



**TWIN FALLS HEALTH INITIATIVES TRUST, LTD.
ARTICLES OF INCORPORATION**

The corporation is organized and shall at all times operate exclusively for charitable, scientific and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States Internal Revenue Law (the "Code"); including, but not limited to: (i) identifying, selecting, investing in and conducting, as appropriate, programs that will improve health and wellness of citizens of Twin Falls County, Idaho; (ii) identifying, selecting and providing grants to nonprofit charitable organizations that provide health and wellness related services in Twin Falls County, Idaho; (iii) actively promoting, supporting and conducting educational programs that enable residents of Twin Falls County, Idaho to improve their health and wellness; and (iv) engaging in fund raising Activities for the support of the corporation and that assist in achieving its goals of community health and wellness. In addition, the corporation is organized and shall at all times operate exclusively for the benefit of, to perform the functions of, and/or to carry out the public purposes of (all within the meaning of section 509(a)(3) of the Code) Twin Falls County, Idaho, a governmental unit and a body politic and corporate that is a political subdivision of the State of Idaho, especially as those functions or purposes relate to the improved health and wellness of its residents.

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its directors, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its exempt purposes. Except as otherwise provided by section 501(h) of the Code, no substantial part of the activities of the corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. The corporation shall not 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. Notwithstanding any other provision of these Articles of Incorporation, the corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(a) of the Code as an organization described in sections 501(c)(3) and 509(a)(3) of the Code, or (b) by a corporation contributions to which are deductible under section 170(a) of the Code as being to an organization referred to in section 170(c)(2) of the Code. The corporation does not contemplate pecuniary gain or profit, incidental or otherwise.



**BYLAWS OF TWIN FALLS HEALTH INITIATIVES TRUST, LTD.
An Idaho Nonprofit Corporation
Adopted as of: March 14, 2006**

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BYLAWS OF TWIN FALLS HEALTH INITIATIVES TRUST, LTD.

ARTICLE 1

CORPORATION OFFICE

Section 1.1 Registered Office and Registered Agent.

The Corporation shall have and continuously maintain in the State of Idaho a registered office at an address to be designated from time to time by the Board of Directors which may, but need not, be the same as its place of business, and a registered agent, who may be (i) an individual who resides in the State of Idaho and whose office is identical with the Corporation's registered office; (ii) a domestic business or nonprofit corporation whose office is identical with the Corporation's registered office; or (iii) a foreign business or nonprofit corporation authorized to transact business in the State of Idaho whose office is identical with the registered office.

Section 1.2 Other Places of Business.

The Corporation may also have offices at such other places as the Board of Directors may from time to time designate or the business of the Corporation may require.

ARTICLE 2

NO MEMBERS

The corporation shall have no members.

ARTICLE 3

DIRECTORS

Section 3.1 Number.

The number of directors shall be as determined by the Board of Directors from time to time by the affirmative vote of at least a majority of all of the directors then in office, and not merely a majority of the directors present at a meeting at which a quorum is present (an "Absolute Majority Vote of the Board"), but shall not be less than seven (7) nor more than fifteen (15).

Section 3.2 Qualifications.

Each director shall be a natural person of the age 18 years or older and, at the time of his or her appointment to the Board, shall reside within Twin Falls County, Idaho. If a director no longer resides in Twin Falls County, Idaho during his or her term, such director shall thereupon resign.

Section 3.3 Nomination and Appointment.

Directors shall be appointed by the Board of County Commissioners of Twin Falls County, Idaho (the "BOCC"), by the affirmative vote of at least a majority of all of the County Commissioners then in office, and not merely a majority of the County Commissioners present at a meeting at which a quorum is present (an "Absolute Majority Vote of the BOCC"); provided, however, that any person who is serving on the Board of Directors of St. Luke's Magic Valley Regional Medical Center, Ltd. ("SLMVRMC"), as the "BOCC Appointee" (as defined in the Bylaws of SLMVRMC), shall serve as an *ex officio* voting member of the Board of Directors of the Corporation during his or her term of office as the BOCC Appointee.

Section 3.4 Terms; Initial Directors.

