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Via Federal Express and E-mail

August 28, 2008

Mr. Steven M. Saxe, FACHE
Director, Health Professions and Facilities
Department of Health
310 Israel Road SE
Tumwater, WA 98501

Re: HC 08-01 Empire Health Services ("Empire")/Community Health System, Inc. ("CHS") - Conversion Application

Dear Mr. Saxe:

We are submitting this letter in response to the letter and attached evaluations, dated August 20, 2008, from the Department of Health (the "Department") to Kenneth D. Hawkins regarding CHS' application (the "Application") pursuant to Chapter 70.45 RCW and Chapter 246-312 WAC to acquire substantially all of the assets of Deaconess Medical Center and Valley Hospital and Medical Center (collectively, the "Hospitals"). A copy of the aforementioned letter (without attachments) has been attached hereto as Exhibit A (the "Department Letter").

We have set forth below the response of Empire and Empire Health Foundation (the "Foundation") to the conditions imposed upon the conversion¹ in the order in which those conditions appear in the Department Letter.

1. Empire and the Foundation agree to this condition.
2. Empire and the Foundation agree to this condition.
3. Empire and the Foundation agree to this condition.
4. Empire and the Foundation agree to this condition and will provide, upon the Department's request, any additional information that the Department deems necessary to assure compliance with the provisions of RCW 70.45 and the conditions set forth in the Department's decision on the Application.
5. The Foundation's Articles of Incorporation were filed with the Secretary of State on August 22, 2008. However, since the Secretary of State only accepts Articles and not Bylaws for filing, the Bylaws will not be filed with the Secretary of State. A copy of the Bylaws which were adopted at the organizational meeting of the board of

¹ Please note that we have only addressed the conversion conditions in our response, as the certificate of need conditions apply to CHS and not Empire or the Foundation.

RECEIVED

AUG 29 2008

**CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH**

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directors of the Foundation on August 27, 2008, along with a redlined copy which reflects those changes made from the version last submitted to the Attorney General's office on July 3, 2008, are both attached hereto as Exhibit B.

6. The Foundation proposes to submit its annual community report to the Department in satisfaction of this condition.

7. Since the Foundation's initial board of directors was appointed upon the filing of the Articles and since the Foundation, as a part of its organizational actions to be taken in connection with the organizational meeting of its board of directors on Wednesday, August 27, 2008, will be opening its own bank account prior to the closing, there will be no need for the Foundation to establish a trust account to hold the net proceeds of the sale.

8. Empire and the Foundation agree to this condition.

9. Upon further consideration of the requirements in the draft Bylaws for the Foundation, the Foundation decided to eliminate the requirement that the initial board select a "full roster of directors" within 90 days after the closing of the transaction in its entirety, rather than just eliminating the portion that addressed the slate of nominees from whom they could be drawn. While the intent had always been that the slate would be proposed by the pre-transaction Empire and not the post-transaction Empire, the Foundation decided that a reassessment of the board within 90 days following the closing was unnecessary and that the initial board of directors will comprise the Foundation's board until such time as they are re-elected in accordance with the Foundation's Bylaws. This revision addresses the Attorney General's concern that the post-transaction Empire not be involved in any aspect of the selection of the Foundation's board members.

10. Empire and the Foundation have agreed to the revision to Schedule 9 of the Asset Purchase Agreement being proposed by CHS' counsel in their letter response to the Department Letter.

11. Empire and the Foundation agree to this condition.

12. Empire and the Foundation agree to this condition.

13. Empire and the Foundation agree to this condition. The following three additional members of the board of directors of the Foundation have been added since those members identified in CHS' response to the Department dated April 18, 2008 on the screening questions set forth in the Department's letter dated March 5, 2008 and copies of their curriculum vitae have been attached as Exhibit C: Barb Chamberlain, Linda Jones and Sue Lani W. Madsen. The Foundation acknowledges

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that it still needs to add one additional board member of broader geographic and ethnic diversity to meet this condition and will do so as soon as it has identified such an individual and received a commitment from that individual to so serve on the board of the Foundation.

14. Since this condition only impacts CHS, neither Empire nor the Foundation express any opinion with regard to this condition.

15. Since this condition only impacts CHS, neither Empire nor the Foundation express any opinion with regard to this condition.

We appreciate your assistance in this matter and we look forward to receiving confirmation from you as to whether the variations that we have set forth above meet your approval. Please do not hesitate to contact either me at 202-230-5127 or Keith Anderson at 312-569-1278 with any questions that you may have regarding our response.

Respectfully submitted,

Drinker Biddle & Reath LLP



Kelley Taylor Hearne

cc: Keith R. Anderson
C.E. "Mickey" Bilbrey
Ronald F. McKay
Andrew J. Murray
Andrew J. Schultheis

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EXHIBIT A

See attached copy of the Department Letter.



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

August 20, 2008

CERTIFIED MAIL # 7007 2560 0000 4822 1590

Kenneth D Hawkins
Community Health Systems
Post Office Box 689020
4000 Meridian Boulevard
Franklin, Tennessee 37067

RE: HC 08-01 Empire/CHS Conversion Applications
CN08-35 CHS Purchase of Deaconess-Certificate of Need Application
CN08-36 CHS Purchase of Valley Hospital & Medical Center-Certificate of Need Application

Dear Mr. Hawkins:

We have completed review of the applications identified above submitted by Community Health Systems. These applications address the purchase of Deaconess Medical Center and Valley Hospital and Medical Center. Enclosed are the written evaluations. The department has concluded that these applications can be approved pending agreement to the following conditions.

DEACONESS MEDICAL CENTER CERTIFICATE OF NEED CONDITIONS

1. Within 45 days of finalizing the purchase of Deaconess Medical Center, Community Health System, Inc. will submit to the Certificate of Need Program for review and approval a final, executed Admission Policy. The final Admission Policy will be consistent with the draft policy provided in the application.
2. Within 60 days of finalizing the purchase of Deaconess Medical Center, Community Health System, Inc. will submit to the Certificate of Need Program an executed copy of a Department of Health's Hospital and Patient Data Systems program, approved Charity Care Policy.
3. Deaconess Medical Center will provide charity care in compliance with the charity care policies provided in this Certificate of Need application, or any subsequent policies reviewed and approved by the Department of Health. Deaconess Medical Center will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount

of charity care provided by hospitals in the Eastern Washington Region. Currently, this amount is 3.35% of adjusted revenue. Deaconess Medical Center will maintain records documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.

4. Community Health System, Inc. cites the following items as essential services for Deaconess Medical Center. These services will remain available at the hospital for a minimum of ten years.

24-Hour Emergency Care	Labor & Delivery
Cardiac Catheterization	Neonatal Intensive Care
Cardiovascular Surgery & CT Scanning	Mammography
Diagnostic Radiology	MRI Services
General Surgery	Nuclear Medicine
Inpatient Medical & Surgical Services	Outpatient Surgery
Intensive Care	Pharmacy
Lab Services	Therapy Services

If Community Health System determines that any of the listed essential services are to be discontinued, Community Health System will submit an amendment application, with all appropriate supporting documentation to modify this condition as required by (WAC 246-310-570(1)(d)).

