

CMC'S PROPOSAL FOR USE OF NET CLOSING PROCEEDS

Community Medical Center, Inc. ("CMC"), has executed an Asset Purchase Agreement, (the "APA") with RCHP Billings – Missoula, LLC, a Delaware limited liability company ("Buyer"), and others, which is scheduled to be consummated and to close on or about December 31, 2014 ("Closing"), and which will result in cash being paid at Closing to CMC in the amount currently estimated to be approximately \$74.7 million ("CMC Sale Proceeds").

CMC is a Montana non-profit public benefit corporation, exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The Montana Attorney General's Office ("AGO") is charged with reviewing the proposed sale of CMC's assets, including whether the proceeds of the sale and other charitable assets of CMC will be put to an appropriate use. The AGO has advised CMC and the public that it will review any proposal by CMC for the use of its sale proceeds to ensure fidelity to CMC's charitable mission and service area (legal doctrine of *cy pres*).

At or before Closing CMC will pay its debts and known liabilities not assumed by the Buyer. CMC hereby proposes to use the CMC Sale Proceeds as follows:

1. At Closing a gift from the Buyer of \$500,000 cash will be conveyed to the University of Montana Foundation ("UMF") for the benefit of the University of Montana ("UM") to help fund in part the healthcare programs and healthcare infrastructure at the new Missoula College to be constructed on the East Broadway campus, all in accordance with the Gift Agreement attached hereto as Schedule "1".
2. At Closing a gift from CMC in the amount of \$10,000,000 cash will be conveyed to UMF for the benefit of UM to help fund in part, the three (3) healthcare related projects at UM described in the Proposed Budget attached hereto as Schedule "2" as the CMC Legacy Health Professions Complex, Program Initiatives for Health Professionals, and the CMC Promise Scholarships Pilot Program, all in accordance with the Gift Agreement attached hereto as Schedule "3".
3. The remainder of the CMC Sale Proceeds will at Closing (or in the case of any adjustments resulting in additional payment after Closing, once received) be retained and managed by CMC on an interim basis only, until the Foundation (defined below) has been formed, is operational, and has been determined to be exempt from taxation under Section 501(c)(3) of the Internal Revenue Code; at which time the remainder of the CMC Sale Proceeds of approximately \$64.2 million, Less the "Reserve Fund" (defined below) will be transferred to the Foundation (defined below) as a gift (the "Gift Amount"). After Closing, CMC will continue its corporate existence, and will operate under the name CMC, Inc.
4. At the time the Gift Amount is transferred to the Foundation, CMC will retain enough cash (the "Reserve Fund") and reserve the right to request additional

funds as may be needed from the Foundation pursuant to a “Request Notice” provided for in Section 7, to reasonably fund its wind-down activities, including dealing with any post-closing unknown liabilities, enforcing the Buyer’s continuing obligations under the APA, and covering its operating expenses. CMC will remain in existence until its governing board determines reasonably and in good faith that it has satisfied or made provision to satisfy all of its debts, liabilities, and obligations and, upon such determination as permitted by and in accordance with Montana law, CMC shall dissolve and, upon dissolution, convey all remaining CMC Reserve Fund monies (the “Remaining Proceeds”) to the Foundation (defined below) to be held, managed, and distributed as part of its endowment fund, and transfer to the Foundation any enforcement rights CMC may continue to have under the APA.

5. CMC will work diligently before and after Closing to create a new foundation to be organized and governed as follows:
 - a. The new foundation will be named the Community Hospital Legacy Foundation (the “Foundation”).
 - b. The Foundation will be formed as a Montana non-profit public benefit corporation, without members.
 - c. The Foundation will promptly file an application with the Internal Revenue Service (“IRS”) seeking tax exemption under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and once granted the Foundation is intended to be and remain an organization exempt from taxation under Section 501(c)(3) of the Code.
 - d. The Foundation will be operated on a permanent endowment model basis, (using revenues to fund its activities and preserving its principal), consistent with its charitable organizational documents and all applicable Code requirements, rules and regulations governing private foundations.
 - e. The mission of the Foundation will be to support healthcare related projects and programs in the “Region” (defined below) that are consistent with the “Triple Aim Initiative” of the Institute for Healthcare Improvement, which focuses on:
 - Improving the patient experience of care (including quality and satisfaction);
 - Improving the health of populations; and
 - Reducing the per capita cost of health care.

