

ARTICLES OF INCORPORATION

OF

SHELBY HEALTH SERVICES, INC. (a nonprofit corporation)

For the purpose of forming a nonprofit corporation under the Alabama Nonprofit Corporation Act and any act amendatory thereof, supplementary thereto or substituted therefor (hereinafter referred to as the "Act"), the undersigned incorporator does hereby sign, ~~verify~~ and adopt these Articles of Incorporation, and, upon the filing for record of these Articles of Incorporation in the Office of the Judge of Probate of Shelby County, Alabama, the existence of a nonprofit corporation (hereinafter referred to as the "Corporation"), under the name set forth in Article I hereof, shall commence.

ARTICLE I.

NAME

1.1 The name of the Corporation shall be "Shelby Health Services, Inc."

ARTICLE II.

PERIOD OF DURATION

2.1 The duration of the Corporation shall be perpetual.

ARTICLE III.

PURPOSES AND POWERS

3.1 The purposes and objects and powers of the Corporation are:

(a) To engage in any lawful business, act or activity for which a corporation may be organized under the Act, it being the purpose and intent of this Article III to invest the Corporation with the broadest purposes, objects and powers lawfully permitted a corporation formed under the Act.

(b) To carry on any and all aspects, ordinary or extraordinary, of any lawful business and to enter into and carry out any transaction, ordinary or extraordinary, permitted by law, having and exercising in connection therewith all powers given to corporations by the laws of the State of Alabama.

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(c) Without limiting the scope and generality of the foregoing, the Corporation shall have the following specific purposes, objects and powers:

(1) To establish a program (the "Program") designed to provide health care services (on a preferred provider basis or otherwise) to employers, health maintenance organizations, insurance companies and other entities and persons (collectively, the "Third Party Payors", and individually, the "Third Party Payor"), including the following activities:

(i) To assimilate providers of health care services for the Program, such assimilation to be provided by:

(A) Contracting with Shelby County Health Care Authority, a public corporation organized pursuant to Section 22-21-310 et seq., Code of Alabama 1975, as amended, to provide the necessary hospital health care services for the Program; and

(B) Contracting with certain physicians, physician groups and other health care professionals to provide the necessary medical and related health care services for the Program.

(ii) To negotiate with Third Party Payors with a view toward entering into contractual arrangements for the provisions of health services provided pursuant to health plans of said Third Party Payors;

(iii) To provide administrative, billing and marketing services incident to the Program;

(iv) To promote access to new patient markets;

(v) To promote the delivery of quality medical care;

(vi) To promote efficiency, cost containment and better administration in the provision of health care services; and

(vii) To do all and everything necessary and proper for the accomplishment of the foregoing stated purposes.

(2) To have and to exercise any and all of the powers specifically granted in the Act, none of which shall be deemed to be inconsistent with the nature, character or object of the Corporation and none of which are denied to it by these Articles of Incorporation.

(d) To build, manufacture or otherwise process or produce; to acquire, own, manage, operate, improve or deal with; to sell, lease, mortgage, pledge, distribute or otherwise deal in and dispose of, property of every kind and wheresoever situated.

(e) To purchase, lease or otherwise acquire any interest in the properties and rights of any person, firm, corporation or governmental unit; to pay for the same in cash, in shares of stock, bonds, or other securities, evidences of indebtedness or property of this Corporation or of any other person, firm, corporation or governmental unit.

(f) To be a promoter or incorporator, to subscribe for, purchase, deal in and dispose of, any stock, bond, obligation or other security, of any person, firm, corporation, or governmental unit, and while the owner and holder thereof to exercise all rights of possession and ownership.

(g) To borrow money from any person, firm, corporation (business, public or non-profit), or governmental unit and to secure any debt by mortgage or pledge of any property of the Corporation; to make contracts, guarantees, and indemnity agreements and incur liabilities and issue its notes if not inconsistent with the provisions of the Constitution of Alabama as the same may be amended from time to time.

(h) To lend money, or aid or extend credit, to, or use its credit to assist, any person, firm, corporation (business, public or non-profit), or governmental unit, including, without limitation, its employees and directors and those of any subsidiary, in accordance with the Act.

(i) To guarantee any indebtedness and other obligations of, and to lend its aid and credit to, any person, firm, corporation (business, public or non-profit), or governmental unit, and to secure the same by mortgage or pledge of, or security interest in, any property of the Corporation.