VALLEY HOSPITAL & MEDICAL CENTER CERTIFICATE OF NEED CONDITIONS

1. Within 45 days of finalizing the purchase of Valley Hospital and Medical Center, Community Health System, Inc. will submit to the Certificate of Need Program for review and approval a final, executed Admission Policy. The final Admission Policy will be consistent with the draft policy provided in the application.
2. Within 60 days of finalizing the purchase of Valley Hospital and Medical Center, Community Health System, Inc. will submit to the Certificate of Need Program an executed copy of a Department of Health's Hospital and Patient Data Systems program, approved Charity Care Policy.
3. Valley Hospital and Medical Center will provide charity care in compliance with the charity care policies provided in this Certificate of Need application, or any subsequent policies reviewed and approved by the Department of Health. Valley Hospital and Medical Center will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the Eastern Washington Region. Currently, this amount is 3.35% of adjusted revenue. Valley Hospital and Medical Center will maintain records documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.

4. Community Health System, Inc. cites the following items as essential services for Valley Hospital and Medical Center. These services will remain available at the hospital for a minimum of ten years.

24-Hour Emergency Care	Mammography
Diagnostic Radiology	MRI Services
General Surgery	Nuclear Medicine
Inpatient Medical & Surgical Services	Outpatient Surgery
Intensive Care	Pharmacy
Lab Services	Therapy Services
Labor & Delivery	

If Community Health System determines that any of the listed essential services are to be discontinued, Community Health System will submit an application, with all appropriate supporting documentation to modify the issued Certificate of Need.

DEACONESS MEDICAL CENTER AND VALLEY HOSPITAL & MEDICAL CENTER CONVERSION CONDITIONS

1. These approvals are based on the department's record and the representations made to the department and AGO throughout the review of these Conversion and Certificate of Need applications.
2. Prior to the closing of the transaction no material changes are made to the Application, the Asset Purchase Agreement, or the new foundation's Articles of Incorporation and Bylaws except as may be necessary to comply with conditions identified.
3. Prior to the closing of the transaction there occur no changes in operations at the Hospitals, or other events, which result in Empire Health Services not receiving fair market value for the Hospitals.
4. CHS, Empire, and the new foundation each shall provide to DOH, initially within 120 days after the closing of the acquisition and annually thereafter, such reports as DOH deems necessary to assure compliance with the provisions of RCW 70.45 and any conditions imposed pursuant to RCW 70.45.060(2). This should include but not be limited to, financial reports and accountings of the new foundation's operations, income, expenses and grants. These reports shall be available to the public.
5. The new foundation's Articles and Bylaws shall be filed with the Secretary of State's office no later than 120 days following approval of the acquisition
6. The net proceeds from the sale of Deaconess Medical Center and Valley Hospital and Medical Center shall be dedicated to the permissible health care-related purposes for the benefit of the communities within the region served by both hospitals. The new foundation

shall provide to DOH annually, such financial reports, either discretely or as a part of any other reports that demonstrate compliance with this condition.

7. Upon closing the net proceeds of the sale shall be immediately transferred and held in an interest bearing trust account for the benefit of the new foundation until such time as the initial members of the new foundation's board of directors have been appointed. The financial institution in which such account is established shall be subject to DOH's approval. The principal and interest in such trust account shall be transferred to the new foundation immediately following the appointment of the initial members of the new foundation's board of directors.
8. The post-transaction Empire bylaws must be amended to include the requirement, set forth elsewhere in the application, that one of the Empire directors be selected from among three nominees of the new Foundation (*see* page 11, AG Opinion).
9. The draft bylaws for the new Foundation must be amended to strike the requirement that when the initial board members select "a full roster of directors" within 90 days after the closing of the transaction, that their choice be limited to a slate of nominees put forward by post-transaction Empire (*see* page 47 AG Opinion);
10. Schedule 9, attached to the Asset Purchase Agreement, must be amended to remove the prohibition against the new Foundation carrying out its charitable purpose through the support of hospitals that compete with CHS. (*see* pages 49-53 AG Opinion);
11. The draft Foundation Agreement must be amended to explicitly state that the new Foundation holds assets distributed to it pursuant to this transaction in charitable trust (*see* page 45 AG Opinion);
12. The Asset Purchase Agreement must be amended to explicitly require, rather than merely permit, Empire to distribute the net purchase price to the new Foundation (*see* page 46 AG Opinion);
13. Two additional nominees to serve as initial directors of the new Foundation must be identified to provide a more broadly diverse and representative board (*see* pages 54-55 AG Opinion).
14. If CHS fails to make its required \$100 million capital investment within five years of executing the Asset Purchase Agreement, CHS shall pay any shortfall to the new foundation. (*see* page 45, AG Opinion)
15. Deaconess Medical Center and Valley Hospital and Medical Center will provide charity care in compliance with the charity care policies provided in its Certificate of Need applications, or any subsequent polices reviewed and approved by the Department of Health. Deaconess and Valley will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the Eastern Washington Region. Currently, this amount is 3.35% of adjusted revenue. Deaconess and Valley will maintain records documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.

Please notify the Department of Health within 20 days whether you agree to the terms attached to this approval. The Certificate of Need Program does not accept faxed responses to correspondence. Your responses should be sent to the Program at one of the addresses below.

Mailing Address:

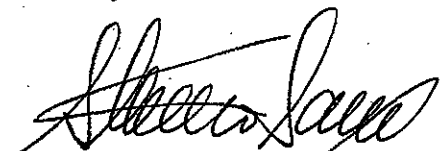
Mail Stop 47852
Olympia, WA 98504-7852

FedEx and UPS:

310 Israel Road SE
Tumwater, WA 98501

Thank you for your cooperation during the review of the application. If you have any questions, please contact Janis Sigman of the Facility Certification Program at (360) 236-2955.

Sincerely,



Steven M. Saxe, FACHE
Director, Health Professions and Facilities

cc: Jeffrey Even, Deputy Solicitor General
Robert Fallis, AAG
Johnna Skyles Craig, AAG

Enclosures

Mr. Steven M. Saxe
August 28, 2008
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EXHIBIT B

See attached clean and redlined copy of the Foundation Bylaws.

**BYLAWS
OF
EMPIRE HEALTH FOUNDATION**

ARTICLE I. THE CORPORATION.

Section 1.1. Authority.

Empire Health Foundation (the "Corporation") is a nonprofit corporation organized under the laws of the State of Washington. Except as otherwise provided in the Articles of Incorporation of the Corporation (the "Articles"), the Corporation shall have all the authority necessary to achieve its purposes and shall be permitted to do all things that can be done by a nonprofit corporation organized under the Washington Nonprofit Corporation Act (Chapter 24.03 of the Revised Code of Washington, hereinafter referred to as the "Act").

Section 1.2. Corporate Offices.

The Corporation shall have and continuously maintain in this State a principal office and a registered agent whose office address may be, but need not be, identical with such principal office. The Corporation may have other offices within or without the State of Washington, as the board of directors may determine from time to time.

Section 1.3. Purposes.

The Corporation is organized and shall be operated exclusively for the charitable, scientific and educational purposes set forth in the Articles.

ARTICLE II. BOARD OF DIRECTORS.

Section 2.1. Number, Election, Terms, Vacancies and Authority.

