



**AMENDED AND RESTATED
BYLAWS
of
Valley Hospital Association, Inc.
(an Alaska nonprofit corporation)**

(as of _____, 2003



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Article I - Purpose

Section 1. General

Valley Hospital Association, Inc. (the "Corporation") is established for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "IR Code"), or any corresponding provisions of any subsequent federal tax laws, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under said section. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, any private individual, 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 purposes. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, except as permitted by Section 501(h) of the IR Code or any subsequent federal tax laws. The Corporation shall not participate in or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these bylaws, the Corporation shall not carry on any other activities not permitted to be carried on by an organization exempt from federal income tax under Section 501(a), described in Section 501(c)(3), contributions to which are deductible under Section 170(c)(2) of the IR Code, or the corresponding provisions of any subsequent federal tax laws (hereinafter referred to as "exempt organizations").

Section 2. Specific Purposes

The specific purposes of the Corporation shall be:

- (a) To be a member of **MAT-SU VALLEY MEDICAL CENTER, LLC** (the "LLC"), and in such capacity, through the LLC, to decide which services are appropriate and to establish, support, manage and furnish facilities, personnel and services to provide diagnosis, medical-surgical and private hospital care, extended care, outpatient care, home care and other hospital and medically related services without regard to race, creed, color, sex or national origin.
- (b) To carry on such activities and to provide such services related to the promotion of health through the LLC, as well as any additional services which in the opinion of the Board of Directors, hereinafter referred to as the "Board," may be justified by the facilities, personnel, funds or other requirements that are or can be made available.
- (c) To engage in any and all charitable activities which are not health related consistent with or in furtherance of the above charitable purposes.

Article II - Offices

The Corporation shall maintain its principal office for the transaction of its affairs within the Matanuska-Susitna Borough, Third Judicial District, State of Alaska.



Article III - Seal

The Corporation shall have a seal.

Article IV - Membership

Section 1 - Classes of Members.

Membership in the Corporation is composed of general members and associate members. Other classes of membership may be established by the Board, such as honorary membership, but no such additional class of membership shall have voting rights unless approved by the general membership.

Section 2 - General Members.

General membership in the Corporation is open to all residents of the Matanuska-Susitna Borough (established by voter registration and/or mailing address within the Borough), 18 years of age or older, without regard to citizenship, race, sex, age or religious preference who apply for membership, pay ~~annual~~ membership fees and comply with the Corporation Bylaws and regulations made pursuant thereto. The Board may create categories of general members, including but not limited to lifetime and annual. A general member of any category may be converted to associate member status upon loss of residency.

Section 3 - Associate Members.

Associate membership is open to persons who would qualify for general membership except that they are not residents of the Matanuska-Susitna Borough. The Board may create categories of associate members including but not limited to lifetime and annual. An associate member may request change of status to a general member upon provision of proof of meeting the residency and other qualifications and payment of fee differential, if any.

Section 4 - Voting.

Each general member in good standing may vote on any issue brought before the membership, in person or by proxy. Associate members have no right to vote, except that associate members who are employees or contract employees of the LLC or the Corporation who work a minimum of 25 hours per week and reside in Alaska may, during the time of such employment, exercise the vote of a general member.

Section 5 - Term, Fees.

~~Membership~~Except for lifetime members whose membership shall be valid until such member's death, membership is on an annual calendar year basis. The fee for ~~general members is \$5.00 per year and for associate members \$3.00 per year. Membership fees may not be changed without approval of the membership.~~each class and category of member shall be set by the Board, provided that initial annual fees for General Members and Associate Members shall be \$5.

Section 6 - Certificates, Records.

The Secretary shall maintain or cause to be maintained a complete set of records of current membership in good standing, open to inspection by any member or an agent or attorney for the member. Only those persons listed on the record shall be regarded as members. Membership certificates may be issued. Ballots and membership applications will be retained for 90 days after the election.



Article V- Membership Meetings

Section 1 - Regular Annual Meeting.

