (vii) Otherwise operate in support of or in furtherance of the charitable purposes of the organizations described in the Articles, and do so exclusively for religious, charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and in the course of such operation:
  - (A) No part of the net earnings of SJRMC shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons unless allowed by Section 501(c)(3) of the Code and the Act except that SJRMC shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein.
  - (B) No substantial part of the activities of SJRMC shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.
  - (C) Notwithstanding any other provisions of SJRMC's governing documents, the corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

As the seller of the assets, SJRMC will receive the net proceeds from the proposed transaction. SJRMC will continue to exist after completion of the proposed transaction, will remain part of Ascension, and will control the funds independent of the acquiring party or any of the acquiring party's related entities. We propose that SJRMC will use the funds consistent with its charitable purposes as follows:

- A donation of \$20,000,000.00 from the proceeds from the sale will be made from SJRMC to the St. Joseph Regional Medical Center Foundation, Inc., (the "Foundation"). The Foundation already exists, and its current articles of incorporation and bylaws will be made available to your office simultaneously with the delivery of this letter. We propose that:
  - (i) SJRMC will continue to appoint the members of the Board of Trustees of the Foundation but a majority of such members will be from the Lewiston community;
  - (ii) The Foundation board will make the decisions with respect to which projects to fund and how distributions will be made, within pre-established guidelines relating to Roman Catholic identity and values established by the Ascension Sponsor;
  - (iii) No further approvals will be needed with respect to the funding of projects so long as distributions remain within the referenced guidelines;
  - (iv) Distributions will be made from the annual earnings of the corpus of the Foundation (the \$20,000,000.00 donation, plus the existing corpus).
  - (v) The Foundation would remain a subsidiary of Ascension.
  
- All remaining proceeds will be used by SJRMC consistent with its Catholic mission, charitable purposes, and governing documents.

Whether the governing body of the nonprofit hospital exercised due diligence in deciding to dispose of SJRMC's assets, selecting the acquiring entity, and negotiating the terms and conditions of the disposition.

As we discussed during our meeting, the board of SJRMC exercised due diligence in deciding to dispose of its assets. The board conducted a discernment process and decided that an affiliation with a health system with more regional presence was desirable. Following that meeting, a six month Request for Proposal process was initiated in which twenty different organizations were contacted. These organizations included nonprofit, for-profit, and faith-based health systems. Thirteen of these twenty organizations signed non-disclosure agreements to review confidential information concerning SJRMC. Following this review, seven organizations decided to submit proposals, which were then evaluated by the board. The evaluation took into account a number of factors including the proposed purchase prices for the assets, capital commitments, governance, employee matters, the continuance by the acquirer of charity care and community benefit

Lawrence Wasden, Attorney General  
October 20, 2016  
Page 7

programs, medical staff matters, and mission preservation. Following interviews with three of these organizations, the board selected Capella with which to negotiate the terms and conditions of the proposed transaction.

Whether the nonprofit hospital conversion transaction will result in improper private inurement to any person as set forth in section 48-1511, Idaho Code.

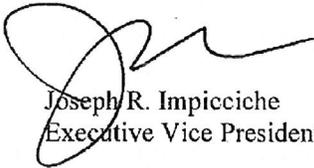
The proposed transaction will be structured in a manner to ensure there will be no improper private inurement to any person. We are not aware of any concern of the Idaho Attorney General in this respect.

Whether the terms of any management or services contract negotiated in conjunction with the proposed nonprofit hospital conversion transaction are reasonable.

The Asset Purchase Agreement contemplates that certain transitional services (IT support, purchasing support, accounts payable support and other accounting functions, and human resources functions) will be provided on a short term basis by affiliates of Ascension that currently provide these services to the Hospital. All of the services will be provided on a fair market value basis.

We are happy to meet with you to discuss our request for approval at your convenience.

Sincerely,



Joseph R. Impicciche  
Executive Vice President and General Counsel of Ascension

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SECRETARY OF STATE  
STATE OF IDAHO

**ARTICLES OF RESTATEMENT  
OF  
ST. JOSEPH REGIONAL MEDICAL CENTER FOUNDATION, INC.**

TO THE SECRETARY OF STATE OF THE STATE OF IDAHO: Pursuant to title 30, chapter 3, Idaho Code, St. Joseph Regional Medical Center Foundation, Inc., the undersigned nonprofit corporation, amends and restates its Articles of Incorporation as follows:

1. The Board of Trustees of St. Joseph Regional Medical Center Foundation, Inc., at a duly called meeting held on June 12, 2014, after proper notice, adopted the below resolution amending and restating the Articles of Incorporation pursuant to Idaho Code title 30, chapter 3.
2. Because the resolution contains amendments requiring approval by the members, the Board of Trustees caused the resolution to be submitted to the members of the corporation for approval.
3. The members, at a duly called meeting held on June 23, 2014, after proper notice, approved the resolution amending and restating the Articles of Incorporation. The number of members entitled to vote was twelve (12). The number of members in attendance was eleven (11). Eleven (11) members voted for the amendment, and zero (0) members voted against the amendment.
4. The text of the resolution amending and restating the Articles of Incorporation is as follows:

BE IT RESOLVED that the Articles of Incorporation of St. Joseph Regional Medical Center Foundation, Inc. be, and the same are hereby, amended and restated in their entirety as follows:

**AMENDED AND RESTATED ARTICLES OF INCORPORATION OF  
ST. JOSEPH REGIONAL MEDICAL CENTER FOUNDATION, INC.**

**ARTICLE 1  
Preliminary Matters**

- 1.1 **Name.** The name of the corporation is St. Joseph Regional Medical Center Foundation, Inc.
- 1.2 **Nonprofit Status.** This corporation is a nonprofit corporation under the laws of Idaho.
- 1.3 **Duration.** The duration of this corporation shall be perpetual.
- 1.4 **Principal Office.** The principal office of the corporation shall be located at Lewiston, Nez Perce County, Idaho.

