

HB

1030

# Alaska Native Health Board

1689 C STREET, SUITE 230, ANCHORAGE, ALASKA 99501

PHONE 276-8989

Reference #A80-0489

RECEIVED  
APR 17 1980

April 16, 1980

DEPUTY COMMISSIONER  
DEPT. OF HEALTH & SOCIAL SVCS  
ANCHORAGE

Dr. Fred McGinnis  
Deputy Commissioner  
Department of Health & Social Services  
State of Alaska  
MacKay Building  
338 Denali Street  
Anchorage, Alaska 99501

The purpose of this letter is to proclaim the Alaska Native Health Board's dismay regarding efforts underway to promote the use of State funds to subsidize the financially troubled Alaska Hospital and Medical Center/Professional Office Building in Anchorage.

Speaking as the designated statewide health entity representing the Alaska Native population in health matters -- and as concerned citizens, voters, and taxpayers -- this Board is strongly opposed to the utilization of State funds to subsidize this most costly, underutilized community hospital/office complex. Any such action could not be considered to be in the best interest of all Alaskan citizens.

During its regular meeting on April 10, 1980, this Board did pass a resolution supporting the IHS acquisition of the Alaska Hospital and Medical Center/Professional Office Building. This Board further advised the Alaska congressional delegation that a study should be undertaken to determine how this transfer might best be accomplished while still providing access to quality health care to all Alaskan residents.

Again, we would like to remind you that State funds should be expended for programs and/or improvements that will mutually benefit all Alaska residents and we ask that you lend your support.

A letter containing the above information has been sent to all Alaska State Legislators, the Governor, and Commissioner Beirne. I might add that the Board's decision to support IHS acquisition of the AHMC/POB was by no means a hasty decision and came about as the result of indepth studies conducted regarding both ANMC and AHMC/POB.

ALUTIAN PEOPLE OF ISLAND ASSOC. INC.  
BOSTON BAY ALTA HEALTH CORPORATION  
CORNELL NATIVE ASSOCIATION  
CORP. RIVER NATIVE ASSOCIATION

KODIAK AREA NATIVE ASSOCIATION  
KATNELOU ASSOCIATION  
THE NORTH PACIFIC RIM  
NORTH SLOPE BOARD FOR HEALTH CORP.

NORTON SOUND HEALTH CORPORATION  
SOUTHEAST ALASKA REGIONAL HEALTH CORP.  
TANANAI CHIEFS CONFERENCE  
YUKON-EUSKOKWIM HEALTH CORPORATION

Dr. Fred McGinnis  
April 16, 1980  
Page Two

The use of State funds to temporarily alleviate the hospital's indebtedness would not solve the problem but only serve to prolong the real issue -- history has proved that the private sector in Anchorage cannot yet support a second hospital the size of the Alaska Hospital and Medical Center.

If you choose, your response will be incorporated in our records for statewide dissemination.

Thank you again for your support.

Sincerely,

ALASKA NATIVE HEALTH BOARD



David E. Cates, Ph.D.  
Executive Director

DEC:blg



TO: [ Helen D. Beirne  
Commissioner  
Department of Health  
and Social Services

DATE: February 28, 1980

FILE NO: J-66-327-80

TELEPHONE NO: 465-3655

FROM: AVRUM M. GROSS  
ATTORNEY GENERAL

SUBJECT: Financial Aid For  
Alaska Hospital and  
Medical Center, Inc.

By: *THM*  
Thomas H. Robertson  
Assistant Attorney General

You have asked whether the Alaska Hospital and Medical Center, Inc., is eligible for financial aid under AS 18.25.040-050. You have informed us that the institution 1/ believes itself to be eligible as a "community operated nonprofit hospital" within the meaning of these statutes.

Having reviewed that institution's Bylaws and Articles of Incorporation, 2/ we believe that the Alaska Hospital and Medical Center, Inc., is not eligible for financial aid under AS 18.25.040-060.

The statutes with which you are concerned were enacted as long ago as 1949 to assist communities whose "taxable values" are limited and who would face "insurmountable hardship" in obtaining local financing for the operation of a hospital or clinic. They provide:

AS 18.25.040. DEPARTMENT TO RENDER AID.  
The department may assist in cases of operational deficits of community operated nonprofit hospitals and clinics in the state.

AS 18.25.050. DETERMINATION OF NECESSITY.  
The department shall initiate appropriate action in accordance with the provisions of §§ 40-60 of this chapter as soon as the department determines which projects are of most immediate necessity.

1/ The phrase "Alaska Hospital and Medical Center, Inc." is apparently used to denote both the hospital and the corporation.

2/ The Articles of Incorporation were "restated and amended" on August 30, 1978.

AS 18.25.060. INTENT. It is the intent of §§ 40-60 of this chapter to provide financial aid, or funds to match available federal funds to aid localities or municipalities whose taxable values are limited in scope and for whom an attempt at community financing of a community operated nonprofit hospital or clinic would entail insurmountable hardship.

You have informed us that longstanding employees of the Department of Health and Social Services have no recollection of funds ever having been distributed under these statutes. You have also informed us that no funds have been appropriated for distribution during the current fiscal year. See Ak. Const., Art. IX, § 13.

The answer to your question turns on whether the Alaska Hospital and Medical Center, Inc., is a "community operated nonprofit hospital" within the meaning of AS 18.25-.040-060. The statutes do not, of course, refer simply to a hospital operated by a nonprofit corporation. They refer to a "community operated" nonprofit hospital and, as a consequence, your inquiry presents the issue of whether this institution can legitimately be viewed as being operated by the community in which it is situated.

The Alaska Hospital and Medical Center, Inc., is incorporated under AS 20.10 as a nonprofit corporation for the purpose, among others, of operating hospitals, clinics, and related facilities in the State of Alaska and elsewhere. 3/ There are no shareholders and the members of the corporation are limited to its Board of Trustees. 4/ The Board of Trustees is composed of five trustees who must, to be eligible for appointment, be at least twenty-one years of age, at least one year residents of the Third Judicial District, and of good moral character. Trustees are appointed by the Board of Trustees, voting as members of the corporation. The corporation is wholly controlled by the Board of Trustees. 5/ An administrator, who reports to the Board of Trustees, is responsible for its everyday operation. 6/

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3/ Articles of Incorporation, Arts. I, III.

4/ Articles of Incorporation, Art. V; Bylaws, Art. III.

5/ Articles of Incorporation, Art. VI; Bylaws, Art. IV.

6/ Bylaws, Art. V.

We believe, in light of these factors alone, that the Alaska Hospital and Medical Center, Inc., is not operated by the community within the contemplation of AS 18.25.040-060. 7/ It does not have access to taxation, as alluded to in AS 18.25.060, and is entirely subject to the will of a five member Board of Trustees. Although undoubtedly dedicated to the pursuit of eleemosynary ends, the Alaska Hospital and Medical Center, Inc., is operated not by the community but rather by a private nonprofit corporation of the same name. It is thus not eligible to receive public funds under the statutes to which you have referred.

---

7/ In light of this conclusion it is unnecessary to address the other issues you have raised in this regard.

