

RESOLUTION NO. 81-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO, AMENDING RESOLUTION 92-12, SECTION 6 REGARDING EXECUTIVE DIRECTOR EMPLOYMENT COMPENSATION

WHEREAS, City Council Resolution 92-12 states "The Board of Trustees of the City Health Foundation may nominate a Chief Executive Officer, President, Executive Director or other such full time administrative executive to oversee the City Health Foundation, as it may choose, but any such individual must be approved by a vote of seven (7) council members and the Mayor, and any employment agreement or compensation agreement of any type whatsoever must be approved in like manner."; and

WHEREAS, the Foundation's Board of Trustees ("Board") has recommended that City Council authorize the Board to approve annual increases in salary for the Foundation's Executive Director up to five (5) percent; and

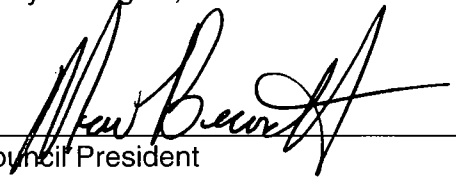
WHEREAS, the City Council finds that it is in the best interest of the citizens of Colorado Springs and the citizens of the former service area of the Memorial Health System to adopt this recommended modification to Section 6 of Resolution 92-12.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. Section 6 of Resolution 92-12 is hereby revised as follows: The Board of Trustees of the City Health Foundation may nominate a Chief Executive Officer, President, Executive Director or other such full time administrative executive to oversee the City Health Foundation, as it may choose, but any such individual must be approved by a vote of seven (7) council members and the Mayor, and any **initial** employment agreement or compensation agreement ~~of any type whatsoever~~ must be approved in like manner. **The Board of Trustees of the City Health Foundation may approve annual Executive Director compensation increases not to exceed five (5) percent. Any proposed annual increase in excess of five (5) percent shall require the approval of City Council by a vote of seven (7) council members and the Mayor.**

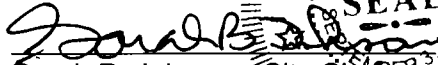
Section 2. It is the intent of City Council that the remaining provisions of Resolution 92-12 remain in full force and effect.

Dated at Colorado Springs, Colorado this 23rd day of August, 2016.




Council President

ATTEST:



Sarah B. Johnson, City Clerk



AMENDED BYLAWS
OF
COLORADO SPRINGS HEALTH FOUNDATION
A COLORADO NONPROFIT CORPORATION

**BYLAWS
OF
COLORADO SPRINGS HEALTH FOUNDATION

A COLORADO NONPROFIT CORPORATION**

**ARTICLE I
NAME AND PURPOSES**

1.1. Name. The name of the corporation is Colorado Springs Health Foundation (“Corporation”). The Corporation is a nonprofit corporation organized under the Colorado Revised Nonprofit Corporation Act, as compiled in Articles 121-137 of Title 7, Colorado Revised Statutes (“Act”).

1.2. Principal Office. The principal office of the Corporation shall be located at City Administration Building, 30 S. Nevada Avenue, Suite 501, Colorado Springs, CO 80901-1575 or such other place(s) within the City of Colorado Springs, Colorado (“City”) as the Board of Trustees of the Corporation (“Board of Trustees” or “Board”) may agree is in the best interest of the Corporation.

1.3. Registered Office and Registered Agent. The Corporation shall have and continuously maintain in the State of Colorado a registered office and a registered agent whose office is the Corporation’s registered office, as required by the Act. The registered office may, but need not be identical to the principal office of the Corporation in the State of Colorado, and the address of the registered office may be changed from time to time by the Board of Trustees in accordance with applicable law.

