

NONPROFIT

**ARTICLES OF INCORPORATION
OF
SOUTHWEST HEALTH SYSTEM, INC.**

**ARTICLE I.
CORPORATE NAME**

961032621 C \$50.00
SECRETARY OF STATE
03-06-96 13:37

The name of the Corporation is Southwest Health System, Inc.

**ARTICLE II.
REGISTERED AGENT AND OFFICE**

The street address of the Corporation's initial registered office is 1311 North Mildred Road, Cortez, Colorado 81321, and the name of the Corporation's registered agent at such office is Kent F. Williamson, P.C.

**ARTICLE III.
INCORPORATOR**

The name and address of the Corporation's incorporator is R. Duke Underwood, O.D., 1311 North Mildred Road, Cortez, Colorado 81321.

**ARTICLE IV.
MEMBERS**

The Corporation will not have members.

**ARTICLE V.
PURPOSES**

The Corporation is organized and will be operated exclusively for charitable, scientific, and educational purposes, including, but not by way of limitation, to support, maintain, own and/or operate Southwest Memorial Hospital and Vista Grande Nursing Home, to support and develop the charitable, scientific, and educational activities of its affiliates and subsidiaries, and to engage in such other businesses as it may lawfully engage in under the Colorado Nonprofit Corporation Act, as amended (the "Act"), which further such exempt purposes.

Notwithstanding any other provision of these Articles or the Bylaws of the Corporation:

(a) No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its

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directors, officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above.

(b) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation (except to the extent permitted pursuant to an election made under Section 501(h) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States law) (the "Code")), and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of, or in opposition to, any candidate for public office.

(c) The Corporation shall not carry on any activities not permitted to be carried on (A) by a corporation exempt from federal income tax and described in Section 501(c)(3) of the Code; or (B) by a corporation contributions to which are deductible under Section 170(c)(2) of the Code.

ARTICLE VI.
INITIAL DIRECTOR

The Corporation shall have one (1) initial director, R. Duke Underwood, O.D., who shall serve until the Corporation's organizational meeting.

ARTICLE VII.
DISSOLUTION

In the event of the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, distribute all of the assets of the Corporation to the Montezuma County Hospital District, an organization described under Section 115 of the Code (the "District") for public purposes; provided, however, in the event the District is not then in existence, then to such organization or organizations organized and operated exclusively for charitable, educational, or scientific purposes which shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code. Any such assets not so distributed shall be disposed of by a court of competent jurisdiction of the county in the state in which the principal office of the Corporation is then located to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE VIII.
LIMITATION OF DIRECTOR LIABILITY

No director of the Corporation shall be personally liable to the Corporation for monetary damages for breach of fiduciary duty as a director; provided, however, that a director shall be liable for monetary damages for: (i) any breach of the director's duty of loyalty to the Corporation; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) any loan by the Corporation to any of its directors or officers; or (iv) any transaction from which the director derived an improper personal benefit.

IN WITNESS WHEREOF, these Articles of Incorporation are hereby executed and filed with the Secretary of State of the State of Colorado as of March __, 1996.

By: 
R. Duke Underwood, O.D.

Please include a typed self-addressed envelope

MUST BE TYPED
FILING FEE: \$25.00
MUST SUBMIT TWO COPIES

Division
Mail 10: Secretary of State
Corporations Section
1550 Broadway, Suite 200
Denver, CO 80202
(303) 894-2251
Fax (303) 894-2242

FOR OFFICE USE ONLY

DN 961032821

ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION
FOR A COLORADO NONPROFIT CORPORATION

961120919 C \$25.00
SECRETARY OF STATE
09-16-96 12:15

Pursuant to the provisions of the Colorado Nonprofit Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is Southwest Health System, Inc. (If this is a change of name amendment, the name to be typed is the corporate name before this amendment is filed.)

SECOND: The following amendment to the Articles of Incorporation was adopted on the 29th day of August, 19 96, in the manner prescribed by the Colorado Nonprofit Corporation Act, according to the procedure marked with an X below:

- a quorum of members was present at such meeting, and the amendment received at least two-thirds of the votes which members present or represented by proxy were entitled to cast.
- such amendment was adopted by a consent in writing signed by all members entitled to vote with respect thereto.
- there are no members, or no members entitled to vote thereon, such amendment received the vote of a majority of the directors in office.