The mission and purpose of the Foundation are outlined in the

Foundation's proposed Articles of Incorporation attached hereto as Schedule "4".

As used herein, the "Region" means the geographic area which comprises the primary and secondary service areas of CMC as of Closing, which are shown on Schedule "5" attached hereto.

- f. The Foundation's governing board ("Board") shall be comprised of nine (9) individual members who reside in the Region. Members of the Board shall serve in a volunteer capacity, without compensation, other than reimbursement of reasonable and actual expenses incurred in connection with the performance of duties as members of the Board. No member of the Board may also be a board member or officer or employee of CMC or any other party to the APA, with the exception of physicians or mid-levels who are employed by Community Physicians Group (or its successor), who would be eligible to serve. For so long as it maintains its corporate existence after Closing, but in no event for longer than nine (9) years after Closing, CMC shall have the right to appoint and re-appoint four (4) members of the nine (9) member Board, who may be members of the pre-Closing CMC board. After CMC dissolves or is otherwise no longer conducting business, or after the expiration of nine (9) years after Closing, the minority board members theretofore appointed by CMC will be permitted to serve out their then-current term(s), and thereafter their successors shall be nominated and elected in the same manner as the other Board members.

Board members shall have staggered terms so that one-third (1/3) of the Board seats will become open each year. The initial Board shall consist of four (4) members appointed by CMC with two (2) of such members 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 five (5) initial Board members shall be individuals recommended by CMC and approved by the AGO all of whom reside in the Region, are not current CMC board members, and who possess the qualifications set forth below. One (1) of these five (5) 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.

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.

Board members 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.

All members of the Board shall have the following qualifications and qualities:

- i. Interest in and concern for the Foundation and its non-profit healthcare mission;
- ii. Objectivity and impartiality;
- iii. A willingness and ability to commit time and thought to the Foundation affairs; and
- iv. A commitment to the Foundation as a whole and not to a special interest.

In order to accommodate reasonable flexibility and discretion in selecting Board members, there will be no requirement established for a specific number of Board members to be from a particular classification or category. However, CMC and the AGO 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 Foundation and its 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 as Board members.

Subject to the right of CMC for a period not to exceed nine (9) years after Closing to appoint four (4) Board members while it maintains its corporate existence, all Board members elected subsequent to the initial Board, shall be elected by the Board annually. 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. The Board will also accept nominations from the Foundation's Healthcare Advisory Board (defined below), which shall include nominations of qualified individuals who have served on the Healthcare Advisory Board. A Board member shall be elected by a plurality vote of the Board members, on a non-cumulative voting basis, excluding those Board members whose term has expired and are eligible to be re-elected to the Board.

- g. The Board will designate and form an advisory board or council to be named the Healthcare Advisory Board (the "Advisory Board"), which will be advisory only to the Board. The general purpose of the Advisory Board will be to advise the Board on healthcare needs and potential grants in the

Region, and to recommend nominees to the Foundation Board. The Board may assign specific duties to the Advisory Board from time to time, consistent with its advisory role. The Advisory Board will consist of not fewer than seven (7) and not more than fifteen (15) members, as determined by the Board from time to time. Except as provided below, all members must reside in the Region and must demonstrate an interest in and concern for the Foundation's Triple Aim healthcare mission. It is expected that this Advisory Board will be made up of individuals who are representative of the broad and diverse geographic healthcare community in the Region, including but not limited to members who represent rural and other underserved areas and populations. By way of example only, qualified members could include medical and mental healthcare providers, public/health officers from the various counties in the Region, hospital and other healthcare facility administrators/employees, a representative from the Tribal Health and Human Services Department of the Confederated Salish and Kootenai Tribes, the Dean of the College of Health Professions and Biomedical Sciences at the University of Montana (or his/her representative), a representative from Partnership Health Center or other community health centers, a representative from the Western Montana Regional Area Health Education Center (AHEC), a representative of the Family Medicine Residency of Western Montana Program, and other individuals who in the Board's judgment can bring value and guidance to the Board in connection with its operation of the Foundation and the fulfillment of its mission. Notwithstanding the foregoing, the Board may in its discretion appoint up to two (2) members of the Advisory Board who reside outside the Region, in order to help bring best practices to the work of the Advisory Board. By way of example only, the Board may decide to appoint members that bring a national perspective to the charitable work of non-profit foundations, e.g. someone who has special expertise or experience in the Triple Aim Initiative.

