

**THIRD AMENDED AND RESTATED BYLAWS OF
UNIVERSITY PHYSICIANS, INC.**

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**THIRD AMENDED AND RESTATED BYLAWS OF
UNIVERSITY PHYSICIANS, INC.**

**ARTICLE I
PURPOSES AND OBJECTIVES**

Section 1. Statutory Authority. University Physicians, Inc. (“UPI”) was formed pursuant to section 23-21-106.5 of the Colorado Revised Statutes; however, this section was repealed on June 1, 1991 by Senate Bill 91-225 and most of the provisions of this section were re-enacted by Senate Bill 91-225 as section 23-20-114 of the Colorado Revised Statutes.

Section 2. Purposes and Objectives. UPI is the centralized practice plan for the faculty of the University of Colorado School of Medicine (the “School of Medicine”) and is authorized to bill, collect and disburse all patient revenues and other revenues earned by the faculty, and to enter into contracts for the collection of such revenues. UPI is organized for the benefit of the University of Colorado. UPI’s charitable, scientific, and educational purposes and objectives are:

- (a) to aid and support the University of Colorado in the furtherance of its charitable, scientific and educational purposes and related activities;
- (b) to assist the School of Medicine in carrying on its mission of medical education and medical research;
- (c) to assist the School of Medicine in carrying out its mission of providing patient care, however, that UPI shall not, itself, engage in the practice of medicine;
- (d) to assist the School of Medicine in carrying out its activities in hospitals, medical centers, clinics and other health care facilities or institutions affiliated with the University of Colorado;
- (e) to assist the School of Medicine in making its health care management and training functions more efficient;
- (f) to strengthen the practice of medicine by UPI Members individually and in the School of Medicine departments or other groups;
- (g) to assist UPI Members to function as a group practice;
- (h) to strengthen and broaden the range of skills and patient populations necessary for Members to carry on teaching, research, and patient care;
- (i) to pursue means of fostering cost effective health care furnished at hospitals, medical centers, clinics and other health care facilities or institutions affiliated

with the School of Medicine; and

- (j) to encourage consultations between UPI Members and community physicians for improving patient care, professional standards, and the climate for the carrying on of the teaching and research missions of the School of Medicine.

Section 3. Business Activities. UPI shall have the authority to engage in the following business activities, which shall be conducted in furtherance and in support of the purposes and objectives described in Section 2 above:

- (a) to provide the full range of business management services to healthcare practitioners or healthcare organizations;
- (b) to enter into contractual arrangements, including partnerships or joint ventures, with managed care organizations, networks of health care providers or other healthcare organizations or entities;
- (c) to secure appropriate sites for Members to provide patient care and to determine whether a Member can practice at a site other than the Anschutz Medical Campus;
- (d) to establish, manage and operate one or more networks of healthcare providers;
- (e) to acquire physician practices or the practices of other healthcare providers;
- (f) to acquire real property; and
- (g) to create for-profit and nonprofit subsidiary corporations or other entities as may be necessary or desirable to carry out any or all of the above.

ARTICLE II UPI COST CENTERS

Section 1. Organized Consistent with School of Medicine. The administrative organization of UPI shall be consistent with the department organization of the School of Medicine. For these reasons, UPI and the Members, Associate Members and Affiliate Members of UPI shall be organized into the following School of Medicine Department Cost Centers. Each Cost Center shall be a separate administrative, financial and accounting unit of UPI.

Anesthesiology
Biochemistry and Molecular Genetics
Cell and Developmental Biology
Dermatology

Emergency Medicine
Family Medicine
Immunology/Microbiology
Medicine
Neurology
Neurosurgery
Obstetrics and Gynecology
Ophthalmology
Orthopedics
Otolaryngology
Pathology
Pediatrics
Pharmacology
Physical Medicine and Rehabilitation
Physiology and Biophysics
Psychiatry
Radiation Oncology
Radiology
Surgery

Section 2. Creation and Abolishment. If any additional departments are established within the School of Medicine, a counterpart Cost Center shall automatically be created without the need to amend these Bylaws. Similarly, if a department in the School of Medicine is abolished, the counterpart Cost Center shall automatically be abolished without the need to amend these Bylaws. All funds and assets of any abolished Cost Center shall be transferred to the Cost Center into which abolished Cost Center is absorbed. If the dissolved Cost Center is absorbed into two or more Cost Centers, all funds and assets of the dissolved Cost Center shall be distributed to the involved Cost Centers as determined by the Board of Directors. Additional Cost Centers for non-departmental single or multispecialty groups based in the community may be established by a two-thirds (2/3) vote of the Board. The purpose of such groups shall be to support the missions of the School of Medicine.

Section 3. Establishment of Accounts Within A Cost Center for Reporting Purposes. For income and expense reporting purposes, and at the request of the Cost Center Director, the President may authorize UPI to establish separate accounts for non-departmental units within an existing Cost Center. Such accounts shall not be considered Cost Centers and any surplus of funds or deficits of such accounts shall be the responsibility of the Cost Center in which the account is located.

Section 4. Establishment of Accounts between Cost Centers for Reporting Purposes. At the request of two or more Cost Center Directors, the President may authorize UPI to establish a separate account for collaborations between two or more Cost Centers provided that there is a written agreement signed by the affected Cost Center Directors that specifies how profits and deficits from the collaboration will be shared. In the absence of a written agreement, profits and deficits from the collaboration shall be shared

equally between the affected Cost Centers. Such accounts shall not be considered Cost Centers and any deficits shall be the responsibility of the affected Cost Centers.

ARTICLE III MEMBERSHIP

Section 1. Three Types of Membership. Membership in UPI shall consist of and be limited to Members, Associate Members and Affiliate Members.

Section 2. Members. Members shall be individuals who (1) have been granted a faculty appointment in the School of Medicine, (2) are members of the Executive Faculty of the School of Medicine, as defined in the Rules of the School of Medicine, (3) do not have an independent professional practice outside of the School of Medicine, (4) are employed on a .50 FTE or greater basis by the University of Colorado, and (5) have signed and delivered a Member Practice Agreement to UPI. An individual who satisfies those five requirements shall become a Member of UPI when the Director of the Cost Center that corresponds to the School of Medicine department in which the individual has a faculty appointment and the President of UPI have both countersigned the Member Practice Agreement. Members shall have all voting privileges and shall be eligible to serve as officers of UPI and to serve on the Board of Directors of UPI, as further described in these Bylaws.

Section 3. Associate Members. Associate Members shall be individuals who (1) have been granted a clinical faculty appointment in the School of Medicine or a regular faculty appointment in the School of Medicine through an affiliated institution which is their primary employer, (2) are employed or paid on a .49 FTE or lesser basis by the University of Colorado, and (3) have signed and delivered an Associate Member Practice Agreement to UPI. An individual who satisfies those three requirements shall become an Associate Member of UPI when the Director of the Cost Center that corresponds to the School of Medicine department in which the individual has a faculty appointment and the President of UPI have both countersigned the Associate Member Practice Agreement. Associate Members shall have no voting privileges and shall not be eligible to serve as officers of UPI or to serve on the Board of Directors of UPI. Each Cost Center shall have the authority to determine whether the Associate Members in that Cost Center shall be eligible for any UPI services or benefits, including the ability to receive incentive payments.

Section 4. Affiliate Member. Affiliate Members shall be individuals who are either full-time or part-time as (1) Instructor-fellows, nurses, physical therapists, occupational therapists, speech therapists, nurse practitioners, physician assistants, certified nurse midwives, certified nurse anesthetists or a similar allied health professional and have been granted a faculty appointment in the School of Medicine and (2) have signed and delivered an Affiliate Member Practice Agreement to UPI. An individual who satisfies those two requirements shall become an Affiliate Member of UPI when the Director of the Cost Center that corresponds to the School of Medicine department in which the individual has a faculty appointment and the President of UPI have both countersigned the Affiliate Member Practice Agreement. Affiliate Members shall have no voting privileges and shall

not be eligible to serve as officers of UPI or to serve on the Board of Directors of UPI. Subject to the terms set forth in the Affiliate Member Practice Agreement, part-time Affiliate Members are not required to assign to UPI those clinical revenues generated from clinical activities unrelated to their University work. Each Cost Center shall have the authority to determine whether the Affiliate Members in that Cost Center shall be eligible for any UPI services or benefits, including the ability to receive incentive payments.