The directors (other than certain of the initial directors, as set forth below) shall serve for terms of three (3) years, each of which shall end on the last day of a fiscal year of the Corporation. The terms of the directors shall be staggered, such that in any fiscal year the terms of not more than



approximately one-third (1/3) of the directors shall expire. Each director shall serve until his or her successor has been appointed and qualified or until his or her earlier death, resignation or removal. A decrease in the number of directors or the term of office shall not shorten an incumbent director's term. The initial directors and their respective terms shall be as set forth on Exhibit A hereto, which shall be completed at or prior to the Closing (as defined in the System Agreement (as defined in Section 7.6(g) below).

Section 3.5 Term Limits.

No person shall be permitted to serve more than two (2) consecutive terms on the Board of Directors. Any person who ceases to serve as a director after completing two (2) consecutive terms may not be re-appointed to the Board of Directors for at least one (1) full year after he or she ceases to be a director.

Section 3.6 Interim Directors.

Notwithstanding anything in Sections 3.1, 3.3 or 3.4 to the contrary, until the occurrence of the Closing, the members of the BOCC shall serve as the directors of the Corporation, on an interim basis until their successors have been appointed and qualified or until their earlier death, resignation or removal.

ARTICLE 4

REMOVAL OF DIRECTORS

Any director may be removed with or without cause at any time by Absolute Majority Vote of the BOCC.

ARTICLE 5

VACANCIES ON BOARD OF DIRECTORS

Vacancies on the Board of Directors, including vacancies resulting from an increase in the number of directors, shall be filled by an Absolute Majority Vote of the BOCC and each person so appointed shall be a director to serve for the balance of the unexpired term. When a director resigns from the Board of Directors effective at a future date, the BOCC shall have the power by an Absolute Majority Vote of the BOCC to fill the vacancies, but the new director may not take office until the vacancy occurs.

ARTICLE 6

POWERS OF BOARD

Section 6.1

Generally the business and affairs of the Corporation shall be managed by the Board of Directors. The Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are directed or required to be exercised and done by statute, the Articles of Incorporation or these Bylaws; provided, however, that the Board of Directors may not engage directly or indirectly in any activity, that would invalidate the Corporation's status (i) as an organization of the type described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), or in the corresponding provision of any subsequent law, or (ii) as a corporation to which contributions are deductible under Section 170(c)(2) of the Code, or under the corresponding provision of any subsequent law.



ARTICLE 7

MEETINGS OF THE BOARD OF DIRECTORS

Section 7.1 Time and Place of Meetings.

Meetings of the Board of Directors shall be held at such times and places within the State of Idaho as the Board of Directors may from time to time appoint or as may be designated in the notice of the meeting.

Section 7.2 Participation by Other Means of Communication.

Any or all of the directors may participate in a regular or special meeting by any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 7.3 Regular Meetings.

The Board of Directors shall meet on a regular basis, not less frequently than quarterly, on such schedule as shall be determined by the Board of Directors. Such regular meetings shall include an annual meeting of the Board of Directors, for the appointment of officers and the transaction of such other business as may properly be brought before the meeting. All regular meetings of the directors shall take place on such dates and at such times and places as may be determined by the Board of Directors. If a schedule of the dates, times and locations of regular meetings for any given year has been adopted by the Board of Directors and provided in writing to each director, it shall not be necessary to provide the directors with notice of any of such meetings. Unless and until such a schedule has been provided to the directors for any given year, the Corporation shall provide each director with at least ten (10) days prior notice of each regular meeting during such year.

Section 7.4 Special Meetings.

Special meetings of the Board of Directors may be called by the President of the Corporation or twenty percent (20%) of the directors then in office, on twenty-four (24) hours notice to each director, in accordance with the provisions of Article 24 of these Bylaws. Notwithstanding anything in these Bylaws to the contrary, any Board action to approve a matter that would require approval by the members, if the Corporation had members, shall not be valid unless each director is given at least seven (7) days' written notice that the matter will be voted upon at a directors' meeting or unless notice is waived pursuant to Section 24.2.

Section 7.5 Quorum and Voting.

At all meetings of the Board of Directors a majority of the directors in office immediately before the meeting begins shall constitute a quorum for the transaction of business. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board unless the Idaho Nonprofit Corporation Act, as amended (the "Act"), the Articles of Incorporation or these Bylaws require the vote of a greater number of directors.

Section 7.6 Matters Requiring Absolute Majority Vote of the Board.

