

**ARTICLES OF INCORPORATION  
OF  
MISSOULA COMMUNITY HOSPITAL LEGACY FOUNDATION**

Executed by the undersigned, for the purpose of forming a Montana nonprofit corporation, pursuant to the “Montana Nonprofit Corporation Act,” Title 35, Chapter 2, Montana Code Annotated.

**ARTICLE I**

**Name.** The name of the corporation is **Missoula Community Hospital Legacy Foundation** (the “Corporation”).

**ARTICLE II**

**Designation.** The Corporation is a public benefit corporation, organized exclusively for charitable, educational, religious or scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (the “Code”) and its Regulations (the “Regulations”) as they now exist, or as they may hereafter be amended.

**ARTICLE III**

**Registered Office and Agent.** The street address of the initial registered office of the Corporation is 350 Ryman Street, Missoula, Montana, 59802, the mailing address of the initial registered office is PO Box 7909, Missoula, Montana, 59807-7909, and the name of the initial registered agent is Gary B. Chumrau.

**ARTICLE IV**

**Incorporator.** The name of the incorporator is Gary B. Chumrau. The incorporator’s address is 350 Ryman Street, PO Box 7909, Missoula, Montana, 59807-7909.

**ARTICLE V**

**Members.** The Corporation will not have members.

**ARTICLE VI**

**Trustees.** The Initial Board of Trustees shall be comprised of nine (9) Trustees, all appointed by CMC Missoula, Inc., (“CMC Missoula”), a Montana nonprofit corporation formerly called Community Medical Center, Inc. (“CMC”), which sold substantially all of its assets to RCHP Billings – Missoula, LLC (“RCHP”) effective as of January 16, 2015, pursuant to the terms of an Asset Purchase Agreement dated

September 4, 2014 (as amended the “APA”). The number of Trustees may be increased by the Board of Trustees; provided, however, at all times there shall be no fewer than three (3) Trustees.

Trustees shall have staggered terms so that one-third (1/3) of the seats will become open each year. The Initial Board shall consist of three (3) members who served as board members of CMC prior to the date appointed, with one (1) such member having a three (3) year term, one (1) having a two (2) year term, and one (1) having a one (1) year term. The other six (6) Initial Board members shall be individuals appointed by CMC Missoula after engaging in a public process by advertising and utilizing a press release to solicit recommendations for and applications from qualified individuals. All such Trustees shall meet all qualifications set forth below. Two (2) of these six (6) additional members shall have a term of three (3) years, two (2) shall have a term of two (2) years, and two (2) shall have a term of one (1) year. CMC Missoula shall determine the initial term of each Board member.

Except for the Initial Board members whose terms are for less than three (3) years, all Board members (including initial Board members with shorter terms who are re-elected) shall be elected to serve a three (3) year term.

Trustees shall be allowed to serve a maximum of three (3), three (3) year terms; however, those Initial Board members who are appointed for terms of less than three (3) years, shall be permitted to serve three (3) full three (3) years terms after expiration of their initial terms.

The Board, or a governance/nominating committee appointed by the Board, shall have the authority to nominate qualified individuals to be elected or re-elected to the Board. All Trustees whose terms have expired will be elected annually by a majority vote of the Board of Trustees based on the manner of acting set forth in the Bylaws, excluding those Board members whose terms have expired and are eligible to be re-elected to the Board.

All Trustees must meet the following qualifications: Except as provided below, Trustees must reside in the “Region”, defined for these purposes as the geographic area which comprised the primary and secondary service area of CMC as of January 16, 2015, which area is shown on Exhibit “A” attached hereto. All must have an interest in and concern for the Corporation and its non-profit healthcare mission, be objective and impartial, have a willingness and ability to commit time to Corporation affairs, and must be committed to the purpose of the Corporation as a whole and not to any other special interest. No Trustee may also be a current board member, officer or employee of post-closing RCHP or any other party to the APA, with the exception of physicians or mid-levels who are employed by RCHP or Community Physicians Group (or its successor) who would otherwise be eligible to serve. At no time shall there be more than three (3) Trustees who served as board members of CMC prior to January 16, 2015.

In order to accommodate reasonable flexibility and discretion in selecting Board members, there is no requirement that a specific number of Board members must be from a particular classification or category. However, CMC Missoula, in connection with the establishment of the Initial Board, and the Board thereafter, will use reasonable and good faith efforts, to include individuals on the Board with special and relevant knowledge, expertise, skills, and experience to bring value to the operation of the Corporation and its healthcare mission. This will include individuals who possess these qualities in the areas of investments and asset management, accounting, finance, law, non-profit administration, clinical healthcare and healthcare administration. The Board shall at all times, have at least one (1) physician and a maximum of two (2) clinical healthcare providers. Notwithstanding the requirement above that all Trustees must reside in the Region, up to two (2) Trustees may at any one time reside outside the Region if the Board in its reasonable discretion determines it is necessary to do so in order to populate the Board with qualified individuals in the areas of experience or expertise outlined above.