Articles

- 1 -

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- 1.5 **Definitions.** Capitalized terms and phrases not otherwise defined herein shall have the meanings ascribed to them in the Bylaws of the corporation.

## ARTICLE 2

### Member

The corporation shall have one member, and such member shall be St. Joseph Regional Medical Center, Inc., an Idaho nonprofit corporation ("Member").

## ARTICLE 3

### Purposes and Powers

- 3.1. **General Purposes and Powers.** The purposes and powers of this corporation are:
- (a) To promote and support the charitable missions and purposes of Ascension Health Ministries, a public juridic person ("Sponsor") and of the Member. In no event shall the powers herein conferred and the purposes herein stated be construed to impose any obligation on the Sponsor or Member with respect to any acts, function, or other matter. The corporation shall keep the Member advised of its gifts and fundraising programs and its financial position, all of which shall at all times be consistent with the Member's purposes and programs and not at variance with the Member's Governing Documents or System Policies.
  - (b) To engage in fundraising for the benefit of the Member, and to perform such functions as the Member shall authorize.
  - (c) To participate in charitable arrangements of all kinds, including, but not limited to pooled income funds, charitable gift annuities, charitable remainder annuity trusts, and charitable remainder unitrusts, to the extent permitted by law.
  - (d) To receive donations, contributions, gifts, legacies and bequests; to manage and invest the funds of the corporation; to contract with other organizations (for profit and nonprofit), with individuals, and with governmental agencies in support or in furtherance of the charitable purposes of the corporation and its Member.
  - (e) Engage in any lawful activities within the purposes for which a corporation may be organized under the Idaho Nonprofit Corporation Act, as it may be amended from time to time, which are in furtherance of or in support of the charitable purposes of the organizations described in this Article 3.
  - (f) To do such other things as are incidental to the purposes of the corporation or necessary or desirable in order to accomplish them.
- 3.2. **Powers Reserved to Member.** The following powers are reserved to the Member and require the approval of the Member by action of its Board of Directors:
- (a) Approve the corporation's mission and vision statements.

- (b) Approve changes to the corporation's Governing Documents, if such changes are consistent with System Policies.
- (c) Appoint, upon the recommendation of the Trustees, or remove, with or without cause, one or more Trustees. Removal does not require a recommendation of the Trustees.
- (d) Approve the incurrence of debt by the corporation in accordance with System Policies.
- (e) Subject to Canonical Requirements, approve the formation of a Subsidiary Organization, and the sale, transfer or substantial change in use of all or substantially all of the corporation's assets, or the divestiture, dissolution, closure, merger, consolidation or change in corporate membership or ownership of the corporation.
- (f) Approve the transfer or encumbrance of the corporation's assets in accordance with System Policies.
- (g) Approve operating budget and capital plan for the corporation.

3.3. **Charitable Scope and Limitations.** The corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) (the "Code"). Further, the corporation is organized and at all times shall be operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Sponsor, Member, and such other of the Member's Subsidiary Organizations that qualify under Section 501(c)(3) and under Section 509(a)(1) or Section 509(a)(2) of the Code.

3.4. **Prohibited Payments and Activities.**

- (a) No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein.
- (b) No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.
- (c) Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b) by a

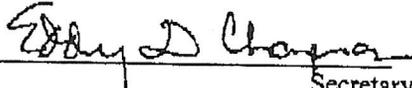
distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

The undersigned corporation has caused these Articles of Restatement to be executed in its name by its President, Troy Ledgerwood, on June 23, 2014.

**ST. JOSEPH REGIONAL MEDICAL CENTER  
FOUNDATION, INC.**

BY:  President

Attest:

 Secretary

AMENDED AND RESTATED BYLAWS  
OF  
ST. JOSEPH REGIONAL MEDICAL CENTER FOUNDATION, INC.

ARTICLE I  
FOUNDATION

- 1.1 **Definitions.** As used in the Governing Documents of the Foundation, the following words and phrases shall have the following meanings:
- 1.1-a “**Approve**” shall mean and include the authority to review and either adopt, accept, appoint, amend, modify, disapprove or send back for further consideration an action recommended or approved by another entity in the System. Where the term “approve” is used, that approval is required by all identified entities before the proposed action will be considered the legally valid, authorized action of the proposing entity.
  - 1.1-b “**Ascension Health Alliance**” shall mean Ascension Health Alliance, a Missouri nonprofit corporation.
  - 1.1-c “**Ascension Health**” shall mean Ascension Health, a Missouri nonprofit corporation.
  - 1.1-d “**Board**” or “**Board of Trustees**” or “**Trustees**” shall mean the Board of Trustees of the Foundation.
  - 1.1-e “**Canonical Requirements**” shall mean the actions and decisions governed by canon law.
  - 1.1-f “**Control**” or “**Controlled**” shall mean:
    - (i) the authority to act as majority member, shareholder or partner of an organization;
    - (ii) the authority to appoint, elect or approve at least a majority of the individual members, shareholders, or partners of an organization; or
    - (iii) the authority to appoint, elect or approve at least a majority of the governing body of an organization.
  - 1.1-g “**Governing Documents**” shall mean the articles of incorporation or charter, articles of organization, bylaws, partnership agreements, operating agreements, or comparable documents as may be applicable depending on the form of the entity’s legal organization.