Notwithstanding anything in these Bylaws to the contrary, the following matters shall require the approval of an Absolute Majority Vote of the Board and, where indicated, approval by Absolute Majority Vote of the BOCC:

(a) the appointment of officers of the Corporation, the removal of officers and the filling of vacancies in the officers;



(b) the establishment of committees of the Board of Directors and the determination of the size and members of each such committee. The Chair of each such committee shall be appointed by the President of the Corporation;

(c) the appointment or termination of the Executive Director (if any) of the Corporation, which shall also require approval by Absolute Majority Vote of the BOCC;

(d) the approval of annual budgets of the Corporation;

(e) the approval of specific programs and grants by the Corporation;

(f) the approval of each Community Plan of the Corporation (as defined in Section 9. 1(c) and any material deviation there from, which shall also require approval by Absolute Majority Vote of the BOCC;

(g) any decision to exercise any right, or refrain from exercising any right, of the Corporation under the Sale and Lease Agreement for the Creation of a New Health System dated as of March 2006, among the Corporation, St. Luke's Health System, Ltd., St. Luke's Regional Medical Center, Ltd., St. Luke's Magic Valley Regional Medical Center, Ltd. and Twin Falls County, on behalf of itself and its owned hospital, Magic Valley Regional Medical Center (the "System Agreement");

(h) any amendments to these Bylaws or to the Corporation's Articles of Incorporation, which shall also require approval by Absolute Majority Vote of the BOCC;

(i) the sale of all or substantially all of the Corporation's assets or the encumbering of any of its assets, which shall also require approval by Absolute Majority Vote of the BOCC;

g) any expenditure or commitment of funds by the Corporation (including, without limitation, any grants or grant commitments made by the Corporation) if such expenditure or commitment would result in either an operating loss for the fiscal year or a reduction in the amount of assets held by the Corporation for investment purposes, both of which shall also require approval by Absolute Majority Vote of the BOCC;

(k) the liquidation and dissolution of the Corporation, which shall also require approval by Absolute Majority Vote of the BOCC; and

(l) the approval of any other matters for which the Act requires an Absolute Majority Vote of the Board.

Section 7.7 Requirement For Open Public Meetings.

Notwithstanding anything in these Bylaws to the contrary, all meetings of the Board of Directors of the Corporation shall be held in compliance with Idaho Code Section 67-2342, as amended from time to time, and the Board of Directors shall be considered to be a "governing body" of a "public agency," as such terms are defined therein.

ARTICLE 8

ACTION BY WRITTEN CONSENT

Any action required or permitted by this act to be taken at a Board of Directors' meeting may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes filed with the corporate records reflecting the action taken. Action taken under this Article is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed under this Article has the effect of a meeting vote and may be described as such in any document.



ARTICLE 9

COMMITTEES OF THE BOARD

Section 9.1 Committees.

(a) Generally the standing committees of the Board of Directors shall consist of an Executive Committee, a Programs/Grant Review/Community Plan Committee, and a Finance/Investment/Operations Committee, as provided herein. The Board of Directors may, by resolution adopted by an Absolute Majority Vote of the Board, establish one or more additional committees and determine the size and members of each committee, except for the Executive Committee. Except for the Executive Committee, all committee members shall serve at the pleasure of the Board of Directors. The President of the Corporation shall appoint the Chair of each committee, except that the President shall be the Chair of the Executive Committee. Each committee shall have and may exercise all of the powers and authority given to such committee herein or in the resolution of the Board of Directors pursuant to which it was created, except that no committee may:

- (i) Authorize distributions;
- (ii) Approve or recommend the dissolution or merger of the Corporation or the sale, pledge or transfer of all or substantially all of the Corporation's assets;
- (iii) Appoint or remove directors or fill vacancies on the Board of Directors or on any of its committees;
- (iv) Adopt, amend or repeal the Articles of Incorporation or these Bylaws; or
- (v) Act on any matters requiring an Absolute Majority Vote of the Board.

(b) Executive Committee. The Executive Committee shall consist of four (4) members, as follows:

- (i) the President of the Corporation (who shall act as Chair of the Executive Committee);
- (ii) the Vice President of the Corporation;
- (iii) the Secretary of the Corporation; and
- (iv) the Treasurer of the Corporation.