(j) To consolidate, merge or otherwise reorganize in any manner permitted by law; to engage in one or more partnerships, joint ventures and limited liability companies as general or limited partner, or member of such limited liability companies.

(k) To carry on its business anywhere in the United States and in foreign countries.

(l) To elect or appoint officers and agents and define their duties and fix their compensation; to pay pensions and establish pension plans, pension trusts, profit sharing plans, and other incentive or deferred compensation plans for any or all of its directors, officers and employees.

(m) To make donations for the public welfare or for charitable, scientific, or educational purposes; to transact any lawful business which the Board of Directors shall find to be in aid of governmental policy.

3.2 All words, phrases and provisions appearing in this Article III are used in their broadest sense, are not limited by reference to or inference from any other words, phrases or provisions and shall be so construed.

ARTICLE IV.

MEMBERS

4.1 The Corporation shall have members divided into classes as provided in the Bylaws of the Corporation. The Corporation may issue certificates or other evidence of membership.

ARTICLE V.

REGISTERED OFFICE AND REGISTERED AGENT

5.1 The address and location of the initial registered office of the Corporation shall be at 1000 First Street North, Alabaster, Alabama 35007.

5.2 The initial registered agent at such address shall be Charles C. Colvert.

ARTICLE VI.

INITIAL BOARD OF DIRECTORS

6.1 The number of directors constituting the initial Board of Directors shall be nine (9).

6.2 The names and addresses of the persons who are to serve as directors for the terms indicated below, are:

CLASS	DIRECTOR	ADDRESS	TERM EXPIRES
A	Roger D. Massey	1000 First Street North Alabaster, AL 35007	September 30, 1996
A	Paul P. Salter, Jr. M.D.	1000 First Street North Alabaster, AL 35007	September 30, 1997
A	Charles C. Colvert	1000 First Street North Alabaster, AL 35007	September 30, 1998

CLASS	DIRECTOR	ADDRESS	TERM EXPIRES
B	Michael J. Turner, M.D.	Medical Staff Office 1000 First Street North Alabaster, AL 35007	September 30, 1996
B	Bryan McClelland, M.D.	Medical Staff Office 1000 First Street North Alabaster, AL 35007	September 30, 1997
B	Ginger L. Alred, M.D.	Medical Staff Office 1000 First Street North Alabaster, AL 35007	September 30, 1998
C-1	Paul P. Salter, III, M.D.	Medical Staff Office 1000 First Street North Alabaster, AL 35007	September 30, 1996
C-2	C. Dale Elliott, M.D.	Medical Staff Office 1000 First Street North Alabaster, AL 35007	September 30, 1997
C-3	Kirit F. Patel, M.D.	Medical Staff Office 1000 First Street North Alabaster, AL 35007	September 30, 1998

ARTICLE VII.

INCORPORATOR

7.1 The name and address of the incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
James M. Pool	Maynard, Cooper & Gale, P.C. 1901 Sixth Avenue North 2400 AmSouth/Harbert Plaza Birmingham, Alabama 35203

ARTICLE VIII.

INTERNAL AFFAIRS

The following provisions for the regulation of the business and for the conduct of the affairs of the Corporation and the directors and members thereof are hereby adopted:

8.1 The initial bylaws of the Corporation shall be adopted by the Board of Directors. The power to alter, amend or repeal the bylaws or adopt new bylaws shall be vested in the Board of Directors, except to the extent otherwise provided in the bylaws, which power may be exercised in the manner and to the extent provided in the bylaws. The bylaws may contain any provisions for the regulation and conduct of the affairs of the Corporation and the directors not inconsistent with the Act or these Articles of Incorporation.

8.2 All corporate powers of the Corporation shall be exercised by or under authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors; provided, however, that, in order to approve any contract to be entered into by the Corporation, or to approve any amendment to these Articles of Incorporation or the By-laws of the Corporation, a majority vote of each class of director shall be necessary. The number of directors comprising the initial Board of Directors shall be nine (9). Directors shall be elected in the manner provided in the bylaws. The number of directors of the Corporation shall be fixed from time to time by the bylaws, or, in the absence of such a bylaw provision, the number of directors shall be three. The number of directors may be increased or decreased from time to time by amendment to the bylaws or in the manner provided for therein, provided that the Board of Directors shall consist of not less than three, and that no decrease shall have the effect of shortening the term of any incumbent director. The term of each director in office shall be one year and until his or her successor shall have been elected and qualified.

