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STATE OF IDAHO
**ARTICLES OF INCORPORATION
OF
SANDPOINT ORTHOPEDICS, P.C.**

The undersigned is duly licensed to practice the profession of medicine in the State of Idaho and desires to form a Professional Services Corporation pursuant to the Idaho Professional Services Corporation Act for the purpose of rendering specialized medical services and consulting, and hereby adopts the following Articles of Incorporation:

**ARTICLE 1
NAME OF THE CORPORATION**

The name of the corporation shall, from the date of filing hereof, be known as SANDPOINT ORTHOPEDICS, P.C.

**ARTICLE 2
PURPOSE AND POWERS**

The purposes for which this corporation is formed are:

(a) To engage in the practice of medicine as a professional corporation and to own and operate a medical office for the purpose of providing orthopedic and care and treatment, as well as surgery and other services associated with sports medicine.

(b) To promote medical and scientific research and knowledge; to furnish orthopedic consulting and educational services; and to own real and personal property, enter into contracts and engage in any lawful business necessary for the rendering of such professional services.

(c) To do everything necessary, proper, or convenient for the accomplishment of any of the purposes herein set forth, and to do every other act incidental thereto which is not

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prohibited by the laws of the State of Idaho or by the provisions of these Articles of Incorporation.

The purposes of this corporation shall be carried out only through individuals who are duly licensed or otherwise legally qualified to render professional medical services in the State of Idaho, together with such employees as are deemed necessary.

ARTICLE 3 DURATION

The period of duration of the corporation is perpetual.

ARTICLE 4 REGISTERED OFFICE AND AGENT

The address of the corporation's registered office in the State of Idaho is 1327 Superior Stret, Sandpoint, County of Bonner, State of Idaho; and the name of its registered agent at such address is Douglas A. Cipriano, M.D..

ARTICLE 5 CAPITAL STOCK

The aggregate number of shares which the corporation shall have authority to issue is Ten Thousand (10,000). The total authorized number of shares shall be without par value. The corporation is authorized to issue only one class of stock. No capital stock of the corporation shall be issued to anyone other than an individual who is duly licensed or otherwise legally authorized to render the medical services for which the corporation was incorporated.

ARTICLE 6 DIRECTORS

The number of directors constituting the initial board of directors is one (1) and the name and address of the person who is to serve as director until the first annual meeting of the shareholder or until his successor is elected and qualified is:

Name

Address

Douglas A. Cipriano, M.D.

1327 Superior Street
Sandpoint, ID 83864

**ARTICLE 7
INCORPORATOR**

The name and address of the incorporator is:

Douglas A. Cipriano, M.D.
1327 Superior Street
Sandpoint, ID 83864

**ARTICLE 8
RESTRICTIONS ON STOCK TRANSFER**

No shareholder of this corporation may sell or transfer her shares except to another individual who is eligible to be a shareholder of such professional service corporation, and such sale or transfer may be made only after the same shall have been approved, at a stockholders meeting specifically called for such purpose, by not less than a majority of the outstanding stock. At such shareholders meeting, the shares of stock held by the shareholder proposing to sell or transfer his shares may not be voted or counted for any purpose, unless all stockholders consent that such stock be voted. In addition to the restrictions contained in this paragraph, the following limitations set forth in this Article 8 shall also apply to stock transfers.

No shareholder shall pledge, mortgage, sell, or otherwise transfer all or any portion of his capital stock unless it shall first be offered to the corporation at a price no greater than a bonafide offer by any third person, which offer shall be open to the corporation for a period of one hundred twenty (120) days. In the event any of the said stock is not purchased by the corporation during such period, it shall be offered to the remaining shareholders in the same proportion as their respective

stock interests, for a like price and for a similar period of time. Should any of the remaining stockholders decline to purchase his proportionate share of said stock during such period, that share shall be offered to the then remaining shareholders for a like price and for a similar period of time. In the event that any of said stock is not purchased by the corporation or the shareholders, the remaining stock may then be sold by the shareholder at the price of the bonafide offer of the qualified third person. Notice of this restriction shall appear on all stock certificates.

If the corporation or stockholders dispute the purchase price of a bonafide offer, the purchase price shall be determined by appraisal. The cost and expense of the appraisal shall be borne equally by the selling and purchasing parties. If the value as determined through an independent appraisal is not satisfactory to either the selling or the purchasing party, the value of the shares shall be determined by arbitration, as follows:

The purchasing party and the selling party shall each name an arbitrator. If the two arbitrators cannot agree on a value, they shall appoint a third arbitrator and a decision of the majority shall be binding upon all parties. Arbitration shall be in accordance with the rules of the American Arbitration Association, as such rules may be in effect at the time of arbitration, and as modified by the provisions of Idaho Code §7-901 et seq.. The cost of arbitration shall be borne entirely by the party dissatisfied with the value as determined through independent appraisal.


The terms of payment of the purchase price shall be the terms agreed upon by the selling and purchasing parties, if an agreement can be reached. If the parties cannot agree, the purchase price shall be paid with twenty (20%) percent down in cash within ten (10) days of the determination of the value of the shares to be purchased, and the balance shall be evidenced by a Promissory Note signed by the purchasing party. The note shall bear interest at a rate equal to the Federal Housing Authority rate of interest at the time of sale, and shall provide for monthly payments of principal and

interest over three years, commencing thirty (30) days after payment of the down-payment. The note shall provide that in the case of default, at the election of the holder, the entire sum of the principal and interest will be immediately due and payable, and for the payment by the maker of reasonable attorney's fees to the holder in the event suit is commenced because of any default.

ARTICLE 9 REGULATION OF INTERNAL AFFAIRS

The initial Bylaws shall be adopted by the Board of Directors. The power to alter, amend, or repeal the Bylaws or to adopt new Bylaws shall be vested in the Board of Directors. The Bylaws may contain any provision for the regulation and management of the affairs of the corporation not inconsistent with the corporate laws of the State of Idaho or these Articles of Incorporation.

EXECUTED in duplicate on this 28 day of April, 2003.

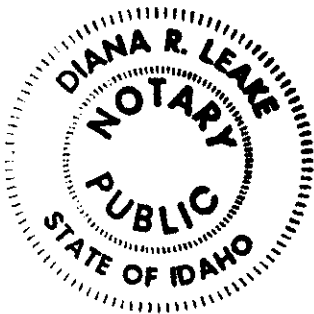



DOUGLAS A. CIPRIANO, M. D.

STATE OF IDAHO)
) ss.
County of Bonner)

On this 28 day of April, 2003, before me, a Notary Public in and for said State, personally appeared DOUGLAS A. CIPRIANO, M.D., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year last above written.





NOTARY PUBLIC—State of Idaho
Residing at: Sandpoint
My Commission Expires: 8-1-2006