Except as provided in these Bylaws, and except as prohibited by law, the Executive Committee shall have all the powers of the Board of Directors described in Section 6.1 hereof in connection with the management of the business and affairs of the Corporation between meetings of the Board of Directors. The Executive Committee shall not be delegated any power set forth in Section 9.1 (a)(i)-(v) hereof. Any action taken by the Executive Committee shall be reported to the Board of Directors at its next meeting, including the distribution of minutes of the Executive Committee meetings to all of the directors. The Board of Directors may amend or repeal any resolution adopted by the Executive Committee, provided such action is taken by the Board of Directors at its next meeting after such resolution is adopted by the Executive Committee.

(c) Programs/Grant Review/Community Plan Committee. The Program/Grant Review/Community Plan Committee shall be comprised of those persons appointed by the Board of Directors in accordance with Section 9.1(a) hereof. The Programs/Grant Review/Community Plan Committee shall oversee the Corporation's health, wellness, educational and other programs, shall make recommendations to the Board regarding such matters. It shall also review all grant applications received by the Corporation and make recommendations to the Board regarding the approval or disapproval of such grant applications. It shall also prepare or cause to be prepared and submitted to the Board of Directors, and then to the BOCC for approval as provided in Section 7.6(f), at least every 3 to 5 years, a community plan (each a "Community Plan") to prioritize and address the health and wellness needs of the residents and community of Twin Falls



County, Idaho. Each Community Plan may cover a period of time extending 3 to 5 years into the future and shall guide the Board of Directors in prioritizing and authorizing the expenditure of funds during the period covered by such Community Plan. Each Community Plan shall be based on a community needs assessment (each, a “Community Needs Assessment”) which the Programs/Grant Review/Community Plan Committee shall prepare or cause to be prepared prior to preparation of the corresponding Community Plan. Each Community Needs Assessment shall identify the health and wellness needs of the Twin Falls County residents and community. In preparing or causing to be prepared each Community Needs Assessment, the BOCC, as well as other Twin Falls County community leaders as the Committee deems appropriate, shall be consulted and shall provide input. The Programs/Grant Review/Community Plan Committee shall undertake such other activities as may be specifically requested by the Board of Directors or the Executive Committee from time to time.

(d) Finance/Investment/Operations Committee. The Finance/Investment/Operations Committee shall be comprised of those persons appointed by the Board of Directors in accordance with Section 9.1 (a) hereof; provided, that the Treasurer of the Corporation shall be an *ex officio* voting member of the Finance/Investment/Operations Committee. The Finance/Investment/Operations Committee shall review and oversee the Corporation's finances and investments, shall develop the annual operating and capital budgets of the Corporation, shall develop and organize the Corporation's fundraising programs and shall make recommendations to the Board of Directors regarding such matters. The Finance/Investment/Operations Committee shall also oversee the Corporation's administrative operations and shall undertake such other activities as may be specifically requested by the Board of Directors or the Executive Committee from time to time.

Section 9.2 Committee Procedures.

(a) Calling of Meetings. Meetings of any committee may be called by the President of the Corporation, the Chair of such committee or any two (2) members of such committee. The request of any person(s) calling a meeting of a committee shall be addressed to each member of the committee, shall be signed by the person(s) making the request and shall state the place, time and purpose or purposes of the meeting. (b) Notice of Meetings. Notice of each meeting of any committee, stating the place and time of such meeting, shall be provided to each committee member in accordance with the provisions of Article 24 of these Bylaws at least three (3) days prior to the day named for the meeting.

(c) Participation by Other Means of Communication. One or more members of any committee may participate in any meeting of such committee by any means of communication by which all committee members participating may simultaneously hear each other during the meeting. A committee member participating in a meeting by this means is deemed to be present in person at the meeting.

(d) Quorum and Voting. At all meetings of any committee, a majority of the committee members in office immediately before the meeting begins shall constitute a quorum for the transaction of business. If a quorum is present when a vote is taken, the affirmative vote of a majority of the committee members present is the act of the committee unless the Act, the Articles of Incorporation or these Bylaws require the vote of a greater number of committee members.



ARTICLE 10

COMPENSATION OF DIRECTORS

Directors, as such, shall not receive any compensation for their services, except that they may receive reimbursement for their expenses incurred in furtherance of their duties as Board members, with the prior approval of the Board of Directors. Subject to compliance with the provisions of Article 19 of these Bylaws, nothing contained herein shall be construed to preclude any director from receiving compensation for services rendered to the Corporation in any other capacity, with the prior approval of the Board of Directors.

ARTICLE 11

GENERAL STANDARDS FOR DIRECTORS

Section 11.1 Standards.

