

**GOVERNING PRINCIPLES AND OPERATING BYLAWS
OF
IDAHO AMBULATORY SURGERY CENTER ASSOCIATION,
AN IDAHO UNINCORPORATED NON-PROFIT ASSOCIATION**

ARTICLE I

Article I.1. Formation. Idaho Ambulatory Surgery Center Association (“Association”) has been formed by its initial board of directors as an Idaho unincorporated non-profit association pursuant to Idaho Code §30-27-101, et seq. (“the Act”) effective May 25, 2018. The principal office of the Idaho Ambulatory Surgery Center Association shall be 641 E Crest Ridge Drive, Meridian Idaho 83642. The Corporation may have such other offices as the Board of Directors may designate or as the business of the Corporation may require from time to time. These Governing Principles and Bylaws are adopted to govern the purposes, set forth the principles and bylaws for the Association, and the rights and obligations of its members, its board of directors, and officers.

Article I.2. Governing Principles and Purposes. The principles and purposes of the Association shall be, in general, to act and operate at all times as an Idaho non-profit association, in accordance with all federal and state laws applicable to a charitable association, to promote public education regarding Idaho ambulatory surgery centers, and the betterment of efficient, quality and cost-effective healthcare offered to patients and recipients of services provided by ambulatory surgery centers in Idaho. More specifically, the Association’s purposes and principles are:

- a. To pursue excellence in public education concerning ambulatory surgery centers in Idaho.
- b. To assist with the development of and to uphold the high principles, policies and practices for the attainment of the best in patient care at ambulatory surgery centers.
- c. To facilitate and provide communication with other groups or associations with complimentary interests.
- d. To assist with the education and understanding of the benefits and impact of ambulatory surgery centers in Idaho communities in order to develop better approaches to patient care and healthcare cost containment.
- e. To pursue excellence in the use of and services offered by ambulatory surgery centers in Idaho.
- f. To develop and maintain working relationships with legislative and regulatory bodies, and to educate them and the public regarding the benefits of ambulatory surgery centers, as well as legislative and regulatory provisions to enhance patient and cost effective care.

Providing support and resources to Idaho ASCs delivering high quality, safe, cost-effective care

- g. To work with other organizations concerned with improving access to high quality medical care and reducing the cost of healthcare in Idaho.
- h. To work with and encourage private insurers and governmental programs to provide coverage and adequate reimbursement for procedures performed at Idaho ambulatory surgery centers.
- i. To work with and support the national Ambulatory Surgery Center Association in the pursuit of excellence in the practice of surgery center medicine, support and foster professional improvement and public education with respect to proper patient medicine and management.
- j. To have and exercise the rights, obligations and powers conferred on unincorporated non-profit associations in Idaho.
- k. To undertake and implement these principles and purposes and to conduct the business of the Association in accordance with §501(c)(6) of the Internal Revenue Service Code and its regulations as currently adopted or amended in the future.

ARTICLE II

Article II.1. Members. Members of the Association shall be of three classes; Regular Members, Associate Members and Corporate Members.

Article II.2. Regular Members. Regular Members shall be any ambulatory surgery center in Idaho which applies to be a Regular Member, pays the required annual regular membership fee, and which is certified by the Idaho Department of Health and Welfare, or Medicare, and/or accredited by any recognized accreditation organization. Each Regular Member is entitled to one vote [one center, one vote] on any issue or matter submitted or required to be submitted to a vote of the membership.

Article II.3. Associate Members. Associate Members are individuals which pay Associate Member fees. The Board of Directors may further define the qualifications to become an Associate Member. Associate Members have no voting privileges and shall not be eligible to hold any office or serve on the Board of Directors.

Article II.4. Corporate Members. Corporate Members are business organizations, firms and corporations or other entities which pay corporate membership fees. The Board of Directors may further define the qualifications to become a Corporate Member. Corporate Members have no voting privileges and shall not, either itself or through any manager or principal be eligible to hold any office or serve on the Board of Directors.

Article II.5. Prohibited Affiliations. No ambulatory surgery center affiliated with a hospital owning a controlling interest (51% or greater) in such center is eligible for membership in the Association. No ambulatory surgery center affiliated with a hospital owning less than a controlling interest is eligible for membership in the Association unless such center is a separate

Providing support and resources to Idaho ASCs delivering high quality, safe, cost-effective care

and distinct legal entity, with all required certification also held separately and distinctly from any hospital certification.