Appointment shall be for a one (1) year term, and a member is eligible to serve multiple terms. Appointment of the initial members of the Advisory Board shall be subject to approval by the AGO.

- h. The Foundation will use its best efforts to not actively engage in public fundraising efforts; however, the Foundation may seek grants related to healthcare in the Region from federal, state, and private trusts, foundations, and other similar sources.
- i. The Foundation will maintain a continuing net worth equal to the amount (and for the period of time) required by Section 11.4 of the APA.
- j. The Foundation agrees to assume responsibility for CMC's indemnity obligations to Buyer under Section 7.2 of the APA. Subject to Section 7, CMC will retain its enforcement rights under the APA and will not

transfer such rights to the Foundation, except as provided in Section 4.

- k. CMC will agree (i) to notify the Foundation of any indemnity claims by Buyer or other third parties against CMC under the APA or any claim with respect to any other CMC liabilities, and (ii) reasonably and in good faith to consult with and allow the Foundation and its designated representatives participation in resolving any such claim with the final determination of the resolution of such claim to be within the sole and exclusive good faith discretion of CMC.
6. CMC will retain its Right of First Refusal (“ROFR”) contained in Section 10.9 of the APA.
7. If after CMC has transferred the Gift Amount to the Foundation under Section 3, the CMC board (i) determines that the amount of CMC post-Closing liabilities (including any of CMC’s indemnification obligations to Buyer under the APA and any liabilities of CMC that are reserved to CMC and are not assumed by Buyer under the APA), and/or amounts necessary to enforce the Buyer’s continuing obligations under the APA will exceed the CMC Reserve Fund, or (ii) exercises its ROFR, the CMC board may request in writing (“Request Notice”) that the Foundation transfer all or part of the “Net Gift Proceeds” (as designated by CMC in the Request Notice) to CMC and, in such event, the Foundation will convey such amount up to the amount of the Net Gift Proceeds to CMC within thirty (30) business days. The term “Net Gift Proceeds” for these purposes means the amount of the Gift Amount (i) increased by any Remaining Proceeds transferred to the Foundation and any earnings thereon, and (ii) reduced by (a) grants made by the Foundation in accordance with its organizational documents and mission; (b) administrative costs and expenses incurred in connection with the operation of the Foundation; (c) any net losses in value of the Net Gift Proceeds; (d) any amounts returned to CMC in accordance with this Section 7; and (e) any other amounts properly transferred or expended by the Foundation.

SCHEDULE "1"



GIFT AGREEMENT

RCHP Billings-Missoula Gift Fund

This Gift Agreement ("Agreement") is entered into effective _____, 2014 between RHCP Billings-Missoula LLC ("Donor"), the University of Montana ("University") and the University of Montana Foundation (the "Foundation"), with reference to the following:

Donor has entered an asset purchase agreement to purchase the assets of Community Medical Center (the "Hospital). Upon the closing of the acquisition of the Hospital by Donor, Donor wishes to make a charitable gift of \$500,000 to the Foundation to support healthcare programs and infrastructure at the University as set forth in this agreement. The University and Foundation desire to accept such gift, subject to the terms and conditions set forth in this agreement.

It is agreed:

1. Subject to, and only following the closing of the Donor's acquisition of the Hospital, Donor agrees to contribute to the Foundation the sum of \$500,000 (Five Hundred Thousand Dollars) in cash or publicly traded securities on or before June 30, 2015. In consideration, the Foundation will establish the **RCHP Billings-Missoula Gift Fund** (the "Fund"), as a current fund held at the Foundation.
2. The Fund will support healthcare programs and healthcare infrastructure build out at the Missoula College East Broadway campus, as determined by the president of the University. This gift will create new career programmatic opportunities for students from western Montana who are interested in working in the health care field. These funds will be applied directly to the construction and build out costs of the medical training wing of this facility. In return the University would be pleased to recognize this contribution with a significant naming opportunity associated with this facility.
3. As is customary with universities and other non-profit organizations across the country, a one-time gift fee of 6% will be applied to the gift made pursuant to this Agreement in order to provide essential support necessary for the overall operation of the Foundation.
4. In the unlikely event that, at some future date, the circumstances within the University of Montana should change so that the uses and purposes for which this

Fund is established no longer exist, the UM Foundation Board of Trustees, in consultation with the president of the University is hereby authorized to make changes in the use of the Fund most in keeping with the Fund's original intent, which is to fulfill the "Triple Aim" for the populace of western Montana.