- 1.1-h “**Member**” shall mean St. Joseph Regional Medical Center, Inc., an Idaho nonprofit corporation.
- 1.1-i “**Ratify**” shall mean and include the authority to accept or reject, without imposing an alternative, an action recommended by another entity in the System. Where the term “ratify” is used, that ratification is required by all identified entities before the proposed action will be considered the legally valid, authorized action of the proposing entity.
- 1.1-j “**Recommend**” shall mean to initiate an action for consideration and approval or ratification.
- 1.1-k “**Sponsor**” shall mean Ascension Health Ministries, a public juridic person.
- 1.1-l “**State**” shall mean the State of Idaho.
- 1.1-m “**Subsidiary Organization**” shall mean any legal entity directly or indirectly controlled by Foundation.
- 1.1-n “**System**” shall mean Ascension Health Alliance and all organizations directly or indirectly controlled by Ascension Health Alliance.
- 1.1-o “**System Policy**” or “**System Policies**” shall mean all policies and procedures issued by Ascension Health Alliance from time to time that is intended to apply to the System or any part of the System.
- 1.2 **Name.** The name of the corporation shall be St. Joseph Regional Medical Center Foundation, Inc., an Idaho nonprofit corporation (the “**Foundation**”).
- 1.3 **Philosophy.** The philosophy of the Foundation shall be that of the Sponsor as articulated and promoted through statements of mission, vision and values of the Member and Foundation in accordance with the official teachings of the Roman Catholic Church and the *Ethical and Religious Directives for Catholic Health Care Services* as approved, from time to time, by the United States Conference of Catholic Bishops and as implemented by the local ordinary.
- 1.4 **Statement of Role and Purposes.** The purposes for which the Foundation shall be organized are exclusively for charitable, religious, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) (the “**Code**”), including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code. The Foundation is organized and at all times shall be operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Sponsor, Member, and such other of the Member’s Subsidiary Organizations that qualify under Section 501(c)(3) and under Section 509(a)(1) or Section 509(a)(2) of the Code. The

Foundation's purposes shall be consistent with and supportive of the Member's corporate purposes, and the Foundation's purposes shall include the following:

- 1.4-a Operate as a foundation to support and encourage the activities and purposes of the Member, which is qualified for exempt status under Section 501(c)(3) of the Code; and to advance the Member's objectives, including, without limiting the foregoing, the sponsorship of, or assistance to specific hospital buildings or health-related facilities, hospital and health care equipment, projects and programs to improve patient care; and, in connection with the Member's activities, to promote the general health of the public and to encourage, support and promote the Member's education, training, and research programs.
- 1.4-b Further the philosophy and mission of the Member of healing and service to the sick and poor, and promote, support and engage in any of the religious, charitable, scientific and educational ministries which are now, or may hereafter be established by the Member and which are in furtherance of or in support of the charitable purposes of the organizations described in this Article.
- 1.4-c Raise funds for any or all of the organizations described in this Article from the public and from all other sources available; receive and maintain such funds and expend principal and income therefrom in support of or in furtherance of the charitable purposes of such organizations.
- 1.4-d Acquire, own, use, lease as lessor or lessee, convey and otherwise deal in and with real and personal property and any interest therein, all in support of or in furtherance of the charitable purposes of the organizations described in this Article.
- 1.4-e Contract with other organizations (for profit and nonprofit), with individuals and with governmental agencies in support of or in furtherance of the charitable purposes of the organizations described in this Article.
- 1.4-f Engage in any lawful activities within the purposes for which a corporation may be organized under the Idaho Nonprofit Corporation Act (the "Act"), as it may be amended from time to time, which are in furtherance of or in support of the charitable purposes of the organizations described in this Article 1.
- 1.4-g Support institutions sponsored by the Sponsor, both within and without the State, and cooperate with other Ascension Health institutions.
- 1.4-h Otherwise operate in support of or in furtherance of the charitable purposes of the organizations described in this Article, and do so exclusively for religious, charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Code and in the course of such operation:

- (i) No part of the net earnings of the Foundation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons unless allowed by Section 501(c)(3) of the Code and the Act except that the Foundation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein.
- (ii) No substantial part of the activities of the Foundation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Foundation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.
- (iii) Notwithstanding any other provisions of the Foundation's Governing Documents, the Foundation shall only operate for charitable purposes and the Foundation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

1.5 **Offices.** The principal office for the transaction of the business of the Foundation shall be St. Joseph Regional Medical Center Foundation in Lewiston, Nez Perce County, State of Idaho. The Foundation may also have an office or offices within or without the State as the Board of Trustees may from time to time establish.

1.6 **Cooperation with Other Organizations.** The Foundation may cooperate with other organizations and agencies concerned with health matters but persons representing the Foundation in such matters shall make no commitments that bind the Foundation except as may be adopted by the Board of Trustees in conformance with these Bylaws and the Articles of Incorporation.