THR:jal

CC: OSHPD  
McGinnis  
Karlson  
on 3-3-80

POSITION PAPER ON  
HOUSE BILL NO. 1030

For an Act Entitled: "An Act relating to assistance to nonprofit hospitals and providing for an effective date."

House Bill 1030 amends AS 18.25.010 to permit the Department of Health and Social Services to assist not only nonprofit hospitals operated by municipalities, communities and associations in the state but also nonprofit hospitals operated by nonprofit corporations in purchasing, constructing, repairing and providing necessary equipment. Section 1 is further amended to permit Departmental support for the retirement of debt in addition to the provisions for purchase, construction and equipping noted above.

The statute was originally enacted to provide the mechanism for disbursement of state funds, along with federal Hill Burton construction funds, for hospitals and long term care facilities. All Alaska hospitals, except Glennallen and Alaska Hospital and Medical Center, have benefited from this program since its enactment in 1949. The original statute did not authorize direct retirement of debts of nonprofit hospitals or grants to hospitals operated by nonprofit corporations unless community operated.

Discussion Items;

1. House Bill 1030 expands the authorizing language whereby resources can be provided to nonprofit hospitals or hospitals operated by nonprofit corporations not only for purchase, construction and equipping purposes, but also for retirement of debt. The Department could assume this expanded responsibility as funds are appropriated under the new authority of this amended act.
2. House Bill 1030, Section 4, also provides for the establishment of standards and criteria (through the development of regulations) for determining the extent and urgency of need by hospitals and the priority of need for funding. Such regulations, developed through the public Administrative Procedures process, are crucial to the responsible and equitable administration of this program.
3. Depending on the size and scope of the amended program, the Department would need to consider limited additional staff capabilities for appropriate administration.
4. To ensure that the rendering of aid includes not only the awarding of grants, but the potential to make loans, consideration might be given to reviewing the language in Section 1, 18.25.010 and in Section 4, 18.25.060 to ensure that rendering of aid encompasses the issuance of loans.

- 5. To ensure that potentially eligible facilities are not required to meet the test of receiving matching federal funds in order to qualify for state aid, it is suggested that the first sentence in Section 18.25.060 be modified to read as follows (suggested changes double underlined):

Section 18.25.060, INTENT. It is the intent of AS 18.25.040-18.25.060 to provide financial aid, including but not limited to money [OR FUNDS] to match available federal money [FUNDS] to aid localities or municipalities whose taxable values are limited in scope and for whom an attempt at community financing of a community operated nonprofit hospital or clinic would entail insurmountable hardship or to aid other nonprofit hospitals or clinics which face closure because of financial problems.

Recommended by: Phoebe A. Lindsey  
Phoebe A. Lindsey  
Director

Approved by: Helen D. Beirne  
Helen D. Beirne  
Commissioner

Date: May 7, 1980

Date: 5/7/80

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 1030  
 Title An Act relating to assistance to non profit hospitals  
 Requested by Dept of Health and Social Services Date 5/6/80

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services  
 Program Category Affected Health  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

In order for the Department to administer this program, it will need to secure staff and/or contract assistance to develop proposed regulations, conduct appropriate public meetings and hearings and implement regulations. It is anticipated that this will require at least a 180-day (6 month) time period to accomplish.

Depending on the size of the program anticipated by the Legislature, it is possible that a professional staff person with skills in fiscal analysis, an understanding of facility mortgages and related matters be added to the Department's staff to administer the program.

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) \_\_\_\_\_

Prepared by Phoebe A. Lindsey Date: May 7, 1980  
 Division/Office: \_\_\_\_\_ PH: \_\_\_\_\_  
 Department of Health & Social Services

32-001 (Rev. 12/79)

Modify by DHSS (11-73-79)

Approval DHSS Mgt. & Edgt: \_\_\_\_\_ Date: \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_

Helen D. Beirne  
Commissioner  
Department of Health  
and Social Services

February 28, 1980

J-66-327-80

465-3655

AVRUM M. GROSS  
ATTORNEY GENERAL

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Alaska Hospital and  
Medical Center, Inc.

By: <sup>THB</sup>  
Thomas H. Robertson  
Assistant Attorney General

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THR:jal

## ALASKA HOSPITAL

Alaska Hospital and Medical Center, Inc., is a nonprofit private corporation which owns the hospital. The mortgage on the hospital is held by the Alaska Teamster-Employer Pension Trust. The Professional Office Building (which is physically a part of the hospital) is owned by the Teamsters Building Corporation, which leases space exclusively for the practice of medicine.

The original cost of the hospital and clinic for all equipment and building	\$33,075,975
Estimated value now (1.42 replacement cost factor)	\$46,970,000
Total due to Teamsters Pension Trust as 2/29/80	\$40,643,000
Arrears payments to Trust as of 2/29/80	\$ 5,714,000
Unfunded depreciation	\$ 6,468,000
Professional Office Building (appraisal 12/10/79 by Kenneth M. Zamzow, MAI)	\$13,000,000

The hospital has a 5 member board of trustees. The trustees are elected by the board and may succeed themselves. Members are as follows:

Ray L. Snitil, President  
Jack Bentley, Vice President  
William H. Ivy, M.D., Secretary  
Vernon Cates, M.D.  
Emmitt Wilson

The hospital administrator is Ronald A. Pavellas, 276-1131. He has been with the hospital approximately 8 months.

Brian J. Brundin, 274-7522, of Hughes, Thorsness, Gantz, Powell, and Brundin, 509 W. 3rd. Avenue represents the hospital.

Alaska Hospital has not made a mortgage payment since April of 1978. The Department of Labor, through ERISA (Employee Retirement Income Security Act), has said that the Teamsters must divest their interest in the hospital. There are two reasons for this. First, only prudent investments are to be made by the pension fund. Second, too much of the portfolio of the pension fund is invested in the hospital--only 5% of the pension fund may be put in any one investment. (The mortgage on the hospital constitutes 27% of the pension fund.) The Department of Labor has not made a formal statement yet; however, when they do it will be to require immediate divestiture. They may also file suit against the Teamsters for having too much of their money tied up in the hospital as a violation of ERISA. The Department of Labor is supposed to make a statement regarding their position in the near future, according to Bob Eccles of the Department of Labor's solicitor's office.

The Indian Health Service has expressed interest in obtaining the hospital for a new Native hospital in Anchorage. Originally this was priority #23 in their budget request; it has since become #2. The budget appropriations will be considered in early June by the Senate. At that time, it is expected they will receive approval for the purchase of the hospital, either directly or through a deal with the Cook Inlet Native Association.

The hospital board has requested assistance from the state in order to maintain the hospital as a community one. They estimate they would need a state loan of approximately \$55 million to purchase the mortgage on the hospital and the professional office building. The administrator and board feel that their main problem is the mortgage holder. They are seen as a teamster hospital and the medical community refuses to use the facility because of that. The financial status also affects use, since the doctors are afraid that if they support Alaska Hospital and it goes under, they may not have anywhere to put their patients. There is also some stigma attached to the hospital from the Alaska Clinic days that may play a small part in the boycott of the hospital.