The Triple Aim is the well-accepted initiative of the Institute for Healthcare Improvement that describes an approach to optimizing health system performance. In essence, the Triple Aim focuses on:

- Improving the patient experience of care (including quality and satisfaction);
 - Improving the health of populations; and
 - Reducing the per-capita cost of health care.
5. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one Agreement, binding all parties hereto notwithstanding that all of the parties are not signatory to the original or same counterpart. An electronic or facsimile signature shall be as valid as an original.
 6. The Donor, the Foundation and the University warrant and represent that all necessary approvals have been obtained in order for them to enter into this Agreement, and that the signatories to this Agreement on their behalf have been duly authorized.
 7. The Foundation represents and covenants that it is and at all times will be an entity that satisfies the requirements set forth under Section 501(c)(3) and Section 170(c)(2) of the Internal Revenue Code. In the case of a breach of this paragraph, the Donor shall have no obligation to make any contributions to the Foundation under this Agreement.
 8. Each party agrees to execute, acknowledge and deliver such further instruments or documents, and to do all such further acts and things, as may be required by law, or as may be necessary or advisable, to carry out the intent and purposes of this Agreement.
 9. This Agreement constitutes the entire Agreement among the parties and supersedes all prior written or oral statements or agreements. This Agreement may be altered or amended only by a subsequent agreement executed in writing by all parties. This Agreement shall be governed by the laws of the State of Montana.

Intending to be bound, the parties have executed this Gift Agreement effective on the above date.

Donor: **RHCP Billings-Missoula LLC**

By: _____
RHCP Billings-Missoula LLC Representative

Foundation: **University of Montana Foundation**

By: _____
Shane Giese
President and Chief Executive Officer

University: **University of Montana**

By: _____
Royce C. Engstrom
President

SCHEDULE “2”

Proposed Budget: CMC - UM

CMC Capitalization Proposal - \$10M request; total budget required \$13.55M ¹⁻³	Relationship to CMC Mission	Detail
CMC Legacy Health Professions Complex Total cost for complex is estimated at \$6.8M ²	The complex will be used to provide direct and as applicable, pro-bono patient care for the region’s citizens in need and to provide an interprofessional training zone for students and practicing health care professionals.	\$4.25M direct grant for expansion of Skaggs Building to expand existing clinical care infrastructure and supporting labs, conference areas and offices. ²
Program Initiatives for Health Professionals Total cost for this initiative is estimated at \$4.622M ³	Meeting CMC’s commitment to ensure the health care needs of the region are fulfilled by preparing new health care professionals; providing support for clinical training programs in the context of patient-centered care.	\$3.5M direct grant to support initiatives directed to the establishment of new programming based on analyses of regional need, including support for rural rotations, resident training, recruitment and retention initiatives; to provide technology and facilities to support the continuing medical education requirement for rural training sites as well as the western Montana service area. ³
CMC Promise Scholarships Pilot Program	Recruit and retain the best and brightest graduates to work in the CMC service area through loan forgiveness awards.	\$2.25M endowment to provide for 5 \$20,000/year scholarships: It is expected that this program would be grown as it is evaluated through subsequent funding opportunities.

¹Figures projected do not take into consideration associated UMF fees that may be negotiated.

²13,080SF @ \$321/SF = \$4.2M; \$500,000 for specific infrastructure needs to support the mission of the College in the health professions. **It is expected that completing the Complex to meet its goals will require an additional \$2-2.5M. The allocated funds will be used to leverage additional funding.**

³Expenditures prior to enrollment of students in program(s) – **This seed money is not the projected cost of new programs; other sources will be used to complete the capitalization of any new program.**

CMC Legacy Health Professions Complex

For the training of health professionals and pro-bono patient care
Project cost estimate