## **ARTICLE II** **MEMBER**

2.1 **Number and Eligibility.** There shall be one member of the Foundation, and such member shall be St. Joseph Regional Medical Center, Inc.

2.2 **Appointment of Officer, Trustee or Other to Act on Behalf of Member.** The Member may appoint an officer(s), trustee(s) or anyone else to act on its behalf in the capacity of the Member of the Foundation.

**ARTICLE III**  
**MEETINGS OF MEMBER**

- 3.1 **Member Meetings.** Meetings of the Member shall be held at such time, date and place, both within and without the State, and shall be conducted in a manner, as provided in the Member's bylaws.

**ARTICLE IV**  
**BOARD OF TRUSTEES**

- 4.1 **Powers and Responsibilities.** The business, property, affairs and funds of the Foundation shall be managed, supervised and controlled by its Board of Trustees who shall exercise all of the powers of the Foundation, not otherwise reserved to the Member, but subject to the limitations contained in the Foundation's Governing Documents and subject to applicable law. The powers of the Board of Trustees, which shall be exercised in accordance with and subject to System Policies, shall include, but not be limited to, the following:
- 4.1-a Advise the Foundation's Executive Director regarding, and assist in planning, promoting and executing, the Foundation's annual fundraising events, capital campaigns, and strategic planning activities.
  - 4.1-b Recommend to the Member the approval of the Foundation's mission and vision statements.
  - 4.1-c Recommend to the Member changes to the Foundation's Governing Documents.
  - 4.1-d Recommend to the Member the appointment of members of the Board of Trustees.
  - 4.1-e Recommend to the Member's Chief Executive Officer the appointment or removal of the Foundation's Executive Director; and, with concurrent approval by the Member's Chief Executive Officer, establish annual performance objectives and evaluate performance of the Foundation's Executive Director.
  - 4.1-f Recommend to the Member the approval of the incurrence of debt in accordance with the Member's policies.
- 4.2 **Powers Reserved to Member.** The following powers are reserved to the Member and require the approval of the Member by action of its Board of Directors:
- 4.2-a Approve the Foundation's mission and vision statements.
  - 4.2-b Approve changes to the Foundation's Governing Documents, if such changes are consistent with System Policies.

- 4.2-c Appoint, upon the recommendation of the Trustees, or remove, with or without cause, one or more Trustees. Removal does not require a recommendation of the Trustees.
- 4.2-d Approve the incurrence of debt by the Foundation in accordance with System Policies.
- 4.2-e Subject to Canonical Requirements, approve the formation of a Subsidiary Organization, and the sale, transfer or substantial change in use of all or substantially all of the Foundation's assets, or the divestiture, dissolution, closure, merger, consolidation or change in the Foundation's membership or ownership.
- 4.2-f Approve the transfer or encumbrance of the Foundation's assets in accordance with System Policies.
- 4.2-g Approve operating budget and capital plan for the Foundation.
- 4.3 **Number, Eligibility and Qualifications.** The Board of Trustees shall consist of such members not fewer than three (3) nor more than twenty-five (25) in number as shall from time to time be fixed by the Member. The Executive Director shall serve as an *ex officio* Trustee without a vote. To be eligible for Board of Trustees membership, a candidate shall satisfy the selection criteria and personal characteristics as may be established by the Member from time to time.
- 4.4 **Vacancies.** Vacancies in the Board of Trustees shall be filled by the Member upon the recommendation of the Board of Trustees, but such recommendation shall not be required for the Member to fill any such vacancy.
- 4.5 **Appointment and Term.** Board Members shall be appointed, upon the recommendation of the Board of Trustees, by Member, however, such recommendations shall not be required for the Member to make any such appointment. Trustees shall be appointed for staggered terms. Unless otherwise specified by the Member, Trustee appointments and reappointments shall commence as of July 1 of the year such appointment or reappointment was made and shall expire on June 30 after a full three (3) year term. If the Member specifies a commencement date other than July 1, the first year of such three (3) year term for such Trustee shall commence on the date specified by the Member and shall expire on the next June 30. No Board member shall serve more than three (3) consecutive three (3) year terms or, in any event, more than nine (9) consecutive years. After a period of one (1) year of not serving on the Board, such person shall be eligible again to serve on the Board of Trustees.
- 4.6 **Power to Appoint Officers.** The Board of Trustees shall elect the Foundation's officers as provided in Section 6.2, except that the Executive Director shall be appointed in accordance with Section 8.1. One person may serve both as Secretary and Treasurer if the Board of Trustees so desires.

