

400 West Market Street
Suite 1800
Louisville, KY 40202-3352
(502) 587-3400
(502) 587-6391 FAX
www.stites.com

MEMORANDUM

John A. Johnson
(502) 681-0461
(502) 779-8305 FAX
jjohnson@stites.com

TO: Judah Thornewill
FROM: John A. Johnson
DATE: May 21, 2008
RE: Amendment to Articles of Incorporation

Enclosed for your consideration are Resolutions and Amended and Restated Articles of Incorporation for Louisville Health Information Exchange, Inc. The Amended and Restated Articles of Incorporation adopt the provisions of the Resolutions. Otherwise, they conform to the original Articles filed in 2005.

The amendments are suggested to support the Corporation's application for tax exempt status under Section 501(c) (3). When originally incorporated, LouHIE planned to operate as an organization exempt under Section 501(c) (4), which applies to social welfare organizations. The changes to Article 2 of the Articles removes references to social welfare and Section 501(c)(4). In their place, the Corporation is declared to be organized and operated for charitable purposes within the meaning of Section 501(c)(3).

Also note the revisions to the statement of Purpose in the first paragraph of the amended Article 2. According to the business plan, the Health Information Exchange will extend beyond the City of Louisville. Accordingly, this amendment describes the region as the intended territory of operation.

The amendment also replaces the purpose of "lower[ing] transaction costs for producers and increase[ing] quality of life for consumers". The intent is to refocus attention from controlling costs for the benefit of private enterprises and creating a broader vision of reducing unnecessary costs for the health system in general. The proposed amendment also shifts the focus from enhancing the consumers' quality of life and directing the Corporation's attention to the quality of health care services and the general health of the community.

Please review these documents and contact me at your convenience with your questions and comments.

ZZ995:LO161:682976:1:LOUISVILLE

RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
LOUISVILLE HEALTH INFORMATION EXCHANGE, INC.

The Board of Directors of Louisville Health Information Exchange, Inc. (the “Corporation”) does hereby adopt the following resolutions.

1. The Corporation’s Articles of Incorporation are hereby amended as follows:

A. ARTICLE 2 – PURPOSE - is hereby amended to read in its entirety as follows:

The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and, more specifically, the building of a not-for-profit regional healthcare knowledge exchange network designed to reduce unnecessary costs of healthcare informatics and promote the general health of the community and the quality of health care services by facilitating the transfer of health information for persons who require medical care and related goods and services.

Solely for the above purposes, the Corporation is empowered to exercise all rights and powers conferred by the Kentucky Nonprofit Corporation Act, so long as they are consistent with the requirements of Section 501(c)(3) of the Code, including, but without limitation thereon, to participate, either directly or through a subordinate organization which is controlled by or affiliated with the Corporation, as a member, partner, associate or shareholder in a business organization in a manner that will permit the Corporation to act exclusively in furtherance of its charitable purposes within the meaning of Section 501(c)(3) of the Code.

It is intended that this Corporation shall have the status of a corporation which is exempt from federal income taxation under Section 501(c)(3) of the Code as an organization described in Section 501(c)(3) of the Code. These Articles shall be construed accordingly, and all powers and activities of the Corporation shall be limited accordingly.

B. ARTICLE 6 – DISSOLUTION - is amended by deleting each reference to “Code Section 501(c)(4)” and replacing it with “Code Section 501(c)(3).”

2. The Articles of Incorporation of Louisville Health Information Exchange, Inc. are hereby restated to reflect the amendments adopted above. The form of the Amended and Restated Articles of Incorporation is attached to these Resolutions and incorporated herein by reference as Attachment 1.

3. All or any one of the officers of the Corporation are hereby authorized and directed to file Articles of Amendment and Amended and Restated Articles of Incorporation with the Kentucky Secretary of State in form and substance conforming to these Resolutions and in conformance with KRS 273.267 and KRS 273.273.

Dated: May 21, 2008

Attachment 1
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
LOUISVILLE HEALTH INFORMATION EXCHANGE, INC.

ARTICLE 1
-NAME-

The name of the nonstock, nonprofit corporation is LOUISVILLE HEALTH INFORMATION EXCHANGE, INC. (the "Corporation").

ARTICLE 2
-PURPOSE-

The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and, more specifically, the building of a not-for-profit regional healthcare knowledge exchange network designed to reduce unnecessary costs of healthcare informatics and promote the general health of the community and the quality of health care services by facilitating the transfer of health information for persons who require medical care and related goods and services.