Article II.6. Annual Membership Fees. Annual membership fees for each class of members shall be determined by the Board of Directors. The Board of Directors may increase or decrease the annual membership fees by majority vote of the Directors. It shall not be necessary to amend these principles and Bylaws for any change in annual membership fees to be implemented. The Board of Directors shall fix the date annual membership fees are due and payment of such fees shall be required within thirty (30) days of the receipt of any invoice or billing for annual membership fees. The amount of annual membership fees for each class of membership shall be in such amount as is necessary to sustain the operation of the Association consistent with its non-profit principles.

Article II.7. Member Not an Agent. A member, regardless of class, is not an agent of the Association solely by reason of being a member.

Article II.8. Members Not Liable for Debts or Obligations of Association. Any debt, obligation or other liability of the Association is solely that of the Association. A member, regardless of class, is not individually or personally liable, directly or indirectly, by contribution or otherwise, for the debts, obligations, or liabilities, if any, of the Association solely by reason of being a member.

Article II.9. Annual Meeting. The Association shall hold an annual meeting on a date and at a place as designated by the Board of Directors. The Board of Directors may call any special meeting of members for any purpose deemed appropriate by the Board of Directors at any time or location. Members of all classes may attend the annual meeting of the Association. The Board of Directors or Executive Director of the Association shall provide such notice, agenda and any programs to be presented at the annual meeting of the Association to all members regardless of class. Any minutes of the business portion of the annual meeting shall be taken and kept by the Association Secretary or Executive Director as the Board of Directors shall designate and all minutes of the business portion of the annual meeting shall be circulated to the Regular Members or made available at any reasonable time for any Regular Member review.

Article II.10. Member Resignation, Suspension or Removal. A member may resign as a member any time by providing written notification of resignation to the Association, its Board of Directors, or Executive Director, but such resignation shall not relieve the member of any obligation for payment of membership fees through and including the calendar year in which the resignation is received, together with any other charges that are accrued and are unpaid. In the event any member fails to pay the membership fees when due, such member's rights and position as a member of the Association may be suspended and only reinstated when any delinquent membership fees are paid. If such membership fees are not paid within ninety (90) days after the date such fees are due, the member will be removed as a member of the association.

Article II.11. Membership Not Transferrable. No member shall have the right to sell, assign, transfer, exchange or otherwise transfer for consideration, or to give or otherwise transfer for no consideration, all or any part of the member's membership in the Association. In the event any member merges or is purchased by any other Idaho ambulatory surgery center, including a sale or transfer of all or a majority of the member ambulatory surgery center's ownership interests, or substantially all of its assets to another Idaho ambulatory surgery center, any successor ambulatory surgery center may become a member of the Association upon approval of a majority of the Board of Directors, provided that the successor ambulatory surgery center meets all membership qualifications.

ARTICLE III

Article III.1. Powers and Duties of Board of Directors. All Association powers shall be exercised by or under the authority of, and the affairs of the Association in pursuit of its non-profit purposes and guiding principles, shall be managed under the direction of the Board of Directors. Each director owes to the Association and its members the fiduciary duties of loyalty and care. The Board of Directors shall manage the Association in good faith, and a manner the Board reasonably believes to be in the best interest of the Association, and with such care, including reasonable inquiry, as a prudent person would reasonably exercise in a similar position and under similar circumstances. The Board of Directors may rely in good faith upon any opinion, report, statement or other information provided by another person that the Board of Directors or an individual director reasonably believes is a competent and reliable source for the information. After full disclosure of all material facts, a specific act or transaction that would otherwise violate the duty of loyalty by a director may be authorized or ratified by a majority of the directors who are not interested directly or indirectly in the act or transaction. A director that makes a business judgment in good faith satisfies the duties specified herein if the director is not interested, directly or indirectly in the subject of the business judgment and is otherwise able to exercise independent judgment; is informed with respect to the subject of the business judgment to the extent the director reasonably believes to be appropriate under the circumstances; and believes that the business judgment is in the best interest of the Association in accordance with its purposes and governing principles.