ARTICLE IV RIGHTS AND OBLIGATIONS OF MEMBERS, ASSOCIATE MEMBERS AND AFFILIATE MEMBERS

Section 1. General. Each Member, Associate Member and Affiliate Member shall have only those rights provided for such membership category as are stated in these Bylaws and in any policies or procedures of his/her Cost Center. Each Member, Associate Member and Affiliate Member shall be bound by these Bylaws and the Bylaws of his or her Cost Center, if any, and the rules, regulations and resolutions of UPI.

Section 2. Membership Not Transferable. Membership in UPI is personal to the individual Member, Associate Member or Affiliate Member and shall not be transferable or assignable to another individual or entity. Furthermore, no right, title or interest associated with UPI membership shall be transferable or assignable to another individual or entity, nor subject to attachment or judgment by any creditors of the Member, Associate Member or Affiliate Member.

Section 3. Voting Rights. Each Member shall have one (1) vote which may be cast in person, by proxy or by written or electronic ballot as provided for in Article V, Section 6. Associate Members and Affiliate Members shall not have any voting rights.

Section 4. Compliance Obligations. Each Member, Associate Member and Affiliate Member shall be required to comply with the following:

- (a) UPI's Compliance Plan;
- (b) UPI's clinical service standards;
- (c) all requirements imposed on UPI under agreements with third-party payers;
- (d) all provisions of the Member Practice Agreement;
- (e) UPI's formal policies and procedures;
- (f) UPI's quality improvement practices and standards; and,
- (g) UPI's utilization review practices and standards.

Section 5. Restrictions on Locations of Clinical Practice. No Member (as defined in Article 3, Section 2) shall engage in patient care or other clinical services, or practice medicine or maintain an office for the practice of medicine, at any location unless the location has been approved as a site of practice by the President/Dean.

ARTICLE V MEETINGS OF MEMBERS

Section 1. Annual Meeting. The Members of UPI shall hold their annual meeting on such day and at such time and place as is selected by the President for the purpose of electing Directors-at-Large, receiving the annual report of the Executive Director and the annual report of the Medical Director and for the transaction of such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the Members may be called by the President or the Board of Directors. In addition, a special meeting shall be held if UPI receives a written demand for a special meeting that is dated and signed by at least fifty (50) Members and which specifies the purpose(s) of the meeting. Within thirty (30) days after UPI receives such a written demand, UPI shall give notice of the special meeting to all the Members.

Section 3. Notice of Meetings. Members shall be given notice of the place, date and time of each annual meeting and each special meeting at least ten (10) days before the date of the meeting. Notice of an annual meeting shall include a description of any matter or matters for which the Members' approval is sought at the meeting. Notice of a special meeting shall include a description of the purpose of the meeting. If an annual or special meeting of Members is adjourned to a different date, time or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment.

Section 4. Quorum and Manner of Acting at Meetings of Members. One-fourth (1/4) of the Members, whether present or represented by a written proxy, shall constitute a quorum for an annual meeting or special meeting of Members. At any annual or special meeting at which a quorum is present, action by the Members on any matter or issue that is properly before the Members shall require a majority vote of the Members present or represented by a written proxy at the meeting.

Section 5. Member Proxy. A Member who is absent from any annual or special meeting of Members shall be entitled to vote or act by proxy at such meeting by delivering to the President or Secretary/Treasurer a written notice signed by the absent Member designating another Member as his/her proxy at the meeting specified in the notice. The proxy designation shall be valid only for the meeting specified in the notice. Unless the proxy specifies how the Member wants to vote on a matter or issue, it will be assumed that the Member has delegated the decision of how to vote to the individual holding the proxy. No proxy shall be valid after sixty (60) days from the date it is signed. Proxy designations shall be limited to Members only and any individual who is not a Member shall not be

permitted to be a proxy. A Member shall not be allowed to hold more than three proxies.

Section 6. Voting by Written or Electronic Ballot. Voting on any matter or issue (including the election of a Director-at-Large) may be accomplished, at the discretion of the President, by written or electronic ballot (via e-mail or any similar method). In order for the results of a written or electronic ballot to be valid and binding, at least one-fourth (1/4) of the Members must complete ballots. Action on any matter or issue voted on by written or electronic ballot shall require a majority vote of the ballots completed.

ARTICLE VI TERMINATION OF MEMBERSHIP

Section 1. Grounds for Termination. An individual's membership in UPI and all rights of membership (including rights to receive incentive payments distributed after termination of membership unless otherwise stipulated in the Cost Center incentive plan) shall terminate upon the occurrence of any of the following, as determined by the Cost Center Director, with the concurrence of the President:

- (a) the individual's employment by the University of Colorado is terminated for any reason, including retirement;
- (b) the individual dies;
- (c) the individual's license to practice as a healthcare professional is suspended or revoked;
- (d) violating or failing to comply with any term or condition of the UPI Member Practice Agreement;
- (e) failing to comply with any compliance obligation listed in Section 4 of Article IV of the Bylaws;
- (f) for cause, which will include but not be limited to substantial non-compliance with these Bylaws, any third-party payer agreement which UPI has entered into or federal or state laws and regulations;
- (g) if the individual is declared incapacitated by a court of law; or
- (h) if the individual's hospital privileges, at a hospital where they perform the majority of their duties, are revoked or suspended, so as to materially affect their ability to practice medicine at that facility.

Section 2. Notice of Termination. When an individual's membership is terminated for reasons set forth in Section 1, (d), (e) and (f) of this Article, the Cost Center Director shall give the individual written notice of termination, which notice must be approved by the President. The notice shall describe the reason the individual is being terminated.

Section 3. Termination of Officers or Directors. If an individual's membership in UPI is terminated in accordance with these Bylaws, and the individual holds the position of an Officer or a Director of UPI, the individual's position as an Officer or Director shall terminate simultaneous with the termination of Membership.

Section 4. Member's Right to Appeal Termination to Board of Directors. A Member shall have the right to appeal his/her termination of membership for the reasons set forth in Section 1 (d) (e) and (f) of this Article to the Board of Directors provided written notice of his/her appeal is delivered to the President within twenty (20) calendar days after receiving the written notice of termination. The notice of appeal shall contain the individual's reasons for appeal and such other information or documents as are relevant to the matter. The President shall distribute copies of the notice of termination and the individual's appeal to the Board of Directors. The individual may request the opportunity to personally present his/her appeal to the Board, but the Board shall have absolute discretion to decide whether to grant the request. The Cost Center Director shall have the right to personally present his/her reasons for terminating the individual to the Board but shall leave the room when the Board votes on the appeal. The Board shall act on each appeal within sixty (60) calendar days after the appeal is delivered to the President. The decision of the Board shall be final.

ARTICLE VII BOARD OF DIRECTORS, POWERS AND MEETINGS

Section 1. Management of UPI's Business. The business and affairs of UPI shall be managed by a Board of Directors and, on a day-to-day basis, by an Executive Committee as provided in Article VIII.

Section 2. Number and Selection of Directors. The Board of Directors shall be composed of the following individuals as well as representatives of Affiliate Hospitals as described in Article VII, Section 5.

