

**ARTICLES OF INCORPORATION**  
**OF**  
**SHELBY COUNTY COMMUNITY HEALTH FOUNDATION**  
**(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 "Foundation"), under the name set forth in Article I hereof, shall commence.

**ARTICLE I.**

**NAME**

1.1 The name of the Foundation shall be "Shelby County Community Health Foundation."

**ARTICLE II.**

**PERIOD OF DURATION**

2.1 The duration of the Foundation shall be perpetual.

**ARTICLE III.**

**PURPOSES AND POWERS**

3.1 Subject to the limitations set out in paragraphs 3.3 and 3.4 below, the purposes for which the Foundation is organized are:

(a) The Foundation is organized exclusively for benevolent, charitable, educational, social and civic purposes relating solely to the health needs of the citizens of Shelby County, Alabama and within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provisions of any future United States Internal Revenue law (the "Code") including, without limiting the generality of the foregoing, to permanently hold, invest and disburse funds (the "\$45 Million Fund") paid by Baptist Health System, Inc. ("BHS") in connection with the merger of Shelby Baptist, Inc. with and into BHS. The \$45 Million Fund shall be specifically subject to the terms of these Articles and to any agreement executed by this

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Foundation, including, but not limited to the agreement and condition to hold said funds, invest same, and use the proceeds thereof for the following purposes and no other:

1. 25% of the income earned from the \$45 Million Fund for a period of five years will be allocated to reimburse the cost of certain hospital services performed at the Shelby Medical Center facilities (owned and operated by BHS) for citizens of Shelby County.

2. 50% of the income earned from the \$45 Million Fund will be available to fund and assist the Shelby County community with health and wellness clinics and health related services of such community agencies and services as follows and to cover the costs for those health-related services that are the responsibility of Shelby County, including: Shelby County Health Department, Chilton-Shelby Mental Health, medical and dental care for Shelby County adult and/or juvenile inmates and/or juvenile detention inmates or detainees, the cost of care and evaluation of persons referred from the Probate Judge and the District Court Judge of the Juvenile Division, EMS units, health-related projects, and service organizations.

3. The remaining 25% of the income earned from the \$45 Million Fund will be re-invested and permanently maintained in the \$45 Million Fund in order to increase its value, with administrative costs being paid therefrom prior to re-investing.

4. The \$45 Million Fund shall be invested so as to effect two primary goals: (a) earning sufficient income to provide for payment in full of the obligations set forth in subsections 3.1(a)1-3 above and (b) preservation of principal.

5. Investment Guidelines for the \$45 Million Fund shall be adopted by the Foundation at the initial meeting of the Board of Directors of the Foundation, or as soon thereafter as practicable, which Investment Guidelines, and any amendments thereto, must be approved by a vote of (i) four-fifths (4/5's) of the directors of the Foundation then in office, (ii) four-fifths (4/5's) of the County Commission of the Shelby County Commission then in office and (iii) three-fourth's (3/4's) of the four members of the Birmingham Division Board of BHS who are required to reside in Shelby County.

(b) In connection with the foregoing actively to solicit, accept, receive, maintain and disburse contributions, and income therefrom, and to apply for, accept and expend grants in accordance with their requirements.

3.2 Subject to the limitations set out in paragraphs 3.3 and 3.4 below, the Foundation shall have all the powers now or hereafter conferred on a nonprofit corporation under the Act and other laws of the State of Alabama.

**3.3 The Foundation shall be subject to the following restrictions and limitations, notwithstanding any other provisions of these Articles:**

**(a) The Foundation shall not carry on any activities not permitted to be carried on by an organization exempt under Section 501(c)(3) of the Code and the Regulations, or by an organization, contributions to which are deductible under Section 170(c)(2) of the Code and the Regulations as the same now exist or as they may be hereafter amended from time to time.**

**(b) No substantial part of the activities of the Foundation shall be carrying on propaganda, or otherwise attempting to influence legislation, and no activities of the Foundation shall be participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office.**

**(c) No part of the net earnings of the Foundation shall inure to the benefit of any private person, director, or officer of the Foundation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Foundation affecting one or more of its purposes).**

**(d) If the Foundation should be classified as a private foundation within the meaning of § 509 of the Code, the officers of the Foundation shall:**

**1. Distribute all income of the Foundation at such times and in such manner as not to subject the Foundation to tax under § 4942 of the Code.**

**2. Refrain from causing the Foundation to engage in any act of self dealing as defined in § 4941(d) of the Code.**

**3. Refrain from retaining any excess business holdings as defined in § 4943(c) of the Code in a manner that would subject the Foundation to tax under § 4943(a) of the Code.**