- 4.7 **Power to Appoint Other Officers and Agents.** The Board of Trustees shall have the power to appoint such other officers and agents as the Board may deem necessary for transaction of the Foundation's business.
- 4.8 **Removal of Officers and Agents.** Any officer or agent, other than the Executive Director, may be removed, with or without cause, by the Board of Trustees whenever, in the judgment of the Board, the best interests of the Foundation will be served thereby. The Executive Director may be removed in the manner described in Section 8.3 below.
- 4.9 **Removal of Trustees.** Any Trustee may be removed, with or without cause, at any regular or special meeting of the Member. Notice of the intention to act on such removal shall be given in the notice calling such meeting. Removal does not require a recommendation of the Board of Trustees.
- 4.10 **Resignation of Trustees.** A Trustee may resign at any time by filing a written resignation with the Executive Director. A resignation is effective when the notice is filed, unless the notice specifies a later effective date. If a resignation is made effective at a later date, the Member, upon the recommendation of the Board of Trustees, may fill the pending vacancy before the effective date if the Member provides that the successor does not take office until the effective date.
- 4.11 **Power to Require Bonds.** The Board of Trustees may require any officer or agent to file with the Foundation a satisfactory bond conditioned for faithful performance of said officer's or agent's duties.
- 4.12 **Attendance.** All Trustees must attend at least two-thirds (2/3) of the regular meetings of the Board of Trustees. Failure to do so shall constitute a reason for removal or non-appointment.
- 4.13 **Conflicts of Interest.** Each member of the Board of Trustees shall (a) certify to the Foundation that no conflict of interest exists which would impair that member's ability to serve on the Board of Trustees, and (b) comply with the Foundation's and/or Member's Conflicts of Interest Policy. Any transaction involving a direct or indirect conflict of interest of a Trustee shall be subject to Idaho Code § 30-3-81 as amended.
- 4.14 **Fiduciary Duties.** Each Trustee shall discharge his or her duties as a Trustee or member of any committee in accordance with the requirements of Idaho Code § 30-3-80.
- 4.15 **Board and President Evaluation.** The Board of Trustees shall complete a periodic evaluation of its performance and the performance of the President. These evaluations shall assess the performance of the Board and the President in fulfilling their responsibilities as a governing body and officers and the goals of the Member. The evaluation shall be conducted in accordance with the Member's policies and shall be submitted to the Member for acceptance.

- 4.16 **Compensation and Reimbursement.** Any member of the Board of Trustees may receive compensation from the Foundation for services rendered to, or for expenses incurred in serving, the Foundation as a Trustee, or in a capacity other than as a Trustee while conducting activities on behalf of the Member.

**ARTICLE V**  
**MEETINGS OF THE BOARD OF DIRECTORS**

- 5.1 **Annual Meeting.** The Annual meeting of the Board of Trustees shall be held on the second Thursday in October of each year, or at such other time as the Board shall determine.
- 5.2 **Regular Meetings.** The Board of Trustees may provide by resolution the date, time and place, either within or outside of the State, for the holding of additional regular meetings of the Board without other notice than the resolution. However, the Board shall meet at least quarterly.
- 5.3 **Meetings by Telecommunications Device.** Members of the Board of Trustees may participate in a meeting by means of conference telephone or similar communications equipment if all persons participating in the meeting can hear each other simultaneously. Participation in such meeting in such manner shall constitute presence in person.
- 5.4 **Action by Written Consent.** Any action required or permitted to be taken at any meeting of the Board of Trustees may be taken without a meeting, if all members of the Board of Trustees, at the time in office, consent thereto in writing and the writing or writings are filed with the minutes of the proceedings of the Board of Trustees. Action taken pursuant to this section is effective when the last Trustee signs the consent unless the consent contains a prior or subsequent effective date.
- 5.5 **Special Meetings.** Special meetings of the Board of Trustees may be called by the Member, the President, one-third (1/3) of the Trustees, or the Executive Director, at any time by means of such written notice by first class mail, courier service, telephone, telegraph, facsimile, electronic mail, or such other communication reasonably designed to provide prompt notice of the time, place and purpose thereof to each Trustee at least forty-eight (48) hours before the meeting. Any action taken at any such meeting shall not be invalidated for want of notice if such notice shall be waived as hereinafter provided.
- 5.6 **Notices and Mailings.** All written notices required to be given by any provisions of these Bylaws shall state the authority pursuant to which they are issued (as "by order of the President" or "by order of the Board of Trustees" as the case may be). If mailed, such notice shall be considered to be delivered when deposited in the United States' mail in a sealed, properly addressed envelope, first class postage prepaid. If sent by courier, such notice shall be considered to be delivered on the date of confirmed delivery. If sent by facsimile, such notice shall be considered to be delivered when the sender receives confirmation of successful transmission. If sent by electronic mail, such notice shall be

considered to be delivered when it leaves the primary domain and p gateway.

- 5.7 **Waiver of Notice.** Notice of the time, place and purpose of any meeting of the Trustees, may be waived by facsimile, electronic mail, or other writing after such meeting has been held. Attendance at any meeting, except for the purpose of objecting to the holding of such meeting, shall constitute a waiver of notice of said meeting.
- 5.8 **Quorum.** The presence in person, including presence pursuant to Section 5.3, of one-third (1/3) of the Board of Trustees currently in office shall constitute a quorum for the transaction of business. Trustees may not establish a quorum by proxy. 23/4
- 5.9 **Manner of Acting.** The act of the majority of the Trustees present in person at a meeting at which a quorum is present shall be the act of the Board of Trustees unless the act of a greater number is required by law or the Foundation's Governing Documents. No Trustee may act by proxy on any matter.
- 5.10 **Presumption of Assent.** A Trustee who is present at a meeting of the Board at which any action on any Foundation matter is taken shall be presumed to have assented to the action unless such Trustee causes such dissent to be entered in the minutes of the meeting or unless such Trustee delivers a writing stating such dissent (a) to the Secretary of the Foundation at the meeting before the adjournment of the meeting or (b) to the Secretary of the Foundation by certified or registered mail within three (3) days after the adjournment of the meeting. Notwithstanding the foregoing, a Trustee who votes in favor of an action shall have no right of dissent in respect of such action.