- President of UPI
- Chair of the Department of Anesthesiology
- Chair of the Department of Dermatology
- Chair of the Department of Emergency Medicine
- Chair of the Department of Family Medicine
- Chair of the Department of Medicine
- Chair of the Department of Neurology
- Chair of the Department of Neurosurgery
- Chair of the Department of Obstetrics and Gynecology
- Chair of the Department of Ophthalmology
- Chair of the Department of Orthopedics
- Chair of the Department of Otolaryngology
- Chair of the Department of Pathology
- Chair of the Department of Pediatrics

Chair of the Department of Physical Medicine and Rehabilitation
Chair of the Department of Psychiatry
Chair of the Department of Radiation Oncology
Chair of the Department of Radiology
Chair of the Department of Surgery
Basic Science Director (1)
Directors-at-Large (6)

In any instance when there is not a Chair of a Department (for whatever reason including resignation of the Chair, termination of the Chair, sabbatical leave, prolonged illness or other leave approved by the Dean) and the Dean of the School of Medicine has appointed an individual to serve as an Interim or Acting Chair, the individual who is the Interim or Acting Chair shall serve as a Director. In the event that a new clinical Department is established within the School of Medicine, a new Cost Center shall be created as provided by Article II, Section 2 of the Bylaws, and the Chair of that Department shall automatically become a member of the Board of Directors and the number of Directors shall be increased by one without the need to amend these Bylaws. Correspondingly, in the event that a clinical Cost Center is abolished as provided by Article II, Section 2, the Chair of that Department shall automatically cease to be a member of the Board of Directors and the number of Directors shall be decreased by one without the need to amend these Bylaws.

Section 3. Qualifications, Nomination, Election and Term of the Basic Science Director. The Basic Science Director position shall only be held by a Member of UPI. Associate Members and Affiliate Members shall not be eligible for the position. The Basic Science Cost Center Directors shall, by majority vote, select the individual who will be the Basic Science Director and shall notify the Secretary/Treasurer of their selection at least fifteen (15) days prior to the Annual Meeting of Members. The individual who is elected as the Basic Science Director shall serve for a term of three years which term shall begin the day after the Annual Meeting of Members and shall continue for three (3) years or until his/her successor is duly elected. The individual who serves as Basic Science Director shall be eligible to be reelected for an additional three-year term but, after two (2) successive three-year terms (i.e., six years), must go off the Board for three (3) years before he/she is eligible to be reelected to the position of Basic Science Director. Any vacancy of the Basic Science Director shall be filled for the remainder of the unexpired term by a majority vote of the Basic Science Cost Center Directors.

Section 4. Qualifications, Nomination, Election and Term of the Six Directors-at-Large. The six (6) Directors-at-Large positions shall only be held by Members of UPI. Associate Members and Affiliate Members shall not be eligible for the position. The individuals who serve as Directors-at-Large shall be elected by the Members through a written ballot at the Annual Meeting of Members. Each individual who is elected as a Director-at-Large shall serve for a term of three (3) years which term shall begin the day following the election and shall continue for three (3) years or until his/her successor is duly elected. Each individual who serves as a Director-at-Large shall be eligible to be nominated and reelected for an additional three-year term but, after two (2) successive three-year terms (i.e., six years), must go off the Board for three (3) years before they are eligible to

be reelected to the position of Director-at-Large. No less than sixty (60) days prior to the Annual Meeting of Members, the Governance Committee shall nominate individuals whose names shall appear on the ballot at the Annual Meeting of Members for positions held by Directors-at-Large whose terms are expiring and shall promptly thereafter notify all Members of the nominees. The ballot shall list no fewer than two (2) nominees for each open position. The Governance Committee shall solicit candidates for nomination from the Faculty Officers (as defined by the Rules of the School of Medicine) and from other faculty leaders as directed by the Board of Directors. In addition, if at least fifty (50) Members sign a petition nominating an individual for the Director-at-Large position and deliver the petition to the Secretary/Treasurer of UPI at least sixty (60) days prior to the Annual Meeting of Members, then the name of the individual so nominated shall appear on the ballot along with the names of the individuals nominated by the Governance Committee. The individuals who receive the highest number of votes shall be elected as Directors-at-Large. Any vacancy in the Director-at-Large position shall be filled by a vote of the Board of Directors and the individual selected shall serve for the remainder of the term.

Section 5. UPI Board Members who are Representatives of Affiliate Hospitals.

Upon a two-thirds (2/3) vote of the voting members of the UPI Board of Directors and subject to the terms of any formal agreement between UPI and an Affiliate Hospital, UPI may permit one (1) or more representatives from Affiliate Hospitals, in an amount determined by the UPI Board of Directors, to become voting members of the UPI Board of Directors. The selection of the individuals to serve as the Affiliate Hospital representative on the UPI Board of Directors shall be left to the discretion of the Affiliate Hospital, however, that representative, if a physician, must be a UPI Member. Subject to the terms of any affiliation agreement between an Affiliate Hospital and UPI, Affiliate Hospital Board members of the UPI Board of Directors may be removed at any time and for any reason upon a two-thirds (2/3) vote of the UPI Board of Directors.

Section 6. Regular Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at least once a month on such day and at such time and place as is designated by the President. Notice of the date, time and place shall be given to all Directors as far in advance as possible and no less than ten (10) days prior to the meeting.

Section 7. Special Meetings of the Board of Directors. Special meetings of the Board may be called at any time by the President or by any five (5) Directors, and shall be held on such day and at such time and place as is designated by the individual or individuals who called the meeting. Notice of each special meeting stating the date, time and location, and the purpose of the meeting, shall be sent to each Director at least twenty-four (24) hours prior to the day of the meeting.

Section 8. Director Proxy. A Director who is absent from any regular, special or annual meeting of the Board shall be entitled to vote or act by proxy at such meeting by delivering to the President or Secretary/Treasurer a written notice signed by the absent Director designating another Director as his /her proxy at the meeting specified in the notice. The proxy designation shall be valid only for the meeting specified in the notice.

Unless the proxy specifies how the Director wants to vote on a matter or issue, it will be assumed that the Director has delegated the decision of how to vote to the individual holding the proxy. No proxy shall be valid after sixty (60) days from the date it is signed. Proxy designations shall be limited to Directors only and any individual who is not a Director shall not be permitted to be a proxy. A Director shall not be allowed to hold more than one proxy.

Section 9. Quorum and Manner of Acting at Board of Directors Meetings. A majority of the Directors, whether present or represented by a written proxy, shall constitute a quorum for an annual meeting, regular meeting or special meeting of the Board. At any annual, regular or special meeting at which a quorum is present, action by the Directors on any matter or issue that is properly before the Board shall require a majority vote of the Directors present or represented by a written proxy at the meeting, unless the vote of a greater number is required by the Bylaws or action of the Board. If an individual who is a member of the Board of Directors is also elected as an Officer, such person shall be counted only once for purposes of determining a quorum, a majority vote or a two-thirds (2/3) vote.

Section 10. Actions of the Board of Directors Requiring a Super-Majority Vote. At any annual, regular or special meeting at which a quorum is present, action by the Directors on any of the following matters shall require an affirmative vote of two-thirds (2/3) of the Directors present or represented by written proxy at the meeting:

- (a) incurring debt on behalf of UPI in excess of five percent (5%) of UPI's total net assets as reported on UPI's most recent audited financial statements;
- (b) pledging Cost Center assets as collateral to secure a loan or other debt;
- (c) the removal of any officer as provided in Article XIII, Section 8;
- (d) creating a for-profit subsidiary;
- (e) establishing reserves as provided in Article XIV, Section 5;
- (f) allocating funds from the Cost Centers as provided in Article XVII, Section 3;
- (g) amending these Bylaws or the Articles of Incorporation as provided in Article XXI; and,
- (h) dissolving UPI as provided for in Article XXIV.

Section 11. Action without a Meeting. The Board of Directors may take action without a meeting provided that all of the Directors are notified of such proposed action beforehand and that two-thirds (2/3) of the Board of Directors consent in writing to the action, which consent shall describe the action taken.

ARTICLE VIII EXECUTIVE COMMITTEE

Section 1. General Powers and Duties. The business and affairs of UPI shall be managed on a day-to-day basis by the Executive Committee. The Executive Committee shall have the power and authority to act on behalf of the Board of Directors for those matters that require action between regular meetings of the Board. The Executive Committee shall be directly accountable to the Board. The creation of the Executive Committee and delegation of powers and duties shall not operate to relieve the Board or any Director of any responsibility imposed by law or these Bylaws.

