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Michigan Department of Consumer and Industry Services

Filing Endorsement

*This is to Certify that the RESTATED ARTICLES OF INCORPORATION – NONPROFIT
for
PORTAGE HEALTH SYSTEM, INC.*

ID NUMBER: 828082

*received by facsimile transmission on February 26, 1998 is hereby endorsed
Filed on February 26, 1998 by the Administrator.*

*In testimony whereof, I have hereunto set my
hand and affixed the Seal of the Department,
in the City of Lansing, this 26th day
of February, 1998.*



Julie Coll

, Director

Corporation, Securities and Land Development Bureau

RESTATED ARTICLES OF INCORPORATION
OF
PORTAGE HEALTH SYSTEM, INC.

Pursuant to the provisions of Act 162, Public Acts of 1982, the undersigned Corporation executes the following Restated Articles:

1. The present name of the Corporation is Portage Health System, Inc.
2. The Corporation Identification Number (CID) assigned by the Bureau is:
828-082.
3. All former names of the Corporation are: St. Joseph's Hospital of Hancock, Michigan; St. Joseph's Community Hospital of Hancock, Michigan; and Portage View Hospital, Inc.
4. The date of filing the original Articles of Incorporation was May 6, 1948. The original Articles of Incorporation were subsequently restated most recently on February 10, 1998.

The following Restated Articles of Incorporation supersede the Articles of Incorporation as amended and shall be the Articles of Incorporation for the Corporation:

ARTICLE 1. NAME

The name of the Corporation is: Portage Health System, Inc.

ARTICLE 2. PURPOSES

The purpose or purposes for which the Corporation is organized are:

The Corporation is created and organized exclusively for charitable, educational and scientific purposes, including, for such purposes, the making of distributions to organizations

that qualify as exempt organizations under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States Internal Revenue law, (hereinafter referred to as the "Code"). More specifically, the Corporation is created and organized to own, maintain, and operate facilities for health care, education, care for the aged and other health related services, and to provide, on a nonprofit basis, hospital facilities and services for the care and treatment of persons who are acutely ill who otherwise require medical care and related services of the kind customarily furnished most effectively by hospitals, pursuant to Section 242 of the National Housing Act, as amended.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

Notwithstanding any other provision of these Restated Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

ARTICLE 3. MEMBERSHIP

The Corporation is organized on a non-stock basis. The Corporation is organized on a membership basis with the number of members fixed from time to time by the Board of Directors.

ARTICLE 4. DESCRIPTION AND VALUE OF ASSETS

The description and value of its real property assets are: The entire Block 3, including part of Water Street lying South and all of Block 4 of the Quincy Lake Shore Addition to the Village (now City) of Hancock; and parcels of Government Lot 1 in Section 34, Township 55 North, Range 34 West, Houghton County, Michigan, having a value of \$2,595,170.

And, the description and value of its personal property assets are: furnishings, equipment, fixtures, inventory, supplies, together with cash, accounts receivable, investments having a value of \$7,284,510.

The Corporation is to be financed under the following general plan: principal revenue source is fees for services. Contributions and investment income are also sources of funds.

ARTICLE 5. ADDRESS

The address of the current registered office is: 200-210 Michigan Street, Hancock, Michigan 49930. The mailing address of the current registered office is the same and its registered agent at such address shall be James Bogan.

ARTICLE 6. EARNINGS

This Corporation is not organized for profit and shall not pay dividends or other pecuniary gain, directly or indirectly, to its directors or officers or to its members.

No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to its members, its directors, officers or other private persons.

ARTICLE 7. DURATION

The duration of the Corporation shall be perpetual. Notwithstanding anything to the contrary in these Restated Articles, the Corporation shall continue to remain a corporation in good standing with the State of Michigan for the full term of any mortgage insured by the United States Department of Housing and Urban Development.

ARTICLE 8. DIRECTORS

The management of the Corporation shall be vested in a Board of Directors. The Corporate Board of Directors shall consist of not less than seven (7) nor more than twenty-one (21) members. The names and tenures in office of the voting directors at the time of the adoption of these Restated Articles are set forth on Exhibit A attached.

ARTICLE 9. PERSONAL LIABILITY

Members, officers and directors of the Corporation shall have no personal liability for the obligations of the Corporation.

Further, a volunteer director of the Corporation shall not be personally liable to the Corporation or its members for monetary damages for a breach of the director's fiduciary duty, except that a volunteer director's liability is not limited for any of the following:

1. a breach of the director's duty of loyalty to the Corporation or its members;
2. acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

3. a violation of Section 551(1) of the Michigan Nonprofit Corporation Act, which section relates to the making of unauthorized dividends or distributions;
4. a transaction from which the director derived an improper personal benefit; and
5. an act or omission that is grossly negligent.

If, after the adoption of this Article, the Michigan Nonprofit Corporation Act is amended to further eliminate or limit the liability of a volunteer director, then a volunteer director of the Corporation (in addition to the circumstances in which a director is not personally liable as set forth in the preceding paragraph) shall, to the fullest extent permitted by the Michigan Nonprofit Corporation Act, not be liable to the Corporation or its members, as so amended. No amendment to or alteration, modification or repeal of this Article shall increase the liability or alleged liability of any volunteer director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment, alteration, modification or repeal.