## **ARTICLE VI** **OFFICERS**

- 6.1 **Officers.** The officers of the Foundation shall consist of a President, a Vice President, a Secretary, a Treasurer, elected in accordance with Section 6.2 and an Executive Director, appointed in accordance with Section 8.1. One (1) person may hold two (2) or more offices, except that the Secretary shall be neither the President nor the Executive Director.
- 6.2 **Election.** Except for the Executive Director, each officer shall (a) be elected by the Board of Trustees at its annual meeting, and (b) hold office until he or she shall resign, shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.
- 6.3 **Subordinate Officers.** Officers appointed pursuant to Section 4 above shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board of Trustees may from time to time determine.

- 6.4 **Vacancies.** A vacancy in any office because of death, disqualification or any other cause, shall be filled in the manner provided in the Bylaws for regular appointment to such office.
- 6.5 **President.** The President shall, if present, preside at all meetings of the Board of Trustees and exercise and perform such other powers and duties as are provided in these Bylaws.
- 6.6 **Vice President.** The Vice President shall, if present, preside at all meetings of the Board of Trustees in absence of the President.
- 6.7 **Executive Director.** The Executive Director shall have all the powers and authorities assigned to that position and shall be governed by the provisions of Article VIII below. The conditions of employment for the Executive Director are governed by Article VIII below.
- 6.8 **Secretary.** The Secretary shall cause to be kept, at the Foundation's principal office or such other place as the Board of Trustees may order, a book of minutes of all meetings of the Board of Trustees indicating the time and place of holding, whether regular or special and, if special, how authorized, the notice thereof given, the names of those present at the meeting and the proceedings thereof. The Secretary shall perform such other duties as may be delegated by the Board of Trustees.
- 6.9 **Treasurer.** The Treasurer shall have the powers and duties usually associated with that office, subject to such limitations or extensions by the Board of Trustees. The Treasurer shall report to the Board at least annually the Foundation's financial condition.
- 6.10 **Terms of Office.** The officers of the Foundation, except the President and Executive Director, shall each remain in office for a term of one (1) year. The President shall serve a term which shall be for two (2) years and is eligible to serve one (1) additional two (2) year term. A President whose term has reached the two (2) consecutive two (2) year term limit may not be reconsidered for such position. The conditions of employment for the Executive Director are governed by Article VIII.

## **ARTICLE VII** **COMMITTEES**

- 7.1 **Standing Committees.** The standing committees of the Board of Trustees shall consist of an Executive Committee, a Finance Committee, and such other standing committees as the Board of Trustees may authorize.
- 7.2 **Appointment.** The appointment of committee chairpersons and members to serve on standing committees shall be made by the Board of Trustees. Each committee shall have at least two (2) Trustees as voting members. The Trustees may appoint any non-Trustee to sit on any committee as a non-voting member.

- 7.3 **Attendance.** Failure to attend a minimum of one-half (1/2) of the regular assigned committee meetings shall constitute a basis for removal or non-appointment to the committee.
- 7.4 **Special Committees.** The Board of Trustees may appoint special committees for such purposes as circumstances may warrant. The Board of Trustees shall appoint the members and a chair of each special committee. Each special committee shall have at least two (2) Trustees as voting members. The Trustees may appoint any non-Trustee to sit on any special committee as a non-voting member. Each special committee shall limit its activity to the accomplishment of the purpose for which created and shall have no power to act except as is specifically conferred upon it by action of the Board of Trustees. The Board of Trustees may discharge a special committee upon completion of its purpose.
- 7.5 **Records.** Each committee shall maintain a written record of its procedures and activities, including minutes of its meetings, and shall submit a written report of such procedures and activities at least annually to the Board of Trustees.
- 7.6 **Manner of Acting.** The act of the majority of the voting committee members present in person at a meeting at which a quorum is present shall be the act of the committee. No committee member may act by proxy on any matter.
- 7.7 **Meetings by Telecommunications Device.** Members of any committee appointed by the Board may participate in a meeting by means of conference telephone or similar communications equipment if all persons participating in the meeting can hear each other simultaneously. Participation in such meeting in such manner shall constitute presence in person.
- 7.8 **Action by Written Consent.** Any action required or permitted to be taken at a meeting of any committee may be taken without a meeting if all members of such committee, at the time in office, consent thereto in writing and the writing or writings are filed with the minutes of the proceedings of the committee. Action taken pursuant to this section is effective when the last committee member signs the consent unless the consent contains a prior or subsequent effective date.
- 7.9 **Quorum.** One-half (1/2) of the voting members of a committee present in person shall constitute a quorum for the transaction of business by the committee. Committee members may not establish a quorum by proxy.
- 7.10 **Committee Evaluation.** Each committee will complete a periodic evaluation of its performance. This evaluation will assess the performance of the committee in fulfilling its roles and expectations as approved by the Board of Trustees.

7.11 **Executive Committee.**

7.11-a The Executive Committee shall consist of the Executive Director, President, Secretary, Treasurer, and any other person appointed by the Board of Trustees.

7.11-b The Executive Committee shall have the power to transact all business of the Foundation during the period between meetings of the Board of Trustees, subject to any prior limitation imposed by the Board of Trustees or by law. The Executive Committee shall report to the Board of Trustees on all actions taken by it at the next regular meeting of the Board.

7.12 **Finance Committee.**

7.12-a The Finance Committee shall consist of three (3) or more persons, at least two (2) of whom are Trustees.