1.4. Purposes. The Corporation is organized exclusively (a) for charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended or the corresponding provisions of any successor or subsequent federal tax law (“Code”) and (b) for the benefit of, to perform the functions of, and to carry out the purposes of the City within the meaning of Section 509(a)(3) of the Code. More specifically, the Corporation is organized and shall be operated exclusively to carry out the following purposes (“Corporation’s Purposes”):

- (1) As provided in City Council Resolutions 92-12 and 121-12 (“City Resolutions”), receive, hold and manage in perpetuity all funds and monies received pursuant to the Memorial Health System Operating Lease Agreement by and among the City, and University of Colorado Health UCH-MHS (“Lease Agreement”) and the Integration and Affiliation Agreement by and among the City and University of Colorado Health UCH-MHS, as approved by the City Council in Resolution No. 89-12 on June 27, 2012, and subsequently approved by City voters at the Special Municipal Election on August 28, 2012, subject to the Corporation’s obligations under the Corporation’s Guaranty in the form attached as Exhibit H to the Lease Agreement (“Guaranty”); and
- (2) As further provided in City Resolutions, and subject to its obligation under the Guaranty, make grants or distributions from income of the corpus of

funds and monies received for the purpose of addressing health issues in the City and Memorial Health System service area; and

- (3) As further provided in City Resolutions, and unless distributed to satisfy its obligations under the Guaranty, the corpus of the funds and monies received may not be distributed, spent, transferred or otherwise removed from the Corporation without a vote of seven (7) Council members and the Mayor, or eight (8) Council members if the Mayor shall not agree, subject to the restrictions set forth in the Articles of Incorporation.

1.5. Intent to Obtain and Maintain Federal Tax-Exemption. The Corporation intends to obtain and maintain status as an organization exempt from federal income tax under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code and a supporting organization described in Section 509(a)(3) of the Code.

ARTICLE II

BOARD OF TRUSTEES

2.1. General Authority. Subject to the limitations imposed by the Act, the Articles of Incorporation, these Bylaws and the City Resolutions, the business and affairs of the Corporation shall be managed by the Board of Trustees of the Corporation (“Board”). The Board shall make appropriate delegations of authority to the officers of the Corporation.

2.2. Number and Appointment of Directors. The Initial Board will consist of those three individuals set forth on Exhibit A, who will undertake such actions as necessary on behalf of the Foundation to consummate the transactions contemplated by the Health System Operating Lease and the Integration and Affiliation Agreement, both dated as of July 2, 2012, and as permitted by law on behalf of the Corporation to receive funds, pay expenses, and carry out the Foundation’s contractual obligations until the Board (as defined in the next sentence) is appointed. The Board will consist of nine (9) persons, all of whom shall be nominated by the Mayor and appointed by a majority of the City Council members as provided in the City Resolutions. The Chief Executive Officer, President, Executive Director or other such full-time chief administrative executive overseeing the Corporation shall participate as an ex-officio member of the Board without vote.

2.3. Qualifications of Directors. It shall be a goal that the Board include persons of diverse backgrounds and from different areas of the Colorado Springs community. In nominating and appointing trustees, consideration should be given to knowledge, expertise, education or experience in one or more of the following areas: community health needs, public health care, improving the quality of or access to health care, health promotion and education, financial and investment management, philanthropy, nonprofit management, legal expertise or board leadership skills. Each trustee shall, prior to his or her appointment or nomination, possess the following qualifications:

- (a) Each trustee must be at least 21 years of age and a resident of the City of Colorado Springs;
- (b) Each trustee must have demonstrated an ability to devote the time necessary to fulfill Board responsibilities. Trustees may be excused from attending all or a portion of a Board meeting with the permission of the Chair. Participation via telephone or other appropriate technology constitutes

attendance for these purposes. Unexcused absences for three consecutive meetings may result in removal of the trustee by vote of the Board, unless the Board waives the attendance requirement after the trustee demonstrates good cause for his or her failure to attend meetings.

2.4. Educational Process. The Board will have the affirmative obligation to design and maintain an educational process for all Board members concerning their responsibilities to the Corporation and its purposes.

2.5. Terms. Other than as provided in Section 2.6, all trustee terms will be three years. Trustees may not serve more than three consecutive full terms.

2.6. Vacancies. Any vacancies occurring on the Board of Trustees are to be filled by the City Council in accordance with the procedure set forth in Section 2.2 above.

2.7. Resignations and Removal. Any member of the Board may resign from the Board at any time by giving written notice to the Chairman or, if the resigning member is the Chairman, to the chief administrative officer. Any single trustee of the Board, or the entire Board may be removed at any time by a vote of seven (7) Council members and the Mayor, or by eight (8) Council members if the Mayor shall not agree.