(a) Number and Qualifications. The business and affairs of the Corporation shall be governed by a board of directors consisting of not less than ten (10) and not more than fifteen (15) individuals, as may be determined from time to time by resolution of the board. The number of directors may be changed from time to time by amendment to these Bylaws, provided that no decrease in the number shall have the effect of shortening the term of any incumbent director. The board of directors shall at all times be broadly representative of the communities historically served by Deaconess Medical Center and Valley Hospital and Medical Center within the Greater Spokane Region, which is defined by the Articles to include the counties of Spokane, Whitman, Lincoln, Adams, Ferry, Stevens and Pend Oreille. All directors shall be individuals whose primary residence is located within the Greater Spokane Region. In no event shall any individual who has an affiliation with Community Health Systems, or any subsidiary or affiliate thereof, be elected to serve as a director of the Corporation. In addition to the foregoing, the President of the Corporation shall serve as an *ex officio*, non-voting member of the board of directors, without limitation as to length or number of terms.

(b) Election.

- (i) Initial Directors. The initial directors shall be as set forth in the Corporation's Articles of Incorporation.
- (ii) Full Board. At the first annual meeting of the Corporation, the initial directors shall assign staggered terms such that, as nearly as possible, an equal number of directors shall be elected each year.
- (iii) Successors. At all annual meetings thereafter, directors shall be elected upon the affirmative vote of a majority of directors present, provided that a quorum exists. If the board determines to appoint a nominating committee, such elections shall be based on a slate of nominees provided by such committee. In identifying candidates for board seats, the board, or a nominating committee, as applicable, will take into consideration factors such as diversity of experience, education, gender, ethnicity and geographic location so that the directors will understand the needs of, and effectively represent, the greater Spokane community.

(c) Terms. Directors shall serve for staggered terms of three (3) years. Terms shall begin with the close of the annual meeting at which directors are elected. Directors shall continue to serve until the close of the annual meeting for the year during which each director's term expires, or until their successors are duly elected. Directors shall be limited to two (2) consecutive full three (3) year terms, without regard to partial terms occurring due to service as an initial director upon formation of the Corporation, or due to staggering or filling of vacancies during a term. Notwithstanding the foregoing limitation of terms, directors may later be re-elected to the board, provided that an interval of at least one (1) year has elapsed.

(d) Registration or Removal. A director of the Corporation may resign at any time by filing a written resignation with the Secretary. Further, the board of directors may remove a director from office, with or without cause, upon the affirmative vote of at least two-thirds (2/3) of those directors then in office.

(e) Vacancy. A vacancy on the board of directors, occurring by reason of death, incapacity, removal or resignation, or for any reason other than by expiration of a director's term, shall be filled as determined by the board, with the newly-appointed director to serve for the unexpired portion of the vacating director's term.

(f) Authority. The board of directors shall have full power and authority to perform any and every lawful act deemed necessary or proper to carry out the purposes of the Corporation. The board of directors shall have the power to enact, maintain and enforce, and from time to time, amend, alter and repeal, all suitable lawful rules and regulations for the governance of the Corporation and perform other acts not inconsistent with law, these Bylaws, or the Articles.

(g) Compensation. Directors shall serve without compensation for their services in such capacity. Notwithstanding the foregoing, directors may be entitled to reimbursement for

reasonable expenses incurred by virtue of an in furtherance of their responsibilities as directors, but only if and to the extent agreed upon in advance by the board, and only if supported by timely and thorough documentation of such expenses.

Section 2.2. Meetings, Notice; Quorum; Voting.

(a) Annual, Regular and Special Meetings. There shall be an annual meeting of the board of directors at the office of the Corporation during the first quarter of each calendar year, or at such other place and at such time as may be designated by the board. Regular meetings other than the annual meeting shall be held at least quarterly, as such places and times as the board may determine. Special meetings of the board of directors may be called by the Chair, the President, or a majority of the directors then in office.

(b) Notice. Notice of the date, time and place of any meeting shall be given (i) by oral or written notice delivered personally to each director at least twenty-four (24) hours prior thereto, (ii) by written notice mailed to each director at least seventy-two (72) hours prior thereto, or (iii) in the case of those directors who have consented in writing to receive notices transmitted electronically, by fax or e-mail transmission to the address, location or system designated by such directors for these purposes. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to a director at his or her address as it appears on the records of the Corporation, with postage thereon prepaid; if faxed or e-mailed, such notice shall be deemed to be delivered upon electronic confirmation of transmission or receipt. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or conveyed.

(c) Participation by Electronic Means. Any one or more directors may participate in, and shall be deemed present at, any meeting conducted by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

(d) Quorum. A majority of directors then in office shall constitute a quorum of the board, but a majority of the directors present at a meeting, though less than such quorum, may adjourn the meeting from time to time without further notice.

(e) Action. At each meeting of the board of directors, each director shall be entitled to cast one (1) vote on all matters presented to the board for its approval. Except as provided below or as provided by law, the act of a majority of those directors who are present at a meeting at which a quorum exists shall be the act of the board. Voting by proxy shall not be permitted. Notwithstanding the foregoing, action on the following matters shall require the affirmative vote of at least two-thirds (2/3) of those directors then in office:

- (i) Removal of a director or officer of the Corporation, with or without cause;
- (ii) Amendment or restatement of the Articles or these Bylaws;

- (iii) The incurrence of indebtedness outside the ordinary course of the Corporation's business (*i.e.*, not including routine vendor payables);
- (iv) The sale, contribution or disposition of all or substantially all of the Corporation's assets; and
- (v) The merger, consolidation, corporate affiliation, or dissolution of the Corporation.

Section 2.3. Informal Action by Directors.

Any action which may be taken at a meeting of the board of directors, or of any committee of the board of directors, also may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors or committee members then serving who are entitled to vote with respect to the subject matter thereof, as the case may be. Any consent signed by all the directors or all the members of the committee shall have the same effect as a unanimous vote, and may be stated as such in any document filed with any governmental office or authority.

Section 2.4. Committees.

(a) Establishment and Charters. The board of directors shall be assisted through the work of various standing and special committees. The standing committees of the board shall include:

- (i) Executive Committee;
- (ii) Audit Committee;
- (iii) Investments Committee;
- (iv) Finance and Compensation Committee; and
- (v) Grants Committee.

The board shall establish charters for each of the foregoing committee, with each such charter to specify the composition, authority and responsibilities of such committee. The board in its discretion may establish charters for each special committee in connection with its formation. The board may further appoint such additional advisory boards or bodies as the board in its discretion determines to be helpful or conducive to the board's exercise of its authority and responsibilities on behalf of the Corporation; provided, however, that no such advisory board or body shall be considered to be a board committee (as that term is used in these Bylaws and in the Act) unless expressly specified as such by the board in connection with the formation thereof.

(b) Appointment and Composition. The board of directors annually shall appoint all standing committees, with each such committee consisting of two (2) or more directors. The Executive Committee, Audit Committee, and Investments Committee shall be fiduciary

committees having the authority to act on behalf of the board of directors to the extent so provided in their respective charters; as such, the membership of such committees shall be limited to persons then serving as members of the Corporation's board of directors. The board may establish such special committees as it shall deem appropriate for the conduct of the business of the Corporation; any such special committee shall include at least two (2) directors of the Corporation, along with such additional individuals as the board may determine. The board shall further appoint a chair for each standing or special committee. All committee members shall serve at the pleasure of the board, or until their successors are elected (generally, at the next annual meeting of the board).