A director shall discharge his or her duties as a director, including his or her duties as a member of a committee: (i) in good faith; (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (iii) in a manner the director reasonably believes to be in the best interests of the Corporation.

Section 11.2 Reliance on Third Parties.

In discharging his or her duties, a director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: (i) one or more officers or employees of the

Corporation whom the director reasonably believes to be reliable and competent in the matters presented; (ii) legal counsel, public accountants or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or (iii) a committee of the Board of which the director is not a member, as to matters within its jurisdiction, if the director reasonably believes the committee merits confidence. A director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance otherwise permitted by this Section 11.2 unwarranted.

Section 11.3 No Personal Liability.

A director is not liable to the Corporation or any other person for any action taken or not taken as a director, if the director acted in compliance with this Article II. A director shall not be deemed to be a trustee with respect to the Corporation or with respect to any property held or administered by the Corporation, including without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

ARTICLE 12

OFFICERS

Section 12.1 Corporate Officers.

The Corporation shall have a President, a Vice President, a Secretary and a Treasurer, or persons who shall act as such, regardless of the name or title by which they may be designated, elected or appointed and may have such other corporate officers and assistant corporate officers as the Board of Directors may authorize from time to time. Each corporate officer shall be a natural person of the age 18 years or older and shall be a member of the Board of Directors. Corporate officers shall be nominated from the floor at the meeting of the Board of Directors at which they are elected, and shall be elected by an Absolute Majority Vote of the Board. Each corporate officer shall hold office for a term of one (1) year and until his or her successor has been elected and qualified or until his or her earlier death, resignation or removal. No person shall be permitted



to serve more than three (3) consecutive terms in any particular corporate office. Any corporate officer of the Corporation may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served by such removal. The removal shall be without prejudice to the contract rights, if any, of any person so removed. If the office of any corporate officer becomes vacant for any reason, the vacancy may be filled by an Absolute Majority Vote of the Board. Any corporate officer may resign at any time by delivering written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such future time as may be specified in the notice of resignation and accepted by the Corporation. The Corporation may secure the fidelity of any or all of the corporate officers by bond or otherwise.

Section 12.2 Executive Director.

The Corporation may also have an Executive Director, who shall be an employed officer of the Corporation, either on a part-time or a full-time basis. It shall not be necessary for the Executive Director to be a director of the Corporation. The Executive Director shall be hired and terminated by an Absolute Majority Vote of the Board, and such hiring or termination shall also be subject to approval by the BOCC as provided in Section 7.6(c). The Executive Director shall be responsible for the general and active management of the Corporation's day-to-day affairs; shall see that all orders and resolutions of the Board of Directors and the Executive Committee are put into effect; and shall have such other authority and perform such other duties as may be determined by the Board of Directors, the Executive Committee or the President.

Section 12.3 Compensation.

Officers, as such, shall not receive any compensation for their services, except that the Executive Director may receive compensation in his or her capacity as an employee of the Corporation, and nothing contained herein shall be constituted to preclude any officer from receiving compensation for services rendered to the Corporation in any other capacity, with the prior approval of the Board of Directors.

ARTICLE 13

THE PRESIDENT

The President shall serve as the Chair of the Board of Directors and shall preside at all meetings of directors. The President shall have ultimate executive responsibility for the management of the Corporation; shall have the power to countersign all checks and vouchers on behalf of the Corporation, in which capacity the President shall share this duty with the Treasurer; and shall have the authority to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

ARTICLE 14

THE VICE PRESIDENT

The Vice President shall, in the absence or incapacity of the President, have the authority to exercise all the powers and perform the duties of the President. The Vice President shall also have such other authority and perform such other duties as may be provided in these Bylaws or as shall be determined by the Board of Directors, the Executive Committee or the President.



ARTICLE 15

THE SECRETARY

The Secretary shall attend all meetings of the Board of Directors and keep accurate records thereof in one or more minute books kept for that purpose. The Secretary shall keep, or cause to be kept, at the principal office of the Corporation, a register showing the names and addresses of all members of the Board of Directors, shall be responsible for authenticating records of the Corporation and shall perform the duties customarily performed by the secretary of a corporation and such other duties as may be assigned to him or her by the Board of Directors, the Executive Committee or the President.