2.8. Investment and Expenditure of Corporation Resources. Consistent with the City Resolutions, the City Council shall be responsible for close oversight of the operations of the Corporation, including approval of any investment policy adopted by the Corporation, approval of the retention of any investment advisor and approval of policies and guidelines governing any grants or distribution of income. At no time shall the City Council approve any Corporation policy or guideline which may or will impact the Corporation's obligations under the Guaranty. Subject to the Corporation's obligations under the Guaranty and the oversight reserved to the City Council in the City Resolutions, the Board will be vested with the responsibility of investing and expending Corporation resources (collectively the "Fund") for the purposes set forth in the Articles and these Bylaws. As a Colorado charitable organization, the Corporation is governed by the Uniform Prudent Management of Institutional Funds Act, Colorado Revised Statutes, Sections 15-1-1101 - 15-1-1109.

Section 15-1-1103 of the statute requires that, in managing and investing an institutional fund, the following factors, if relevant, must be considered:

- (a) General economic conditions;
- (b) The possible effect of inflation or deflation;
- (c) The expected tax consequences, if any, of investment decisions or strategies;
- (d) The role that each investment or course of action plays within the overall investment portfolio of the institutional fund;
- (e) The expected total return from income and the appreciation of investments;
- (f) Other resources of the institution;

- (g) The needs of the institution and the institutional fund to make distributions and to preserve capital; and
- (h) An asset's special relationship or special value, if any, to the charitable purposes of the institution.

ARTICLE III **MEETINGS**

3.1. Annual Meeting and Regular Meetings. An annual meeting of the Board shall be held in December of each calendar year, at such time and place as may be designated by Board resolution, or if not so designated, the annual meeting of the Board shall be held during the last regular meeting of a given year at the designated place of such meeting, for the purpose of electing officers and transacting such other business as may properly come before the meeting. The agenda for such annual meeting shall include an evaluation by the Board of its own performance during the preceding year and the distribution to each trustee of the annual Conflict of Interest Report. Information shall be provided on the Corporation's website indicating to the public how to obtain copies of the reports. In addition to the annual meeting, regular meetings of the Board shall be held at such time and place as may be designated from time to time by Board resolution.

3.2. Special Meetings. Special meetings of the Board for any purpose shall be held, at such place as may be designated by Board resolution, whenever called by the Chairman of the Board, or on the written request of any two (2) members of the Board.

3.3. Notice. Written notice stating the place, date, and time of any regular or special meeting of the Board shall be delivered not less than seven (7) days before the date of the meeting, either personally, by mail, or by other satisfactory means, to each trustee at his address as shown on the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with first class postage thereon prepaid. Subject to the provisions of applicable law, any trustee may waive their notice of any meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting need to be specified in the notice or waiver of notice of such meeting unless specifically required by law. At any such meeting at which every trustee shall be present even though without personal notice, any matter pertaining to the Corporation's purposes may be considered and acted upon. The attendance of a trustee at any meeting shall constitute a waiver of their notice of such meeting, except where a trustee attends a meeting for the express purpose of objecting to the transaction of any business thereat because such meeting is not lawfully called or convened.

3.4. Quorum. A majority of the voting members of the Board shall constitute a quorum for the transaction of business at any Board meeting. If less than a quorum is present at any Board meeting, a majority of the voting trustees present may adjourn the meeting from time to time without further notice.

3.5. Conduct of Business. At all Board meetings, matters pertaining to the Corporation's purposes shall be considered in such order as the Board may from time to time determine. At all Board meetings, the Chairman of the Board shall preside, and in the absence of the Chairman of the Board, a chairman shall be chosen by the Board from among the trustees present. The Chairman may appoint any person to act as secretary of the meeting.

3.6. Manner of Acting. Each voting trustee shall be entitled to one vote on each matter submitted to a vote of the Board. Proxies shall not be permitted; a trustee must be present at a meeting to vote. The affirmative vote of a majority of the voting trustees present at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number is required by law, the Articles, or these Bylaws.