The regular annual meeting of the membership shall be held at 7 p.m. on the second Monday in the month of June of each year in the Matanuska-Susitna Borough, Alaska at such place determined by the Board set forth in the notice of meeting. Prior to such meeting, by mail as provided in Article VI, Section 5, "Election," of these Bylaws, the membership shall elect ~~members of The Association Board of Directors and at directors to serve on the Board.~~ At such meeting, the results of the election held by mail shall be announced and ~~at such meeting~~ the membership shall transact such business as shall have been placed upon the agenda to come before the meeting, ~~including the election of members of The Association Board of Directors based on votes cast by mail, as provided in Article VI, Section 5, "Election," of these Bylaws.~~

Section 2 - Special Meetings.

Special meetings of the members may be called by the Chairman, or the Board, and shall be called by the Chairman upon written request signed by twenty-five percent (25%) or more of the general members, unless the request by members for a special meeting is made within thirty (30) days prior to the date of an annual meeting.

Section 3 - Notice, Ballots.

Notice of annual or special membership meetings and ballots for any election by mail as appropriate shall be mailed by regular mail to all members in good standing at least fifteen (15) days and not more than fifty (50) days prior to the time set for the meeting. The record date for determining membership shall be set by the Board and shall be at least ten (10) but not more than twenty (20) days preceding the mailing of such notice or ballots. Only those members reflected on the membership records on the record date are entitled to notice, ballots and to vote.

Section 4 - Proxies.

A member may vote at the meeting regarding matters to be voted upon at the meeting, in person or by written proxy (hereinafter defined) signed by the member. A member may vote by mail ballot only personally, and not by proxy. Unless otherwise stated in the proxy, a proxy is valid only for the meeting which has been noticed, and in no event may a proxy be valid for a period longer than the remaining current annual membership of the member or eleven (11) months, whichever is the shorter time.

A proxy signed by a member and received prior to the beginning of a meeting shall be regarded as the proxy of a member to the attorney or other agent for the Corporation or such other person named by the member on the proxy to vote in accordance with the instructions written by the member on the proxy for all matters described on the proxy, and to vote in the holder's discretion for matters for which no instruction is given on the proxy. No other form or proxy is allowed.

Any person, other than an agent of the Corporation, who solicits proxies of members or intends to do so shall first, at least fifteen (15) days prior to the meeting, register with a person designated by the Board his/her intention to solicit proxies, and shall furnish to such designated person copies of his/her proxy solicitation materials. Such materials shall describe the person, his/her background and connection with the Corporation, the issue(s) upon which proxies are solicited and reason therefore. The person shall furnish a copy of such materials to members solicited, and any proxy obtained shall state on the face thereof that such materials have been furnished to the member giving the proxy. Failure to follow this provision invalidates any proxy obtained in violation hereof.



Section 5 - Quorum.

A quorum for the transaction of business of any meeting of the membership shall consist of at least twenty-five (25) voting members or one-tenth (1/10) of the voting membership, whichever is the greater number. If at the meeting there is to be announced the results of an election by mailed ballot, then all such ballots counted shall be regarded as members attending the meeting for purposes of establishing a quorum at the meeting. Once established a quorum is valid for the remainder of the meeting, and may not be defeated by members absenting themselves from the meeting. The members present at any meeting, though less than a quorum, may adjourn the meeting to a future time.

Section 6 - Majority Vote, Cumulative Voting, Two-Thirds Vote.

A vote by a majority of the votes entitled to be cast on a matter to be voted upon by the members present or represented by proxy at a meeting at which a quorum has been established or a vote by a majority of the votes cast in a mailed ballot where total votes cast constitute a quorum is an action by the membership. Cumulative voting is not permitted.

A vote by two-thirds (2/3) rather than majority as above is required for membership approval of:

- (a) amendment of the Articles of Incorporation.
- (b) merger or consolidation.
- (c) dissolution.
- (d) sale or other disposal of substantially all of the Corporation's assets.