South Central Health Planning and Development, Inc., sent out a questionnaire to the local physicians in the Anchorage area regarding Alaska Hospital. 75 (39%) returned the questionnaire. 31 of the 75 said that a change in the mortgage holder would be necessary before they would admit more patients to Alaska Hospital, another 21 stated it would require a change in the structure of the Board.

Providence Hospital has a capacity of 250. Alaska Hospital is certified for 154. Current occupancy at Providences is 78%; Alaska 44%. A hospital is considered full at 85%. In the first three months of 1980 the average daily acute patient census in Anchorage was 281 (85% of Providences' 250 beds is 212). Without Alaska Hospital there would be 69 people a day in need of hospital care and no facilities available. Providence does plan to add another wing to handle an additional 132 patients; however, this project is not expected to be completed before October of 1983.

According to state statute, funding for hospitals can be given under the following:

18.25.010 thru 18.25.060 deals with aid to nonprofit hospitals for operating deficits. In an attorney general's opinion dated 2/28/80 (addressing 18.25.040-060 only) it states that Alaska Hospital would not be eligible for funding under this section because it is not a "community operated" nonprofit hospital; community operated meaning by a municipality or local government. The Department of Health and Social Services has proposed language changes to sections 18.25.010, 040, and 060 that would make private nonprofit hospitals eligible for funding under this section of statute.

18.26.050 deals with the Alaska Medical Facilities Authority and their powers to invest. 18.26.050 (11) allows for the issue of notes and revenue bonds to pay the cost of establishing and equipping medical facilities. This provides for only noncertificated areas of hospitals to be eligible. It also does not allow for the facility to be up and operating at the time of the investment.

37.10.070 lists investment of surplus funds. a(11) allows for investment if the financial institution retains 33-1/3 percent of the mortgage. a(14) allows for purchase of mortgages if mortgage insurance is available; or no insurance under certain loan-to-value ratios. Mortgage insurance only goes up to \$13 million and is at the rate of 3 percent per year.

Alaska Hospital does not qualify for funding under any of these statutes. According to Tom Williams, Commission of Revenue, funds could be provided through a direct appropriation to the Department of Revenue for purchase of the mortgage with any stipulations deemed necessary.

Possible alternatives:

Alaska Hospital would like to see a \$55 million loan with the understanding that repayment would allow them time to get the hospital financially responsible. This could be done through an appropriation to the Dept. of Revenue to purchase the mortgage.

By changing the statute under 18.25.010-060, the Dept. of Health and Social Services would be able to offer financial assistance to the hospital for the retirement of debts or assistance in operational deficits to insure nonclosure due to financial problems. (HB 1030)

It might also be possible to sell the hospital to a private chain, such as Hyatt House. In this case, however, the hospital would be run like any other private facility to make money and not necessarily for the benefit of the community.

Indian Health Service could be allowed to purchase the hospital. This would result in it becoming a Native hospital exclusively. It would also create a shortage immediately as far as hospital facilities are concerned. Anchorage would be short 69 beds daily and would be in serious trouble should any sort of emergency situation develop.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

TREASURY DIVISION

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
POUCH SB  
JUNEAU, ALASKA 99811

May 9, 1980

Honorable Thelma Buchholdt, Chairman  
Health, Education & Social Services Committee  
House of Representatives  
Alaska State Legislature  
Pouch Y  
Juneau, Alaska 99811

Dear Representative Buchholdt:

This is to respond to your questions as to the allowability of investment by the general fund in the mortgage of the Alaska Hospital and Medical Center, Inc.

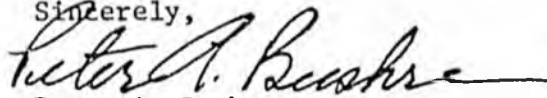
The following sections of AS 37.10.070 affect this type of investment:

1. (a)(11) - this section requires that another offering financial institution be involved (i.e. a bank) and that it must retain a 1/3 participation; on the basis of equal representation with neither parties interest (i.e. state v. bank) subordinate to the other. Section (b)(3) also requires that such loans be certified by the originating financial institution to be made in compliance with law and that liens supporting the loan have been perfected.
2. (a)(14) - this section allows for purchase of mortgages with mortgage insurance at certain loan-to-value (LTV) ratios. At a 50 percent LTV no such insurance is required. At 50-60 percent LTV, 10 percent insurance is required; at 60-75 percent, 15 percent insurance is required.

In light of the above requirements, the mortgage on the Alaska Hospital and Medical Center could not be purchased under general investment powers available to the department for investment of State general fund surplus. The payments on the existing mortgage are in arrears and the general poor financial health of the hospital make any bank participation unlikely (and not allowed by governing Federal banking laws) and mortgage insurance unavailable or, at best, prohibitively expensive.

If I can be of any further assistance, please contact me.

Sincerely,



Peter A. Bushre  
Deputy Commissioner

kr

DATE: May 7, 1980  
TO: Sam Cotten  
FROM: Linda *Linda*  
RE: Bill Miles Questions on Alaska Hospital

1. Who/what owns P.O.B. (Professional Office Building)?

Teamsters Building Fund. Current appraisal, 12/10/79, is for \$13,000,000. The Teamsters Building Fund leases space to various medical concerns.

2. Who/what owns Alaska Hospital?

Alaska Hospital and Medical Center, Inc., an Alaskan Nonprofit Corporation, owns the hospital.

3. Mortgage balance on P.O.B.?

If Teamsters have a mortgage on the P.O.B., it is not part of the issue, as they only want to sell it in connection with the Hospital.

4. Mortgage on the Hospital?

The mortgage is held by the Teamsters Pension Trust Fund. The balance as of 4/30/80 is \$34,929,000 on the principal,

5. Arrears on P.O.B.?

Not in question, same as #3.

6. Arrears on the Hospital?

As of 4/30/80 the hospital owes \$2,710,000 in back payments. (This figure was \$5,714,000; however, they applied their revenue sharing money to this.)

7. Other debts on the P.O.B.?

Same as #3.

8. Other debts of the hospital?

They are having trouble meeting their operational commitments. And have an outstanding promissory note with the Pension Fund for \$950,000 for purchase of the xray and lab equipment from Alaska Clinic. The hospital is making its payments on this debt currently, which is \$8,000 per month.

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. HB 1030  
 Title Assistance to Nonprofit Hospitals  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected NA  
 Program Category Affected NA  
 BRU, Program, or Subprogram(s) Affected NA  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No fiscal impact to the Department.

IV. DATE 5-13-80 PREPARED BY Mary Foster  
 AGENCY Community & Regional Affairs  
 PHONE 465-4734  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

BYLAWS

OF

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

(AN ALASKA NONPROFIT CORPORATION)

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ARTICLE I. OFFICES

The corporation shall maintain its principal office for the transaction of its business within the Third Judicial District, State of Alaska.

ARTICLE II SEAL

The corporation shall have a seal.

ARTICLE III. MEMBERS

The members of the corporation are its Board of Trustees.

ARTICLE IV. BOARD OF TRUSTEES

Section 1 - General Powers. The business and affairs of the corporation shall be managed by its Board of Trustees.