Floor	SF	Cost/SF	Sub-Total	Total
Basement				\$ 654,000.00
	New Floor Area 4,360	\$ 150.00	\$ 654,000.00	
First Floor				\$ 1,043,600.00
	New Floor Area 4,360	\$ 230.00	\$ 1,002,800.00	
	Demolish existing 1,020	\$ 40.00	\$ 40,800.00	
Second Floor				\$ 1,002,800.00
	New Floor Area 4,360	\$ 230.00	\$ 1,002,800.00	
Garden Roof				\$ 130,800.00
	Deck, sedum, lights, pavers & remodel third floor office for entry to roof 4,360	\$ 30.00	\$ 130,800.00	
Site Costs				\$ 50,000.00
	Misc. landscaping & sidewalks			
Construction Total	13,080	\$ 220.28		\$ 2,881,200.00
Project Costs				Totals
Construction Cost: from above				\$ 2,881,200.00
Architect/Engineers Fees 10%				\$ 288,120.00
Advertising & Printing				\$ 5,000.00
Site Survey				\$ 10,000.00
Commissioning				\$ 30,000.00
Arborist				\$ 2,500.00
Signage				\$ 2,000.00
Telephone & Data Equipment				\$ 50,000.00
Furniture (including clinical lab and examination)				\$ 220,000.00
Equipment (patient care, education and clinical research)				\$ 2,300,000.00
Audio-Visual Equipment				\$ 75,000.00
City of Missoula Impact Fees				\$ 30,000.00
City of Missoula Plan Review Fee				\$ 1,500.00
UM Work Orders				\$ 5,000.00
Operations and maintenance – 3 years				\$ 400,000.00
Administration Fees 3%				\$ 86,436.00
Project Contingency 9.84%				\$ 413,244.00
Total Project Cost				\$ 6,800,000.00

Program Initiatives for Health Professionals CMC-UM

Meeting CMC's commitment to ensure regional health care needs

Estimated 3-year budget

The purpose of this direct grant is to support initiatives directed to the establishment of new programming based on analyses of regional need, including support for rural rotations, resident training, recruitment and retention initiatives; to provide technology and facilities to support the continuing medical education requirement for rural training sites as well as the western Montana service area.

Item	salary	benes.	health	subtotal		Total
Project Director	155,000	31,000	14,000	200,000	(x3)	600,000
Clinical Site Coord.	155,000	31,000	14,000	200,000	(x3)	600,000
Admin Support	45,000	9,000	14,000	68,000	(x3)	204,000
Core Faculty 1	135,000	27,000	14,000	176,000	(x1.5)	264,000
Core Faculty 2	135,000	27,000	14,000	176,000	(x1.5)	264,000
Clinical adjunct faculty	105,000	21,000	14,000	140,000	(x1.5)	210,000
Contracted Services						
Clinical Mentorship (16,000 * 30 students)				480,000	(x 1.5)	720,000
Consulting & other services				125,000		125,000
Tele health support				150,000	(x 1.5)	225,000
Telephone and AV support				50,000		50,000
Office Capitalization				25,000		25,000
Clinic Cost for Instruction				45,000	(x 3)	135,000
Rural Incentives Program (10,000 * 60 scholarships)				600,000		600,000
AHEC Subcontract				150,000		150,000
Support for existing health professional programs				225,000		225,000
Accreditation and other fees				30,000	(x 3)	90,000
Professional Development				10,000	(x 13.5)	135,000
Total						4,622,000

SCHEDULE “3”



GIFT AGREEMENT

Community Hospital Legacy Fund

This Gift Agreement (“Agreement”) is entered into effective _____, 2014 between Community Medical Center (“Donor”), the University of Montana (“University”) and the University of Montana Foundation (“Foundation”), with reference to the following:

Purpose: Donor wishes to make a charitable gift to the Foundation for the use and benefit of the University as set forth in this Agreement. The University and Foundation desire to accept such gift, subject to the terms and conditions set forth in this Agreement. The gift will establish the **Community Hospital Legacy Fund**. The Fund will provide support to establish the Community Hospital Legacy Center Health Professions Complex, program initiatives for health professionals, and scholarships within the University’s College of Health Professions and Biomedical Sciences.