The Trustees shall serve without compensation for their role as Trustees; provided, however that the Board of Trustees may, upon approval of a majority of the Board, pay each Trustee's actual and reasonable expenses, if any, of attendance at each Board meeting or committee meeting of the Board.

## ARTICLE VII

**Distribution of Assets on Dissolution.** In the event of the dissolution of the Corporation, the balance of all money and other property, which the Corporation receives from any source, after the payment of all debts and obligations of the Corporation, shall be distributed to an organization recognized as exempt from federal income tax as an organization described in Section 501(c)(3) of the Code and the Regulations. In no event shall any of the assets or property of the Corporation be distributed to any member, trustee, officer, employee, or private individual.

## ARTICLE VIII

**Purposes.** The purposes for which the Corporation is formed are to engage in such exclusively charitable activities as shall qualify it for exemption from taxation as an organization described in Section 501(c)(3) of the Code. The Corporation will be operated and managed on a permanent endowment model basis, using its revenues to fund its activities and preserving its principal, consistent however at all times with the Code and applicable Regulations governing private foundations.

Specifically, the Corporation is organized for the purpose of promoting health and healthcare services available to the public in the "Region" as defined above and in the Corporation's Bylaws. Such promotion of health and healthcare when deemed appropriate by the Trustees may be, but shall not be required to be, guided by the Institute

for Healthcare Improvement's "Triple Aim Initiative" for optimizing health system performance by:

- Improving the patient experience (including quality and satisfaction);
- Improving the health of populations; and
- Reducing the per capita cost of health care.

In furtherance of the foregoing charitable health and healthcare purposes, the Corporation shall:

- (a) Collect, accept, hold, invest, reinvest, and administer any gifts, grants, bequests, devises, benefits of trusts, and property of any sort, without limitation as to value or amount, and apply the income and principal thereof, and make grants and contributions, as the Board of Trustees may from time to time determine, as follows:
  - (1) to or for the use of one or more charitable entity or charitable entities for health and healthcare purposes; and
  - (2) directly for health and healthcare purposes, without making use of any other charitable entity, including grants to individuals for health and healthcare related educational purposes or to recognize financial need, but only to the extent such grants are (i) permitted by applicable law, rule or regulation, and (ii) designed to result in benefit to the Region .
- (b) Fund, carry on, conduct or take part in programs, projects, and services designed to improve, protect, and/or restore individual, community, and public health in order to achieve improvements in access to and the quality of healthcare and the overall health of individuals in the Region.
- (c) Alone or in cooperation with other persons, organizations, or institutions, conduct any and all other activities and do any and all acts and things which may be necessary, useful, suitable, or proper in connection with or for the furtherance, accomplishment, or attainment of such health and healthcare purposes as are lawful for a corporation organized under the Montana Nonprofit Corporation Act as now in effect, or as it may hereafter be amended (the "Act") and for a corporation, which qualifies for exemption from federal taxation as an organization described in Section 501(c)(3) of the Code.

The Corporation shall not change or amend its purpose or mission without the

express, written approval of the Montana Attorney General.

## ARTICLE IX

**Powers; Prohibited Transactions.** In furtherance of its health and healthcare purposes, the Corporation shall have all of the general powers enumerated in the Act, except that:

- (a) The Corporation shall not exercise any power or authority, nor shall it engage in any activity, that would prevent the Corporation from qualifying (and continuing to qualify) as an exempt organization described in Section 501(c)(3) of the Code.
- (b) No part of the net earnings, if any, of the Corporation shall inure to the benefit of any member, trustee, officer, employee, or private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation in accordance with the Bylaws), and no member, trustee, officer, employee, or private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.
- (c) No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting, to influence legislation, except to the extent permitted under Section 501(h) of the Code, nor shall the Corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.
- (d) With respect to any taxable year or years of the Corporation during which it is a private foundation, as defined in Section 509 of the Code, it shall make distributions for such years at such time and in such manner as not to subject the Corporation to tax under Section 4942 of the Code, and the Corporation shall not (i) engage in any act of self-dealing, as defined in Section 4941(d) of the Code; (ii) retain any excess business holdings, as defined in Section 4943(c) of the Code; (iii) make any investments in such manner as to subject the Corporation to tax under Section 4944 of the Code; or (iv) make any taxable expenditures, as defined in Section 4945(d) of the Code.
- (e) The following words and phrases used in these Articles of Incorporation shall have the following meaning: (i) the words “charitable” and “educational” shall have the same meaning as provided in Section 501(c)(3) of the Code and the Treasury Regulations thereunder; (ii) the phrases “charitable entity” and “charitable entities” shall include only entities

qualifying as exempt from federal income taxes as entities meeting the requirements of Section 501(c)(3) of the Code and the Treasury Regulations thereunder and transfers to which are deductible for income, gift, and estate tax purposes under the provisions of Sections 170(c), 2522, and 2055 of the Code; (iii) the phrases “public purpose” and “public purposes” shall include only public purposes as defined in Section 170(c)(1) of the Code.