Section 2 - Number, tenure and qualifications. The Board of Trustees shall be five (5) in number. The number of trustees may be increased by amendment of these bylaws but may not be decreased to less than five (5) without amendment to the Articles of Incorporation. Trustees shall be elected by the Board of Trustees, as members of the corporation, at the annual meeting of the Board for a term of one (1) year or until their successors shall have been duly elected and qualified, and the term of each trustee shall begin immediately after his election. Trustees may succeed themselves.

Any trustee may be removed from office at any time by majority vote of the remaining trustees, without cause stated. Any trustee shall be removed if he fails to attend three (3) consecutive meetings without excuse acceptable to the Board. Any trustee may resign at any time upon giving written notice to the Board. Any vacancy occurring in the office of a trustee shall be filled by majority vote of the remaining trustees, even though such number be less than a quorum.

To be eligible to be a trustee, a person shall be twenty-one (21) years of age or older, shall have been a resident of the Third Judicial District of Alaska for at least one (1) year preceding, and shall be of good moral character. The judgment of the Board as to qualifications of any member shall be final and binding.

Section 3 - Meetings. The annual meeting of the Board and of the corporation shall be held on the FOURTH THURSDAY in the month of JANUARY in each year, or at such other time as conveniently thereafter may be, stated in notice thereof. The Board shall hold such regular meetings from time to time as determined by the President. Special meetings may be called by the President or by any two members of the Board, and at such special meeting no business other than that stated in the notice shall be transacted.

Section 4 - Notice, Place. No notice need be given of annual or regular meetings unless the time or place be other than that stated at the prior meeting. Notice of any special meeting shall be given at least two (2) days previously thereto by means then deemed best to give actual notice. Any trustee may waive notice of any meeting and the attendance of a trustee at a meeting shall constitute a waiver of a notice, except where the trustee 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 the offices of the corporation or such other place as may from time to time be determined by the Board, the President, or as set forth in the notice.

Section 5 - Quorum. The majority of the number of trustees shall constitute quorum, but if less than a majority is present at a meeting, it may be adjourned from time to time without further notice.

Section 6 - Manner of Acting. The act of a majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

Section 7 - Action Without a Meeting. Any action that may be taken by the Board of Trustees at a meeting may be taken without a meeting if a consent in writing shall be signed by all of the trustees. The business transacted at any meeting, however called and noticed and wherever held or if no meeting be held, shall be valid if all trustees execute approval of the minutes thereof or written record of the action taken and such writing is made a part of the minutes of the Board.

Section 8 - Compensation. Unless a resolution of the Board shall provide otherwise, no trustee shall be compensated except that he may be paid his expenses, if any. This shall not preclude any trustee from serving the corporation in any other capacity and receiving reasonable compensation therefor.

Section 9 - Committees. The Board may by resolution establish such standing or special committees, composed of such trustees and other persons, as may from time to time be determined. The Board shall ordinarily act as a committee of the whole.

Section 10 - Officers. The Board shall from time to time elect from among its members a president, vice president and secretary, and such other officers as the Board may from time to time determine. Each officer shall serve at the pleasure of the Board. The president shall preside at all meetings and be the chief executive officer of the Board. The vice president shall act in the absence of the president. The secretary shall keep and maintain adequate records of all meetings of the Board and of the corporation.

Section 11 - Powers. The Board of Trustees shall have and exercise all powers, without limitation, of all of the members or of the Board of Directors or Trustees of a nonprofit corporation not prohibited by law.

#### ARTICLE V. ADMINISTRATION

##### ADMINISTRATOR, COMPTROLLER, OTHER REPRESENTATIVES.

Section 1 - Administrator. The Board of Trustees shall select and appoint as chief administrative officer of the corporation an administrator, who shall be its direct executive representative in the management of the Hospital and other business of the corporation. Subject only to such policies as may be adopted and such orders as may be issued from time to time by the Board of Trustees, the administrator shall act as and be the duly authorized representative of the Board of Trustees in all matters in which the Board of Trustees has not formally designated another person to act. The administrator has authority and responsibility for:

- a. Carrying out all policies and orders established and made by the Board of Trustees.
- b. Development, submission to the Board for approval and maintenance of organizational and operational plans for the Hospital.
- c. In conjunction with the comptroller, preparation and submission for approval of an annual operating budget, and operation of the Hospital in accordance with approved budgets.
- d. Selection, employment control and discharge of employees, and development and maintenance of personnel policies and practices of the Hospital.
- e. Care, maintenance, repair and management of the physical properties, inventories, supplies and other assets of the corporation.
- f. Supervision of business affairs of the corporation.
- g. Representative of the Board and corporation and liaison from the Board with all other entities public, private and governmental, and with the medical staff.

h. Preparation of and presentation to the Board of Trustees of regular and special reports as requested by the Board or as needed to keep the Board fully advised.

i. Attendance at all meetings of the Board.

j. Performance of such other duties as may be in the best interests of the Hospital or assigned from time to time by the Board.

Section 2 - Comptroller. The administrator shall, with the advice and consent of the Board, appoint a comptroller, who shall have charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for moneys due and payable, deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be from time to time selected, maintain the financial records of the corporation and prepare financial reports therefrom, prepare the financial portions of annual operating budgets and be responsible for financial management thereunder, and to do and perform all other duties incident to the office of comptroller and such other duties as may be from time to time assigned to him by the administrator or by the Board of Trustees. If required by the Board, the comptroller shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine.

Section 3 - Other Officers. The Board of Trustees or the administrator with the advice and consent of the Board may from time to time create such other offices and describe the duties and functions thereof.

#### ARTICLE VI. MEDICAL STAFF

The medical staff of the Hospital shall organize, operate and be self-governed under medical staff bylaws, rules and regulations. The Board of Trustees reserves unto itself, however, the final authority and responsibility for all medical and other matters of the Hospital or the corporation, and accordingly:

a. All medical staff, bylaws, rules and regulations shall be advisory to and not binding upon the Board of Trustees, and

b. No medical staff bylaws, rules or regulations, or any amendment thereto, shall be effective unless and until the same shall have been approved by the Board of Trustees, and

c. The Board of Trustees reserves unto itself the absolute right to amend such medical staff bylaws, rules and regulations or to take any action inconsistent therewith which the Board of Trustees, in its sole discretion, deems to be in the best interest of the Hospital or the corporation.

This provision of these Bylaws respecting the medical staff shall be deemed at all times to be a portion of and shall be set forth in all medical staff bylaws, rules and regulations.

#### ARTICLE VII. FISCAL YEAR

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

#### ARTICLE VIII. SPECIAL PROVISIONS

The corporation shall have no authority to and shall take no action which, under the laws of the United States or of Alaska are prohibited by nonprofit corporations or which jeopardize the corporation's tax exempt status.

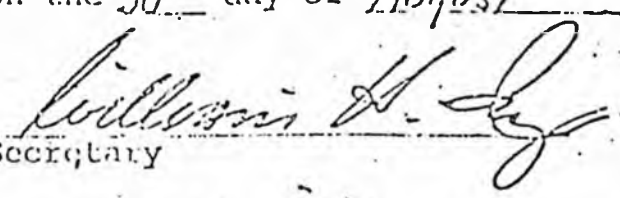
#### ARTICLE IX. INDEMNIFICATION

In acting for the corporation, trustees may rely upon financial records and reports prepared by agents of the corporation. Each trustee is entitled by right to defense, indemnification and to be held harmless by the corporation for any and all liability of any kind which a trustee may suffer or for actions threatened against a trustee arising from his actions and decisions made for and on behalf of the corporation to the maximum extent permitted by law.