**4. Refrain from making any investments in such manner as to subject the Foundation to tax under § 4944 of the Code.**

**5. Refrain from making any taxable expenditures as defined in § 4945(d) of the Code.**

**3.4 Upon the liquidation or dissolution of the Foundation, whether voluntary or involuntary, no private person, director, or officer shall be entitled to any distribution or division of its remaining property or its proceeds, and the balance of all money and other property received by the Foundation from any source, after the payment of all debts and obligations of the Foundation, shall be used and distributed exclusively for purposes within those set forth in paragraph 3.1 of these Articles (as limited by the provisions of paragraph 3.3 of these Articles) and within the intendment of Section 501(c)(3) of the Code and the Regulations as the same now**



exist or as they may be hereafter amended from time to time; provided, further, that any funds held subject to certain specific agreements, including but not limited to the \$45 Million Fund referred to above, shall continue to be subject to the terms of such agreement and shall be held by an organization approved by the Shelby County Commission, recognized as exempt from federal income taxation under Section 501(c)(3) of the Code, and for the purposes originally intended for such funds.

#### **ARTICLE IV.**

##### **MEMBERS**

4.1 The Foundation shall have no members or shareholders and shall not issue any shares of stock or certificates or any other evidence of membership.

#### **ARTICLE V.**

##### **REGISTERED OFFICE AND REGISTERED AGENT**

5.1 The address and location of the initial registered office of the Foundation shall be at P. O. Box 467, Columbiana, Alabama.

5.2 The initial registered agent at such address shall be Alex A. Dudchok.

#### **ARTICLE VI.**

##### **INITIAL BOARD OF DIRECTORS**

6.1 The number of directors constituting the initial Board of Directors shall be four (4).

6.2 As soon as practicable following the filing of these Articles of Incorporation, the Board of Directors shall be expanded to number five (5), and the Shelby County Commission shall appoint an additional number to the Board of Directors to effect the following composition: Class A members of the Board of Directors shall number three (3) and shall be elected by the Shelby County Commission. Class B Members of the Board of Directors shall number two (2) and shall be elected by the four members of the Birmingham Division Board of Baptist Health System, Inc. who are required to reside in Shelby County.

6.3 No member of the retiring Board of Directors shall be eligible for nomination or election more than two consecutive terms. No person holding an elective public office which pays a salary shall be a member of the Board, and if any member of the Board shall be elected to a salaried public office, such member shall thereupon and without further action or proceedings whatever cease to be a member of the Board.

6.4 Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled in the case of Class A Directors, by the Shelby County Commission, or, in the case of Class B Directors, by the Birmingham Division of the Baptist Health System, Inc.

6.5 The names and addresses of the persons who are to serve as directors until the first meeting of directors or until their successors are elected and qualify are:

<u>DIRECTOR</u>	<u>ADDRESS</u>	<u>CLASS</u>
L. Holt Cloud	5518 Parkview Circle Birmingham, AL 35242	A
Alex A. Dudchock	P. O. Box 467 Columbiana, AL 35051	A
Roger D. Massey	4504 Buttewoods Lane Birmingham, AL 35243	B
David L. Nolen	3000 Pelham Parkway Pelham, AL 35124	B

## **ARTICLE VII.**

### **INCORPORATOR**

7.1 The name and address of the incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Shelby County Health Care Authority	1000 First Street North Alabaster, Alabama 35007

## **ARTICLE VIII.**

### **INTERNAL AFFAIRS**

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

8.1 The initial bylaws of the Foundation 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 Foundation and the directors not inconsistent with the Act or these Articles of Incorporation.

8.2 All corporate powers of the Foundation shall be exercised by or under authority of, and the business and affairs of the Foundation shall be managed under the direction of, the Board of Directors. The number of directors comprising the initial Board of Directors shall be four (4) but shall be increased to five (5) as provided in Section 6.2 of these Articles. Directors shall be elected in the manner provided in these Articles. The number of directors may be increased or decreased from time to time by amendment to these Articles, provided that no decrease shall have the effect of shortening the term of any incumbent director. The term of each director in office shall be three (3) years except as set forth in the Bylaws of the Foundation.

8.3 Any contract or other transaction that is fair and reasonable to the Foundation and is in furtherance of the Foundation's exempt purpose, between the Foundation and one or more of its directors, or between the Foundation 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 Foundation 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. The interested director or directors shall not be counted in determining whether a quorum is present and shall not be entitled to vote on such authorization or ratification. 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.

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 Foundation shall be immune from suit and shall not be subject to civil liability arising from the conduct of the affairs of the Foundation 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 Foundation may 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, administrative or investigative, including appeals (other than an action by or in the right of the Foundation), by reason of the fact that he or she is or was a director, officer, employee or agent of the Foundation, or is or was serving at the request of the Foundation 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 Foundation. The termination of any claim, action, suit or proceeding by judgment, order, settlement, 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 Foundation.