~~(e) any contract or action to transfer the Valley Hospital in Palmer, Alaska or the management thereof.~~

Section 7 - Tie Vote for Directors.

If, in an election for directors to serve on the Board, two or more candidates receive the same number of votes and one or more seats remain to be filled, then, in such an event, the office(s) shall be filled by lot between the candidates receiving the highest number of tie votes as follows:

Upon a finding by the inspectors of election that such tie vote has occurred, the person who heads the inspectors of election, in the presence of the remaining inspectors, shall write the name of each of the candidates who received the highest number of tie votes on individual pieces of paper so that there is one piece of paper for each candidate, shall place the pieces of paper into a container, shall mix them, and shall draw, without looking, a piece of paper from the container. The candidate whose name appears on the drawn piece of paper shall be declared the winner. If another office still remains to be filled, another piece of paper shall be drawn, and so forth until the tie(s) has been broken by such lot and the winning candidate(s) so selected.

Section 8 - Agenda, Matters not to be Considered by Members.

The Chairman of the Board shall, prior to the meeting, determine the Agenda of a regular (including annual) or special meeting of the membership. At each annual meeting, a date will be announced after which no member's suggestion for an item(s) to be placed on the agenda of the next following annual meeting shall be considered.

The Board shall place upon the Agenda of a special meeting called upon written request signed by ~~ten~~ twenty-five percent (~~10~~ 25%) of the members the item(s) set forth in the written request. If any such item violates the next following provision, only an advisory vote may be taken by the membership.



It being provided by law, AS 10.20.081, and Article VI, Section 1 of these Bylaws that the business, property and affairs of the Corporation shall be managed by its Board, it shall be out of order for an Agenda to place before the membership, or the membership to act (except in an advisory capacity to the Board) upon any matter or question reserved to the Board as management of the business, property and affairs of the Corporation.

Article VI - Board of Directors

Section 1 - Management and Control.

The business, property and affairs of the Corporation shall be managed by its Board.

Section 2 - Number.

The Board shall consist of fifteen (15) directors who shall be as nearly as possible representative of the activities and services needed in the community or provided by the Corporation, whether directly or indirectly through the LLC, or who shall possess attributes, experience or expertise beneficial to the Corporation.

Section 3 - Qualification.

~~Notwithstanding the foregoing provision, no employee of the corporation or member of an organization representing or attempting to represent a bargaining unit of employees of the corporation may serve on an Operating Board or Subsidiary Operating Board, and no~~ No more than one (1) employee of the ~~corporation~~ Corporation or the LLC or member of an organization representing or attempting to represent a bargaining unit of employees of the ~~corporation~~ Corporation or LLC may serve at any time on the ~~Association~~ Board. A director must be a general member.

Section 4 - Term.

A director shall be elected for a term of three (3) years. A director may not serve more than two (2) consecutive terms, not including partial terms.

Section 5 - Election.

Directors serving on the Board are elected by the membership of the Corporation at its annual meeting. ~~The two (2) members who are elected to the Operating Board as physicians with active staff privileges at Valley Hospital shall be elected for a term of three (3) years; provided that one of the two persons first so elected shall be assigned by lot, a term of two (2) years so that the terms of persons so elected shall be staggered. Members of The Association Board are elected by the membership of the corporation at its annual meeting. Prior to such~~ Board shall be divided into three (3) classes of five directors and the classes shall serve staggered three-year terms. The terms being served by the Association Board prior to the effective date of these Amended and Restated Bylaws shall constitute the staggered terms of the Board. Prior to each annual member meeting, the membership shall cast votes by mail, and the results of the vote by mail shall be announced at the meeting. A nominating committee of the Board shall nominate at least one person for each vacancy to be filled at the election, and such nominations shall be conveyed to the membership of the Corporation. Any member who is qualified under Article VI, Section 3, "Qualification," of these Bylaws may submit an application to be nominated for the Board and shall provide such information on the application form as may be determined by the nominating committee to be relevant to the selection of candidates. For each vacancy, the Nominating Committee, in its discretion, may nominate one or more qualified members who have submitted applications or it may nominate one or more other qualified members who the Nominating Committee concludes would be suitable to serve on the Board.