ARTICLE X. AMENDMENTS

These Bylaws may be altered, amended or repealed and new bylaws may be adopted by the Board of Trustees at any regular meeting or at any special meeting.

KNOW ALL MEN BY THESE PRESENTS: That the undersigned secretary of the Board of Trustees of The Alaska Hospital and Medical Center, Inc. does hereby certify that the above and foregoing bylaws were duly adopted by the Board of Trustees as the Bylaws of the corporation on the 30<sup>th</sup> day of August, 1978.

  
Secretary

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION

OF

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

---

Pursuant to the provisions of Article 3 of Chapter 20, Title 10, Alaska Statutes, the undersigned corporation adopts the following Amended and Restated Articles of Incorporation:

ARTICLE I

The name of this corporation is THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

ARTICLE II

The duration and existence of this corporation shall be perpetual.

ARTICLE III

The object and purposes for which this corporation is formed are as follows:

a. To own, build, erect, construct, lease, maintain, manage and operate hospitals and clinics, general and special, or related facilities, or all of them, within the State of Alaska, or elsewhere, for the care of persons suffering from illness or disabilities and for the rendering of inpatient or outpatient medical care to persons; said business to be carried on and the objectives thereof not for profit, but rather exclusively for charitable scientific and educational purposes within the meaning of the Alaska Nonprofit Corporation Act and of Section 501(c)(3) of the Internal Revenue Code of 1954, as now in force or as may hereafter be amended.

b. To carry on educational activities related to the rendering of care to the sick and injured or to promotion of health and to promote and carry on scientific research related to the care of the sick and injured or the promotion of health.

c. To do and engage in all lawful activities that are in furtherance of one or more of the general purposes of this corporation.

d. To have and exercise the general powers specified in AS 10,20,011, as now in force or as may hereafter be amended. The objects and purposes of the corporation shall be construed also as powers, and the matters expressed in each of the foregoing clauses shall, unless otherwise expressly provided, be in no wise limited by reference to or inference from the terms of any other clause, but shall be regarded as independent objects, purposes and powers; and the enumeration of specific objects, purposes and powers shall not be construed to limit or restrict in any manner the meaning of general terms or the general powers of the corporation; nor the expression of one thing be deemed to exclude another not expressed, although it be of like nature.

#### ARTICLE IV

The following additional provisions are inserted for the regulation of the affairs of the corporation.

a. No substantial part of the activities of the corporation shall consist of attempting to influence legislation by propaganda or otherwise or directly or indirectly participating in or intervening in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

b. Upon dissolution of the corporation, its remaining assets, if any, shall be distributed to an organization described in Section 501(c)(3), and exempt from taxation under Section 501(a) of the Internal Revenue Code, as now in force or afterwards amended.

c. The corporation shall not engage in any of the prohibited transactions described in Section 501(b) of the Internal Revenue Code or of the Alaska Nonprofit Corporation Act, as now in force or afterwards amended.

d. The corporation shall not unreasonably accumulate income within the meaning of Section 504 of the Internal Revenue Code, as now in force or afterwards amended.

e. The corporation shall not be operated for the primary purpose of carrying on unrelated trade or business as defined in Section 513 of the Internal Revenue Code, as now in force or afterwards amended.

f. No part of the net earnings of the corporation shall inure to the benefit of any private individual or member within the meaning of Section 501(c)(3) of the Internal Revenue Code, as now in force or afterwards amended.

g. No compensation shall be paid to any member, officer, director, trustee, creator or organizer of the corporation or substantial contributor to it, except as to reasonable allowance for services actually rendered to or for the corporation.

h. No loans shall be made by the corporation to any of its directors or officers.

i. The corporation is organized to serve public interests. Accordingly, it shall not be operated for the benefit of private interests, such as contributors to or members of the corporation, or persons controlled directly or indirectly by such private interests.

#### ARTICLE V

The corporation shall not have shareholders, but it shall have one or more classes of members, and the Bylaws shall set forth the class or classes, the manner of election or appointment and the qualifications and rights of the members of each class and the certificates evidencing membership, if any, that the corporation may issue.

#### ARTICLE VI

The corporation shall be under the management and control of a Board of Trustees. . . Such Board shall consist of not less than five (5) members. The qualifications of and manner of election of trustees as well as the number of trustees shall be prescribed in the Bylaws of this corporation.

#### ARTICLE VII

The Bylaws of the corporation may be adopted or amended by a majority vote of the Board of Trustees.



ARTICLES OF AMENDMENT  
TO THE  
ARTICLES OF INCORPORATION  
OF

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

---

Pursuant to the provisions of Article 3 of Chapter 20, Title 10, Alaska Statutes, the undersigned corporation adopts these Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

SECOND: The amendment adopted is the attached "Amended and Restated Articles of Incorporation of The Alaska Hospital and Medical Center, Inc."

THIRD: There are no members entitled to vote.

FOURTH: These Articles of Amendment and the attached Amended and Restated Articles of Incorporation of The Alaska Hospital and Medical Center, Inc. were duly and regularly adopted at a meeting of the Board of Trustees on the 30th day of August, 1978, upon receiving the vote of a majority of the trustees in office.

DATED at Anchorage, Alaska this 30th day of August, 1978.

THE ALASKA HOSPITAL AND MEDICAL  
CENTER, INC.

BY [Signature]  
President

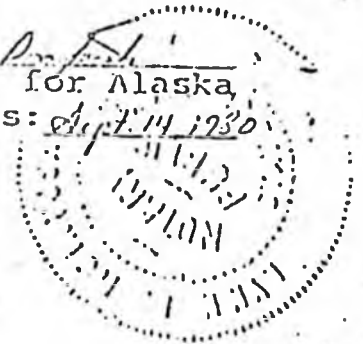
BY [Signature]  
Secretary

STATE OF ALASKA )  
 )  
 ) SS:  
THIRD JUDICIAL DISTRICT )

BEFORE ME, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn as such, this day personally appeared Ray Snilil and William H. Ly, M.D., known to me and known to me to be the president and secretary, respectively, of THE ALASKA HOSPITAL AND MEDICAL CENTER, INC. and they acknowledged that they executed the foregoing by virtue of authority granted in the Bylaws or by resolution of the Board of Directors.

· WITNESS my hand and Notarial Seal this 30th day of August, 1978.

*James L. ...*  
Notary Public in and for Alaska,  
My Commission Expires: Sept. 14, 1980



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ORIGINAL.

# Information Update . . .

LAKE OTIS CLINIC, INC. P.O. BOX 4-1539 ANCHORAGE, ALASKA 995

(907) 276-31

DELIVERED TO NESS COMMITTEE MAY 19, 1980 BY KEITH DOUGLASS

In a manner true to Chicken Little, a few Assemblymen, a hospital administrator, a labor union, and a couple hundred hospital employees, staff and their relatives are running around Anchorage and Juneau crying that the sky is falling in on Anchorage's hospital care. There is a potential community wide crisis, they say, that needs IMMEDIATE legislative attention to save Anchorage from a catastrophe. They ask the legislature, AT THE VERY END OF ITS SESSION, to commit 55 MILLION DOLLARS to bail out two pieces of real estate: The Alaska Hospital, and the Teamster's half-vacant office building.