7.12-b The primary duty of the Finance Committee shall be to determine the financial feasibility of Foundation projects, acts, and undertakings referred to it by the Board of Trustees. In addition, the Finance Committee shall review the annual budget of the Foundation, appraise the Foundation's operating performance, counsel with the officers of the Foundation on both current and long term fiscal affairs, and perform such other duties as may be assigned to it by the Board of Trustees.

7.12-c The Finance Committee shall meet on a regular basis or on call of the Board of Trustees. Each Finance Committee meeting shall have an agenda.

7.13 **Nominating Committee.**

7.13-a The Executive Committee shall also serve as the Nominating Committee.

7.13-b The Nominating Committee shall identify and recommend to the Board of Trustees candidates for membership on the Board of Trustees in accordance with Section 4.1-d, above. The Nominating Committee shall also identify and recommend to the Board of Trustees candidates for positions of officers other than the Executive Director.

7.14 **Vacancies.** Vacancies on any committee may be filled for the unexpired term in the same manner as provided in the case of original appointment.

7.15 **Compensation and Reimbursement.** Any member of a committee may receive compensation from the Foundation for services rendered to, or for expenses incurred in serving the Foundation as a committee member, or in any capacity other than as a committee member of the Foundation while conducting activities on behalf of the Member or Foundation.

**ARTICLE VIII**  
**ADMINISTRATION**

- 8.1 **Executive Director.** The Member's Chief Executive Officer shall appoint and remove the Executive Director, establish annual performance objectives, evaluate the performance, and determine compensation of the Executive Director.
- 8.2 **Authority and Duties.** The Executive Director shall be accountable to the Member's Chief Executive Officer and the Foundation's Board of Trustees. The Executive Director, in keeping with sound principles of management, shall be responsible to:
- 8.2-a Direct the operations of the Foundation in a manner consistent with policies established by the Board of Trustees and the Member's philosophy, mission, and core values;
  - 8.2-b Develop and submit to the Trustees for approval plans for the organization and conduct of the Foundation's affairs, including particularly the development of programs of public relations, soliciting funds, management of endowment funds, and other matters intended to carry out the objectives of the Foundation;
  - 8.2-c Provide leadership in strategic planning, organization, financial planning, and budgeting;
  - 8.2-d Attend all meetings of the Trustees and committees thereof;
  - 8.2-e Direct and facilitate organizational communications;
  - 8.2-f Perform such other duties as may be necessary and in the best interest of the Foundation; and
  - 8.2-g Provide leadership in evaluating the performance of the Foundation.
- 8.3 **Discharge, Suspension and Disciplinary Action.** Subject to the terms of any applicable contract, the Member's Chief Executive Officer has the authority to effect formal disciplinary action, suspension or discharge of the Executive Director.

**ARTICLE IX**  
**FOUNDATION FUNDS AND GIFTS**

- 9.1 **Funds.** A major function of the Foundation is to provide for medical care and programs sponsored by the Member. Therefore, subject to the requirements of Idaho Code § 33-5001 *et seq.* (the Uniform Prudent Management of Institutional Funds Act), gifts, memorials, proceeds from fundraising activities, bequests, and other contributions to the Foundation may be transferred to the Member for the Member's short-term or long-term

needs, or may be invested for future transfer to the Member. The Foundation may, but is not required to, maintain an endowment fund or funds.

9.2 **Acceptance of Gifts.**

- 9.2-a The Executive Director, Board of Trustees, or the Executive Committee may accept on behalf of the Foundation any unrestricted gift, grant, bequest, or devise to the Foundation.
- 9.2-b Acceptance of a gift requires concurrence of both the Board of Trustees and the Member when (1) the gift is made subject to conditions or limitations, (2) is for a specific function and for less than the amount required to finance the capital facility and equipment cost, or (3) there is a question as to whether the purposes or timeliness of the gift are incompatible with the ideals, objectives, programs, and Christian principles of the Member.
- 9.2-c A gift is made subject to conditions or limitations if, among other reasons, terms in the gift instrument, pursuant to Idaho Code § 33-5004(3): (1) designate the gift as an “endowment”; (2) direct or authorize the use of only “income,” “interest,” “dividends,” or “rents, issues or profits”; (3) require the Foundation “to preserve the principal intact”; (4) contain words of similar import; (5) measure permitted distributions by reference to certain types or classes of investment returns; or (6) allocate certain types or classes of returns to income or principal. Any such gift can be accepted only by concurrence of both the Board of Trustees and the Member.
- 9.2-d Unless the terms expressly provide otherwise, all gifts, grants, bequests, and devises to the Foundation shall be deemed irrevocable.

**ARTICLE X**  
**EXECUTION OF INSTRUMENTS**

- 10.1 **Checks, Drafts, and Other Orders.** All checks, drafts, and other orders for payment of money shall be signed in the name of the Foundation by the Executive Director or such other officer or agent as selected by the Member.
- 10.2 **Contracts, Conveyances, and Other Legal Documents.** When the execution of any contract, conveyance, or other instrument has been authorized without specification of the executing officers, the Executive Director may execute the same in the name of and on behalf of the Foundation. The Member shall have the power to designate other officers and agents who shall have authority to execute any instrument on behalf of the Foundation.