Article III.2. Initial Directors, Number and Qualifications. The Board of Directors of the Association shall consist of at least five (5) and not more than seven (7) individuals and who shall each serve for a term of two years. The Board of Directors may stagger the terms of directors to promote consistency in the management of the Association from year to year. The names of the initial directors of the Association are set forth at the end of these governing principles and bylaws. Each director shall be a Regular Member or a principle representative of a Regular Member in good standing of the Association. In the event of any vacancy on the Board of Directors, the vacancy may be filled by a majority vote of the remaining Board of Directors. Successor directors or any director appointed to fulfill a vacant director position shall stand for election by the Regular Members at the next annual meeting. Directors may be reappointed by consent or election by the Regular Members. At no time shall more than one seat on the Board of Directors be held by a single member center.

Article III.3. Meetings of the Board of Directors. Regular or special meetings of the Board of Directors may be held as determined by the Board of Directors. At a minimum, the annual meeting of the Board of Directors shall be held in conjunction with the annual meeting of the Association. The Board of Directors may hold other regular meetings through the course of the calendar year whether on a monthly or other regular basis as determined by the Board of Directors. All such monthly or regular meetings of the Board of Directors, other than the annual meeting, may be conducted by email or telephone. A quorum of the Board of Directors, consisting of more than fifty percent (50%) of the Board of Directors is necessary for the Board of Directors to take formal action at any meeting.

Article III.4. Compensation. No director or officer of the Association shall receive a salary or other compensation for service in that capacity, but may be reimbursed for actual expenses incurred in the performance of such service on behalf of the Association.

Article III.5. Executive Director. The Board of Directors may hire as an employee, or retain as an independent contractor, at the Board of Directors sole discretion, an Executive Director of the Association. The Executive Director need not be a member nor employed by a member. The annual or monthly compensation or other basis for salary or compensation shall be determined by the Board of Directors annually. The Executive Director shall have those duties, responsibilities and authority as determined or delegated to the Executive Director as the Board determines, including acting as Secretary of the Association and/or Treasurer of the Association. The Executive Director need not be a full-time employee or full-time independent contractor for the Association. A contract summarizing compensation and expectations of the position will be presented, reviewed and approved by the Board of Directors and the Executive Director at the beginning of each calendar year.

Article III.6. Officers. The officers of the Association shall consist of a President, President Elect, and the Past President, each of whom shall be a member of and elected or appointed by the Board of Directors, although it shall not be necessary to elect or appoint a Past President. The Board of Directors shall determine the term of office of each office of the Association. The office of Secretary and Treasurer may be held by the same individual or by the Executive Director, in the Board of Director's sole discretion. Any officer may resign at any time by delivering written notice thereof to the Association. Any vacancy of any officer position may be filled by the Board of Directors for the unexpired portion of the resigning officers term. Any officer may be removed by the Board of Directors whenever in its judgment the best interest of the Association will be served thereby.

Article III.7. President. The President shall be the principle executive officer of the Association and, subject to the control of the Board of Directors, in general shall supervise and control the business and affairs of the Association. The President shall preside at all meetings of the Board of Directors and the annual and any special meetings of the Association. The President may sign, with the secretary or any other proper officer of the Association authorized by the Board of Directors, any promissory notes, checks, deeds, leases, contracts or other instruments that the Board of Directors has authorized to be executed. The President shall also

Providing support and resources to Idaho ASCs delivering high quality, safe, cost-effective care

perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Article III.8. Secretary and Treasurer. The Secretary and Treasurer shall attend all meetings of the Board of Directors and all meetings of the Association. The Secretary shall prepare and maintain proper minutes of such meetings. The Secretary shall cause notice to be given of all meetings as required, and shall otherwise have and discharge those duties as determined by the Board of Directors. The Treasurer shall be the principal financial officer of the Association and shall have charge and the custody of and shall be responsible for all funds of the Association under supervision of the Board of Directors and the President. The offices of Secretary and Treasurer may be held by the same individual and may be held and the functions of said offices undertaken by the Executive Director of the Association as determined by the Board of Directors. The Secretary and/or Treasurer shall in general perform all duties incident to the office of Secretary and/or Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Article III.9. President Elect. The President Elect shall perform the duties of the President in the President's absence or in the event the President is unable or unwilling to act or serve or to continue to act or serve in such capacity.

Article III.10. Immediate Past President. The Immediate Past President shall preside at meetings in the absence of the President and the President Elect and, when so acting shall have all the powers and be subject to all the restrictions upon the President. The Immediate Past President shall also serve as chairman of the nominating committee to nominate from the regular membership individuals to serve on the Board of Directors.