Shouldn't we question the motives behind this eleventh-hour crisis technique? Why has a hospital that has been failing for four years wait until March of this year to present a proposal to the legislature? Isn't it simply that devoid of the eleventh-hour crisis atmosphere, such a preposterous proposal would receive no serious consideration?

HOW CAN THERE BE A COMMUNITY HOSPITAL BED CRISIS WHEN:

- 1) The Indian Health Service has stipulated to a transition plan?
- 2) Providence Hospital can have additional beds on line with

THESE ARE THE COMMUNITARIAN PRINCIPLES OF THE ALASKA HEALTH CARE SYSTEM

one year?

- 3) The Lake Otis Hospital could be built as a TRUE COMMUNITY HOSPITAL in eighteen months?
- 4) THERE ARE 80 AVAILABLE BEDS in the Old Community Hospital at 525 L Street that COULD BE AVAILABLE IN 48 HOURS?

Why haven't we heard about this re-convertable emergency hospital at 525 L Street? Behind the facade of offices, there is a hospital in mothballs, with equipment being maintained, and a provision for its re-conversion to a functional hospital in 48 hours. Why hasn't this facility (which the Municipality leases for about ONE TENTH of the annual debt service on the Alaska Hospital Complex) been exposed as a temporary alternate if the Alaska Hospital folds? Because, ladies and gentlemen, such solutions are NOT what crisis are made of.

There is no real crisis in hospital care in Anchorage today, NOR WILL THERE BE IF THE DEPARTMENT OF LABOR FORGOCLOSES TOMORROW. The ONLY ones that will be caught in a crisis if this Legislature refuses to be swayed by pressure tactics are:

- 1) Teamsters' Local 959, and its officers.
- 2) The employees, medical staff, and administrator of the Alaska Hospital
- 3) Local politicians who have made this an election year issue
- 4) Providence Hospital, who would suddenly have UNKNOWN and UNCONTROLLED competition for profitable medical-surgical beds.

We are told that the Alaska Hospital needs a "loan" of 55 PLUS DOLLARS to save them. Proponents of this move would have you believe that this is a bonafide loan. In reality, it is a direct subsidy to the Hospital and Teamsters IN EXCESS of the 5 million per year that the Hospital already receives. This hospital operation is currently loosing over 4 MILLION DOLLARS PER YEAR IN EXCESS OF UNFUNDED DEPRECIATION. How can anyone seriously expect it to pay back its loan, PLUS the loan on the half vacant office building at ANY time certain?

The real truth is that proponents of H.B. 1030 KNOW that the legislature would never grant a direct appropriation of this magnitude to any private group, even to the Teamsters. They would have you pass enabling legislation under the guise of a loan program, without insuring any of the normal safeguards, and leave it to the administration to decide its propriety.

It is a credit to the legislative process, and to Mrs. Buchholz that these hearings are being held, and that this committee has resisted special-interest pressures to pass the bill out. I ask only that you continue to look beyond the veneer of the arguments made by proponents of H.B. 1030, and ask "Is the sky REALLY falling?" If you decide that it is, then it is the responsibility of THIS COMMITTEE, not others down the line, to suggest alternate solutions, and to build in safeguards to this expenditure of state funds.

Thank you.

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ORIGINAL.

EXECUTIVE DIRECTOR

DAVID E. CATES PHD 276-8989

PLANNING.

OPPORTUNITIES TO TESTIFY. PLEASE INCLUDE BOARD IN FUTURE  
HEARD. IT WOULD LIKE TO BE ADVISED OF HEARINGS AND OFFERED  
HEALTH CORPORATIONS AND NATIVES STRONGLY OPPOSES PASSAGE OF  
THE ALASKA NATIVE HEALTH BOARD AGENT OF RECORD FOR REGIONAL

JUN

PAS REP THELMA BUCHHOLDT

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M SC

TELEGRAM

AB1030

AB 1030

PROVIDENCE  
HOSPITAL



SISTERS OF  
PROVIDENCE

3203 PROVIDENCE DRIVE - P.O. BOX 6604  
ANCHORAGE, ALASKA 99572  
PHONE: (907) 276-4511

SERVING IN THE WEST SINCE 1856

May 5, 1980

The Honorable Thelma Buchholdt  
State House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Representative Buchholdt:

On April 26 the second annual Providence Medical Staff Planning Congress was held here at Providence Hospital.

The purpose of the Congress was to encourage the free exchange of ideas on several issues relating to achieving and maintaining excellence in patient care. Attendance was high with over 150 participating, including medical staff members, hospital management staff, and a wide variety of citizens and officials involved in health planning programs.

One of the issues discussed was: "Should Anchorage be a one, two, or three hospital town?" Following a thorough discussion of the alternatives by a discussion group, the Congress adopted four resolutions in the afternoon plenary session. Also, due to the serious nature of the resolutions and their timeliness, it was agreed that the resolutions be communicated to appropriate members of the state legislature. They are as follows:

Resolution #1 "We are opposed to the federal government purchasing or leasing Alaska Hospital and Medical Center for the Native services hospital." (Approved unanimously.)

Resolution #2 "Anchorage should be a two-hospital city for planning purposes over the next five years. We strongly endorse maintaining Alaska Hospital and Medical Center as a non-profit community hospital in Anchorage, and recommend that they seek financial assistance from the state legislature to develop interim and long-range financing." (Approved unanimously.)

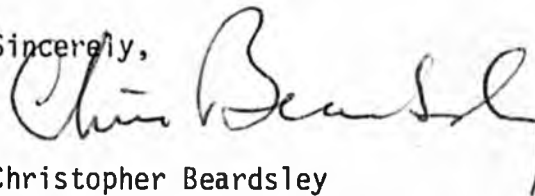
The Honorable Thelma Buchholdt  
Page 2  
May 5, 1980

Resolution #3 "If Alaska Hospital and Medical Center beds are removed from the community through federal purchase for Native beds, there must be a disaster mode plan for both current and long-range needs to accommodate patients."  
(Approved unanimously.)

Resolution #4 "We currently disapprove of the hospital proposed by Lake Otis Clinic because it lacks community support, medical support, financial support and community planning input, and because it lacks in its current conception the ability to meet the hospital bed needs and the community service needs now available at Alaska Hospital and Medical Center."  
(Approved at Congress by voice vote with one opposed.)

If you have any questions regarding these resolutions or the Medical Staff Congress, please give us a call.

Sincerely,



Christopher Beardsley  
Director of Public Relations  
& Governmental Affairs

For Al M. Camosso  
Administrator

cc: Senator Ted Stevens  
Senator Mike Gravel  
Representative Don Young  
David Walsh  
Ron Pavellas  
Ron Hammett  
Don DeMers

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 1030  
Title Assistance to Nonprofit Hospitals  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected NA  
Program Category Affected NA  
BRU, Program, or Subprogram(s) Affected NA  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No fiscal impact to the Department.

