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SECRETARY OF STATE
STATE OF IDAHO

**ARTICLES OF INCORPORATION
OF
WALTER KNOX COMMUNITY HOSPITAL, INC.**

The undersigned, acting as the incorporator of a nonprofit corporation ("**Corporation**") organized under and pursuant to the Idaho Nonprofit Corporation Act, Chapter 3, Title 30, Idaho Code, as amended, (the "**Act**"), adopts the following Articles of Incorporation ("**Articles**").

**ARTICLE I
NAME OF THE CORPORATION**

The name of the Corporation is Walter Knox Community Hospital, Inc.

**ARTICLE II
STATUS**

The Corporation is a nonprofit corporation.

**ARTICLE III
PERIOD OF DURATION**

The period of duration of the Corporation is perpetual.

**ARTICLE IV
REGISTERED OFFICE AND AGENT**

The location of the Corporation is in the City of Emmett, County of Gem, and in the State of Idaho. The address of the initial registered office is 1202 East Locust Street, Emmett, Idaho, 83617, and the name of the initial registered agent at this address is Max Long.

**ARTICLE V
PURPOSES**

The purposes for which the Corporation is organized and will be operated are as follows:

- A. To provide care for indigent patients and receive any person falling sick or maimed within Gem County, Idaho.
- B. To preserve and enhance the quality and availability of medical care in Gem County.
- C. To pursue charitable, religious, educational, or scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended from time to time, including, for such purposes, the making of distributions to organizations that qualify as exempt under such Section 501(c)(3).

D. To exercise all powers granted by law necessary and proper to carry out the foregoing purposes, including, but not limited to, the power to accept donations of money, property, whether real or personal, or any other things of value. Nothing contained within these Articles shall authorize or permit the Corporation to carry on any business for profit, to exercise any power, or to do any act that a corporation formed under the Act, or any amendment thereto or substitute therefore, may not at that time lawfully carry on or do.

ARTICLE VI LIMITATIONS

No part of the net earnings or the assets of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, 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 in Article V. No substantial part of the activities of the Corporation shall be for 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 any candidate for public office. Notwithstanding any other provisions of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, as amended from time to time.

ARTICLE VII MEMBERS

The Corporation shall have members ("Members"). The Members of the Corporation shall consist of a broad representation of the citizens of Gem County, Idaho, including residents of (i) each incorporated city in Gem County, Idaho and (ii) the unincorporated area of Gem County. The Members shall be elected by the Members in accordance with the Corporation's Bylaws.

ARTICLE VIII VOTING

Every Member entitled to vote on any matter submitted to a vote at a meeting of the Members, including election of directors of the Corporation, shall have the right to vote, in person or by proxy, and shall be entitled to one vote per Member.

ARTICLE IX BOARD OF DIRECTORS

A. **Initial Board of Directors.** The affairs of the Corporation shall be managed by its Board of Directors. The number of Directors serving on the Board of Directors shall be fixed in accordance with the Corporation's Bylaws, which number shall be not less than three (3). Other than the Directors constituting the initial Board of Directors, who are designated in these Articles, the Directors shall be elected by the Members of the Corporation in the manner and for

the term provided in the Bylaws of the Corporation. No Director shall serve more than two (2) consecutive three (3) year terms, except that a Director may be re-elected or re-appointed after a one-year absence. The names and street addresses of the persons constituting the initial Board of Directors are:

NAME	ADDRESS
Dave Shaw	1202 East Locust Street Emmett, Idaho, 83617
Carlos Bilbao	1202 East Locust Street Emmett, Idaho, 83617
Steve Salskov	1202 East Locust Street Emmett, Idaho, 83617
Jay Jensen	1202 East Locust Street Emmett, Idaho, 83617
Roger Beal	1202 East Locust Street Emmett, Idaho, 83617
Lan Smith	1202 East Locust Street Emmett, Idaho, 83617
Earl DeFur	1202 East Locust Street Emmett, Idaho, 83617
Stan Sturtz	1202 East Locust Street Emmett, Idaho, 83617
Judy Barbera	1202 East Locust Street Emmett, Idaho, 83617

B. **Staggered Terms of Directors.** The Board of Directors of the Corporation shall be divided into three (3) approximately equal classes. The term of office of the first class of directors shall expire at the first annual meeting after their election, the term of office of the second class of directors shall expire at the second annual meeting after their election, and that of the third class shall expire at the third annual meeting after their election. Board Members who are duly elected at each meeting after such initial classification of the Board of Directors shall hold office until the third succeeding annual meeting. At the organizational meeting of the Corporation, the Board of Directors shall determine the first, second and third classes of directorship, as described above, and appoint each Director to a class.

ARTICLE X DISTRIBUTION ON DISSOLUTION

Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Corporation, distribute all the assets of the Corporation consistent with the purposes of the Corporation (i) to such other nonprofit hospital of Gem County, or (ii) to Gem County, in such manner as the Board of Directors shall determine. Any such assets not so distributed shall be distributed by the district court of the county in which the principal office of the Corporation is then located, exclusively for the purposes or to such organizations, as such court shall determine to be consistent with the purposes of the Corporation.

**ARTICLE XI
INCORPORATOR**

The name and street address of the incorporator is Brian C. Larsen, 877 Main Street, Suite 1000, Boise, Idaho 83702.


**ARTICLE XII
BYLAWS**

Provisions for the regulation of the internal affairs of the Corporation shall be set forth in the Bylaws. The Bylaws may be amended by a two-thirds (2/3) vote of the Board of Directors of the Corporation at a properly noticed regular or special meeting of the Board of Directors.

**ARTICLE XIII
INDEMNIFICATION**

The Corporation shall indemnify, hold harmless, and defend present and former directors, officers, employees and agents of the Corporation to the fullest extent permitted by, and in accordance with, the Act as the same exists at the time of the adoption of these Articles or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than the Act permitted the Corporation to provide prior to such amendment). Expenses, including attorney fees, incurred by present and former directors, officers, employees and agents of the Corporation in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding in accordance with the Act.

DATED: November 16, 2009.



Brian C. Larsen