Section 2. Specific Restrictions on Powers. Each action taken by the Executive Committee shall conform to the Articles of Incorporation, the Bylaws, the Operating Agreement between UPI and the University of Colorado and any resolutions or policies that have been established by the Board of Directors. In addition, the Executive Committee shall not have the authority or power to take any of the following actions:

- (a) Amend UPI's Articles of Incorporation or Bylaws.
- (b) Amend the Operating Agreement between UPI and the University of Colorado.
- (c) Authorize the merger or consolidation of UPI with or into another entity.
- (d) Authorize the voluntary dissolution of UPI.
- (e) Authorize the creation by UPI of subsidiaries or other controlled entities.
- (f) Authorize the incurrence of debt by UPI unless the amount of the principal of the debt, when aggregated with all other debt incurred by UPI in that fiscal year, is less than five percent (5%) of UPI's total net assets as reported on UPI's most recent audited financial statements.
- (g) Approve any lease, transfer or sale of UPI's assets in excess of five percent (5%) of UPI's total net assets as reported on UPI's most recent audited financial statements.
- (h) Amend the Member Practice Agreement.
- (i) Such other matters as the Board of Directors may by resolution specify as a restriction on the Executive Committee's power and authority.

Section 3. Specific Duties. In addition to the duties described in Sections 1 and 2, the Executive Committee shall have the following specific duties and responsibilities:

- (a) The Executive Committee shall report to the Board at each regular meeting

of all actions taken by the Executive Committee since the previous regular meeting of the Board.

- (b) In order to fully and properly report to the Board, the Executive Committee shall:
 - (i) prepare reports on its activities with such recommendations as the Executive Committee deems appropriate, including reports on significant applications of UPI general policy to particular affairs of UPI;
 - (ii) assure that a regular financial report is made to the Board at each regular Board meeting; and,
 - (iii) prepare and distribute minutes of its meetings to the Board.
- (c) Report and recommend to the Board on other matters as the Board may request.

Section 4. Composition. The Executive Committee shall be composed of the following nine (9) voting members and two (2) non-voting members.

President
Chair of the Department of Medicine
Chair of the Department of Pediatrics
Chair of the Department of Surgery
Children's Hospital Colorado (CHCO) Surgeon-in-Chief
CHCO PPAARDIC (Psy psychiatry-Pathology-Audiology-Anesthesiology-Physical
Medicine and Rehabilitation-Diagnostic Imaging-In-Chief)
One (1) Chair representative of the hospital-based Departments (as defined in
Section 5. below)
One (1) At-large Chair
One (1) Director-at-Large (non-Chair)
Executive Director (who shall be a non-voting member)
Medical Director (who shall be a non-voting member)

Section 5. Election of Chair representative of hospital-based Departments, At-large Chair and Directors-at-Large members. For service on the Executive Committee, the Governance Committee shall solicit candidates for three (3) representative positions from the following:

- (a) Chairs of the hospital-based Departments (Anesthesiology, Emergency Medicine, Pathology, Radiation Oncology and Radiology);
- (b) Chairs from clinical Departments other than permanent members of the Executive Committee and the hospital-based Departments (At-Large Chair); and,
- (c) Director-at-Large.

The Governance Committee shall nominate candidates for each representative position based on assessment of candidates' interest and expertise and the best interests of the Executive Committee and Board. After due consideration, the Board will elect nominees for each representative position for one (1) two-year term with the possibility of a second two-year term, for a maximum of two (2) consecutive two-year terms. It is possible that a Director-at-Large may not remain a member of the Board during his or her full Executive Committee term. In that case, the Director-at-Large shall be retained as a member of the Executive Committee until the Executive Committee term is complete.

Section 6. Meetings. The Executive Committee shall meet on such days and at such time and place as is designated by the President; however, the Executive Committee shall meet between regular meetings of the Board of Directors with such frequency as is necessary to carry out the committee's duties.

Section 7. Quorum and Manner of Acting at Executive Committee Meetings. A majority of the voting members of the Executive Committee shall constitute a quorum. Issues requiring committee vote shall be decided by a simple majority. In advance of a scheduled meeting, committee members unable to participate may assign, via proxy, their voting rights to members who will be in attendance.

Section 8. Vacancies. Any vacancy in the voting members of the Executive Committee (except for a vacancy in the President) shall be filled by a majority vote of the Board of Directors. The individual selected shall serve for the remainder of the term.

ARTICLE IX GOVERNANCE COMMITTEE

Section 1. Functions. The Governance Committee shall assist the Board of Directors by recommending governing principles and assessing Board alignment with those principles. It shall in addition identify and nominate individuals to serve as candidates for membership on Finance, Compliance, Strategy and other Committees as requested by the Board of Directors. This shall include, as requested by the Board of Directors, nominating individuals

to serve as Chair of such committees.

Section 2. Composition and Chair. The Governance Committee shall be composed of at least six (6) members. Four (4) of these shall be Chairs of Clinical Departments. Two (2) shall be members of the UPI Board of Directors who are not Chairs of Clinical Departments. The Chair of the Committee shall be elected by members of the Committee and must be a Chair of a Clinical Department.

ARTICLE X FINANCE COMMITTEE

Section 1. Functions. The primary functions of the Finance Committee shall be to:

- (a) review and recommend an annual operating budget for UPI Administration;
- (b) monitor revenue cycle performance;
- (c) review and recommend core business policies;
- (d) monitor financial performance of UPI administration and clinical department/cost centers and develop recommendations or remedial action as warranted to improve financial results;
- (e) review and recommend annual financial plans for clinical departments/cost centers;
- (f) review and recommend expense allocations and expense formulae to the Board;
- (g) oversee the management of UPI's investments and make recommendations to the Board regarding investment policies;
- (h) engage an independent audit firm to conduct an annual audit of UPI's financial statements;
- (i) review the annual financial audit report and recommend approval to the Board;
- (j) perform other duties as assigned by the Board or Executive Committee.

Section 2. Composition and Chair. The Finance Committee shall consist of at least four (4) clinical department chairs, five (5) non-chair faculty members and one (1) Director of Finance and Administration from a clinical department. The Chair shall be a current member of the Board, nominated by the Governance Committee on the basis of interest and experience and elected by the Board of Directors.

ARTICLE XI COMPLIANCE COMMITTEE

Section 1. Functions. The primary functions of the Compliance Committee shall be to:

- (a) oversee UPI's corporate compliance plan and ensure conformance with plan;
- (b) receive internal audit reports relative to billing and compliance issues and take action or make recommendations;
- (c) review and approve new and revised documentation and billing compliance procedures and policies in adult and child health care;
- (d) advise compliance and audit staff regarding policies and processes to ensure adequate auditing and education activities and remediation;
- (e) provide guidance to the UPI Organizational Compliance Officer (or equivalent) for issues/activities that overlap with University of Colorado regulatory compliance;
- (f) deal with other audit issues as the Board may direct.

Section 2. Composition and Chair. Committee members should include at least one (1) Department Chair and must take into account specialty-specific difference in documentation requirements. The Committee shall include at least one (1) Director of Finance and Administration from a clinical department. The Chair shall be a member of the Board, nominated by the Governance Committee and elected by the Board.

ARTICLE XII OTHER COMMITTEES

The Board may, by resolution, designate and appoint one or more other committees. The designation and appointment of any such committee and any delegation of authority to any committee shall not operate to relieve the Board or any Director of any responsibility imposed upon the Board by law or these Bylaws.

ARTICLE XIII OFFICERS

Section 1. General. UPI shall have the following three (3) officers: a President, Executive Director/Secretary-Treasurer and Medical Director. With the exception of the Executive Director/Secretary-Treasurer, Officer positions shall be restricted to Members only.