SEE ATTACHMENT A

Signature [Signature]
Its Corporate President

and
Signature [Signature]
Its Corporate Secretary

(COL. - NP 1863 - 11/9/95)

COMPUTER UPDATE COMPLETE

Revised 7/98
TOTAL P. 82

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**ATTACHMENT A
TO ARTICLES OF INCORPORATION
OF SOUTHWEST HEALTH SYSTEM, INC.**

ARTICLE IV. is deleted in its entirety and replaced with the following language:

**ARTICLE IV.
MEMBERSHIP**

961120919 C \$25.00
SECRETARY OF STATE

The Corporation will have such members ~~as set forth~~ such 12:15 voting rights as more fully set forth in the Bylaws of the Corporation. Proxy voting by members of the Corporation shall not be permitted.

ARTICLE VII. is deleted in its entirety and replaced with the following language:

**ARTICLE VII.
DISSOLUTION**

In the event of the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, distribute all of the assets of the Corporation to the Montezuma County Hospital District, an organization described under Section 115 of the Code (the "District") for public purposes; provided, however, in the event the District is not then in existence, then to Montezuma County, Colorado, an organization described in Section 115 of the Code (the "County"), for public purposes; provided further, however, in the event the County is not then in existence, then to such organization or organizations organized and operated exclusively for charitable, educational, or scientific purposes which shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code. Any such assets not so distributed shall be disposed of by a court of competent jurisdiction of the county in the state in which the principal office of the Corporation is then located to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

A new ARTICLE IX. is added to read as follows:

**ARTICLE IX.
AMENDMENTS**

These Articles of Incorporation may only be amended by the Board of Directors of the Corporation. The Bylaws of the Corporation may be amended pursuant to the procedures set forth therein.



Colorado Secretary of State
 Date and Time: 08/20/2010 10:54 AM
 ID Number: 19961032821

Document must be filed electronically.
 Paper documents will not be accepted.

Document processing fee
 Fees & forms/cover sheets
 are subject to change.

\$25.00

Document number: 20101466575
 Amount Paid: \$25.00

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 copies of filed documents,
 visit www.sos.state.co.us and
 select Business.

ABOVE SPACE FOR OFFICE USE ONLY

Articles of Amendment

filed pursuant to §7-90-301, et seq. and §7-130-105 of the Colorado Revised Statutes (C.R.S.)

ID number 19961032821

1. Entity name SOUTHWEST HEALTH SYSTEM, INC.
(If changing the name of the corporation, indicate name BEFORE the name change)

2. New Entity name
 (if applicable) _____

3. *(If the following statement applies, adopt the statement by marking the box and include an attachment.)*
 Other amendments are attached.

4. If the nonprofit corporation's period
 of duration as amended is less than
 perpetual, state the date on which the
 period of duration expires _____
(mm/dd/yyyy)

OR

If the nonprofit corporation's period of duration as amended is perpetual, mark this box

5. *(Optional)* Delayed effective date _____
(mm/dd/yyyy)

6. Additional information may be included pursuant to other organic statutes such as title 12, C.R.S. If
 applicable, mark this box and include an attachment stating the additional information.

Notice:

Causing this document to be delivered to the secretary of state for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the secretary of state, whether or not such individual is named in the document as one who has caused it to be delivered.

7. Name(s) and address(es) of the individual(s) causing the document to be delivered for filing

Brooks Aaron J
(Last) (First) (Middle) (Suffix)
516 E. Main Street
(Street name and number or Post Office Box information)
P.O. Box 179
Montrose CO 81401
(City) (State) (Postal/Zip Code)
United States
(Province – if applicable) (Country – if not US)

(The document need not state the true name and address of more than one individual. However, if you wish to state the name and address of any additional individuals causing the document to be delivered for filing, mark this box and include an attachment stating the name and address of such individuals.)