Section 6 - Unexpired Term and Removal.

The Board shall elect a person to fill a vacancy in the office of director on the Board and the person elected shall serve until the next annual meeting of the membership, at which time the members shall elect a person to fill the seat for the remainder of the unexpired term of the vacancy on the Board. A vacancy occurs upon the death, resignation or removal of any director. A director may be removed, with or without cause, by a two-thirds (2/3) vote of the membership.

Section 7 - Meetings.

The annual meeting of the Board shall be held the third Monday in the month of June of each year at 7 p.m. at a location selected by the Chairman. Other regular meetings may be set by the Board. Special meetings may be called by the Chairman or any four directors serving on the Board, and at such special meeting no business other than that stated in the notice shall be transacted.

Section 8 - Notice, Place.

No notice need be given of annual or regular meetings unless the time or place is other than that stated in these Bylaws or at a prior meeting. Unless waived by unanimous consent, notice of any special meeting shall be given at least two (2) days prior thereto by means then deemed to give actual notice. Any director may waive notice of any meeting, and the attendance of a director shall constitute a waiver of notice, except where the director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Meetings shall be held at a place as may from time to time be determined by the Board.

Section 9 - Quorum.

The majority of the Board shall constitute a quorum. Once a quorum is established, it may not be defeated by the withdrawal of a director. The act of a majority of the directors present at a meeting at which a quorum has been established shall be the action of the Board.

Section 10 - Action Without a Meeting.

Any action that may be taken by the Board at a meeting may be taken without a meeting if consent in writing shall be signed by all of the directors then serving. Copies of such executed consents, which may be executed in counterparts, shall be filed with the records of the Corporation, and shall have the same force and effect as a unanimous vote of the directors.

Section 11 - Compensation.

Unless approved by the general membership of the Corporation, no director shall be compensated except that he/she may be paid expenses, if any. This shall not preclude any director from serving the Corporation in any other capacity and receiving reasonable compensation therefore.

Section 12 - Committees.

The Board may by resolution establish such standing or special committees, composed of such directors and other persons, as may from time to time be determined. The Board is encouraged to involve persons on these committees who possess special expertise or attributes which would be of service to the Corporation. Committee members need not be members of the Corporation and need not be then serving as directors. Members of the Corporation and the directors are encouraged to serve on the committees.

Section 13 - Officers.

The Board shall annually select from among its directors, a Chairman, Vice Chairman, Recording Secretary, Treasurer and such other officers of the Board as the Board may from time to time determine. The Chairman of the Board shall preside at all meetings of the Board and of the membership of the Corporation. The Vice-Chairman shall act in the



absence of the Chairman. The Recording Secretary shall keep and maintain, or cause to be kept and maintained, records of the meetings of the Board.

Section 14 - Director Conflicts of Interest.

Directors shall disclose any conflict of interest in any contract or other transaction between the Corporation and the director or a Corporation, firm, or association in which one or more of the directors has a material financial interest. Such contracts or other transactions may be approved, pursuant to AS 10.06.478, by the Board if the material facts of the contract or transaction are fully disclosed or known to the Board and the Board authorizes, approves, or ratifies the contract or transaction in good faith by a sufficient vote without counting the vote of the interested director or directors. In the case of a contract or other transaction between the Corporation and a director of the Corporation, the person asserting the validity of the contract or transactions also shall sustain the burden of proving to the Board that the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved, or ratified. The approval procedure for any transaction in which a director has a material financial interest shall be approved in the manner prescribed in Section 4958 of the IR Code and the regulations promulgated thereunder to establish a "rebuttable presumption" of reasonableness.

Article VII Category A Directors for LLC

Section 1 – Selection.