**ARTICLE XI**  
**DISSOLUTION**

- 11.1 **Disposition of Assets.** Upon the dissolution of the Foundation, the disposition of all the assets of the Foundation shall be in a manner as provided by the Board of Trustees (subject to the prior approval of the Member and Ascension Health) and in accordance with the following:
- 11.1-a The paying of or the making of provision of the payment of all of the liabilities, direct or indirect, contingent or otherwise, including without limitation, all liabilities evidenced in all outstanding loan agreements, credit agreements, master indentures and other similar documents.
- 11.1-b Subject to compliance with the dissolution principles of Ascension Health, all assets remaining after the payment of all of the liabilities of the Foundation shall be distributed to the Member, Ascension Health, or such other exempt organization(s) under Section 501(c)(3) of the Code as shall be determined by Ascension Health Alliance.
- 11.1-c Any other assets not so disposed of shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Foundation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

**ARTICLE XII**  
**INDEMNIFICATION**

- 12.1 **Indemnification.** The Foundation shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including the imposition of a tax under Section 4958(a)(2) of the Code, but excluding an action by or in the right of the Foundation) which action, suit or proceeding is by reason of the fact that the person is or was (a) a Trustee of the Foundation, (b) an officer of the Foundation, (c) an employee of the Foundation, (d) an agent authorized by the Foundation to act on behalf of the Foundation, or (e) a person who serves or has served at the request of the Foundation as a director, officer, partner, employee, committee member, or agent of another corporation, partnership, joint venture, limited liability company, trust or enterprise. The indemnification shall be against expenses (including attorneys' fees), judgments, and fines against her or him in connection with such action, suit, or proceeding, provided the Foundation shall not be obliged to provide indemnification which would constitute excess benefit within the meaning of Section 4958 of the Code. The indemnification shall only apply if she or he acted in good faith and in a manner she

or he reasonably believed to be in, or not opposed to, the best interest of the Foundation. With respect to any criminal action or proceedings, there must have been no reasonable cause to believe her or his conduct was unlawful. It is intended that the scope of this indemnification shall at all times be as extensive as that allowed by the Act. The Foundation may indemnify such other persons as determined by the Member.

- 12.2 **Insurance.** The Member or Foundation may purchase and maintain insurance on behalf of any person indemnified under this Article and shall further have the power to purchase and maintain insurance on behalf of any person who is or was serving at the request of the Foundation as a director, officer, partner, employee, committee member, or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise insuring against any liability under the conditions described in this Article subject to the power of the Foundation to indemnify such person under applicable law.

### **ARTICLE XIII** **MISCELLANEOUS**

- 13.1 **Books and Records.** The Foundation shall keep correct and complete books and records of accounts, and other records of the activities of the Foundation as may be appropriate or required by law, and shall keep minutes of proceedings of the Board of Trustees, the Executive Committee and other committees of the Board. All books and records of the Foundation may be inspected by the Member or its agent or attorney for any proper purpose at any reasonable time.
- 13.2 **Fiscal Year.** The fiscal year of the Foundation shall begin at the beginning of July 1 and end at the close of June 30, next succeeding period.
- 13.3 **Inspection of Bylaws.** The Foundation shall keep in its principal office for the transaction of business the original or a copy of the Bylaws, as amended or otherwise altered to date and certified by the Secretary, which shall be open to inspection by the Member at all reasonable times during office hours.
- 13.4 **Bylaws Review.** The Bylaws shall be reviewed annually and revised as deemed necessary.
- 13.5 **Rules of Construction.** Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the laws of the State shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine, the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.
- 13.6 **Fiscal Agency.** The Foundation designates Ascension Health Alliance as its fiscal agent to conduct certain of its business activities, including performing any acts or contracting for any activities with respect to fiscal matters. These activities include, without limitation, the investment or loan of the funds of the Foundation as well as the funds of others, and the borrowing of funds from any source. The Foundation agrees that

Ascension Health Alliance as Fiscal Agent shall have the authority to: (i) bind the Foundation as a joint and several borrower/obligor as to any funds which may be borrowed on a System-wide basis, and (ii) appoint third-parties to manage the funds of the Foundation invested by Ascension Health Alliance and delegate to third-parties the authority to invest certain funds of the Foundation and to hold such investments as nominee for the Foundation. Ascension Health Alliance is authorized to enter into such indemnification, hold harmless, subordination, or waiver agreements that Ascension Health Alliance may, in its judgment, deem appropriate. This agency includes the authority to amend or waive any provision of any agreement with any bank or other financial institution for purposes of borrowing.

**ARTICLE XIV**  
**AMENDMENTS TO GOVERNING DOCUMENTS**  
**AND EFFECTIVE DATE**

14.1 **Amendments.** The power to approve changes to the Foundation's Governing Documents that are consistent with System Policies for Governing Documents shall be vested in the Member. The Foundation's Governing Documents may contain any provision for the regulation and management of the affairs of the Foundation not inconsistent with the other Governing Documents of the Foundation and/or applicable law of the State.

14.2 **Effective Date.** These Bylaws shall be effective beginning June 24, 2014.

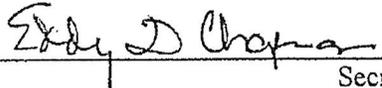
ADOPTED by the Board of Trustees on June 12, 2014.

APPROVED by the Board of Directors of the Member on June 23, 2014.

ST. JOSEPH REGIONAL MEDICAL CENTER  
FOUNDATION, INC.

BY:   
President

Attest:

  
Secretary