ARTICLE 16

THE TREASURER

The Treasurer shall be responsible for the custody of the corporate funds and securities; shall be responsible for full and accurate accounts of receipts and disbursements in books belonging to the Corporation; and shall perform such other duties as may be assigned to him or her by the Board of Directors, the Executive Committee or the President. The Treasurer shall give bond in such sum and with such surety as the Board of Directors may from time to time direct.

ARTICLE 17

ASSISTANT CORPORATE OFFICERS

Each assistant corporate officer shall assist in the performance of the duties of the corporate officer to whom such assistant corporate officer is assistant and shall perform such duties in the absence of the corporate officer. Each assistant corporate officer shall perform such additional duties as the Board of Directors, the Executive Committee, the President or the corporate officer to whom such assistant corporate officer is assistant may from time to time assign him or her. Assistant corporate officers may be given such functional titles as the Board of Directors shall from time to time determine.

ARTICLE 18

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Section 18.1 Indemnification for Actions by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.



Section 18.2 Indemnification for Other Actions.

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Corporation, by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 18.3 Indemnification Against Expenses.

To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 18.1 or Section 18.2, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by such person in connection herewith.

Section 18.4 Determination that Indemnification is Proper.

Any determination under Section 18.1 or Section 18.2, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 18.1 Section 18.2. Such determination shall be made:

- (a) By the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or
- (b) If such quorum is not obtainable or, even if obtainable, a quorum of disinterested directors so directs, supported by independent legal counsel in a written opinion.

Section 18.5 Advancement of Expenses.

Expenses, including attorneys' fees, incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article 18.

Section 18.6 Non-Exclusivity of Rights.

The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article 18 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw,



agreement, vote of disinterested directors or otherwise, both as to action in a person's official capacity and as to action in another capacity while holding such office.

Section 18.7 Insurance.

The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article 18.

Section 18.8 Continuation of Rights.

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article 18 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, and personal representatives of such a person.

Section 18.9 Definition of "Corporation."

For the purposes of this Article 18, the term "Corporation" includes, in addition to the resulting Corporation, all constituent corporations and their predecessors absorbed in a consolidation or merger, which, if separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents.

ARTICLE 19

CONFLICTS OF INTEREST

Section 19.1 Purpose.

The Corporation is committed to conducting its affairs in accordance with the highest legal and ethical standards. In order to maintain these standards, it is the policy of the Corporation that potential, perceived and actual conflicts of interest are to be avoided. The purpose of the Conflicts of Interest Policy set forth in this Article 19 (the "Policy") is to identify and clarify the standards and responsibilities relating to potential, perceived and actual conflicts of interest, and to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or member of the Board of Directors of the Corporation, or a senior member of the Corporation's staff or a major consultant or other independent contractor to the Corporation, as determined by the Board of Directors. The Policy is intended to supplement, but not replace, any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Section 19.2 Definitions.

(a) Interested Person. Any director, officer or member of a committee with Board-delegated powers who has a direct or indirect Financial Interest, as defined below, is an Interested Person. In addition, by resolution of the Board of Directors, any senior member of the Corporation's staff and any major consultant or other independent contractor to the Corporation may be designated as an Interested Person who shall be made subject to the Policy.



(b) Financial Interest. A person has a Financial Interest if the person has, directly or indirectly, through business, investment or immediate family (including spouses, ancestors, siblings and children):

- (i) an ownership or investment interest in any entity with which the Corporation has or is contemplating a transaction or arrangement;
- (ii) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has or is contemplating a transaction or arrangement;
- (iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement; or
- (iv) a position as an officer, director, trustee, member or other similar arrangement (whether or not an ownership, investment or compensation arrangement is also present) with any entity or with which the Corporation has or is contemplating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in amount. Examples of a Financial Interest that might give rise to a conflict of interest include: (A) the acceptance of a gift (including excessive entertainment) from any person or entity that does or is seeking to do business with the Corporation in circumstances in which the offer of a gift could reasonably be interpreted as having been made to influence the Corporation to act favorably toward such person or entity (excluding gifts not exceeding \$100 in the aggregate reasonably understood to have been intended as a good will gesture and not to influence decisions or actions of the Corporation); (B) the disclosure or use of information relating to the business of the Corporation for personal interest, profit or advantage; and (C) competition, directly or indirectly, with the Corporation on the purchase or sale of any property, goods or services or in other activities in which the Corporation is or might suitably and appropriately become engaged. A Financial Interest is not necessarily a conflict of interest. Under this Article 19, a person who has a Financial Interest may have a conflict of interest only if the Board decides that a conflict of interest in fact exists. Furthermore, for purposes of these Bylaws, a Financial Interest shall not include a person's ownership of less than five percent (5%) of any class of publicly traded securities of any entity.