It is agreed:

1. Donor agrees to contribute the sum of \$10,000,000 (Ten Million Dollars) in cash or publicly traded securities to the Foundation on or before December 31, 2015. In consideration, the Foundation will establish the **Community Hospital Legacy Fund** (“Fund”), a current fund held at the Foundation.
2. The Fund will support three initiatives within the College of Health Professions and Biomedical Sciences (“College”). Funds will be allocated at the discretion of the president of the University, according to the proposed budget for the three initiatives, the total of which is \$13,672,000 (Thirteen Million Six Hundred Seventy Two Thousand Dollars). Funds may be allocated as follows:
 - a. Up to \$6,800,000 (Six Million Eight Hundred Thousand Dollars) may be used to support the expansion of the Skaggs Building to expand existing clinical care infrastructure and supporting labs, conference areas and offices. The complex will be used to provide direct patient care for the region’s citizens in need and to provide an inter-professional training zone for students and practicing health care professionals.
 - b. Up to \$4,622,000 (Four Million Six Hundred Twenty Two Thousand Dollars) may be used to support initiatives to prepare new health care

professionals, providing support for clinical training programs in the context of patient-centered care. Funds will be directed to the establishment of new programming based on analyses of regional need, including support for rural rotations, resident training, recruitment and retention initiatives; and to provide technology and facilities to support the continuing medical education requirements for rural training sites as well as the western Montana service area.

c. Up to \$2,250,000 (Two Million Two Hundred Fifty Thousand Dollars) may be used to establish the CMC Promise Scholarships Pilot Program Endowment. Scholarships will be awarded to recruit and retain the best and brightest graduates to work in the CMC service area through loan forgiveness awards. Awarding the CMC Promise Scholarships shall be the responsibility of the scholarship selection committee appointed by the dean of the College.

i. The CMC Promise Scholarships Pilot Program Endowment will be administered by the Foundation. The endowed balance of the CMC Promise Scholarships Pilot Program Endowment will be invested in the Foundation's long term investment portfolio, and shall be managed, invested and reinvested by the Foundation in accordance with its Statement of Investment Objectives and Guidelines, which may be modified from time to time. The CMC Promise Scholarships Pilot Program Endowment shall be administered in accordance with federal laws and the laws of the State of Montana, including the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

3. As is customary with universities and other non-profit organizations across the country, a one-time gift fee of 2% will be applied to any portion of the gift made pursuant to this Agreement which is not allocated to the CMC Promise Scholarships Pilot Program Endowment, in order to provide essential support necessary for the overall operation of the Foundation.

4. In the unlikely event that, at some future date, the circumstances within the University of Montana should change so that the uses and purposes for which this Fund is established no longer exist, the UM Foundation Board of Trustees, in consultation with the president of the University, is hereby authorized to make changes in the use of the Fund most in keeping with the Fund's original intent, which is to fulfill the "Triple Aim" for the populace of Western Montana, the service area of the Community Medical Center (the "Region").

The Triple Aim is the well-accepted initiative of the Institute for Healthcare Improvement that describes an approach to optimizing health system performance. In essence, the Triple Aim focuses on:

- Improving the patient experience of care (including quality and satisfaction);
 - Improving the health of populations; and
 - Reducing the per-capita cost of health care.
5. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one Agreement, binding all parties hereto notwithstanding that all of the parties are not signatory to the original or same counterpart. An electronic or facsimile signature shall be as valid as an original.
 6. The Foundation and the University warrant and represent that all necessary approvals have been obtained in order for them to enter into this Agreement, and that the signatories to this Agreement on their behalf have been duly authorized.
 7. The Foundation represents and covenants that it is and at all times will be an entity that satisfies the requirements set forth under Section 501(c)(3) and Section 170(c)(2) of the Internal Revenue Code. In the case of a breach of this paragraph, the Donor shall have no obligation to make any contributions to the Foundation under this Agreement.
 8. Each party agrees to execute, acknowledge and deliver such further instruments or documents, and to do all such further acts and things, as may be required by law, or as may be necessary or advisable, to carry out the intent and purposes of this Agreement.
 9. This Agreement constitutes the entire Agreement among the parties and supersedes all prior written or oral statements or agreements. This Agreement may be altered or amended only by a subsequent agreement executed in writing by all parties. This Agreement shall be governed by the laws of the State of Montana.

Intending to be bound, the parties have executed this Gift Agreement effective on the above date.

(All signatures follow on the next page.)

Donor: **Community Medical Center**

By: _____
Chair, Board of Directors

Foundation: **University of Montana Foundation**

By: _____
Shane Giese
President and Chief Executive Officer

University: **University of Montana**

By: _____
Royce C. Engstrom
President

SCHEDULE "4"

ARTICLES OF INCORPORATION OF 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 the Community Hospital Legacy Foundation.