Disclaimer:

This form, and any related instructions, are not intended to provide legal, business or tax advice, and are offered as a public service without representation or warranty. While this form is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form. Questions should be addressed to the user's attorney.

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
SOUTHWEST HEALTH SYSTEM, INC.

Whereby, pursuant to written notice and call by the Board of Directors, a special meeting of the Board of Directors of the Southwest Health System, Inc., ("Corporation") was held on June 16, 2010 at the company's Southwest Memorial Hospital annex at 20 South Market Street, Cortez, Colorado at 6:00 p.m.

Whereby, pursuant to the provisions of the Corporation's Articles of Incorporation the Directors moved and seconded the adoption of the following Articles of Amendment to its Articles of Incorporation:

ARTICLE IV. Membership of the Articles of Incorporation shall be amended in its entirety to read as follows:

ARTICLE IV.
Membership

The nonprofit corporation shall not have classes or categories of voting members, rather the Corporation shall have only one (1) class of membership ("the Board of Directors"), which shall be voting members.

ARTICLE VIII. Limitation of Director Liability of the Articles of Incorporation shall be amended in its entirety to read as follows:

ARTICLE VIII.
Indemnification and Limitation of Liability

1. The nonprofit corporation shall indemnify a person who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the person was a party because the person is or was a director, against reasonable expenses incurred by the person in connection with the proceeding. Further, the nonprofit corporation shall indemnify a person made a party to a proceeding because the person is or was a director against liability incurred in the proceeding if:

a. The person's conduct was in good faith; and

b. The person reasonably believed:

i. In the case of conduct in an official capacity with the nonprofit corporation, that the conduct was in the nonprofit corporation's best interests; and

ii. In all other cases, that the conduct was at least not opposed to the nonprofit corporation's best interests; and

c. In the case of any criminal proceeding, the person had no reasonable cause to believe the conduct was unlawful.

The termination of a proceeding by judgment, order, settlement, or conviction or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct described herein.

The corporation may not indemnify a director under the following circumstances:

- a. In connection with a proceeding by or in the right of the nonprofit corporation in which the director was adjudged liable to the nonprofit corporation; or
- b. In connection with any other proceeding charging that the director derived an improper personal benefit, whether or not involving action in an official capacity, in which proceeding the director was adjudged liable on the basis that the director derived an improper personal benefit.

Indemnification permitted under this Article in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

2. There shall be no personal liability, either direct or indirect, of any director of the nonprofit corporation to the nonprofit corporation or to its members for monetary damages for any breach of fiduciary duty as a director; except that this provision shall not eliminate or limit the liability of a director to the nonprofit corporation or its members for monetary damages for breach of the director's duty of loyalty to the nonprofit corporation or to its members, acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, the making of any loan from the nonprofit corporation to its directors or officers, any transaction from which the director directly or indirectly derived an improper personal benefit, or as to which the Colorado Revised Nonprofit Corporation Act (as in effect from time to time) prohibits expressly the elimination of liability. This provision is in the nonprofit corporation's original Articles of Incorporation and thus is effective on the date of the nonprofit corporation's incorporation. This provision shall not limit the rights of directors of the nonprofit corporation for indemnification or other assistance from the nonprofit corporation. This provision shall not restrict or otherwise diminish the provisions of § 13-21-115.7, Colorado Revised Statutes (concerning no liability of directors except for wanton and willful acts or omissions), any amendment or successor provision to such Section, or any other law limiting or eliminating liabilities. Any repeal or modification of the foregoing provisions of this Article by the members of the corporation or any repeal or modification of the provision of the Colorado Revised Nonprofit Corporation Act which permits the elimination of liability of directors by this Article shall not affect adversely any elimination of liability, right or protection of a director of the corporation with respect to any breach, act, omission, or transaction of such director occurring prior to the time of such repeal or modification.


Approved and adopted this 16th day of June, 2010, by a unanimous vote of the Board of Directors of the Southwest Health System, Inc.

Southwest Health System, Inc

By 
Susan W. Hatter

Its: Chairperson

ATTEST:

By 
Bruce Johnson
Its: Secretary