Article III.11. Members at Large. The Member (s) at Large shall perform the duties of the tie breaker position on the board. Member(s) at Large shall serve on the nominating committee.

ARTICLE IV

Article IV.1. Accounting Period. The Association's accounting period shall be the calendar year.

Article IV.2. Returns and Other Elections. The Board of Directors shall cause the preparation and timely filing of all tax returns required to be filled by the Association pursuant to federal and state law. Copies of such returns, and other pertinent financial information regarding the financial affairs, balance sheet and operating financial statements of the Association, prepared no less frequently than annually, shall be furnished to the Regular Members or available for any Regular Member's copying or inspection within a reasonable time after the end of the Association's accounting period. All elections permitted to be made by the Association under such federal or state laws as apply shall be made by the Board of Directors in their sole discretion. It is the intent of the Association to be treated as a tax-exempt association pursuant to §501(c)(6) of the Internal Revenue Code and to continue to act and be treated in all

respects as a tax-exempt organization pursuant to said section. The Association will file such necessary forms or application for recognition of tax exempt status under §501(a) of the Internal Revenue Code.

Article IV.3. Loans. The Association shall not loan money to nor advance expenses to any member for any reason. The Association may borrow money for its operational purposes only upon the unanimous vote of all members of the Board of Directors.

Article IV.4 No Dividends or Distributions. The Association shall not pay dividends or make any distributions to any member, any member of the Board of Directors, or any officer.

Article IV. 5 Investments. Any funds of the Corporation which are not needed currently for the activities of the Corporation may, at the discretion of the Board of Directors, be invested in such investments as are permitted by law.

Article IV.6. Books and Records. The Association shall keep and maintain, correct and complete books and records of financial accounts, including invoices; minutes of the proceedings of its Board of Directors and business meetings of the Association, and organization documents. The Executive Director will serve as document control manager and is responsible for security of master copies, both printed and digital. Any books, records and minutes may be in written form or any other form capable of being converted into written form within a reasonable time. Electronic records may be stored in databases, shared drives, servers or SharePoint sites as determined by the board. All records will be accessible to current members or the Board of Directors upon request.

Article IV.7. Real Property. In the event the Association acquires real property in its name and in the event the Association attempts to transfer or sell such real property, the Association shall file and record a Statement of Authority to do so in accordance with the Act.

Article IV.8. Dissolution. Duration of the Association shall be perpetual. Dissolution of the Association may only be undertaken in the event of a majority vote of the Regular Members following recommendation by the Board of Directors. In the event of dissolution, an accounting shall be made by the Association's accountants of the accounts in the Association and the Associations assets, liabilities and operations from the date of the last previous accounting until the date of dissolution. The Board of Directors shall supervise and have all authority as necessary to accomplish dissolution and shall then immediately proceed to wind up the affairs of the Association. If the Association is dissolved and its affairs are to be wound up the Board of Directors shall sell or otherwise liquidate the Association's assets as promptly as practical, discharge all liabilities of the Association to the extent permitted and required by law and the Act and establish such reserves as may be reasonably necessary to provide for contingent liabilities of the Association, if any, and distribute any remaining assets only to any §501(a) tax exempt organization. No part of any of the assets of the Association shall inure to the benefit of or be distributed to any association members, officers or other private persons. Upon completion of the winding up, liquidation and distribution of Association assets, the Association shall be deemed terminated and dissolved.

Article IV.9. Amendments. These governing principles and bylaws may not be amended except by the affirmative vote of a majority of the Regular Members following recommendation relating to any such amendment by the Board of Directors.

Article IV.10. Anti-Trust. The Association shall not engage or become involved in any competitive decisions of its members or any vendors supplying products or services to its members. The Association shall in no way restrict competition, set fees or restrain trade among its members or vendors in the healthcare industry it serves. The Association may only develop position statements on relevant market issues affecting its members in the event the Board of Directors so determines.

The undersigned Board of Directors hereby agree, acknowledge and certify that the foregoing constitutes the Governing Principles and Bylaws of the Association effective this 21st day of August, 2018. These Bylaws supersede all other organizational documents which will be retired by vote of the membership at the annual meeting and retained for historical purposes.

By _____
Director

By _____
Director

By _____
Director

By _____
Director

By _____
Director

By _____
Director

By _____
Director