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 _____ Missoula, Montana, _____, the mailing address of the initial registered office is _____, Missoula, Montana, _____, and the name of the initial registered agent is _____.

ARTICLE IV

Incorporator. The name of the incorporator is _____. The incorporator's address is _____, Missoula, Montana, 5980_.

ARTICLE V

Members. The corporation will not have members.

ARTICLE VI

Directors. The manner in which Directors shall be chosen and removed from office, their qualifications, powers, duties, compensation, and tenure of office, the manner of filing vacancies on the Board and the manner of calling and holding meetings

of Directors, shall be as stated in the corporation's Bylaws.

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 used or distributed exclusively for purposes within the intentment of 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, director, officer, employee or private individual.

ARTICLE VIII

Purposes. The purposes for which the corporation is formed are to engage in such exclusively charitable and educational activities as shall qualify it for exemption from taxation as an organization described in Section 501(c)(3) of the Code. Specifically, the corporation is organized for the purpose of promoting healthcare services available to the public in "Western Montana", for these purposes defined as Community Medical Center, Inc.'s primary and secondary market areas as of December 31, 2014, as shown on Exhibit "A" attached hereto and by this reference made a part hereof, but excluding support for Community Medical Center and Providence St. Patrick Hospital (or their successors). Such promotion of healthcare shall at all times be consistent with 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 and educational purposes, and at all times consistent with its Triple Aim mission, 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 Directors may from time to time determine, as follows:
 - (1) to or for the use of one or more charitable entity or charitable entities for charitable or educational purposes;

- (2) to or for the use of one or more of the United States of America, and state, territory, or possession of the United States, and any political subdivision thereof, exclusively for public purposes; and
 - (3) directly for charitable or educational purposes, without making use of any other charitable entity, including grants to individuals for educational purposes or to recognize financial need.
- (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 health care and the overall health of individuals and the Western Montana community as a whole.
 - (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 charitable and educational 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 taxation as an organization described in Section 501(c)(3) of the Code.

ARTICLE IX

Powers; Prohibited Transactions. In furtherance of its charitable and educational 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, director, 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, director, 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 Regulations; (ii) the phrases “charitable entity” and “charitable entities” shall include only entities qualifying as exempt from federal taxes as entities meeting the requirements of Section 501(c)(3) of the Code and the Regulations 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 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.

ARTICLE X

Limitation of Directors’ Liability. A director of the corporation shall not be liable to the corporation or its members for monetary damages for breach of a director’s duties to the corporation or its members, except for (a) breach of a director’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 director derived an improper personal economic benefit; or (d) conflict of interest transactions, loans to or guarantees for directors and officers or unlawful

distributions.

ARTICLE XI

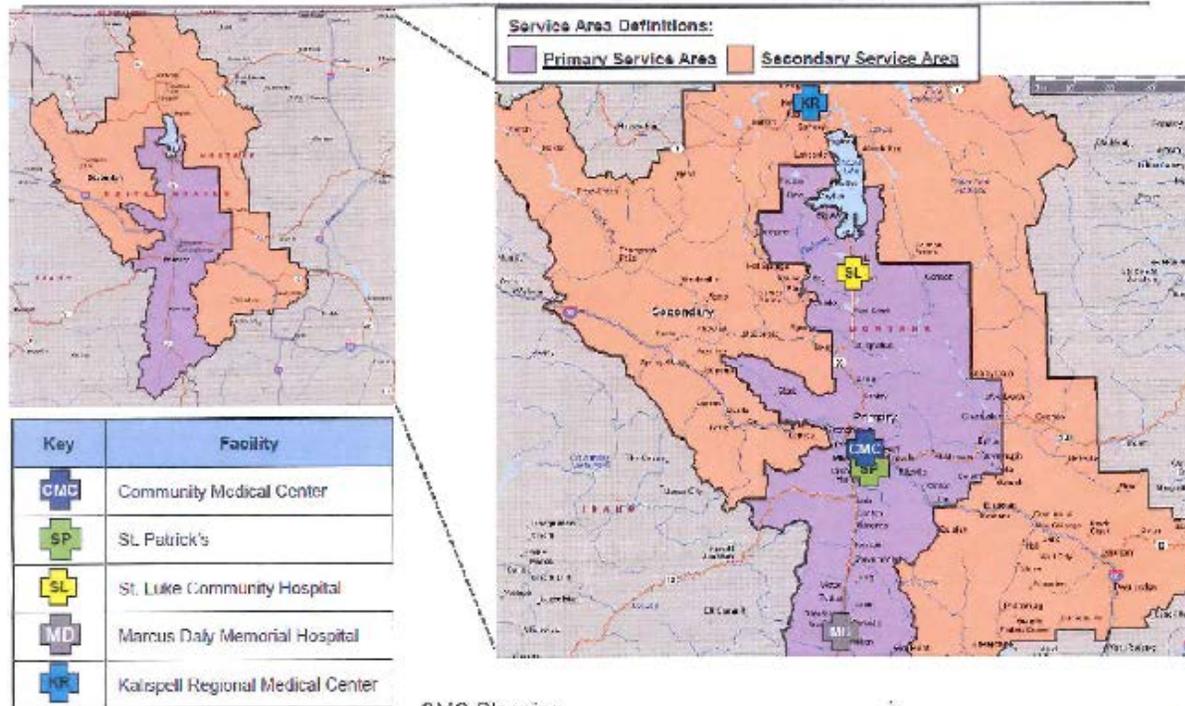
Amendments. The corporation may amend these Articles of Incorporation in the manner authorized by law at the time of the amendment.