- (f) Any grants to individuals for health and healthcare educational purposes shall be made, pursuant to a procedure adopted by the Corporation pursuant to, and in compliance with, Section 4945(g) of the Code, and any other applicable law, rule or regulation, and must be designed to result in benefit to the Region.

## **ARTICLE X**

**Limitation of Trustee’s Liability.** A Trustee of the Corporation shall not be liable to the Corporation or its members for monetary damages for breach of a Trustee’s duties to the Corporation or its members, except for (a) breach of a Trustee’s duty of loyalty to the Corporation or its members; (b) acts or omissions not in good faith or that involve intentional conduct or a knowing violation of the law; (c) transactions from which a trustee derived an improper personal economic benefit; or (d) conflict of interest transactions, loans to or guarantees for Trustees and officers or unlawful distributions.

## **ARTICLE XI**

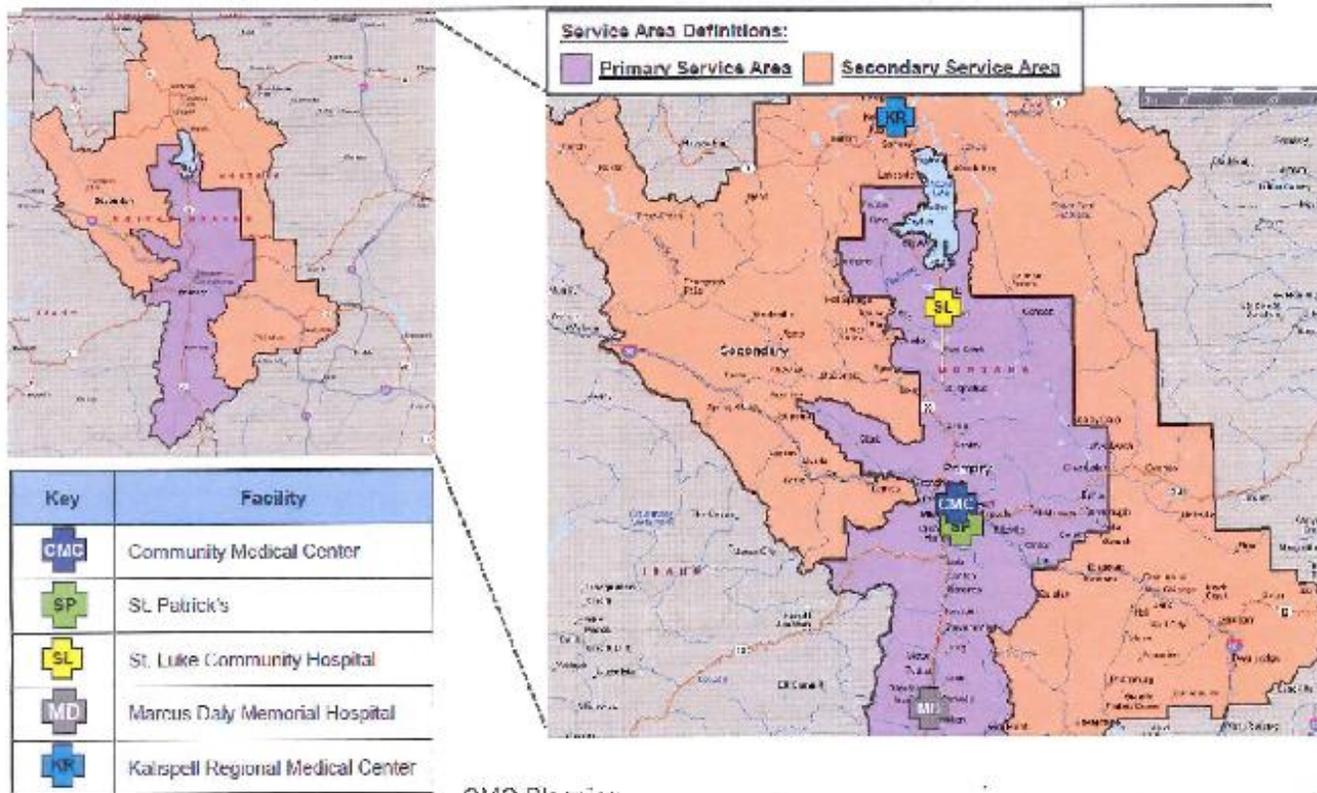
**Amendments.** The Corporation may amend these Articles of Incorporation in the manner authorized by law at the time of the amendment. However, prior to any such amendment, the Corporation shall first provide notice of such proposed amendment to the Montana Attorney General. The Montana Attorney General shall be deemed to have approved of such amendment if no objection is made in writing containing the grounds for such objection within twenty (20) days after the Montana Attorney General has received notice of the proposed amendment. If the Montana Attorney General does object within twenty (20) days, then the Corporation shall not make any amendments until such objections are resolved.

**DATED** this \_\_\_\_ day of September, 2015.

\_\_\_\_\_  
Incorporator

**EXHIBIT A**  
**MAP OF REGION**

# Primary and Secondary Service Area



CMC Planning

Attachment A