8.3 Any contract or other transaction that is fair and reasonable to the Corporation and is in furtherance of the Corporation's exempt purpose, between the Corporation and one or more of its directors, or between the Corporation and any corporation, partnership or other entity of which one or more of its directors are shareholders, directors, officers, partners, members or employees, or in which they are financially interested, shall be valid for all purposes, notwithstanding the presence of the director or directors at the meeting of the Board of Directors of the Corporation or any committee thereof that acts upon, or in reference to, the contract or transaction, if either the fact of such interest shall be disclosed or known to the Board of Directors or such committee, as the case may be, and the Board of Directors or such committee shall, nevertheless, authorize or ratify the contract or transaction or the fact of such relationship or interest is disclosed to the members and they authorize, approve or ratify such contract or transaction by vote or written consent. This paragraph shall not be construed to invalidate any contract or other transaction that would otherwise be valid under the common and statutory law applicable to it. Each and every person who may become a director of the Corporation is hereby relieved from any liability that might otherwise arise by reason of his or her contracting with the Corporation for the benefit of himself or herself or any corporation, partnership or other entity in which he or she may be in any wise interested.

8.4 In amplification and not in limitation of the provisions of applicable law:

(a) Pursuant to Section 10-11-1 et seq., Code of Alabama, 1975, as amended, all non-compensated directors, trustees, members of governing bodies, and officers of the Corporation shall be immune from suit and shall not be subject to civil liability arising from the conduct of the affairs of the Corporation except when the act or omission of such person that gives rise to the case of action amounts to willful or wanton misconduct or fraud or gross negligence.

(b) 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 claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Corporation), by reason of the fact that he or she 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, partner, 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 him or her in connection with such claim, action, suit or proceeding if he or she 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 claim, 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 that 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.

(c) 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 claim, action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she 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, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she 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 with respect to 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.

(d) 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 subsections (a) and (b), or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith, notwithstanding that he or she has not been successful on any other claim, issue or matter in any such action, suit or proceeding.

(e) Any indemnification under subsections (a) and (b) (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 subsections (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of the directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (2) if a majority of disinterested directors so directs, by independent legal counsel in a written opinion.

(f) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in subsection (d) upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if and to the extent that it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Section.

(g) The indemnification authorized by this Section shall not be deemed exclusive of and shall be in addition to any other rights to which those indemnified may be entitled under any statute, rule of law, provision of articles or certificate of incorporation, By-laws, agreement, vote of disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall 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, executors and administrators of such a person.

(h) 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, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her 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 him or her against such liability under the provisions of this Section.

(i) Notwithstanding any other provision herein, the indemnification provisions of this Section 8.4 shall not apply to professional liability.

8.5 The Corporation reserves the right from time to time to amend, alter or repeal each and every provision contained in these Articles of Incorporation, or to add one or more additional provisions, upon a vote of a majority of the directors in office.

IN TESTIMONY WHEREOF, witness the hand and seal of the undersigned incorporator on this the 11 day of October, 1995.

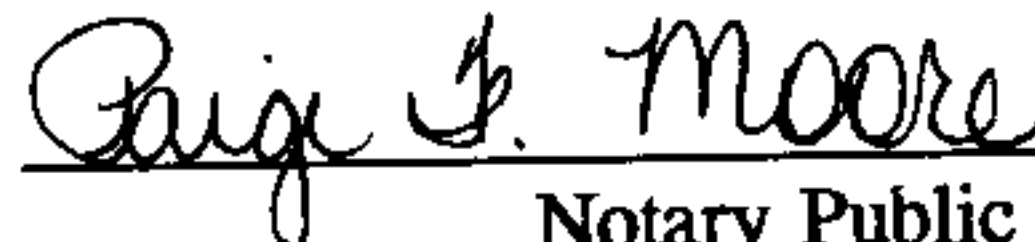


STATE OF ALABAMA)

JEFFERSON COUNTY)

Before me, the undersigned Notary Public in and for said County in said State, on this day personally appeared James M. Pool, whose name is signed to the foregoing Articles of Incorporation of Shelby Health Services, Inc., and being duly sworn and deposed has said that the matters and statements contained in said Articles of Incorporation are true and correct to the best of his knowledge, information and belief.