(c) Limitations. Notwithstanding any other provision of these Bylaws, no committee (standing or special) shall be entitled to take any of the following actions:

- (i) Amend, alter or repeal the Articles or these Bylaws;
- (ii) Elect, appoint or remove any director or officer of the Corporation or any committee member;
- (iii) Adopt a plan of merger or consolidation with another corporation;
- (iv) Authorize the sale, lease or exchange of all or substantially all of the property and assets of the Corporation or than in the ordinary course of business;
- (v) Authorize the voluntary dissolution of the Corporation or revoke proceedings therefor;
- (vi) Adopt a plan for distribution of the assets of the Corporation; or
- (vii) Amend, alter or repeal any resolution of the board of directors that by its terms provides that it shall not be amended, altered or repealed by such committee.

ARTICLE III. OFFICERS.

Section 3.1. Selection, Term, Resignation and Removal of Officers.

(a) Officers. The officers of the Corporation shall consist of Chair, Vice Chair, President, Secretary and Treasurer. All officers, other than the President, shall be selected from among the individuals then comprising the board of directors of the Corporation. Any two or more offices may be held by the same person, except that the President may not concurrently hold any other office. The President in his or her discretion may appoint administrative officers as necessary or conducive to the conduct of the Corporation's activities; provided, however, that such administrative officers shall not be considered to be officers of the Corporation within the meaning of these Bylaws or the Act.

(b) Election. The initial officers of the Corporation, other than the President, shall be elected by the board of directors contemporaneously with the adoption of these Bylaws or as soon thereafter as practicable. Successor officers shall be elected at each annual meeting of the board upon the affirmative vote of a majority of directors present, provided that a quorum exists. The President shall be appointed by the board of directors upon completion of an executive recruitment and interview process to the satisfaction of the board.

(c) Term. Officers, other than the President, shall serve for terms of one (1) year. Terms shall begin with the close of the annual meeting at which officers are elected. Officers shall continue to serve until the close of the next annual meeting, or until their successors are duly elected. Officers may serve an unlimited number of consecutive terms in the same office. Notwithstanding the foregoing, the President shall serve at the pleasure of the board of directors, without limitation as to tenure or term of office, and without prejudice to any contractual rights or obligations that may exist.

(d) Resignation or Removal. Any officer may resign at any time by filing a written resignation with the Secretary. Any officer may be removed, with or without cause, upon the affirmative vote of at least two-thirds (2/3) of those directors then in office. In the case of the President, any such removal shall be without prejudice to any contractual rights or obligations that may exist.

(e) Vacancy. In case of a vacancy in any office, by resignation or for any other reason, the board of directors shall fill such vacancy for the unexpired portion of the term.

Section 3.2. Duties.

(a) Chair. The Chair shall preside at all meetings of the board of directors and of the Executive Committee, and shall perform all business and duties customarily pertaining to the office of the Chair and such other duties as he or she may be directed to perform by resolution of the board of directors. The Chair shall serve as the primary liaison between the President and the board of directors, and shall provide advice and counsel to the President as requested or as advisable from time to time.

(b) Vice Chair. The Vice Chair shall exercise all the powers, authority and duties of the Chair during the absence or disability of the Chair, and shall perform such other responsibilities as may be directed by the Chair or the board of directors from time to time.

(c) President. The President shall be the chief executive officer of the Corporation, and shall perform all business and duties customarily pertaining to the office of the President and such other duties as he or she may be directed to perform by the Chair or the board of directors from time to time. The President shall sign all bank checks or orders (or delegate the signing of such documents to subordinates under his or her direction and control), and shall execute, in the name of the Corporation, other significant documents and papers concerning the business of the Corporation.

(d) Secretary. The Secretary shall ensure the keeping of minutes of all proceedings of the board of directors in books provided for that purpose, and such other books and papers as the board of directors may direct. The Secretary shall oversee the giving and serving of notices of

all meetings of the board of directors and otherwise. The Secretary shall perform such additional duties as may customarily pertain to the office of Secretary or as may be directed by the Chair or the board of directors from time to time.

(e) Treasurer. The Treasurer shall ensure the receipt and deposit of all funds of the Corporation in the depository institution or institutions selected by the board of directors, which funds shall be withdrawn only by checks or orders executed in the name of the Corporation by the Treasurer or the President (or subordinates under their direction and control). The Treasurer shall also ensure that accounts are maintained for all receipts, disbursements and balance on hand, and shall report regarding the same when and as requested by the Chair or the board of directors. The Treasurer shall perform such additional duties as may customarily pertain to the office of the Treasurer or as may be directed by the Chair or the board of directors from time to time.

ARTICLE IV. CONFLICTS AND DUALITIES OF INTEREST.

In order to promote integrity and effectiveness in the conduct of the Corporation's activities, the Corporation's affirmative policy shall be to require that all actual or potential conflicts or dualities of interest be disclosed promptly and fully to all necessary parties. The board of directors shall ensure that, at all times, the Corporation maintains a written Conflicts of Interest Policy providing for the affirmative disclosure of actual and potential conflicts of interest, and requiring that all directors, committee members and officers provide written certification as to known conflicts of interest at least annually. The board of directors may further cause the Corporation to adopt and maintain such other written policies, rules and regulations in furtherance of the foregoing as it considers appropriate.

ARTICLE V. LIABILITY AND INDEMNIFICATION.

Section 5.1. Director Liability Limitations.

A director shall have no liability to the Corporation for monetary damages for conduct as a director, except for acts or omissions that involve intentional misconduct by the director, or a knowing violation of law by a director, where the director votes for or assents to a distribution that is unlawful or violates the requirements of these Bylaws, or for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the Act is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the full extent permitted by the Act, as so amended. Any repeal or modification of this Article V shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification for or with respect to an act or omission of such director occurring prior to such repeal or modification.

Section 5.2. Indemnification.

(a) Right to Indemnification. Each person who was or is threatened to be made a party to or is otherwise involved in (including without limitation as a witness) any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer, he or she is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, whether the basis of such proceeding is alleged action in an official capacity as a director, trustee, officer, employee or agent or in any other capacity while serving as a director, trustee, officer, employee or agent, shall be indemnified and held harmless by the Corporation, to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, trustee, officer, employee or agent (as applicable) and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section 5.2(b) below with respect to proceedings seeking solely to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the Corporation. The right to indemnification conferred in this Section 5.2(a) shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section 5.2(a) or otherwise.

(b) Right of Claimant to Bring Suit. If a claim for which indemnification is required under Section 5.2(a) is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. The claimant shall be presumed to be entitled to indemnification under this Article V upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the Corporation), and thereafter the Corporation shall have the burden of proof to overcome the presumption that the claimant is not so entitled. Neither the failure of the Corporation (including its board of directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advance of expenses of the claimant is proper in the circumstances nor an actual determination by the Corporation (including its board of directors or independent legal counsel) that the claimant is not entitled to indemnification or to the reimbursement or advance

of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

(c) Nonexclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles, these Bylaws, agreement, or vote of disinterested directors or otherwise.

(d) Insurance, Contracts and Funding. The Corporation may maintain insurance at its expenses to protect itself and any director, officer, trustee, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against the expense, liability or loss, whether or not the Corporation would have the power to indemnify such persons against such expense, liability or loss under the Washington Business Corporation Act, as applied to nonprofit corporations. The Corporation may enter into contracts with any director or officer of the Corporation in furtherance of the provisions of this Article V and may create a trust fund, grant a security interest or use other means to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article V.