Section 2. President. The Dean of the University of Colorado School of Medicine (or the Interim or Acting Dean as the case may be) shall be the President of UPI. The President shall have general supervision, direction and control of the business and affairs of UPI, subject to the direction and control of the Board or of the Executive Committee. The President shall preside at all meetings of the Members, the Board and the Executive Committee (except as noted below). The President is specifically authorized to sign all certificates, bonds, deeds, mortgages, leases and contracts of UPI, provided that those matters that require approval of the Board of Directors or of the Executive Committee have been approved. The President shall also perform all the duties commonly incident to the office and such other duties as the Board or Executive Committee may designate.

The Chair of the Board of Directors and Executive Committee in the Dean's absence shall be the most senior, in terms of years of service as Department Chair, of the Chairs of Medicine, Pediatrics or Surgery present at the meeting. The Executive Committee Chair shall act in the absence of the President or when the President is disabled and cannot act. When so acting, the Board and Executive Committee Chair shall have all the powers of and be subject to all of the restrictions of the President. The Executive Committee Chair shall have such other powers and perform such other duties as may be assigned by the President. The Board and Executive Committee Chair will be a Chair (Interim or Acting) of Medicine, Pediatrics or Surgery. Nevertheless, the individual shall only be allowed one vote on any matter or action, notwithstanding that he/she holds two positions on the Board and Executive Committee.

Section 3. Secretary/Treasurer. The Executive Director (see below), or Interim or Acting Executive Director, shall also serve as Secretary/Treasurer. The Secretary/Treasurer shall (a) keep or cause to be kept accurate minutes of all meetings of the Members, the Board and the Executive Committee; (b) keep, or cause to be kept, a register of the Members and be responsible for giving notice of meetings of the Members or of the Board; (c) be the custodian of the records and of UPI's seal and shall attest the affixing of the seal when necessary; (d) undertake the care and custody of the money, funds, valuable papers and documents of UPI; (e) keep accurate books of accounts of UPI's transactions; (f) render financial reports and statements of condition of UPI when so requested by the Board or President; and (g) perform all duties commonly incident to the office and such other duties as may be assigned by the President.

Section 4. Executive Director. The Executive Director shall be appointed by the President, subject to the approval of the Board, and shall report to and be accountable to the President. The Executive Director shall be an employee of UPI in a full or part-time capacity, as the President deems appropriate. The Executive Director shall be the chief executive officer and shall (a) be responsible for accomplishing the mission of UPI and furthering the value of UPI; (b) be responsible for the general management of UPI including administration, fiscal operations, marketing and contracting, and program development; (c) serve as UPI's administrator to the community, health care partners, affiliates, the University and other external entities and agencies; and, (d) perform all duties commonly incident to the office and such other duties as may be assigned by the President.

Section 5. Medical Director. The Senior Associate Dean for Clinical Affairs, or Interim or Acting, of the University of Colorado School of Medicine shall be the UPI Medical Director appointed by the President, subject to the approval of the Board, and shall report to and be accountable to the President. The Medical Director shall be a UPI Member (as defined in Article III., Section 2.). The Medical Director shall integrate the agenda for clinical services and function as a member of the leadership team responsible for facilitating collaboration among all related entities associated with the University of Colorado School of Medicine (SOM) in the service of creating and sustaining excellence in all aspects of clinical care. He or she shall oversee initiatives intended to improve patient safety and the quality and value of clinical care and clinical leadership education. He or she shall collaborate with others to sustain high standards of professional behaviors including compliance with applicable regulations. In addition, he or she shall participate in strategic planning and shall ensure that relationships are maintained with external entities important for the success of the SOM clinical enterprise and UPI.

Section 6. UPI Representation on Affiliated Hospital Board of Directors. Subject to the terms of any affiliation agreement between an Affiliate Hospital and UPI that permits UPI representation as a member of the Affiliate Hospital Board, selection of this representative shall be made upon a vote of the UPI Board of Directors from a slate recommended by the UPI Executive Committee.

Section 7. Additional Officers. The Board may also appoint such additional officers as it may deem advisable, all of whom shall be appointed officers of UPI and who shall hold office at the pleasure of the Board.

Section 8. Removal of Officers. Except for the President, any officer of UPI may be removed by an affirmative vote of two-thirds (2/3) of the Directors so long as the issue of removal of the Officer was stated in the notice of the meeting, whenever in the Board's judgment the best interests of UPI will be served by the removal. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an Officer shall not, of itself, create contract rights.

ARTICLE XIV UPI'S FUNDS

Section 1. Funds Defined. UPI's funds shall include all monies collected by or paid to UPI for patient care services, medical/legal, consulting, administrative services, contracts with affiliated hospitals and other third parties, network management fees, equity investments and interest and other investment income, including, without limitation, all funds assigned to UPI under the Member Practice Agreement.

Section 2. Administrative Assessments. All monies collected by or paid to UPI shall be subject to one of the following administrative assessments which reflect the cost of billing, collecting, and administration of funds. Varying rates shall be assigned to assessment categories which are: (i) patient care revenue; (ii) medical/legal and consulting revenue; (iii) contract revenue; (iv) administrative agreements; (v) investment revenue

including but not limited to equity, ownership, profit distributions, dividends, interest income or (vi) others as the Board may determine. The applicable administrative assessment shall be made before any monies are paid into the Academic Enrichment Fund and before any monies are paid to the Member or to the applicable Cost Center. Each administrative assessment shall be a percentage of the monies received and shall not be changed without the approval of the Board of Directors, upon the recommendation of the Executive Director.

Section 3. Fiscal Year. UPI's fiscal year shall be the period of July 1 through June 30. UPI's accounts shall be closed and balanced as of the end of each fiscal year.

Section 4. Annual Audit of Financial Statements. There shall be annual audits of UPI's accounts of revenues, expenses and such other transactions as are usually entered in accounts kept for a nonprofit corporation engaged in charitable, scientific and educational purposes. The annual financial audit shall be undertaken by a firm of certified public accountants selected by the Finance Committee. The cost of the annual financial audit shall be borne by UPI as an operating expense. The audit report shall be presented at the annual Board of Directors meeting. Copies of the annual financial audit shall be available for distribution to the Members at the Annual Meeting of Members. In addition, a copy of the annual audit shall be provided to any Member upon request.

Section 5. Reserves. The Board shall have the authority to establish reasonable reserves to meet any actual or anticipated loss, payment or expense or for the purpose of investing in clinical program expansions and enhancements. The establishment of a reserve fund shall require an affirmative vote of two-thirds (2/3) of the Directors. In each instance when the Board establishes a reserve, it shall determine the amount and the period of time for fully funding the reserve amount. Payments required for each reserve fund shall be made before any monies are paid into the Academic Enrichment Fund and before any monies are paid to the Member or to the applicable Cost Center.

Section 6. Bank Accounts. All monies of UPI shall be deposited in the name of UPI in such financial institutions as the Board shall designate and may be drawn out only on checks signed in the name of UPI by such person or persons as the Board shall designate by resolution.

Section 7. Promissory Notes. Promissory notes and commercial paper, when authorized by the Board, shall be signed in the name of UPI by such officer or officers as the Board designates by resolution.

ARTICLE XV ACADEMIC ENRICHMENT FUND

Section 1. Establishment and Control. UPI shall establish and maintain an account known as the Academic Enrichment Fund (the "AEF") which shall be under the exclusive control of the President/Dean of the School of Medicine.

Section 2. AEF Assessment on Professional Income. Ten percent (10%) of all

monies collected by or paid to UPI and resulting from Professional Services or global charge revenue (as both are defined below) generated by UPI members shall be deposited into the AEF. Professional Services shall be defined as reimbursed services provided by a UPI member to patients, affiliate hospitals or other third parties. This includes all categories of professional reimbursement considered assignable income to UPI pursuant to the Member Practice Agreement. For purposes of taxation, global charge revenue shall be reduced by the technical or facilities component of revenue as identified by the Centers for Medicare and Medicaid (CMS) Resource-Based Relative Value Scale (RBRVS) guidelines as having a separate professional and facility/technical component. Global charge revenue not identified as having a separate CMS RBRVS facility/technical component may be reduced by allowable technical or facilities expenses as approved by the Finance Committee. Excluded from taxation shall be hospital contracts for faculty salary support or administration services or other hospital or third party contract support under which UPI bills for the professional component of services.