Section 19.3 Implementation.

The President of the Corporation or his or her designee (the "Conflicts Administrator") shall be responsible for implementation of the Policy, including: (i) assuring proper adoption by the Board of Directors of resolutions from time to time identifying the members of senior staff of the Corporation and the major consultants or other independent contractors to the Corporation who are to be designated as Interested Persons and made subject to the Policy, and that, with respect to any such consultants and independent contractors, they are by contract made subject to the Policy; (ii) assuring that all Interested Persons (including all directors and officers of the Corporation) timely submit the Acknowledgement Statements required to be submitted under Section 19.7 and that all Disclosure Statements submitted under Section 19.8 are presented to the Board of Directors in a timely manner; and (iii) otherwise taking any and all necessary actions for the proper implementation of the Policy.

Section 19.4 Procedures.

(a) Duty to Disclose. In connection with any actual or potential conflict of interest, an Interested Person, in accordance with Section 19.8, must disclose the existence of his or her Financial Interest and must be given the opportunity to disclose all material facts to the Board of Directors



considering the proposed transaction or arrangement in which the Interested Person has a Financial Interest.

(b) **Determining Whether a Conflict of Interest Exists.** After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Board meeting while the determination as to whether an actual conflict of interest exists is discussed and voted upon; except that the Interested Person may attend such a meeting if invited to do so by the Board, but only for the purpose of responding to questions propounded by a director regarding the proposed transaction or arrangement. Only the disinterested members of the Board shall decide whether an actual conflict of interest in fact exists.

(c) **Procedures for Addressing a Conflict of Interest.**

(i) An Interested Person may make a presentation at the Board, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

(ii) The Chair of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(iii) After exercising due diligence, the Board shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

(iv) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation, and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

(d) **Violations of the Conflicts of Interest Policy.** If the Board has reasonable cause to believe that an Interested Person has failed to disclose an actual or potential conflict of interest, it shall inform such Interested Person of the basis for such belief and afford such Interested Person an opportunity to explain the alleged failure to disclose. If, after hearing the response of the Interested Person and making such further investigation as may be warranted in the circumstances, the Board determines that the Interested Person has in fact failed to disclose an actual or potential conflict of interest, it shall take appropriate disciplinary and corrective action. Such action may include suspension or termination of Board membership or employment, cessation of business with a vendor, liability for damages and other appropriate sanctions.

Section 19.5 Records of Proceedings.

The minutes of the Board and all committees with Board-delegated powers shall contain:

(a) the names of the Interested Persons who disclosed or otherwise were found to have a Financial Interest in connection with a transaction or arrangement resulting in an actual or potential conflict of interest; the nature of the Financial Interest; any action taken to determine whether a conflict of interest was present; and the Board's decision as to whether a conflict of interest in fact existed; and (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement; the content of the discussion; including any alternatives to the proposed transaction or arrangement that were considered; and a record of any votes taken in connection therewith.



Section 19.6 Compensation.

(a) A member of the Board of Directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that director's compensation.

(b) A member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that committee member's compensation.

Section 19.7 Acknowledgement Statements.

Each Interested Person shall sign and deliver to the Conflicts Administrator an Acknowledgment Statement, in the form of Exhibit B attached hereto, which affirms that such person:

(a) has received a copy of these Bylaws, including this Article 19;

(b) has read and understands this Article 19 (or has asked the Conflicts

Administrator for an explanation of any portion of this Article 19 which he or she does not understand, and has received an adequate explanation);

(c) agrees to comply with this Article 19 at all times; and

(d) understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Each Interested Person shall sign and deliver the Acknowledgment Statement upon initially becoming an Interested Person and on an annual basis (during January of each year) thereafter for as long as he or she remains an Interested Person.

Section 19.8 Disclosure Statements. Each Interested Person shall submit a fully completed Disclosure Statement, in the form attached as Exhibit C hereto, to the Conflicts Administrator in a timely manner (i.e., in advance of consideration by the Board of the proposed transaction or arrangement in which the Interested Person has a Financial Interest).

Section 19.9 Periodic Reviews.