ARTICLE 10. DISSOLUTION

Subject to the provisions of Article 12 below, upon the dissolution of the Corporation, all of the assets of the Corporation remaining after paying or making provision for the costs and expenses incident to the dissolution proceedings and the liabilities and obligations of the Corporation shall be distributed to such organization or organizations organized and operated exclusively for charitable, educational, religious or scientific purposes as shall at the time qualify as exempt organizations under Section 501(c)(3) of the Code, contributions to which are deductible under Section 701(c)(2) of the Code. Any such assets not so disposed of shall be

disposed of by the Circuit Court for this county in which the registered office of the corporation is then located, exclusively for such purposes or to such organization(s), to be used in such manner as in the judgment of such Court will best accomplish the general purposes for which this corporation was organized.

ARTICLE 11. AMENDMENTS

These Restated Articles may be amended by the affirmative vote of 2/3 majority of the membership. Notwithstanding the foregoing, or anything to the contrary in these Restated Articles, as long as the Secretary of Housing and Urban Development, or his successors or assigns, is the insurer or holder of the mortgage on HUD Project No. 047-13009 (the "Project"), no amendment to these Restated Articles, which results in any of the following, shall be of force or effect without the prior written consent of HUD: (1) any amendment which modifies the duration of the corporate charter; (2) any amendment which results in the requirement that a HUD prior participation certification be obtained for any additional party; and (3) any amendment which in any way impacts or affects the HUD Mortgage or Regulatory Agreement (the "Regulatory Agreement") executed by the Corporation for the benefit of HUD.

ARTICLE 12. HUD PROVISIONS

(A) The Corporation is empowered:

- (1) To buy, own, sell, convey, assign, mortgage or lease any interest in real estate and personal property and to construct, maintain and operate improvements thereon necessary or incident to the accomplishment of the purposes set forth in Article 2 hereof.

- (2) To borrow money and issue evidence of indebtedness in furtherance of any or all of the objects of its business, and to secure the same by mortgage, pledge or other lien on the Corporation's property.
 - (3) To do and perform all acts reasonably necessary to accomplish the purposes of the Corporation, including the execution of the Regulatory Agreement, and of such other instruments and undertakings as may be necessary to enable the Corporation to secure the benefits of financing with the assistance of mortgage insurance under the provisions of the National Housing Act. Such Regulatory Agreement and other instruments and undertakings shall remain binding upon the Corporation, its successors and assigns, so long as a mortgage on the Corporation's property is insured or held by the Secretary of Housing and Urban Development.
 - (4) In the event of the dissolution of the Corporation or the winding up of its affairs, or other liquidation of its assets, the Corporation's property shall not be conveyed to any organization created or operated for profit or to any individual for less than the fair market value of such property, and all assets remaining after the payment of the Corporation's debts shall be conveyed or distributed only to an organization or organizations created and operated for nonprofit purposes similar to those of the Corporation, PROVIDED, however, that the Corporation shall at all times have the power to convey any or all of its property to the Secretary of Housing and Urban Development or his/her nominee.
- (B) By-laws of the Corporation may be adopted by the directors at any regular meeting or any special meeting called for that purpose, so long as they are not inconsistent with the provisions of these Restated Articles or of the Regulatory Agreement.
- (C) So long as a mortgage on the Corporation's property is insured or held by the Secretary of Housing and Urban Development, these Restated Articles may not be amended without the prior written approval of the Secretary.
- (D) The terms and conditions of the Regulatory Agreement shall take precedence in the event of any conflict with the terms of these Restated Articles.
- (E) So long as the Project is encumbered by a mortgage held or insured by HUD, the assignee or transferee of any member shall, as a condition of receiving interests in the Corporation's property, agree to be bound by the Regulatory Agreement and

time of the execution of the Regulatory Agreement and other documents. Upon dissolution of the Corporation, no title or right to possession or control of any property then encumbered by a mortgage held or insured by HUD, and no right to collect the rents therefrom, shall pass to any person who is not bound by the Regulatory Agreement in a manner satisfactory to the Secretary of HUD.

* * *

These Restated Articles of Incorporation were duly adopted on the 24th day of February, 1998, in accordance with the provisions of Section 642 of the Act. These Restated Articles of Incorporation restate, integrate and do further amend the provisions of the Articles of Incorporation and were duly adopted by the vote of the membership. The necessary number of votes were cast in favor of these Restated Articles of Incorporation.

PORTAGE HEALTH SYSTEM, INC.

By James Bogan
James Bogan
Its Chief Executive Officer

271966

EXHIBIT A

<u>Director</u>	<u>Years as Director</u>	<u>Term Expires</u>
John Sullivan, Chairperson	4	2000
Peter Wickley, Vice Chairperson	4	2001
James Brodeur, Secretary	2	Ex-Officio
William McGarry, Treasurer	4	1998
William Anderson	6	1999
James Bogan	2	Ex-Officio
George Butvilas	1	2000
Clarence Fisher	6	1999
Kirk Klemme	1	Ex-Officio
Jeanne Kurtz	1	2001
Mark Shebuski	2	Ex-Officio
Pichai Sripaipan	-	1999
Denise Moyle	-	1998