Section 3. Use of AEF Monies. Monies in the AEF may be used for one or more of the following purposes and for no others:

- (a) to finance new academic programs in the School of Medicine;
- (b) to strengthen existing academic programs in the School of Medicine;
- (c) to assist in the recruitment of new faculty members, Directors of Centers, Division Heads or Department Chairs;
- (d) to cover departmental operating deficits through loans; and,
- (e) to support program development at affiliated institutions.

The expenditure of AEF funds must be consistent with UPI's charitable purpose and the University's mission.

Section 4. AEF Assessment on Investment Income and Non-Professional Services. Income generated from Non-Professional Services will be subject to a five percent (5%) tax which will be used to form a Clinical Academic Enrichment Fund (CAEF), which shall be managed consistent with the terms set forth in Section 5 below.

This category of income represents revenue that is not generated by the professional clinical and consulting services of individual faculty (as defined in Article XV, Section 2 above). It is revenue generated by UPI corporate, departmental or divisional activities, investments and equity ownership. For purposes of CAEF taxation, UPI income earned from non-professional activities, investments and equity ownership activities shall mean all monies received in excess of any 1) initial cash contributions used to invest in the activity, 2) subsequent cash call contributions, and 3) federal and state income taxes assessed on those earnings. This income includes, but is not limited to, income generated from ownership in corporate, LLC, or partnership joint ventures whereby profit distributions and/or dividends are received. Interest income which is earned on clinical and

administrative operating cash and on cash equivalent reserves held by departments or UPI corporate accounts, and that are invested according to UPI's investment policy, shall not be subject to either AEF or CAEF taxation.

Section 5. Use of Clinical Academic Enrichment Fund (CAEF). Monies in the CAEF must be used in ways consistent with the following:

- (a) to finance new programs that are part of the clinical mission of the School of Medicine;
- (b) these funds are not intended to replace or offset hospital support for clinical programs or faculty;
- (c) to strengthen and support existing and future clinical programs within the School of Medicine;
- (d) to enhance clinical service, quality, access, and outcomes initiatives deemed to further the clinical mission;
- (e) to invest in the new business opportunities, technology, and facilities that provide UPI and its departments diversified income streams;
- (f) all expenditures from the CAEF must be consistent with UPI's charitable purpose and the University's clinical mission;

Funds in the CAEF may not be used to support programs and activities associated with the academic and research missions of the School of Medicine which shall continue to receive their funding from the AEF. The UPI Board of Directors will establish or designate a UPI faculty advisory group to provide input into the CAEF allocation decisions. The president will give the Board of Directors an annual report summarizing the expenditure of funds from the CAEF in the previous fiscal year.

Section 6. Annual Report of Use of AEF. The President will give the Board of Directors a written report no later than the Annual Member meeting of the expenditure of all monies from the AEF in the previous fiscal year. A copy of the written report shall be made available to any Member upon request.

ARTICLE XVI MEDICAL/LEGAL AND CONSULTING REVENUE

Section 1. Definition of Medical/Legal and Consulting Revenue. The term "Medical/Legal Revenue" shall mean all monies collected or paid as compensation for a Member providing a professional opinion to or for the benefit of an attorney, a judge or an administrative agency, whether in a judicial or an administrative proceeding or in contemplation of one, including when the Member serves as an expert witness or as a

consultant to or for the benefit of the individuals/entities listed above. The term Consulting Revenue shall mean all monies collected or paid as compensation for a Member providing professional advice or services that do not involve patient care (e.g., payments from the medical equipment or pharmaceutical industry).

Section 2. Assessment on Medical/Legal and Consulting Revenue. All Medical/Legal and Consulting Revenue shall be collected and administered by UPI subject to an administrative assessment (established under Article XIV, Section 2) and the AEF assessment before being paid to either the Member or the Cost Center as provided by Section 3 below.

Section 3. Limit on Medical/Legal and Consulting Revenue. There shall be a limit to the amount of Medical/Legal and Consulting Revenue that is paid directly to a Member each fiscal year, which limit shall be established by the Board. Once a Member has reached the established limit, all Medical/Legal Revenue collected for the remainder of that fiscal year shall be paid to the Member's Cost Center and subject to the provisions of the Cost Center incentive plan.

ARTICLE XVII MANAGEMENT OF COST CENTERS

Section 1. Cost Center Director. The Chair (or the interim or acting Chair) of each School of Medicine Department shall be the Director of the corresponding UPI Cost Center and shall manage the affairs of the Cost Center except as otherwise provided in these Bylaws. Directors of additional Cost Centers as described in Article II, Section 2, should be identified by a process determined by the Board of Directors.

Section 2. Cost Center Accounts. A Cost Center's cash funds, accounts receivable, interest or other investment income earned thereon, other assets and all liabilities shall be accounted for separately from the other Cost Centers. Each Cost Center shall be a separate unit for professional income and accounting distribution purposes.

Section 3. Authority of Board to Allocate Funds from Cost Center Accounts. Upon an affirmative vote of two-thirds (2/3) of the Directors, and a determination by the Directors that extraordinary financial circumstances require such action, the Board shall have the authority to allocate funds from Cost Center accounts and to apply such funds to the payment of UPI costs, expenses or liabilities.

Section 4. Cost Center Revenues. Cost Center Revenues consist of patient professional and technical fee income, capitation payments, contract income, administrative and clinical service agreements with hospital and other third parties, investment income, consulting income and Medical/Legal Revenue in excess of the amount distributed directly to each Member under Article XVI, Section 3. UPI shall credit each Cost Center account with the revenues collected by UPI on behalf of all Members in the Cost Center, less the following:

- (a) all applicable administrative assessments (as defined in Article XIV, Section 2),
- (b) the AEF assessment,
- (c) any Cost Center specific assessment (as defined in Section 5 of this Article), and
- (d) any Reserve Fund assessment established by the Board of Directors (as defined in Article XIV, Section 5).

All remaining funds shall be available to each Cost Center to budget and utilize according to its programmatic and operational requirements. However, each Cost Center shall give priority to the clinical portion of faculty salaries and benefits as budgeted by the School of Medicine Department.

Section 5. Cost Center Expenses. Each Cost Center shall be assessed those expenses incurred by UPI that are specific to that Cost Center which expenses shall be paid prior to the distribution of any revenue to the Cost Center.

Section 6. Cost Centers in a Surplus. Each accounting period the UPI Chief Financial Officer shall determine which Cost Centers are in a surplus position, defined as Cost Center Revenues (less the assessments and other deductions described in Section 4 above) that exceed Cost Center Expenses. Distribution of Cost Center Surpluses shall be governed by each Cost Center's Incentive Plan as described in Article XVIII.

Section 7. Cost Centers in a Deficit. Each accounting period the UPI Chief Financial Officer shall determine which Cost Centers are in a deficit position, defined as Cost Center Revenues (less the assessments and other deductions described in Section 4 above) which do not exceed Cost Center Expenses. Each Cost Center shall be required to eliminate any deficit by first applying the Cost Center's reserve funds to the deficit. If a deficit still exists, the Cost Center may borrow funds from the AEF but the borrowed funds must be repaid by the Cost Center from surpluses in future years. In order to provide an incentive to Cost Centers which have borrowed from the AEF to cover some or all of the deficit and have a deficit budget that has been approved by the Executive Committee, the Cost Center may distribute as incentive funds an amount not to exceed fifty percent (50%) of any savings between the approved Cost Center deficit budget (which is on a cash basis) and the actual deficit, subject to the approval of the Executive Committee. Any incentive funds available under this Section shall be distributed in accordance with the Cost Center's Incentive Plan.