The Board shall select five Category A Directors to serve on the Board of Directors of the LLC. Selection shall be by majority vote of the Board. A nominating committee of the Board shall nominate at least one person for each vacancy to be filled at the election. Any member who is qualified under Article VII, Section 3, "Qualification," of these Bylaws may submit an application to be nominated for a Category A Director position with the LLC and shall provide such information on the application form as may be determined by the nominating committee to be relevant to the selection of candidates. For each vacancy, the nominating committee, in its discretion, may nominate one or more qualified members who have submitted applications or it may nominate one or more other qualified members who the nominating committee concludes would be suitable Category A Directors.

Section 2 – Term.

The Category A Directors of the LLC shall be divided into three (3) classes, with Class I consisting of one director, Class II consisting of two directors and Class III consisting of two directors. Initially, the Class I director shall serve a term of one year, the Class II directors shall serve a term of two years, and the Class III directors shall serve a term of three years, all commencing on the date of election. At each subsequent annual meeting of the Board of the Corporation, the successor of those Category A Directors of the LLC whose term then expires shall be elected to serve a term of three (3) years and until their successors are elected and qualified or until their earlier death, resignation or removal.

Section 3 – Qualifications.

Each person selected to serve as a Category A Director on the LLC board shall be a general member of the Corporation. At least three of the Category A Directors serving on the LLC board shall also be serving on the Board of the Corporation at the time of election to the LLC Board. A person may not serve as a Category A Director on the LLC Board if an adult member of such person's household is also serving as Category A Director on the LLC Board.

Section 4 – Term Limits.

A Category A Director may not serve more than two (2) consecutive terms, excluding partial terms and the initial one and two year terms, respectively, of the Class I and Class II Category A Directors created in Article VII, Section 2.



Section 5 – Vacancies and Removal.

The Board shall elect a person to fill a vacancy in the Category A Director seat on the LLC Board and the person elected shall serve for the remainder of the unexpired term of the vacancy on the LLC Board. A vacancy occurs upon the death, resignation or removal of any Category A Director. A Category A Director may be removed, with or without cause, by a two-thirds (2/3) vote of the Board of the Corporation.

Section 6 – Quorum, Proxies and Reporting Obligations.

A quorum of the Category A Directors on the LLC Board shall consist of at least three such directors appearing in person or by telephone; however, Category A Directors are expected to attend each meeting. Because the Category A LLC Directors serve in a hybrid capacity as representatives of the Corporation's interest as a member of the LLC, Category A Directors serving on the LLC Board may vote in person or by proxy at a meeting of the Board of Directors of the LLC. A Category A Director may only give a proxy to another Category A Director. At each meeting of the Corporation's Board of Directors, the Category A Directors shall report on the activities and actions of the LLC.

Section 7 – Limitations on Category A Director Authority

The Category A Directors shall present information regarding the proposed activities of the LLC identified below and shall vote on such activities only as set forth in directives from the Board of the Corporation:

- (a) A call for Additional Capital Contributions of the Members;
- (b) Acceptance of a Distribution in Kind by a Member;
- (c) Establishment of, or any changes in, the mission, values, or philosophy according to which the LLC shall operate;
- (d) Evaluation of the amount of charity care provided by the LLC, as provided in the LLC's operating agreement, and any material change to the indigent care policies of the LLC;
- (e) Admitting any additional members to the LLC or issuing additional Units;
- (f) Engaging in any merger, consolidation, or share exchange;
- (g) Amendments to the LLC operating agreement or certification of formation;
- (h) Dissolution or liquidation of the LLC;
- (i) Approval of any significant additions, modifications or termination of services provided by or at the Hospital operated by the LLC; and
- (j) Any change in the general character of the business conducted by the LLC, it being understood that such business is the ownership and operation of healthcare related facilities and the delivery of healthcare services.

Capitalized terms used in this Article VII, Section 7 shall have the meaning used in the LLC's operating agreement.