(e) Indemnification of Employees and Agents of the Corporation. The Corporation may, by action of its board of directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the Corporation with the same scope and effect as the provisions of this Article V with respect to the indemnification and advancement of expenses to directors and officers of the Corporation or pursuant to rights granted pursuant to, or provided by, the Washington Business Corporation Act, as applied to nonprofit corporations, or otherwise.

ARTICLE VI. CORPORATE ACTS, LOANS AND DEPOSITS.

Section 6.1. Corporate Acts.

Unless otherwise directed by resolution of the board of directors or by law, all checks, drafts, notes, bonds, bills or exchange, and order for the payment of money of the Corporation, and all deeds, mortgages, conveyances, and other written contracts, agreements and instruments to which the Corporation shall be a party, and all assignments or endorsements of stock certificates, registered bonds, or other securities owned by the Corporation shall be signed by the President (or by a subordinate under his or her control to whom he or she has delegated such authority), except as otherwise determined by the board of directors.

Section 6.2 Loans.

No indebtedness shall be contracted on behalf of the Corporation and no evidences of such indebtedness shall be issued in its name unless authorized by a resolution of the board of directors as provided herein. Such authority may be general or confined to specific instances.

Section 6.3. Deposits.

All funds of the Corporation, not otherwise employed, or subject to immediate distribution, shall be deposited from time to time to the credit of the Corporation in such banks, savings and loan associations, trust companies or other depositories as the board of directors may select.

Section 6.4. Books and Records.

The Corporation shall keep at its principal or registered office copies of its current Articles and these Bylaws; correct and adequate records of accounts and finances; minutes of the proceedings of the board of directors, and any minutes that may be maintained by committees of the board; records of the name and address of each director and officer; copies of any application for Internal Revenue Service recognition of the Corporation's status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), along with information returns (Forms 990) and tax returns (Forms 990-T) filed by the Corporation for the prior three taxable years; and such other records as may be necessary or advisable from time to time.

Section 6.5. Accounting Year.

The accounting year of the Corporation shall be the twelve months ending _____.

ARTICLE VII. AMENDMENTS.

Section 7.1. Amendments.

These Bylaws may be amended or restated upon the affirmative vote of two-thirds (2/3) of the members of the board of directors then in office.

The foregoing Bylaws were adopted by the Board of Directors of the Corporation at a meeting duly called and held on the ____ day of _____, 200__.

Signed: _____
Secretary

**BYLAWS
OF
EMPIRE HEALTH FOUNDATION**

ARTICLE I. THE CORPORATION.

Section 1.1. Authority.

Empire Health Foundation (the "Corporation") is a nonprofit corporation organized under the laws of the State of Washington. Except as otherwise provided in the Articles of Incorporation of the Corporation (the "Articles"), the Corporation shall have all the authority necessary to achieve its purposes and shall be permitted to do all things that can be done by a nonprofit corporation organized under the Washington Nonprofit Corporation Act (Chapter 24.03 of the Revised Code of Washington, hereinafter referred to as the "Act").

Section 1.2. Corporate Offices.

The Corporation shall have and continuously maintain in this State a principal office and a registered agent whose office address may be, but need not be, identical with such principal office. The Corporation may have other offices within or without the State of Washington, as the board of directors may determine from time to time.

Section 1.3. Purposes.

The Corporation is organized and shall be operated exclusively for the charitable, scientific and educational purposes set forth in the Articles.

ARTICLE II. BOARD OF DIRECTORS.

Section 2.1. Number, Election, Terms, Vacancies and Authority.

(a) Number and Qualifications. The business and affairs of the Corporation shall be governed by a board of directors consisting of not less than ten (10) and not more than fifteen (15) individuals, as may be determined from time to time by resolution of the board. The number of directors may be changed from time to time by amendment to these Bylaws, provided that no decrease in the number shall have the effect of shortening the term of any incumbent director. The board of directors shall at all times be broadly representative of the communities historically served by Deaconess Medical Center and Valley Hospital and Medical Center within the Greater Spokane Region, which is defined by the Articles to include the counties of Spokane, Whitman, Lincoln, Adams, Ferry, Stevens and Pend Oreille. All directors shall be individuals whose primary residence is located within the Greater Spokane Region. In no event shall any individual who has an affiliation with Community Health Systems, or any subsidiary or affiliate thereof, be elected to serve as a director of the Corporation. In addition to the foregoing, the President of the Corporation shall serve as an *ex officio*, non-voting member of the board of directors, without limitation as to length or number of terms.

(b) Election.

- (i) Initial Directors. The initial directors shall be as set forth in the Corporation's Articles of Incorporation. ~~Such individuals shall serve until the initial annual meeting of the Corporation, which shall be held within ninety (90) days immediately following the formation of the Corporation through the filing of the Articles.~~
- (ii) Full Board. At the ~~initial~~first annual meeting ~~of the Corporation,~~ the initial directors ~~shall elect a full roster of directors and shall assign staggered terms such that, as nearly as possible, an equal number of directors shall be elected each year. The foregoing actions shall be based on a slate of nominees provided by the Nominating Committee of the Empire Health Services Board of Directors, and shall taken upon the affirmative vote of a majority of the initial directors.~~
- (iii) Successors. At all annual meetings thereafter, directors shall be elected upon the affirmative vote of a majority of directors present, provided that a quorum exists. If the board determines to appoint a nominating committee, such elections shall be based on a slate of nominees provided by such committee. In identifying candidates for board seats, the board, or a nominating committee, as applicable, will take into consideration factors such as diversity of experience, education, gender, ethnicity and geographic location so that the directors will understand the needs of, and effectively represent, the greater Spokane community.

(c) Terms. Directors shall serve for staggered terms of three (3) years. Terms shall begin with the close of the annual meeting at which directors are elected. Directors shall continue to serve until the close of the annual meeting for the year during which each director's term expires, or until their successors are duly elected. Directors shall be limited to two (2) consecutive full three (3) year terms, without regard to partial terms occurring due to service as an initial director upon formation of the Corporation, or due to staggering or filling of vacancies during a term. Notwithstanding the foregoing limitation of terms, directors may later be re-elected to the board, provided that an interval of at least one (1) year has elapsed.

(d) Registration or Removal. A director of the Corporation may resign at any time by filing a written resignation with the Secretary. Further, the board of directors may remove a director from office, with or without cause, upon the affirmative vote of at least two-thirds (2/3) of those directors then in office.

(e) Vacancy. A vacancy on the board of directors, occurring by reason of death, incapacity, removal or resignation, or for any reason other than by expiration of a director's term, shall be filled as determined by the board, with the newly-appointed director to serve for the unexpired portion of the vacating director's term.

(f) Authority. The board of directors shall have full power and authority to perform any and every lawful act deemed necessary or proper to carry out the purposes of the Corporation. The board of directors shall have the power to enact, maintain and enforce, and from time to time, amend, alter and repeal, all suitable lawful rules and regulations for the governance of the Corporation and perform other acts not inconsistent with law, these Bylaws, or the Articles.