3.7. Action by Conference Telephone. Subject to any notice of meeting requirements in these Bylaws or under applicable law, one or more trustees of the Corporation may participate in and hold a noticed public meeting of such trustees by means of conference telephone or video conferencing technology by means of which all persons attending or participating in the meeting can hear each other. Participation by such means shall constitute presence in person at the meeting including the counting of trustees for the purpose of determining a quorum.

3.8. Additional Advisors. The Board or the Chairman of the Board may invite additional individuals with expertise in a pertinent area to meet with and assist the Board. Such advisors shall not vote or be counted in determining the existence of a quorum and may be excluded from any executive session of the Board by majority vote of the trustees present.

3.9. Annual Audit. The Board shall cause an annual audit of the Corporation's financial statements to be made by an independent accounting firm, and shall provide a copy of the report of such audit and the accompanying management letter to each trustee.

3.10. Compensation and Immunity of Members of the Board. Members of the Board or any committee with Board delegated powers serve in a voluntary capacity and, as such, shall not receive any compensation for their services as members of the Board or of such committee, but may be reimbursed for reasonable expenses of attendance at meetings of the Board or the applicable committee. It is the intent of the Corporation that the members of the Board be immune from personal liability for any civil damages arising from acts performed in his or her official capacity, except for damages caused by such person's wanton and willful acts or omissions, as provided in Colorado Revised Statutes Sections 13-21-115.7 and 13-21-116 as they may be amended from time to time.

ARTICLE IV

OFFICERS OF THE CORPORATION

4.1. Officers of the Corporation. The officers of the Corporation shall be a Chairman, Executive Director, Secretary, and Treasurer. The Chairman, Secretary and Treasurer must be members of the Board. The Executive Director is the full-time chief administrative executive overseeing the Corporation and shall serve as an ex officio, non-voting member of the Board. The Board may appoint such other officers of the Corporation as it deems desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two (2) or more offices may be held by the same person, except the Executive Director and the Secretary.

4.2. Appointment and Term of Office. Officers, other than the Executive Director, shall be appointed by the Board for a term of one (1) year. In the case of the Executive Director, City Council Resolution No. 92-12 provides that the Board nominate the Executive Director, such nomination to be approved by a vote of seven (7) Council members and the Mayor. The initial employment or compensation agreement for the Executive Director must be approved by the City

Council and Mayor in the same manner. The Foundation Board of Trustees may approve annual Executive Director compensation increases not to exceed five (5) percent. Any proposed annual increase in excess of five (5) percent shall require the approval of City Council by a vote of seven (7) council members and the Mayor. New offices may be created and filled at any meeting of the Board. The newly appointed officers shall take office effective as of the date determined by the Board. Each officer shall hold the office for the term which such officer is appointed or until such officer's successor shall have been appointed and qualified or until such officer's earlier death, resignation or removal.

4.3. Removal. Any officer appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. Such removal may be accomplished by a majority vote of the Board. Appointment of an officer shall not of itself create contract rights. The Executive Director may be removed from office by a vote of seven (7) Council members and the Mayor.

4.4. Resignation. Any officer may resign from office at any time by giving written notice to the Executive Director or Secretary of the Corporation. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at the time specified in such notice.

4.5. Vacancies. Vacancies in any office because of death, resignation, removal, disqualification or other cause may be filled by appointments made in the same manner as provided in the case of the original appointments.

4.6. Delegation of Authority to Hire, Discharge and Designate Duties. The Board from time to time may delegate to the Chairman of the Board, the Executive Director, or other officer or executive employee of the Corporation, authority to hire, discharge and fix and modify the duties, salary, or other compensation of employees of the Corporation under their jurisdiction, and the Board may delegate to such officer or executive employee similar authority with respect to obtaining and retaining for the Corporation the services of attorneys, accountants and other experts.

4.7. Chairman. The Chairman shall preside over all meetings of the Board. The Chairman shall have no authority to act outside of the meeting of the Board. The Chairman shall exercise such other powers and perform such duties as are set forth from time to time by the Board, except as otherwise provided by these Bylaws, the Articles, and the laws of Colorado.