Article VIII - Fiscal Year

The fiscal year of the Corporation shall be the calendar year.



Article IX - Indemnification

Section 1 - Non-Derivative Actions.

Subject to the provisions of Sections 3, 5, and 6 below, the Corporation shall defend, indemnify and hold financially harmless 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 or arising from the fact that the 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, agent, partner or trustee of another Corporation, partnership, joint venture, limited liability company, trust, or other enterprise, against costs and expenses (including attorney's fees) of said suit, action or proceeding, judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with the action, suit or proceeding if

(a) the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to a criminal action or proceeding, did not know and had no reasonable cause to believe the conduct was unlawful, or

(b) the person's act or omission giving rise to such action, suit or proceeding is ratified, adopted or confirmed by the Corporation or the benefit thereof received by the Corporation.

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, and settlement shall not constitute any evidence, that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to a criminal action or proceeding, did not know and had no reasonable cause to believe that the conduct was unlawful.

Section 2 - Derivative Actions.

Subject to the provisions of Sections 3, 5, and 6 below, the Corporation shall defend, indemnify and hold financially harmless 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 or arising from the fact that the 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, agent, partner or trustee of another Corporation, partnership, joint venture, limited liability company, trust or other enterprise against costs and expenses (including attorney fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if

(a) the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, or

(b) the person's act or omission giving rise to such action or suit is ratified, adopted or confirmed by the Corporation or the benefit thereof received by the Corporation.

No indemnification shall be made in respect of any claim, issue or matter as to which such person as a director shall have been adjudged to be liable for (a) a breach of a director's duty of loyalty to the Corporation; (b) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; or (c) a transaction from which a director derives an improper personal benefit, unless, and only to the extent that, the court in which the action or suit was brought, shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses which the court considers proper.



Section 3 - Denial of Right to Indemnification.

Subject to the provisions of Sections 5 and 6 below, defense and indemnification under Sections 1 and 2 of this article automatically shall be made by the Corporation unless it is expressly determined that defense and indemnification of the person is not proper under the circumstances because the person has not met the applicable standard of conduct set forth in Sections 1 or 2 of this article. The person shall be afforded a fair opportunity to be heard as to such determination. Defense and indemnification payment may be made, in the case of any challenge to the propriety thereof, subject to repayment upon ultimate determination that indemnification is not proper.

Section 4 - Determination.

The determination described in Section 3 shall be made

(a) by the Board by a majority vote of a quorum consisting of directors who were not parties to the action or proceeding, or

(b) if such quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

Section 5 - Successful Defense.

Notwithstanding any other provisions of Sections 1, 2, 3, or 4 of this article, but subject to the provisions of Section 6 below, if a person is successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 or 2 of this article, or in defense of any claim, issue or matter therein, the person shall be indemnified against costs and expenses (including attorney fees) actually and reasonably incurred in connection therewith.

Section 6 - Condition Precedent to Indemnification.

Any person who desires to receive defense and indemnification under this article shall notify the Corporation reasonably promptly that the person has been named a defendant to an action, suit or proceeding of a type referred to in Sections 1 or 2 and that the person intends to rely upon the right of indemnification described in this article. The notice shall be in writing and mailed via registered or certified mail, return receipt requested, to the Executive Director of the Corporation at the executive offices of the Corporation or, in the event the notice is from the Executive Director, to the registered agent of the Corporation. Notice need not be given when the Corporation is otherwise notified by being named a party to the action.

Section 7 - Insurance.

At the discretion of the Board of Directors, the Corporation may 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, agent, partner or trustee of another Corporation, partnership, joint venture, limited liability company, trust or other enterprise against any liability asserted against or incurred by the person in any such capacity, or arising out of the person's status as such, whether or not the Corporation would have the power to defend and indemnify the person against such liability under the provisions of this article.

Section 8 - Former Officers, Directors, etc.