IV. DATE 5-13-80 PREPARED BY Mary Foster  
AGENCY Community & Regional Affairs  
PHONE 465-4734  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Name

Address and Phone

Organization/Self

For/Against or  
Observing

1) Rep. <sup>1/</sup> Sam Cottam			
2) <sup>2/</sup> Comm. Helen Beine		Dept H&SS	
<sup>3/</sup> Peter A. Bushra		Dept. Rev. for Treasury	
<sup>4/</sup> ANSELM C. STAACK		REVENUE	
<sup>5/</sup>			
<sup>6/</sup>			
<sup>7/</sup>			
<sup>8/</sup>			
<sup>9/</sup>			
<sup>10/</sup>			
<sup>11/</sup>			
<sup>12/</sup>			
<sup>13/</sup>			

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ORIGINAL.

State of Alaska



Department of Commerce and Economic Development

Certificate

The undersigned, as Commissioner of Commerce and Economic Development of the State of Alaska, hereby certifies that duplicate originals of Articles of Merger of MEDICAL DENTAL BUILDING CORPORATION, a nonprofit corporation and THE ALASKA HOSPITAL AND MEDICAL CENTER, INC., a nonprofit corporation, duly signed and verified pursuant to the provisions of the Alaska Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Commissioner of Commerce and Economic Development, and by virtue of the authority vested in him by law, hereby issues this Certificate of Merger of

MEDICAL DENTAL BUILDING CORPORATION

MERGED INTO

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

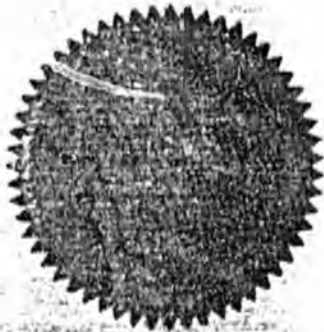
and attaches hereto a duplicate original of the Articles of Merger.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at Juneau, the Capital, this

21st day of February A.D. 1979

Handwritten signature of H. Phillip Hubbard.

H. PHILLIP HUBBARD  
COMMISSIONER OF COMMERCE  
AND ECONOMIC DEVELOPMENT



FILED FOR RECORD

FEB 21 1978

ARTICLES AND PLAN OF MERGER OF  
MEDICAL DENTAL BUILDING CORPORATION, INC.  
A NONPROFIT CORPORATION INTO  
THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.  
A NONPROFIT CORPORATION

STATE OF ALASKA  
DEPARTMENT OF REVENUE

The undersigned corporations, in accordance with Sections 236, 246, 251 and 256 of Article IV, Chapter 20, Title 10, of the Alaska Statutes, hereby adopt the following Articles and Plan of Merger.

FIRST: These Articles and Plan of Merger were duly adopted and approved by the Board of Directors of MEDICAL DENTAL BUILDING CORPORATION, INC. by special meeting of the Board of Directors held May 31, 1977, in the manner and by the vote required by the laws of the State of Alaska. Likewise, these Articles and Plan of Merger were duly adopted and approved by the Board of Trustees of THE ALASKA HOSPITAL AND MEDICAL CENTER, INC. at a special meeting held May 31, 1977, in the manner and by the vote required by the laws of the State of Alaska.

The Plan and Agreement of Merger is as follows:

ARTICLE I

The parties hereto agree to effect this merger.

ARTICLE II

The parties to these Articles and Plan of Merger are MEDICAL DENTAL BUILDING CORPORATION, INC. (hereinafter referred to as MDDB, INC.) and THE ALASKA HOSPITAL AND MEDICAL CENTER, INC. (hereinafter referred to as THE ALASKA HOSPITAL), both incorporated as nonprofit corporations in the State of Alaska.

ARTICLE III

The corporation to survive the merger is THE ALASKA HOSPITAL AND MEDICAL CENTER, INC., an Alaskan nonprofit corporation, which shall continue under the same corporate name.

ARTICLE IV

The principal offices of MDDB, INC. and THE ALASKA HOSPITAL are located at Anchorage, Alaska. MDDB, INC. is the owner of real property, the title of which will become vested in THE ALASKA HOSPITAL as a result of this merger.

#### ARTICLE V

The Articles of Incorporation of THE ALASKA HOSPITAL, as in effect on the effective date of this merger, shall continue in full force and effect as the Articles of Incorporation of THE ALASKA HOSPITAL and shall not be changed or amended by the merger.

#### ARTICLE VI

THE ALASKA HOSPITAL reserves the right and power, after the effective date of the merger, to alter, amend, change or repeal any provisions contained in the Articles of Incorporation in the manner now or hereafter provided by statute, and all rights conferred on officers, directors or members are subject to this reservation.

#### ARTICLE VII

The Bylaws of THE ALASKA HOSPITAL, as such Bylaws exist on the effective date of the merger, shall remain and be the Bylaws of THE ALASKA HOSPITAL, until altered, amended or repealed, or until new Bylaws shall be adopted in accordance with the provisions thereof, the Articles of Incorporation or in the manner permitted by the applicable provisions of law.

#### ARTICLE VIII

The Board of Trustees of THE ALASKA HOSPITAL, as of the effective date of the merger, shall continue in office until the next annual meeting of the Board of Trustees of THE ALASKA HOSPITAL. The number of the Board of Trustees of THE ALASKA HOSPITAL shall continue to be fourteen (14) in number and shall be the following persons: Michael Barry, Floyd Connors, John Creed, Gary Dixon, William Ivy, M.D., Robert McFarland, William Padgett, Robert Sinnett, Frank Yarnot, Jesse Carr, Vernon Cates, M.D., Barney Gottstein, Gordon Hartlieb and John Forceskie.

The following officers of THE ALASKA HOSPITAL immediately prior to the effective date of merger shall continue in office after the effective date of merger and until the next annual meeting of the Board of Trustees of THE ALASKA HOSPITAL: Jesse Carr, President; Vernon Cates, M.D., Vice President; and William Padgett, Secretary.

#### ARTICLE IX

MDHC, INC. is a wholly owned subsidiary of THE ALASKA HOSPITAL and, therefore, there is no exchange of shares to be had as a result of this merger. There are no members of either nonprofit corporation entitled to vote in this merger.

ARTICLE X

On the effective date of the merger, the separate existence of MDBC, INC. shall cease (except to the extent continued by statute), and all of its property, rights, privileges and franchises of whatsoever nature and description shall be transferred to, vest in and devolve upon the surviving corporation, without further act or deed. Conformity deeds, assignments or other like instruments, when deemed desirable by THE ALASKA HOSPITAL to evidence such transfer, vesting or devolution of any property, right, privilege or franchise shall at any time, and from time to time, be made and delivered in the name of MDBC, INC. for the last acting officers thereof, or by the corresponding officers of the surviving corporation.

ARTICLE XI

The effective date of the merger shall be May 1, 1977, if these Articles and Plan of Merger are accepted for record by the Department of Commerce and Economic Development of the State of Alaska.

SECOND: There are no members entitled to vote in either corporation a party to this transaction.