Solely for the above purposes, the Corporation is empowered to exercise all rights and powers conferred by the Kentucky Nonprofit Corporation Act, so long as they are consistent with the requirements of Section 501(c)(3) of the Code, including, but without limitation thereon, to participate, either directly or through a subordinate organization which is controlled by or affiliated with the Corporation, as a member, partner, associate or shareholder in a business organization in a manner that will permit the Corporation to act exclusively in furtherance of its charitable purposes within the meaning of Section 501(c)(3) of the Code.

It is intended that this Corporation shall have the status of a corporation which is exempt from federal income taxation under Section 501(c)(3) of the Code as an organization described in Section 501(c)(3) of the Code. These Articles shall be construed accordingly, and all powers and activities of the Corporation shall be limited accordingly.

ARTICLE 3
-REGULATION OF AFFAIRS OF THE CORPORATION-

In carrying out the corporate purpose, no part of the net earnings of the Corporation shall inure to the benefit of or be distributable to any of its directors, officers or any other private individual, entity or organization except that the Corporation shall be authorized to pay reasonable compensation for services rendered, to make reimbursement for reasonable and appropriate expenses and to make payments and distributions in furtherance of its purpose as set forth in these Articles of Incorporation. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, attempting to influence legislation, or 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.

ARTICLE 4
-MEMBERSHIP-

The Corporation shall have members; however, it shall not have or issue shares of capital stock.

ARTICLE 5
-BYLAWS-

Bylaws of the Corporation, as duly adopted or from time to time altered, amended, or repealed by the Board of Directors, shall set forth provisions for the regulation of the internal affairs of the Corporation, including, but not limited to: (1) the composition of and the manner for election and removal of the members of the Board of Directors; (2) the composition and powers of committees of the Corporation or its directors; (3) the designations, qualifications and duties of officers of the Corporation, and the manner of their selection; and (4) such other matters as may be determined by the Board of Directors.

ARTICLE 6
-DISSOLUTION-

The Board of Directors may authorize the dissolution of the Corporation by a majority of the directors. Upon the Corporation's dissolution, the Board of Directors shall direct the distribution of the Corporation's assets, after adequate provision for creditors shall have been made, to an organization or organizations, qualifying as charitable organizations pursuant to Code section 501(c)(3) to be used for one or more exempt purposes within the meaning of Code Section 501(c)(3) or to the federal, state, and/or local government for a public purpose. In selecting such organizations to which to distribute the Corporation's assets, the Board of Directors shall give first priority to any successor organization of the Corporation; and second, to any other organizations or governmental entity with the same or substantially similar purpose to the Corporation. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is then located,

exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively under Code section 501(c)(3).

**ARTICLE 7
-AMENDMENTS-**

Amendments to the Articles of Incorporation may be made by the Board of Directors upon the majority vote of the directors.

**ARTICLE 8
-INITIAL REGISTERED OFFICE AND
REGISTERED AGENT/PRINCIPAL OFFICE-**

The street address of the Company's initial registered/principal office shall be 400 W. Market Street, Suite 1800, Louisville, Kentucky 40202-3352. The name of the Company's initial registered agent at that office shall be S&H Louisville, LLC.

**ARTICLE 9
-BOARD OF DIRECTORS-**

The number of directors constituting the initial Board of Directors of the Corporation is four (4), and the names and mailing addresses of the persons who are to serve as directors until their successors are selected in accordance with the provisions of the bylaws of the Corporation are:

| <u>Name:</u> | <u>Address:</u> |
|-----------------|--|
| Robert Esterhay | 1347 S. Third St., Suite 304 Louisville, Kentucky 40208 |
| Thomas Farley | 1347 S. Third St., Suite 304 Louisville, Kentucky 40208 |
| Robert Goeddel | 1347 S. Third St., Suite 304 Louisville, Kentucky 40208 |
| Mary Morrow | 1347 S. Third St., Suite 304 Louisville, Kentucky 40208 |

**ARTICLE 10
-DIRECTORS' LIABILITY-**

No director of the Corporation shall be personally liable to the Corporation for monetary damages for any breach of his or her duties as a director, provided that this provision shall not eliminate or limit the liability of a director: (i) for any transaction in which the director's personal financial interest is in conflict with the financial interest of the Corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or are known to the