(g) Compensation. Directors shall serve without compensation for their services in such capacity. Notwithstanding the foregoing, directors may be entitled to reimbursement for reasonable expenses incurred by virtue of an in furtherance of their responsibilities as directors, but only if and to the extent agreed upon in advance by the board, and only if supported by timely and thorough documentation of such expenses.

Section 2.2. Meetings, Notice; Quorum; Voting.

(a) Annual, Regular and Special Meetings. There shall be an annual meeting of the board of directors at the office of the Corporation during the first quarter of each calendar year, or at such other place and at such time as may be designated by the board. Regular meetings other than the annual meeting shall be held at least quarterly, as such places and times as the board may determine. Special meetings of the board of directors may be called by the Chair, the President, or a majority of the directors then in office.

(b) Notice. Notice of the date, time and place of any meeting shall be given (i) by oral or written notice delivered personally to each director at least twenty-four (24) hours prior thereto, (ii) by written notice mailed to each director at least seventy-two (72) hours prior thereto, or (iii) in the case of those directors who have consented in writing to receive notices transmitted electronically, by fax or e-mail transmission to the address, location or system designated by such directors for these purposes. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to a director at his or her address as it appears on the records of the Corporation, with postage thereon prepaid; if faxed or e-mailed, such notice shall be deemed to be delivered upon electronic confirmation of transmission or receipt. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or conveyed.

(c) Participation by Electronic Means. Any one or more directors may participate in, and shall be deemed present at, any meeting conducted by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

(d) Quorum. A majority of directors then in office shall constitute a quorum of the board, but a majority of the directors present at a meeting, though less than such quorum, may adjourn the meeting from time to time without further notice.

(e) Action. At each meeting of the board of directors, each director shall be entitled to cast one (1) vote on all matters presented to the board for its approval. Except as provided

below or as provided by law, the act of a majority of those directors who are present at a meeting at which a quorum exists shall be the act of the board. Voting by proxy shall not be permitted. Notwithstanding the foregoing, action on the following matters shall require the affirmative vote of at least two-thirds (2/3) of those directors then in office:

- (i) Removal of a director or officer of the Corporation, with or without cause;
- (ii) Amendment or restatement of the Articles or these Bylaws;
- (iii) The incurrence of indebtedness outside the ordinary course of the Corporation's business (*i.e.*, not including routine vendor payables);
- (iv) The sale, contribution or disposition of all or substantially all of the Corporation's assets; and
- (v) The merger, consolidation, corporate affiliation, or dissolution of the Corporation.

Section 2.3. Informal Action by Directors.

Any action which may be taken at a meeting of the board of directors, or of any committee of the board of directors, also may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors or committee members then serving who are entitled to vote with respect to the subject matter thereof, as the case may be. Any consent signed by all the directors or all the members of the committee shall have the same effect as a unanimous vote, and may be stated as such in any document filed with any governmental office or authority.

Section 2.4. Committees.

(a) Establishment and Charters. The board of directors shall be assisted through the work of various standing and special committees. The standing committees of the board shall include:

- (i) Executive Committee;
- (ii) Audit Committee;
- (iii) Investments Committee;
- (iv) Finance and Compensation Committee; and
- (v) Grants Committee.

The board shall establish charters for each of the foregoing committee, with each such charter to specify the composition, authority and responsibilities of such committee. The board in its

discretion may establish charters for each special committee in connection with its formation. The board may further appoint such additional advisory boards or bodies as the board in its discretion determines to be helpful or conducive to the board's exercise of its authority and responsibilities on behalf of the Corporation; provided, however, that no such advisory board or body shall be considered to be a board committee (as that term is used in these Bylaws and in the Act) unless expressly specified as such by the board in connection with the formation thereof.

(b) Appointment and Composition. The board of directors annually shall appoint all standing committees, with each such committee consisting of two (2) or more directors. The Executive Committee, Audit Committee, and Investments Committee shall be fiduciary committees having the authority to act on behalf of the board of directors to the extent so provided in their respective charters; as such, the membership of such committees shall be limited to persons then serving as members of the Corporation's board of directors. The board may establish such special committees as it shall deem appropriate for the conduct of the business of the Corporation; any such special committee shall include at least two (2) directors of the Corporation, along with such additional individuals as the board may determine. The board shall further appoint a chair for each standing or special committee. All committee members shall serve at the pleasure of the board, or until their successors are elected (generally, at the next annual meeting of the board).

(c) Limitations. Notwithstanding any other provision of these Bylaws, no committee (standing or special) shall be entitled to take any of the following actions:

- (i) Amend, alter or repeal the Articles or these Bylaws;
- (ii) Elect, appoint or remove any director or officer of the Corporation or any committee member;
- (iii) Adopt a plan of merger or consolidation with another corporation;
- (iv) Authorize the sale, lease or exchange of all or substantially all of the property and assets of the Corporation or than in the ordinary course of business;
- (v) Authorize the voluntary dissolution of the Corporation or revoke proceedings therefor;
- (vi) Adopt a plan for distribution of the assets of the Corporation; or
- (vii) Amend, alter or repeal any resolution of the board of directors that by its terms provides that it shall not be amended, altered or repealed by such committee.

ARTICLE III. OFFICERS.

Section 3.1. Selection, Term, Resignation and Removal of Officers.

(a) Officers. The officers of the Corporation shall consist of Chair, Vice Chair, President, Secretary and Treasurer. All officers, other than the President, shall be selected from among the individuals then comprising the board of directors of the Corporation. Any two or more offices may be held by the same person, except that the President may not concurrently hold any other office. The President in his or her discretion may appoint administrative officers as necessary or conducive to the conduct of the Corporation's activities; provided, however, that such administrative officers shall not be considered to be officers of the Corporation within the meaning of these Bylaws or the Act.

(b) Election. The initial officers of the Corporation, other than the President, shall be elected by the board of directors contemporaneously with the adoption of these Bylaws or as soon thereafter as practicable. Successor officers shall be elected at each annual meeting of the board upon the affirmative vote of a majority of directors present, provided that a quorum exists. The President shall be appointed by the board of directors upon completion of an executive recruitment and interview process to the satisfaction of the board.

(c) Term. Officers, other than the President, shall serve for terms of one (1) year. Terms shall begin with the close of the annual meeting at which officers are elected. Officers shall continue to serve until the close of the next annual meeting, or until their successors are duly elected. Officers may serve an unlimited number of consecutive terms in the same office. Notwithstanding the foregoing, the President shall serve at the pleasure of the board of directors, without limitation as to tenure or term of office, and without prejudice to any contractual rights or obligations that may exist.

(d) Resignation or Removal. Any officer may resign at any time by filing a written resignation with the Secretary. Any officer may be removed, with or without cause, upon the affirmative vote of at least two-thirds (2/3) of those directors then in office. In the case of the President, any such removal shall be without prejudice to any contractual rights or obligations that may exist.

(e) Vacancy. In case of a vacancy in any office, by resignation or for any other reason, the board of directors shall fill such vacancy for the unexpired portion of the term.

Section 3.2. Duties.

(a) Chair. The Chair shall preside at all meetings of the board of directors and of the Executive Committee, and shall perform all business and duties customarily pertaining to the office of the Chair and such other duties as he or she may be directed to perform by resolution of the board of directors. The Chair shall serve as the primary liaison between the President and the board of directors, and shall provide advice and counsel to the President as requested or as advisable from time to time.