(c) The Foundation may 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 Foundation 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 Foundation, or is or was serving at the request of the Foundation 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 Foundation 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 Foundation 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 Foundation 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 may 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 Foundation 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 claim, action, suit or proceeding may be paid by the Foundation 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 Foundation 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 Foundation 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 Foundation, or is or was serving at the request of the Foundation 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 Foundation would have the power to indemnify him or her against such liability under the provisions of this Section.

(i) The Board of Directors may determine, in its sole discretion, whether to indemnify a director who has been adjudged to be not guilty in a criminal action that results by reason of the fact that he or she is or was a director, officer, partner, employee or agent of the Foundation.

(j) The Foundation reserves the right to choose counsel for, or to approve any counsel chosen by, a director who seeks or will seek indemnification hereunder; the Foundation further reserves the right to control and direct any defense for which indemnification is or may be sought.

8.5 The Foundation 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, only upon the (i) vote of four-fifths (4/5's) of the directors of the Foundation then in office; (ii) vote of four-fifths (4/5's) of the County Commissioners of the Shelby County Commission then in office; and (iii) vote of three-fourths (3/4's) of the four members of the Birmingham Division Board of BHS who are required to reside in Shelby County.

IN TESTIMONY WHEREOF, witness the hand and seal of the undersigned incorporator on this the 12 day of October, 1996.

**SHELBY COUNTY HEALTH CARE AUTHORITY**

By:   
Its: Chairman of the Board

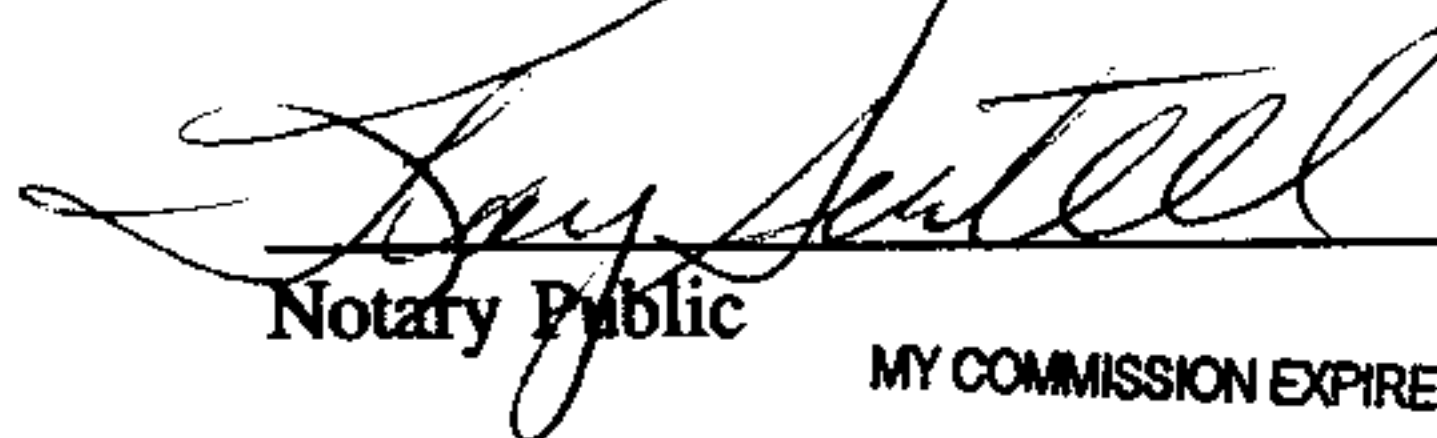


STATE OF ALABAMA     )

SHELBY COUNTY         )

Before me, the undersigned Notary Public in and for said County in said State, on this day personally appeared Paul P. Salter, Jr. M.D., whose name as Chairman of the Board is signed to the foregoing Articles of Incorporation of Shelby County Health Care Authority, 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 15 day of October, 1996.

  
Notary Public

MY COMMISSION EXPIRES MAY 31, 2000

This instrument prepared by:

James M. Pool  
Maynard, Cooper & Gale, P.C.  
1901 Sixth Avenue North  
2400 AmSouth/Harbert Plaza  
Birmingham, Alabama 35203  
(205) 254-1050

# State of Alabama

Shelby

# County

CERTIFICATE OF Incorporation

OF

Shelby County Community Health Foundation

The undersigned, as Judge of Probate of Shelby County, State of Alabama, hereby certifies that duplicate originals of Articles of Incorporation of Shelby County Community Health Foundation, 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 Shelby County Community Health Foundation, and attaches hereto a duplicate original of the Articles of Incorporation.

GIVEN Under My Hand and Official Seal on this the 1st day of October, 19 96.

*Patricia Geiger Schneider*

Judge of Probate

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