THIRD: Pursuant to the Alaska Statute 10.20.236, approval of this merger was had by the Board of Directors of MDBC, INC. and the Board of Trustees of the ALASKA HOSPITAL by a majority vote as indicated below:

<u>NONPROFIT CORPORATION</u>	<u>NO. OF DIRECTORS OR TRUSTEES</u>	<u>THOSE VOTING FOR</u>	<u>THOSE VOTING AGAINST</u>
MDBC, INC.	6	6	0
THE ALASKA HOSPITAL	14	14	0

DATED this 31st day of May, 1977.

MEDICAL DENTAL BUILDING CORPORATION, INC.

By Jesse Carr  
Jesse Carr, President

By William Padgett  
William Padgett, Secretary



and the statements therein contained are true.

William Padgett  
Notary Public in and for Alaska  
My Commission Expires: 4-26-78

STATE OF ALASKA            )  
                                  ) ss.  
THIRD JUDICIAL DISTRICT )

I, Ellen M. Sprague, a Notary Public, do hereby certify that on the 21st day of May, 1977, personally appeared before me WILLIAM PADGETT, who being first duly sworn, declared that he signed the foregoing document as Secretary of THE ALASKA HOSPITAL AND MEDICAL CENTER, INC. and the statements therein contained are true.

William Padgett  
Notary Public in and for Alaska  
My Commission Expires: 4-26-78



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FEB 21 1978 200315

PARTIAL  
ASSIGNMENT OF LEASE OF ALASKA

The undersigned, TEAMSTERS' LOCAL 959 BUILDING CORPORATION, hereinafter referred to as Assignor, for and in consideration of TEN DOLLARS (\$10.00), lawful money of the United States of America, and other good and valuable consideration, does hereby assign and transfer to THE ALASKA HOSPITAL AND MEDICAL CENTER, INC., hereinafter referred to as Assignee, all of its right, title and interest in and to that certain real property, including improvements and buildings thereon, described as follows:

A portion of that certain leasehold, ADL 821400, executed on June 26, 1963, the term of which is fifty-five (55) years beginning June 26, 1963, wherein the State of Alaska is the Lessor and Karl A. Bachner was Lessee, which lease was purportedly relinquished by instrument dated August 22, 1972, and recorded March 28, 1974, in Book 224 at Page 536 thereof, said relinquishment having thereafter been declared invalid by judgment of the Superior Court in and for the State of Alaska, Third Judicial District, entered September 22, 1976, in Action No. 75-2887, and thereafter recorded the day of December, 1977, in Book No. \_\_\_\_\_, at

Page \_\_\_\_\_, of official records in the Anchorage Recording District, Third Judicial District, State of Alaska, said lease through mesne conveyances having been lawfully assigned to the Teamsters' Local 959 Building Corporation, Lessee, as said lease effects that certain real property situated in the Anchorage Recording District, Third Judicial District, State of Alaska, being that portion of the South one-half of the Southeast one-quarter of the Southwest one-quarter (S 1/2 SE 1/4 SW 1/4) of Section 16, Township 13 North, Range 3 West, Seward Meridian, records of the Anchorage Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

From the one-quarter (1/4) corner of Sections 16 and 21, Township 13 North, Range 3 West, Seward Meridian, Alaska; thence West along the line between said Sections 16 and 21, for a distance of 40.00 feet to a point; thence No. 00°00'00" W., for a distance of 40.00 feet to the intersection of the northerly right-of-way line of DeBarr Avenue with the westerly right-of-way line of Airport Heights Road; thence West, along the northerly right-of-way line of DeBarr Avenue, for a distance of 1052.44 feet to a point; thence N. 39°00'00" E., for a distance of 219.78 feet to a point, the True Point of Beginning of the parcel described herein; thence N. 06°00'00" W., for a distance of 42.43 feet to a point; thence N. 51°00'00" W., for a distance of 31.00 feet to a point; thence W. 39°00'00" E., for a distance of 37.00 feet to a point; thence N. 51°00'00" W., for a distance of 465.25 feet to a point; thence N. 00°06'48" W., for a distance of 65.74 feet to a point; thence S. 89°59'00" E., for a distance of 663.23 feet to a point; thence S. 39°00'00" W., for a distance of 257.38 feet to a point, thence S. 51°00'00" E., for a distance of 123.23 feet to a point; thence S. 39°00'00" W., for a distance of 37.00 feet to a point; thence W. 51°00'00" W., for a distance of

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ANCHORAGE, ALASKA 99514  
(907) 571-8411

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19.00 foot to a point; thence S. 39°00'00" W., for a distance of 241.00 feet to a point; thence N. 51°00'00" W., for a distance of 52.00 feet to the True Point of Beginning.

DATED this 28<sup>th</sup> day of December, 1977, at Anchorage, Alaska.

TEAMSTERS' LOCAL 959 BUILDING CORPORATION

By [Signature]

STATE OF ALASKA )  
 ) ss  
THIRD JUDICIAL DISTRICT )

THIS IS TO CERTIFY that on this 28<sup>th</sup> day of December, 1977, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared Jesse L. Carr, the Secretary of TEAMSTERS' LOCAL 959 BUILDING CORPORATION, a corporation organized and existing by virtue of the laws of the State of Alaska, known to me to be the person who executed the above instrument and who acknowledged that the seal affixed thereto is the corporate seal of said organization, and that the said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first hereinabove written.

[Signature]  
Notary Public in and for Alaska  
My Commission expires January 17, 1980

CONSENT

The undersigned Assignee by and through its duly authorized agent, does hereby consent to the above and foregoing assignment.

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

By [Signature]

STATE OF ALASKA )  
 ) ss  
THIRD JUDICIAL DISTRICT )

THIS IS TO CERTIFY that on this 28<sup>th</sup> day of December, 1977, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared Ernest E. Webb, the Administrator of THE ALASKA HOSPITAL AND MEDICAL CENTER, INC., a corporation organized and existing by virtue of the laws of the State of Alaska, known to me to be the person who executed the above instrument and who acknowledged that the seal affixed thereto is the corporate seal of said organization, and that the said instrument was signed and sealed on behalf of said corporation

Law Offices  
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1500 ALASKA CENTER DRIVE, SUITE 1501  
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POINT	QUAD	BEAR	ANGLE	DISTANCE	NORTHING	EASTING
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INV 45	NW	56 57	39.6	51.972	10178.066	9086.170'
INV 27	NW	6 0	0.0	42.430	10210.801	9045.802
INV 28	NW	51 0	0.0	31.000	10252.999	9041.367
INV 29	NW	39 0	0.0	37.000	10272.508	9017.275
INV 30	NE	51 0	0.0	465.250	10301.262	9040.500
INV 38	NW	0 6	48.0	65.740	10594.053	8670.993
INV 39	NW	89 59	40.0	663.230	10659.793	8678.863
INV 40	SE	39 0	0.0	257.380	10659.729	9342.093
INV 41	SW	51 0	0.0	123.230	10457.707	9180.119
INV 42	SE	39 0	0.0	37.000	10282.156	9275.886
INV 43	SW	51 0	0.0	19.000	10353.422	9252.602
INV 44	NW	39 0	0.0	241.000	10365.359	9237.836
INV 45	SW	39 0	0.0		10178.066	9086.170

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*Awaya Hospital*