(b) Vice Chair. The Vice Chair shall exercise all the powers, authority and duties of the Chair during the absence or disability of the Chair, and shall perform such other responsibilities as may be directed by the Chair or the board of directors from time to time.

(c) President. The President shall be the chief executive officer of the Corporation, and shall perform all business and duties customarily pertaining to the office of the President and

such other duties as he or she may be directed to perform by the Chair or the board of directors from time to time. The President shall sign all bank checks or orders (or delegate the signing of such documents to subordinates under his or her direction and control), and shall execute, in the name of the Corporation, other significant documents and papers concerning the business of the Corporation.

(d) Secretary. The Secretary shall ensure the keeping of minutes of all proceedings of the board of directors in books provided for that purpose, and such other books and papers as the board of directors may direct. The Secretary shall oversee the giving and serving of notices of all meetings of the board of directors and otherwise. The Secretary shall perform such additional duties as may customarily pertain to the office of Secretary or as may be directed by the Chair or the board of directors from time to time.

(e) Treasurer. The Treasurer shall ensure the receipt and deposit of all funds of the Corporation in the depository institution or institutions selected by the board of directors, which funds shall be withdrawn only by checks or orders executed in the name of the Corporation by the Treasurer or the President (or subordinates under their direction and control). The Treasurer shall also ensure that accounts are maintained for all receipts, disbursements and balance on hand, and shall report regarding the same when and as requested by the Chair or the board of directors. The Treasurer shall perform such additional duties as may customarily pertain to the office of the Treasurer or as may be directed by the Chair or the board of directors from time to time.

ARTICLE IV. CONFLICTS AND DUALITIES OF INTEREST.

In order to promote integrity and effectiveness in the conduct of the Corporation's activities, the Corporation's affirmative policy shall be to require that all actual or potential conflicts or dualities of interest be disclosed promptly and fully to all necessary parties. The board of directors shall ensure that, at all times, the Corporation maintains a written Conflicts of Interest Policy providing for the affirmative disclosure of actual and potential conflicts of interest, and requiring that all directors, committee members and officers provide written certification as to known conflicts of interest at least annually. The board of directors may further cause the Corporation to adopt and maintain such other written policies, rules and regulations in furtherance of the foregoing as it considers appropriate.

ARTICLE V. LIABILITY AND INDEMNIFICATION.

Section 5.1. Director Liability Limitations.

A director shall have no liability to the Corporation for monetary damages for conduct as a director, except for acts or omissions that involve intentional misconduct by the director, or a knowing violation of law by a director, where the director votes for or assents to a distribution that is unlawful or violates the requirements of these Bylaws, or for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the Act is hereafter amended to authorize corporate action further

eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the full extent permitted by the Act, as so amended. Any repeal or modification of this Article V shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification for or with respect to an act or omission of such director occurring prior to such repeal or modification.

Section 5.2. Indemnification.

(a) Right to Indemnification. Each person who was or is threatened to be made a party to or is otherwise involved in (including without limitation as a witness) any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer, he or she is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, whether the basis of such proceeding is alleged action in an official capacity as a director, trustee, officer, employee or agent or in any other capacity while serving as a director, trustee, officer, employee or agent, shall be indemnified and held harmless by the Corporation, to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, trustee, officer, employee or agent (as applicable) and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section 5.2(b) below with respect to proceedings seeking solely to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the Corporation. The right to indemnification conferred in this Section 5.2(a) shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section 5.2(a) or otherwise.

(b) Right of Claimant to Bring Suit. If a claim for which indemnification is required under Section 5.2(a) is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. The claimant shall be presumed to be entitled to indemnification under this Article V upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the Corporation), and thereafter the Corporation shall have the burden of proof to overcome the presumption that the claimant is not so entitled. Neither the failure of the Corporation (including its board of directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advance of expenses of the claimant is proper in the circumstances nor an actual determination by the Corporation (including its board of directors or independent legal counsel) that the claimant is not entitled to indemnification or to the reimbursement or advance

of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

(c) Nonexclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles, these Bylaws, agreement, or vote of disinterested directors or otherwise.

(d) Insurance, Contracts and Funding. The Corporation may maintain insurance at its expenses to protect itself and any director, officer, trustee, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against the expense, liability or loss, whether or not the Corporation would have the power to indemnify such persons against such expense, liability or loss under the Washington Business Corporation Act, as applied to nonprofit corporations. The Corporation may enter into contracts with any director or officer of the Corporation in furtherance of the provisions of this Article V and may create a trust fund, grant a security interest or use other means to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article V.

(e) Indemnification of Employees and Agents of the Corporation. The Corporation may, by action of its board of directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the Corporation with the same scope and effect as the provisions of this Article V with respect to the indemnification and advancement of expenses to directors and officers of the Corporation or pursuant to rights granted pursuant to, or provided by, the Washington Business Corporation Act, as applied to nonprofit corporations, or otherwise.

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Section 6.2 Loans.

No indebtedness shall be contracted on behalf of the Corporation and no evidences of such indebtedness shall be issued in its name unless authorized by a resolution of the board of directors as provided herein. Such authority may be general or confined to specific instances.

Section 6.3. Deposits.

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Section 7.1. Amendments.

These Bylaws may be amended or restated upon the affirmative vote of two-thirds (2/3) of the members of the board of directors then in office.

The foregoing Bylaws were adopted by the Board of Directors of the Corporation at a meeting duly called and held on the ____ day of _____, 200__.

Signed: _____
Secretary

Document comparison by Workshare Professional on Thursday, August 28, 2008
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Moved cell	
Split/Merged cell	
Padding cell	

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Deletions	5
Moved from	0
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Mr. Steven M. Saxe
August 28, 2008
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EXHIBIT C

See the attached curriculum vitae of
Barb Chamberlain, Linda Jones and Sue Lani W. Madsen.

Barb Chamberlain

Current occupation

Director of Communications and Public Affairs
Washington State University Spokane

Chamberlain has held this position for the past 10 years, representing WSU on a wide variety of community boards, commissions, and special projects. WSU Spokane manages the Riverpoint Campus, which also includes Eastern Washington University, Sirti (a state economic development agency and business accelerator), and the Community Colleges of Spokane district administration. WSU Spokane is headquarters for WSU's systemwide Division of Health Sciences, and Chamberlain's responsibilities include communications leadership for the Division as well as the campus. She has strong and constructive relationships with area media.

Expertise, experience, training, or education that might be particularly useful or applicable to the foundation

Chamberlain has over 20 years of experience in public relations and government. She served for four years in the Idaho state legislature (the youngest woman ever elected to the House and the Senate), and served on the Senate Health and Welfare committee. She sponsored legislation on health care and mental health issues, and received an award as Child Advocate Legislator of the Year. Since 1998 she has led the communications activities for WSU Spokane, during a period of rapid growth and change for the campus and an increasing emphasis on the health professions and health sciences as the focus of campus programs.

Chamberlain holds a master's in public administration; her thesis project examined the public communications role of community college trustees. She has completed a number of courses in a political science PhD program at WSU emphasizing public policy and public administration. She has been through dozens of professional development programs, particularly in public relations, cultural competency, emergency communications, and constructive handling of differences of opinion.

Her professional responsibilities include issues management, public affairs, government and community relations, media, emergency/incident communications, and oversight of marketing communications for WSU Spokane.