ARTICLE XVIII COST CENTER INCENTIVE PLANS

Section 1. Development. Each Cost Center Incentive Plan shall be developed under the direction of the Cost Center Director and a Cost Center Faculty Incentive

Committee. The proposed incentive plan must then be approved by a majority vote of the Members of the Cost Center and by the President. A Cost Center may change or amend its Incentive Plan at any time prior to the distribution period in which it is to be applied. However, the revised plan must be approved by a majority vote of the Members of the Cost Center and by the President. Each Cost Center Incentive Plan shall be reviewed no less frequently than every five (5) years and changed or reaffirmed by a majority vote of the Members of the Cost Center and the President of UPI

Section 2. UPI Incentive Principles. A Cost Center may have a unique incentive formula as part of its Incentive Plan. However, all Incentive Plans must conform to the following basic principles:

- (a) Incentives are not guaranteed. The payment of incentives to any Member is subject to the Cost Center being in a surplus position (as described in Article XVII, Section 6) and funds being available in the Cost Center for distribution.
- (b) Incentives are paid to Members retroactively through the University of Colorado payroll system and are separate and distinct from the base and supplement components of salaries (which are determined by the University of Colorado).
- (c) The amount of funds each Cost Center has available for distribution as incentives shall be determined as described in Article XVII.
- (d) A minimum of fifty percent (50%) and a maximum of ninety percent (90%) of the available funds earned by Members shall be distributed as incentives to Members;
- (e) A Cost Center's incentive formula should recognize a Member's contribution to the School of Medicine Department's profitability and success (including salary support generated by grants, contracts, clinical activity or medical/legal), adherence to UPI's Compliance Plan and service standards, support for and adherence to group practice behavior and values and other income available to offset UPI member salary encumbrances; however, incentives should be distributed primarily to Members who contributed to clinical and other income-producing activities.
- (f) Each Cost Center shall maintain a reserve fund equal to or greater than ten percent (10%) of the clinical portion of faculty salaries and benefits as budgeted by the School of Medicine Department. At the Cost Center's request, the President may authorize that the ten percent reserve fund obligation be waived in whole or part for a fiscal year, subject to the approval of the Board of Directors.

If a Cost Center's reserve fund falls below the ten percent requirement, the Cost Center shall replenish that reserve fund as follows:

1) in the event that a department experiences an operating deficit that exceeds its existing reserve fund and requires a loan from the AEF, once the department experiences an operating surplus, those surplus funds will be split 50/50 with 50% of the overage going towards repayment of the AEF loan and 50% of the overage used to restore the required departmental reserve balance and also fund faculty incentives. The distribution of the surplus funds must be approved by the Dean.

2) in the event the departments have an operating surplus but fall below the 10% reserve requirement: operating surpluses will be split 50/50 with the 50% of the surplus deposited into the department reserve unit it is fully funded and the remaining 50% distributed according to the then current cost center incentive plan. This 50/50 split may be readdressed by the Dean and the Department Chair when special circumstances arise that might warrant a variation from this split.

- (g) A Cost Center's Incentive Plan may designate zero to forty percent (0- 40%) of the Cost Center's surpluses (and up to fifty percent (50%) if the Cost Center's reserve is fully funded) to Cost Center enrichment funds, departmental taxes, etc., as determined by the incentive formula. The Cost Center shall use and expend these funds in a manner that is consistent with all UPI fiscal policies and with UPI's not-for-profit mission in support of the University of Colorado.
- (h) Incentive payments shall be distributed at least annually following the close of the fiscal year financial records. The Incentive Plan may provide that incentive payments shall be distributed semiannually or quarterly but must be reconciled with the Cost Center's year-end financial position.
- (i) The total amount of UPI incentive distributions to any Member in each fiscal year, when combined with all other compensation paid to the Member via the School of Medicine Compensation policy shall not exceed reasonable fair market compensation for services performed.

Section 3. Other Business. Cost Center business shall be managed and decided by the Cost Center Director after consultation with the Members of the Cost Center. The Cost Center Members may adopt policies and procedures to govern the management of the Cost Center business. Cost Center Unit policies and procedures shall be subordinate to and must conform to UPI's Articles of Incorporation and Bylaws. In the event of any conflict or inconsistency between Cost Center policies and procedures and (i) the Articles of Incorporation, (ii) these Bylaws, (iii) the Laws of the Regents, (iv) policies and procedures of the University of Colorado, then such the Articles of Incorporation, Bylaws, Regent Laws or University policies and procedures shall take precedence and govern and control over the Cost Center policies and procedures.

Section 4. Files and Records. The Cost Center Director shall keep records, minutes, and files in which he/she shall keep a copy of the Articles of Incorporation, these Bylaws, copies of UPI policies, resolutions, rules and regulations, Cost Center Unit policies and procedures, if any, amendments to any of the foregoing, and a record of all important decisions and agreements affecting the Cost Center Unit and UPI.

Section 5. Access to Financial Information. Each Member shall be entitled to review and make copies of the reports UPI regularly prepares of the charges and income concerning that Member.

Section 6. Dispute Resolution. Any dispute between the Cost Center Director and a Member of the Cost Center with respect to any Cost Center matter may be submitted by either party to the Board of Directors for review. The decision of the Board shall be final.

ARTICLE XIX WAIVER OF NOTICE

Any Member, Officer or Director may waive, in writing, any notice required to be given by law or under these Bylaws, whether before or after the time stated in the notice.

ARTICLE XX INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. UPI's indemnification of every Director, Officer (including the Executive Director), Assistant or Associate Executive Directors, Executive Committee Members, or other UPI Committee Members serving pursuant to these Bylaws, agent or employee, except as otherwise required by applicable state or federal law, shall be as follows:

- (a) UPI may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding (hereinafter "proceeding"), whether civil, criminal, administrative or investigative and whether formal or informal, including a proceeding by or in the right of UPI (hereinafter "derivative proceeding"), by reason of the fact that such person is or was acting as a Member of the Board of Directors, Officer (including the Executive Director), Executive Committee Member, Cost Center Committee Member, other Committee Member, Assistant or Associate Executive Director, agent or employee of UPI (regardless of whether or not such person was also serving as a member of the Board of Directors of UPI) ("UPI Representative"), including the estate or personal representative of such UPI Representative, or who, while serving as such Director, Officer, employee, or agent is or was serving at the request of UPI as a Director, Officer, employee, partner, trustee or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including reasonable attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such UPI Representative in connection with such proceeding, if he or she conducted

himself or herself in good faith and, in the case of conduct in his or her official capacity with UPI, he or she reasonably believed that such conduct was in the best interests of UPI (or, in the case of conduct other than in his or her official capacity, he or she reasonably believed that his or her conduct was at least not opposed to the best interests of UPI) and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful (hereinafter "standard of conduct"); provided, however, that UPI may not indemnify any UPI Representative in connection with (1) a derivative proceeding in which such UPI Representative is adjudged liable to UPI; or (2) any proceeding charging improper personal benefit to such UPI Representative, whether or not involving action in his or her official capacity, in which such UPI Representative was adjudged liable on the basis that personal benefit was improperly received by him or her; further provided; however, that if a court in which a proceeding was brought determines upon the application of such UPI Representative that such UPI Representative is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not such UPI Representative met the standard of conduct described above or was adjudged liable in the circumstances described in (1) or (2) above, UPI shall indemnify such UPI Representative to the extent that the court deems proper; further provided, however, that indemnification with respect to any proceeding in which a UPI Representative is adjudged liable in the circumstances described in (1) or (2) above shall be limited to reasonable expenses incurred by such UPI Representative. The termination of any proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the UPI Representative did not meet the standard of conduct described above.