The indemnification provisions of this article shall be extended to a person who has ceased to be a director, officer, employee, or agent as described above and shall inure to the benefit of the heirs, personal representatives, executors, and administrators of such person.



Section 9 - Purpose and Exclusivity.

The defense and indemnification referred to in the various sections of this article shall be deemed to be in addition to and not in lieu of any other rights to which those defended and indemnified may be entitled under any statute, rule of law or equity, agreement, vote of the members or Board or otherwise. The purpose of this Article is to augment, pursuant to AS 10.06.490(f), the provisions of AS 10.20.011(14), and the other provisions of AS 10.06.490.

Section 10 - Limitation of Liability.

No director or former director of this Corporation shall have any personal liability to the Corporation for monetary damages for the breach of fiduciary duty as a director except as provided in AS 10.20.151(d).

Section 11 - Staff Members.

The foregoing indemnification provisions apply to members or former members of the staff who are acting or who have acted in the capacity of officers, committee members, or other staff position or duty under these Bylaws for acts or omissions by such persons when such acts or omissions were authorized under these Bylaws or otherwise by the Corporation.

Section 12 - Director/Officer Reliance.

In acting for the Corporation and unless the Director has knowledge concerning the matter in question that makes reliance unwarranted, Directors may rely upon information, opinions, reports, or statements, including financial statements and data prepared by (1) officers, employees, and agents of the Corporation whom the Director believes to be reliable and competent in the matters presented, (2) counsel, public accountants, or other persons as to matters that the Director reasonably believes to be within the person's professional or expert competence, and (3) committees of the Board as to matters within the authority of the committee which the Director believes to merit confidence. An officer or other person entitled to indemnification from the Corporation may also similarly rely upon such information, opinions, reports or statements, including financial statements.

Article X - Parliamentary Procedure

Unless inconsistent with law, these Bylaws or the Articles of Incorporation, meetings of the membership shall be conducted in accordance with the version of Roberts Rules of Order selected by the Chairman. Unless determined otherwise by the Board, meetings of the Board shall be conducted in accordance with the version of Roberts Rules of Order selected by the Chairman. A copy of the version selected by the Chairman shall be available at each meeting of the Board and shall be given to each Director upon request.

Article XI - Board Reservation Of Authority

In the same manner as federal law preempts and has priority over state law and state over local law, the laws and several documents which relate to the Corporation shall have the following priority over each other, with (a) having priority over (b) and so forth:

- (a) Applicable Law.
- (b) The Corporation's Articles of Incorporation.
- (c) These Bylaws.



(d) Resolutions adopted by the Board.

(e) Specific Policies adopted by the Board.

When any provision of one conflicts with another, the provision of the one with the higher priority shall be given priority and shall govern.

Except as it may be preempted by a court or other authority as to applicable law, the Board reserves to itself the right and authority to interpret any provision of any of the above and to decide and determine any question or controversy arising over the meaning of any provision of any of the above and the rights or obligations of persons which may flow from such interpretation. Any such interpretation shall be final and binding upon all parties who are subject to such provision.

Article XII - Amendments

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted at any regular or special meeting by resolution of the Board after 7 business days advance notice in writing of the proposed change to each director. The bylaws committee shall annually review these Bylaws and submit its proposals for revision, if any, for adoption by resolution of the Board. Any failure to conduct such annual review shall not act to invalidate any provision of these Bylaws. Any provision contained in these Bylaws which requires approval by the membership or which requires membership vote or action may not be altered, amended or repealed without such approval by the general membership of the Corporation.

ADOPTED: February 28, 1985.

REVISED: Several times between 1985 and 2002

AMENDED AND RESTATED:

May 12, 2003 Approved by Operating and Association Board; _____, 2003 approved by Membership; changes effective on _____, 2003 as set forth in resolution and proxy materials.

DATED this ____ day of _____, 2003

VALLEY HOSPITAL ASSOCIATION, INC.

By _____
Kathleen Kelly, President
Operating Board

ATTEST:

Stan Tucker, Secretary
Operating Board