4.8. Executive Director. The Executive Director shall, subject to the direction and supervision of the Board, (1) be the chief executive officer of the Corporation and have general and active control of its affairs and business and general supervision of its officers, agents and employees, (2) be responsible for directing and administering the activities, departments, and programs of the Corporation, (3) see that all orders and resolutions of the Board are carried into effect, and (4) perform all other duties incident to the office of Executive Director and as from time to time may be assigned to the Executive Director by the Board. The Executive Director may execute all contracts requiring a seal, under the seal of the Corporation, and may cause the seal to be affixed thereto, and all other instruments for and in the name of the Corporation. The Executive Director shall, unless the Board otherwise provides, be ex officio a member of all standing committees. The Executive Director shall have such other or further duties and authority as may be prescribed elsewhere in these Bylaws or from time to time by the Board.

4.9. Secretary. The Secretary shall (1) attend and record the minutes of all meetings of the Board and provide for the retention of said minutes in the official minute book of the Corporation, (2) give or cause to be given notice of all special meetings of the Board, (3) be the custodian of the Corporation records and seal, and (4) perform all other duties incident to the office of Secretary and as from time to time may be assigned to the Secretary by the Board and/or the Executive Director. Subject to the approval of the Board, the Secretary may delegate any duties to one or more assistants or others as may be deemed appropriate.

4.10. Treasurer. The Treasurer shall (1) be the principal financial officer of the Corporation, (2) keep an account of the financial transactions and condition of the Corporation, (3) be responsible for and have the custody of all of the funds, securities, evidences of indebtedness and other personal property of the Corporation, (4) provide a full and accurate accounting of all receipts and disbursements and books belonging to the Corporation, (5) deposit all monies and valuable assets in the name and credit of the Corporation into such depositories as may be designated by the Board, (6) render to the Board, whenever the Board shall require it, as well as at all regular meetings, an accounting of the financial transactions and condition of the Corporation, and (7) perform all other duties incident to the office of Treasurer and as from time to time may be assigned to the Treasurer by the Board and/or the Executive Director. Subject to the approval of the Board, the Treasurer may delegate any duties to one or more assistants or others as may be deemed appropriate.

4.11. Compensation. No officer who is also a voting member of the Board shall receive any compensation for services as an officer, but may be reimbursed for their reasonable and necessary expenses associated with their services as an officer. The compensation of other officers shall be as fixed from time to time by the Board. No payment of compensation (or payment or reimbursement of expenses) shall be made in any manner so as to result in the imposition of any liability under Section 4958 of the Code.

4.12. Duties of Officers May be Delegated. If any officer of the Corporation be absent or unable to act, or for any other reason that the Board may deem sufficient, the Board may delegate, for the time being, some or all of the functions, duties, powers and responsibilities of any officer to any other officer, or to any other agent or employee of the Corporation or other responsible person.

ARTICLE V **COMMITTEES**

5.1. Standing Committees. The Board may, by resolution adopted by a majority of the trustees in office, designate one or more standing committees. The number of members of each such committee, as well as the composition of each committee, shall be at least one voting director. Any standing committee may have advisory members who are not members of the Board and who are not entitled to vote on committee matters. Each such committee shall perform the functions assigned to it by the Board and shall have and exercise such powers and authority of the Board in the management of the Corporation as may be delegated to it from time to time by the Board, subject to any limitations provided by applicable law, the Articles, or these Bylaws. No committee shall be delegated the power and authority of the Board in the management of the Corporation. Each committee shall keep a record of its proceedings and report the same to the Board at each succeeding meeting of the Board. At the request of the Board, a committee shall mail copies of the minutes of its proceedings to the members of the Board prior to such meeting of the Board.

5.2. Term of Office. Each member of a committee of the Board shall continue as such until such time that the committee member resigns from such committee, is removed by the Board,

or until his earlier death, unless the committee shall be sooner terminated, or such member shall cease to qualify as a member thereof.

5.3. Resignations and Removals. Any member of a committee may resign at any time by giving notice to the chairman of the committee or the Chairman of the Board. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at the time specified in such notice. The Chairman of the Board may, with approval of the Board, remove any appointed member of any committee.