Given under my hand and official seal, this 11 day of October, 1995.



Notary Public

MY COMMISSION EXPIRES MARCH 25, 1997

This instrument prepared by:

James M. Pool
Maynard, Cooper & Gale, P.C.
1901 Sixth Avenue North
2400 AmSouth/Harbert Plaza
Birmingham, Alabama 35203

State of Alabama

SHELBY County

CERTIFICATE OF INCORPORATION

OF

SHELBY HEALTH SERVICES INC

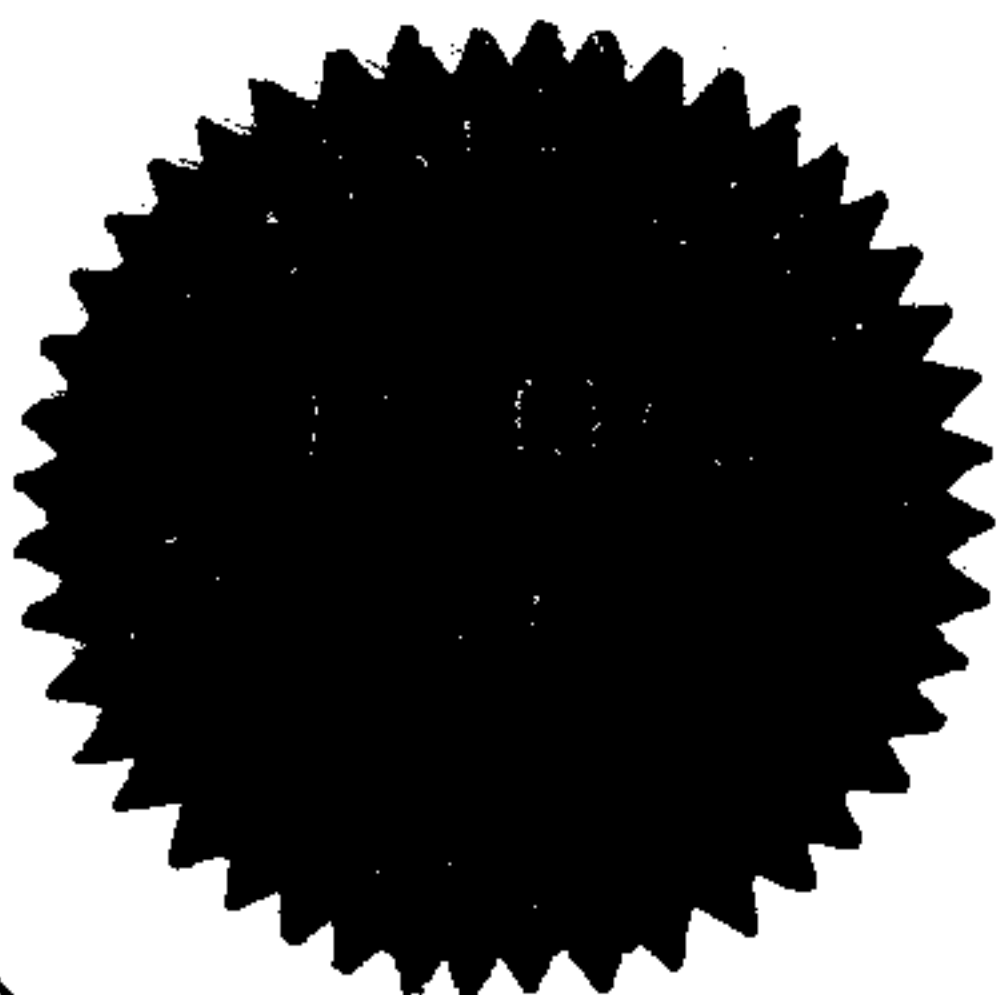
The undersigned, as Judge of Probate of SHELBY County, State of Alabama, hereby certifies that duplicate originals of Articles of INCORPORATION of SHELBY HEALTH SERVICES INC, duly signed and verified pursuant to the provisions of Section NON PROFIT of the Alabama Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Judge of Probate, and by virtue of the authority vested in him by law, hereby issues this Certificate of INCORPORATION of _____, and attaches hereto a duplicate original of the Articles of INCORPORATION.

GIVEN Under My Hand and Official Seal on this the 11th day of OCTOBER, 1995.

PATRICIA YEAGER FUHRMEISTER

Judge of Probate



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