- (b) Any indemnification under paragraph (a) of this Section above (unless ordered by a court) shall be made by UPI only as authorized in the specific case upon a determination that indemnification of the UPI Representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in paragraph (a) of this Section above. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of members of the Board of Directors who were not parties to such proceeding, or, if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested members so directs, by independent legal counsel selected by a vote of the Board of Directors.
- (c) Expenses (including reasonable attorney fees) incurred in defending a proceeding may be paid by UPI in advance of the final disposition of such proceeding as authorized in paragraph (b) of this Section upon receipt by UPI or a written affirmation from such UPI Representative of his or her good-faith belief that he or she has met the standard of conduct described in paragraph (a) of this Section above and receipt from such UPI Representative of a written undertaking, in a form satisfactory to UPI's

attorneys, by or on behalf of such UPI Representative to repay such amount if it is ultimately determined that he or she did not meet such standard of conduct.

- (d) UPI may purchase and maintain insurance on behalf of any UPI Representative against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not UPI would have the power to indemnify him or her against such liability under provisions of this Article. UPI also may purchase and maintain insurance, in such amounts as the Board of Directors may deem appropriate, to insure UPI against any liability, including without limitation any liability for the indemnifications provided in this Article. Any such insurance may be procured from any insurance company designated by the Board of Directors, including any insurance company in which UPI has equity or any other interest.
- (e) UPI shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as the Board of Directors may deem appropriate in each specific case and circumstances, including but not limited to any one of more of the following: (1) that any counsel representing the UPI Representative to be indemnified in connection with the defense or settlement of any action shall be counsel mutually agreeable to the UPI Representative to be indemnified and to UPI; (2) that UPI shall have the right, but not the obligation, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the UPI Representative to be indemnified; and (3) that UPI shall be subrogated, to the extent of any payments made by way of indemnification to all of the indemnified UPI Representative's right of recovery, and that the UPI Representative to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to UPI.
- (f) Notwithstanding any other provisions of this Article, UPI shall neither indemnify any UPI Representative or purchase any insurance in any manner or to any extent which would jeopardize or be inconsistent with qualification or UPI as an organization described in Section 501(c)(3) of the Internal Revenue Code or which would, in the event UPI becomes a private UPI for federal income tax purposes, result in tax liability under Section 4941 of the Internal Revenue Code of 1986 or corresponding provision of future federal income tax law.

Section 2. Section 1 of this Article XX shall not, except as required by applicable federal or state law, be interpreted to deny indemnification to any Director, Officer (including the Executive Director), Assistant or Associate Executive Directors, and all Executive Committee Members, or other Committee Members, or any Cost Center Committee Member, his or her heirs, executors, administrators or personal representatives, to which

they would otherwise be entitled under Article XX of these Bylaws by reason of the fact that such Article was not in effect at the time the action or failure to act, giving rights to the alleged or actual liability, occurred.

Section 3. Notwithstanding any other provision of these Bylaws, UPI has not and shall not waive any immunity granted to it under law, including by way of example and not by limitation, CRS Section 24-10-106 or corresponding provision of future state law, it being the clear and unequivocal intent of UPI that it, its employees, Officers, Director or agents, when acting on behalf of UPI or on behalf of the University of Colorado, or any of its subdivisions or related institutions, including by way of example and not by way of limitation, University of Colorado Hospital, the Anschutz Medical Campus, and University of Colorado School of Medicine, shall not waive any governmental immunity to which they may be entitled under the governmental immunity act (CRS Sections 24-10-101, et seq.; or other provisions of state or federal law).

ARTICLE XXI AMENDMENTS TO THE BYLAWS OR THE ARTICLES OF INCORPORATION

Section 1. Approval of Board. These Bylaws and UPI's Articles of Incorporation may be amended only with the approval of the Board of Directors. Any Member of the Board may submit one or more proposed amendments at a Regular Meeting, Annual Meeting or Special Meeting of the Board. The individual proposing the amendment must provide a copy of the proposed amendment to the Secretary/Treasurer sufficiently in advance of the meeting so that notice of the proposed amendment is included in the notice of the meeting. Approval of an amendment shall require an affirmative vote of two-thirds (2/3) of the Directors present or represented by written proxy at a meeting at which a quorum is present. Any number of amendments may be submitted and voted upon at any one meeting. The Board of Directors shall not approve any amendment to these Bylaws or to UPI's Articles of Incorporation which would violate any term or condition of any agreement between UPI and the University of Colorado.

Section 2. Approval of Members. After a proposed amendment to the Bylaws has been approved by the Board, it shall be submitted to the Members for their approval. The proposed amendment may be submitted for approval at the Annual Meeting or a Special Meeting of Members, provided that the notice of the meeting includes notice of the proposed amendment. Approval of an amendment shall require an affirmative vote of a majority of the Members present or represented by a written proxy at a meeting at which a quorum is present. Any number of amendments may be submitted and voted upon at any one meeting.

ARTICLE XXII UPI'S OFFICES

The principal office of UPI shall be located in the State of Colorado. UPI may have such other offices, either within or without the State of Colorado, as the Board of Directors may determine or as the affairs of UPI may require from time to time.

**ARTICLE XXIII
REGISTERED AGENT AND OFFICE**

UPI shall have and continuously maintain in the State of Colorado a registered office and a registered agent whose office is identical with such registered office, as required by the Colorado Revised Nonprofit Corporation Act. The address of the registered office may be changed from time to time by the Board of Directors.

**ARTICLE XXIV
DISSOLUTION OF UPI**

Section 1. Adoption of Proposal to Dissolve. The Board of Directors may adopt a proposal to dissolve UPI upon an affirmative vote of a majority of the Directors.

Section 2. Formation and Responsibility of Dissolution Committee. Upon the adoption of a proposal to dissolve, the Board shall appoint a Dissolution Committee that shall be composed of the President of UPI, four other Directors (one of whom shall be a Director-at-Large), the most senior executive officer on the Anschutz Medical Campus (or designee) and the President of the University (or designee). The Dissolution Committee shall be responsible for developing a dissolution plan that the Committee will recommend to the Board.

Section 3. Dissolution Plan. The Dissolution Plan shall be based on the following principles:

- (a) UPI's accounts receivable and other assets shall be collected and/or accounted for;
- (b) UPI's accounts payable, debts and other obligations shall be paid and discharged and/or appropriately accounted for;
- (c) UPI's accounts payable, debts and other obligations, including dissolution expenses, shall be charged to the appropriate Cost Center according to the same principles and guidelines stated in these Bylaws for assessing expenses to Cost Centers;
- (d) In the event that a Cost Center's assets (including cash and accounts receivable) are insufficient to meet the Cost Center's obligations, the obligations shall become the general obligations of UPI and shall be assessed first against the unsegregated assets of UPI and, if the obligations remain incompletely satisfied, the balance of the obligations shall be prorated against all segregated UPI assets in a manner determined by the Dissolution Committee; and
- (e) On the dissolution of UPI, any funds and property remaining after payment of

such expenses, debts and obligations properly chargeable to UPI shall be distributed as provided in the Articles of Incorporation and in accordance with the Operating Agreement between the University of Colorado and UPI.

Section 4. Dissolution. UPI may be dissolved by an affirmative vote of two- thirds (2/3) of the Directors, subject to the approval of the Board of Regents of the University of Colorado. Upon obtaining the approval of the Board of Regents, the Dissolution Committee shall act as liquidating directors and shall proceed with reasonable promptness to dissolve UPI. No Director shall be entitled to any compensation for his or her services in connection with the dissolution of UPI.

ARTICLE XXV RELATIONSHIP OF BYLAWS TO STATUTE

These Bylaws shall be interpreted in accordance with the Colorado Revised Nonprofit Corporation Act (codified in sections 7-121-101 through 7-137-301) and shall be supplemented by the provisions of said Act. If there is a conflict or inconsistency between the provisions of these Bylaws and the provisions of said Act, the Bylaws shall supersede and control.

The above Amended and Restated Bylaws were approved and adopted by the Board of Directors on August 19, 2014 and by the Members on October 19, 2014.

Jane Schumaker
Secretary/Treasurer