Chamberlain has completed Carver Policy Governance™ training, an approach to board service that emphasizes the board's role in determining the ends of the organization, and the staff's role in deciding and implementing the means of reaching those ends within board-specified parameters.

Length of time living and working in the community

Chamberlain has lived in the Spokane area for 32 years, in Spokane Valley, Post Falls and Coeur d'Alene, Idaho, and the City of Spokane.

Other notable community connections, including charitable activities, membership on other Boards of Directors/Trustees, etc.

Chamberlain has served on boards for many years, and particularly enjoys the work, service and interactions on a board.

She served for five years as an elected trustee of North Idaho College, chairing it for two. She led development and adoption of a "dashboard indicator" outcome-oriented approach to budget development and approval for a \$22 million budget, refinement of policies related to board operations, adoption and implementation of a board self-evaluation process, update of college policies in a number of areas, and other improvements to practices and operations of the board. As a board member she participated in development and adoption of the Nine-Point Plan, a formally adopted accord between the Coeur d'Alene Tribe and North Idaho College aimed at improving services, outcomes, and the experiences of tribal students and enhancing the curriculum through incorporation of local history. She participated in a presidential search and selection and recruitment of new board members to fill vacated positions.

Chamberlain currently chairs the board of directors of Friends of the Falls, a local nonprofit overseeing a strategic master plan for the Spokane River Gorge and its development as a central amenity and environmental gem for the community. She co-chairs Citizens for Spokane Schools, a committee widely representative of civic interests that organizes a campaign in support of levy/bond passage for Spokane Public Schools every three years. She chairs Bike to Work Spokane, a newly created group reviving promotion of bike commuting with a week of sponsored events in May, and led their successful fundraising drive to raise over \$30,000 in cash and in-kind support for a new and unproven activity.

She serves on the Public Policy Council and the Federal Legislative Advisory Group of Greater Spokane Incorporated (the combined Chamber of Commerce and Economic Development Council). Both include representatives of major corporations, services and industries.

Most recently, she was invited by Greater Spokane Incorporated to sit on the Ideation Task Force, a small group of community leaders charged with winnowing hundreds of ideas submitted by the public to choose those that will be most transformational for the community.

In the past, she served on the board of the Spokane Public Relations Council (now the Spokane MarComm Association) and led the professionalization of their board processes, from financial planning to program evaluation to by-laws restructuring. She is a member of the University District Marketing Group, Inland Northwest Business Alliance and other community organizations, and has an enormous network of contacts across the community in the public, private, and nonprofit sectors.

Any additional information regarding your experience and qualifications that will add value to the foundation (this is similar to item #1 above, but may include additional information).

Chamberlain's background and experience in politics has helped her develop strong, constructive relationships with elected officials at every level in the region. Each year she goes on the trips to Olympia and to Washington, DC led by Greater Spokane Incorporated to advocate on behalf of the region's priorities. She regularly receives invitations to serve on boards, and will only commit to those activities to which she can bring full value.

Linda Jones
Director, Corporate Communications
Avista Corporation, Spokane, WA.

As the director of corporate communications, I am responsible for leading Avista's strategic communications with key external and internal stakeholder groups to maximize the image and reputation of the company. Our department identifies and integrates technical, strategic and market trends intelligence to communicate with key stakeholders and enhance the reputation of the company. We develop align and implement strategic communication plans with leaders of business units to enhance the achievement of business and corporate initiatives.

My professional experience includes seven years in the banking industry, seven years in the technology industry primarily as a business and systems analyst, and fifteen years in the utility industry working in a variety of management and strategic business positions. In my previous work at Grant County Public Utility District, I led activities in communications, external affairs, natural resources and licensing. I was responsible for developing strategy and managing all activities for relicensing a large hydroelectric project, including communication and external affairs, regulatory compliance, economics, information management, natural and cultural resource protection, engineering and operations, land management, public involvement and customer relations.

I have a talent for building multiple discipline teams to work cooperatively on complex or controversial issues and am able to evaluate risks and benefits and recommend tactics.

I am a native of Spokane, and returned just over two years ago after living in Ephrata, WA for 15 years. I received my Bachelor of Arts degree in business administration from Washington State University and graduated cum laude.

In my professional career I served on the board of directors of the National Hydropower Association and was the chairperson for the public affairs committee. I was also a member of the Hydro Research Foundation, whose mission is to advance knowledge in, and build awareness for the benefits of hydroelectric power to natural resources and the national energy supply.

My service on the Deaconess and Valley Healthcare Foundation board has been rewarding and educational. While in Ephrata, I served on the board of directors for Granco Federal Credit Union.

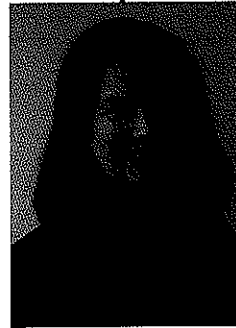
My roots in Spokane and the valuable experience living in a rural community, coupled with my diverse professional background and experience have provided a valuable path in life to serve others in unique ways. I would be proud to be a part of this new foundation and leave a legacy of service in improving our communities through health-related initiatives.



Project Experience:

- **Ferry County Assisted Living Facility & Clinic**
Republic, Washington
- **Newport Community Hospital - Master Plan**
Newport, Washington
- **Lincoln County Hospital District No. 3**
Modernization - Davenport, Washington
- **Odessa Memorial Hospital, Physical Therapy**
Remodel - Odessa, Washington
- **Ferry County Memorial Hospital**
Remodel - Republic, Washington
- **Inland Cardiology Associates**
New Catheterization Suite
Spokane, Washington
- **Shriners Hospital for Children**
PACU Upgrade - Spokane, Washington
- **Sacred Heart Medical Center**
Various Projects - Spokane, Washington
- **East Adams Rural Hospital**
Various Projects - Ritzville, Washington
- **St. Joseph Hospital**
Master Planning - Chewelah, Washington
- **Deer Park Hospital**
Master Planning & Minor Remodel
Deer Park, Washington
- **Dispute Resolution Boards**
 - Spokane Int'l Airport Concourse C Expansion
 - WSU Teaching/Learning Center
 - WSU Health Sciences Building
 - WSU White Hall Renovation
 - New Eastmont Junior High School,
 - Medical Lake Schools New Elementary

Sue Lani W. Madsen, AIA
Principal



Sue Lani Madsen is an experienced project architect and manager with nearly 30 years of experience. Key areas of expertise include master planning and project management for healthcare institutions and rural communities. Sue Lani seeks out opportunities to work with clients

who share her interest in holistic planning, understanding the part each individual project plays in creating our communities. From her experience in public works contracting, alternative dispute resolution and editing technical specifications, Sue Lani helps public and private institutions solicit fair bids from qualified contractors through concise and organized documentation.

Education:

Bachelor of Architecture, 1978
Washington State University

Registration:

Washington - 1981 Idaho - 1999
NCARB - 1986

Professional/Community Activities:

American Institute of Architects
- Past Chairman, Architecture for Health Panel
- Past Chairman, AIA Northwest & Pacific Region
Leadership Development Team
Washington Rural Health Association
Dispute Resolution Board Foundation, Member
Firefighter/EMT, Lincoln County Fire District 4,
Edwall, WA