5.4. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

5.5. Meetings and Notice. Except as otherwise provided, meetings of a committee may be called by the Chairman of the Board or the chairman of the committee. Each committee shall meet as often as is necessary to perform its duties. Subject to applicable law, notice may be given at any time and in any manner reasonably designed to inform the committee members of the time and place of the meeting.

5.6. Quorum. Unless otherwise required by law or provided in the Board resolution designating a committee, a majority of the members of a committee (but not less than two (2) members) shall constitute a quorum, and the act of the majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

5.7. Action by Conference Telephone. Subject to any notice of meeting requirements in these Bylaws or under applicable law, one or more members of a committee may participate in and hold a noticed public meeting of such committee by means of conference telephone or video conferencing technology by means of which all persons attending or participating in the meeting can hear each other. Participation by such means shall constitute presence in person at the meeting including the counting of members for the purpose of determining a quorum.

5.8. Rules. Each designated committee may adopt rules for its own governance not inconsistent with these Bylaws or with rules adopted by the Board.

5.9. Copies of Minutes of Committee Meetings. Copies of the minutes of each committee meeting shall be delivered to the Board within thirty (30) days of the date of such meeting.

ARTICLE VI **CONFLICTS OF INTEREST**

6.1. Purpose. The purpose of the conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of the Corporation. Section 1.3.106 of the City Code of Colorado Springs expressly applies to the Corporation. This policy is intended to supplement but not replace any applicable state laws or City Code provisions governing conflicts of interest applicable to nonprofit and charitable corporations. In the event of a conflict between this Article VI and City Code §1.3.106, City Code shall control.

6.2. Definitions.

- (a) Interested Person. Any trustee, principal officer, or member of a committee with Board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.
- (b) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family –
 - (1) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or
 - (2) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
 - (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

6.3. Procedures.

- (a) Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and all material facts relating thereto to the trustees and members of the committees with Board-delegated powers considering the proposed transaction or arrangement.
- (b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts relating thereto, and after any discussion thereof, the interested person shall leave the Board or committee meeting while the financial interest is discussed and voted upon . The remaining Board or committee members shall decide if a conflict of interest exists.
- (c) Procedures for Addressing the Conflict of Interest.
 - (1) An interested person may make a presentation at the Board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
 - (2) The chairman of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - (3) After exercising due diligence, the Board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

(4) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

(d) **Violations of the Conflicts of Interest Policy.**

(1) If the Board or committee has reasonable cause to believe that a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

(2) If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

6.4. **Records of Proceedings.** The minutes of the Board and all committees with Board-delegated powers shall contain --

(a) **Names of Persons with Financial Interest.** The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

(b) **Names of Persons Present.** The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

6.5. **Compensation Committees.**

(a) **Voting Members.** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

(b) **Physicians.** Physicians who receive compensation, directly or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters.

6.6. **Annual Statements.** Each trustee, principal officer and member of a committee with Board-delegated powers shall annually sign a statement which affirms that such person—

- (a) Receipt. Has received a copy of the conflicts of interest policy.
- (b) Read and Understands. Has read and understands the policy.
- (c) Agrees to Comply. Has agreed to comply with the policy.
- (d) Tax Exemption. Understands that the Corporation is a charitable organization and that, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

6.7. Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, including the following subjects:

- (a) Reasonable Compensation. Whether compensation arrangements and benefits are reasonable and are the result of arms-length bargaining.
- (b) Partnership/Joint Ventures. Whether partnership or joint venture arrangements and arrangements with physicians conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.
- (c) Health Care Provider Agreements. Whether agreements to provide health care and agreements with other health care providers, employees, and third-party payors further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

6.8. Use of Outside Experts. In conducting the periodic reviews provided for in Section 6.7, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE VII **INDEMNIFICATION**

Article 129 of the Act permits the Corporation to indemnify its present and former trustees and officers to the extent and under the circumstances set forth therein and herein. As set forth in the Articles, the Corporation elects to and does hereby indemnify all such persons to the fullest extent permitted or required by such Article 129 promptly upon request of any such person making a request for indemnity hereunder. Such obligation to so indemnify and to so make all necessary determinations required by Article 129 of the Act may be specifically enforced by resort to any court of competent jurisdiction. Further, the Corporation shall have the power to purchase and maintain at its expense insurance on behalf of such persons to the fullest extent permitted by applicable law, whether or not the Corporation would have the power to indemnify such person under the foregoing provisions. The Corporation shall also have the power to and shall pay and reimburse the reasonable expenses of such persons covered hereby in advance of the final disposition of any proceeding to the fullest extent permitted by Article 129 of the Act and subject to the conditions thereof and hereof. Notwithstanding the foregoing, the Corporation shall have no obligation to indemnify and no

indemnification shall be made (i) except as permitted or required under the Article 129 of the Act, (ii) in an action or suit involving the alleged professional malpractice of such Trustee or officer in the practice of medicine, or (iii) in any proceeding involving acts or omissions of such Trustee or officer in such person's personal capacity.

ARTICLE VIII **CONTRACTS, CHECKS, DEPOSITS, GIFTS, AND LOANS**

8.1. Contracts. Except as otherwise limited by these Bylaws, the Board may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to a specific instance.

8.2. Checks, Drafts, or Orders for Payment. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Chairman of the Board and countersigned by the Treasurer.

8.3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

8.4. Gifts. The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes, or for any specific purpose, for which the Corporation has been created.

8.5. Loans to Officers and Trustees Prohibited. No loans shall be made by the Corporation to any of its officers or trustees. Any trustee voting for or assenting to the making of any such loan and any trustee or officer participating in the making thereof shall be jointly and severally liable to the Corporation for the amount of such loan until repayment thereof.

ARTICLE IX **GENERAL PROVISIONS**

9.1. Fiscal Year. The Corporation's fiscal year shall begin on the first day of January and end on the last day of December in each year.

9.2. Corporate Seal. The Board may provide a corporate seal of the Corporation in such form as it deems appropriate.

9.3. Waiver of Notice. Whenever any notice is required to be given under the provisions of the Act, the Articles, or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, either before or after the occurrence of the event or transaction described therein, shall be deemed equivalent to the giving of the required notice.

9.4. Gender. References herein to the masculine gender also shall refer to the feminine gender in all appropriate cases.

ARTICLE X
AMENDMENTS

10.1. Consistent with the City Resolutions, these Bylaws may be amended, repealed, added to or replaced with new Bylaws by approval of seven (7) Council members and the Mayor, or eight (8) Council members if the Mayor shall not agree, provided, however, any such alteration, amendment or repeal that diminishes or enhances the rights and/or obligations of the Mayor shall require the affirmative approval of the Mayor. No amendment to the Bylaws which alters or affects or relates to the Corporation's obligations under the Guaranty can be effective without the written consent of University of Colorado Health, University of Colorado Hospital Authority, prior to the Transition Date as defined in the Lease Agreement, and UCH-MHS on and after the Transition Date. The Board of Trustees may propose amendments to the Bylaws by a super-majority vote of 7 members of the Board at any regular or special meeting called for such purpose. Notice of such meeting shall be given in accordance with the provisions of Article III, Section 3.3 of these Bylaws, such notice to clearly announce an intention to amend, repeal, add to, or replace these Bylaws, at such meeting.

ARTICLE XI
EFFECTIVE DATE OF BYLAWS

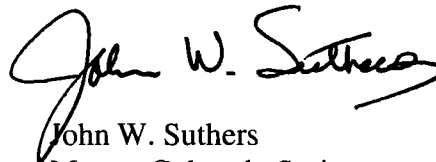
11.1. These Bylaws shall take effect when adopted by an affirmative vote of seven (7) City Council members and the Mayor, as provided by the City Resolutions.

Approved as of August 23, 2016
by City Council and Mayor:

By: 

Merv Bennett
City Council President
Date:
Per Resolution No. 81-16

Approved:



John W. Suthers
Mayor, Colorado Springs
Date:

EXHIBIT A

Merv Bennett

Brandy Williams

Christopher J. Melcher