DATED this ____ day of December, 2014.

Incorporator

EXHIBIT A

Primary and Secondary Service Area



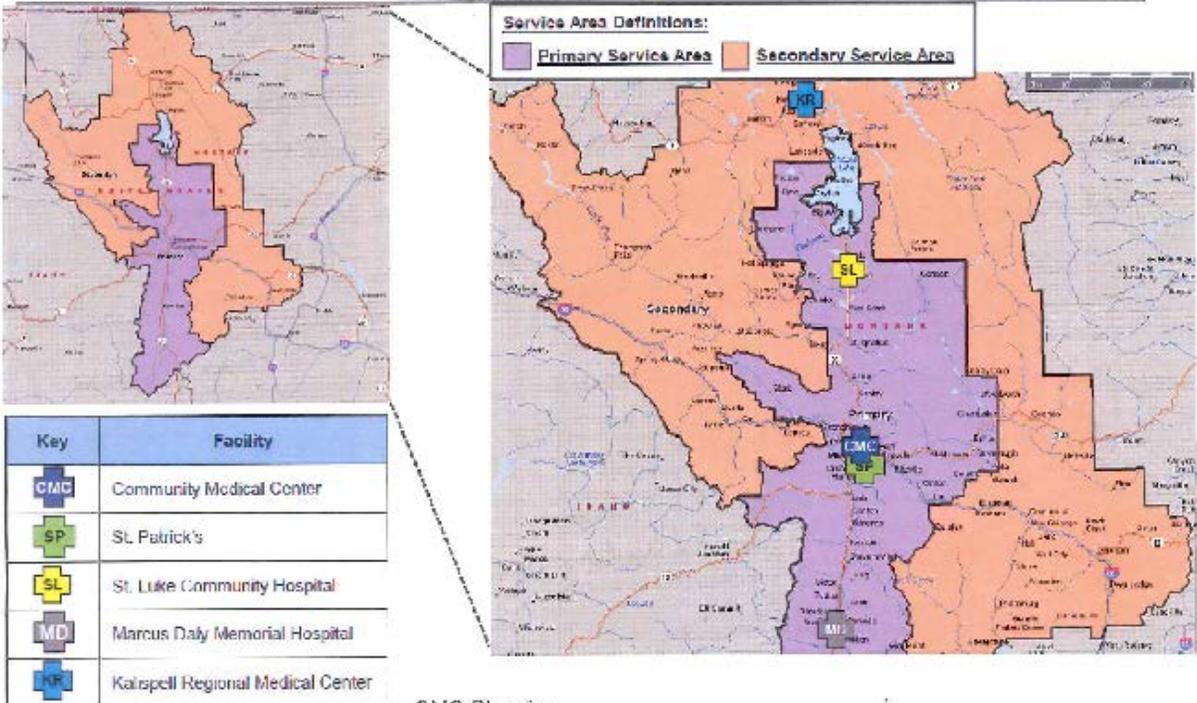
CMC Planning

Attachment A

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SCHEDULE "5"

Primary and Secondary Service Area



CMC Planning

Attachment A