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews of the Policy and its implementation shall be conducted by the Board of Directors. Such periodic reviews shall, at a minimum, include the following subjects:

(a) Whether the Corporation's compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining; and

(b) Whether the Corporation's contractual and other arrangements with third parties, such as service providers, conform to the Corporation's written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in incurrment or impermissible private benefit. In conducting such periodic reviews the Corporation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE 20

ANNUAL REPORT

The Treasurer and the President shall provide annually to the Board of Directors an audited report, which shall be filed with the minutes of the meetings of the Board of Directors and shall present in appropriate detail the following:



- (a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year immediately preceding the date of the report;
- (b) The principal changes in assets and liabilities, including trust funds, during the year immediately preceding the date of the report;
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the Corporation; and
- (d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the Corporation.

A copy of such annual report, along with a written summary of the Corporation's activities for the year, shall also be submitted to the BOCC at the time that such annual report is submitted to the Board of Directors.

ARTICLE 21 CORPORATE RECORDS

The Corporation shall keep as permanent records minutes of all meetings of the Board of Directors, a record of all actions taken by the directors without a meeting, and a record of all actions taken by committees of the Board of Directors. The Corporation shall maintain appropriate accounting records. The Corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time. The Corporation shall keep a copy of the following records at its principal office:

- (a) Its Articles of Incorporation and all amendments to them currently in effect;
- (b) These Bylaws and all amendments to them currently in effect;
- (c) A list of the names and business or home addresses of its current directors and officers;
- (d) Its most recent annual report delivered to the Idaho Secretary of State under Section 30-3-136 of the Act; and
- (e) Its most recent Form 990, Federal Information Tax Return, filed with the Internal Revenue Service.

ARTICLE 22 FISCAL YEAR; CORPORATION ACCOUNTANTS AND LEGAL COUNSEL

The fiscal year of the Corporation shall be the same fiscal year as the County of Twin Falls, Idaho. The Corporation's financial statements shall be audited by the same accountants that are retained by the BOCC to audit the financial statements of Twin Falls County for the same fiscal year. The Corporation's legal counsel shall be the Twin Falls County Prosecuting Attorney or his or her designee.

ARTICLE 23 NO LOANS TO DIRECTORS OR OFFICERS

The Corporation shall not lend money to or guarantee the obligation of a director or officer of the Corporation. The fact that a loan or guarantee is made in violation of this Article 23 does not affect the borrower's liability on the loan.

ARTICLE 24 MANNER OF GIVING NOTICE; WAIVERS OF NOTICE Section 24.1 Manner of Giving Notice.



Whenever notice is required to be given to any person under the provisions of these Bylaws, it may be given to the person either orally or in writing. Notice by electronic transmission is written notice. Notice may be communicated in person, by telephone or voice mail, by-mail or other electronic means, or by mail or private carrier. Oral notice is effective when communicated, if communicated in a comprehensible manner. Written notice, if in a comprehensible form, is effective at the earliest of the following:

- (i) when received;
 - (ii) three (3) business days after its deposit in the United States mail, as evidenced by sworn affidavit or postmark, if mailed correctly addressed and with first class postage affixed;
 - (iii) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee;
 - (iv) when electronically transmitted to a director in a manner authorized by the directors.
- If any provision of the Act prescribes notice requirements for particular circumstances, those requirements shall govern in lieu of the requirements of this Article 24.

Section 24.2 Waivers of Notice.

A director may, at any time before, during or after a meeting of the Board of Directors or any committee thereof, waive any notice required by the Act, the Articles of Incorporation or these Bylaws. Except as provided in the following sentence, the waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or the corporate records. A director's attendance at or participation in a meeting waives any required notice of the meeting unless the director, upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with the Act, the Articles of Incorporation or these Bylaws, objects to lack of notice and does not thereafter vote for or assent to the objected to action.

ARTICLE 25 AMENDMENTS

The Board of Directors may adopt one or more amendments to these Bylaws, by Absolute Majority Vote of the Board; provided, however, that any such amendment shall also require the approval of the BOCC, by Absolute Majority Vote of the BOCC. The corporation shall provide each director with at least seven (7) days' written notice of the Board of Directors meeting at which the amendment will be voted upon (unless notice is waived pursuant to Section 24.2). Such notice must also state that the purpose or one of the purposes, of the meeting is to consider a proposed amendment to these Bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment.