



SOUTHWEST

Memorial Hospital

**AMENDED BYLAWS
OF
SOUTHWEST HEALTH SYSTEM, INC.,
(A COLORADO NONPROFIT CORPORATION)**

Amended as of June 16, 2010
Revised June 1, 2011
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ARTICLE I
ORGANIZATION

1.1 *Nonprofit Corporation.* The name of the nonprofit corporation is **Southwest Health System, Inc.**, a Colorado nonprofit corporation (the “**Corporation**”), incorporated pursuant to the Colorado Revised Nonprofit Corporation Act.

ARTICLE II
PURPOSES

2.1 *Purposes.* The nonprofit corporation is organized exclusively for charitable, scientific, literary or educational purposes within the meaning of and pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or under the corresponding provision of any future United States Internal Revenue law), including the transaction of any and all lawful business as may be permitted by the Colorado Revised Nonprofit Corporation Act. References in these By-Laws to the “Code” shall be to the Internal Revenue Code of 1986, as amended from time to time.

2.2 *Specific Purposes.* To establish, maintain and manage appropriate healthcare facilities, personnel and services to best serve the healthcare needs of the community; to improve the standards of healthcare in the community; to encourage education and training of healthcare personnel and staff appointees; and maintain the quality of patient care that is achievable commensurate with available resources.

ARTICLE III

POWERS

3.1 The nonprofit corporation shall have the power to do all lawful acts necessary or desirable to carry out its purposes consistent with the provisions of the Colorado Revised Nonprofit Corporation Act and Section 501(c)(3) of the Code. The nonprofit corporation shall not engage in any activities or exercise any powers that are not in furtherance of the purposes of this nonprofit corporation.

3.2 No part of the income or net earnings of the nonprofit corporation shall inure to the benefit of, or be distributed to, any member, director, or officer of the nonprofit corporation or any other private individual (except that reasonable compensation may be paid for services rendered to or for the nonprofit corporation affecting one or more of its purposes, and reimbursement may be made for any expenses incurred for the nonprofit corporation by any officer, director, agent or employee, or any other person or corporation, pursuant to and upon authorization of the Board of Directors); and provided further that no member, director or officer of the nonprofit corporation, or any other private individual shall be entitled to share in any distribution of any of the corporate assets on dissolution of the nonprofit corporation or otherwise. No substantial part of the activities of the nonprofit corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, except as otherwise provided in Section 501(h) of the Code. The nonprofit corporation shall not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of, or in opposition to, any candidate for public office.

3.3 No part of the assets of the nonprofit corporation shall inure to the benefit of or be distributable to any organization whose income or net earnings or any part thereof inure to the benefit of any private shareholder or other individual or any substantial part of the activities of which consists of carrying on propaganda or otherwise attempting to influence legislation.

3.4 Notwithstanding any other provision hereof, this nonprofit corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization which is tax exempt under the provisions of Section 501(c)(3) of the Code.

ARTICLE IV

PRINCIPAL OFFICE AND REGISTERED AGENT

4.1 *Principal Office.* The principal office of the Corporation shall be located at 1311 North Mildred Road, Cortez, Colorado.

4.2 *Registered Agent.* The Corporation shall continuously maintain a registered agent and a registered office in the State of Colorado.

ARTICLE V

MEMBERSHIP

5.1 *Classes of Membership.* The 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 the voting members.

5.2 *Qualifications.* The Board of Directors may establish policies, from time to time, regarding qualification for membership in the Corporation.

ARTICLE VI

BOARD OF DIRECTORS

6.1 *Composition.* The number of Directors constituting the Board of Directors of this Corporation shall be not less than one (1) and not more than seven (7) voting members. Employees and independent contractors of the Corporation are ineligible to serve as Directors. At no time may a majority of the Board of Directors be composed of publicly elected government officials or appointees thereof. The Chief Executive Officer (“CEO”) and the Chief of the Medical Staff shall be non-voting members. At no time may more than one member of the same family serve on the Board of Directors.

6.2 *Power and Duties of the Board of Directors.* All policymaking and governing powers of the Corporation shall be vested in the Board of Directors, which shall have charge, control, and management of the property, affairs and funds of the Corporation. The Board of Directors shall have the power and authority to do and perform all acts or functions not inconsistent with these By-laws or the Articles of Incorporation.

6.3 *Election and Tenure.* Directors shall be elected by the Board of Directors at the annual meeting of the Board of Directors. Commencing with the annual meeting in December of 2016 all Directors may serve a maximum of two (2) consecutive three (3) year terms. Directors must then rotate off the Board of Directors for at least one (1) calendar year before said individual may re-apply to the Nominating Committee for consideration of Board service.

6.4 *Removal of Directors.* The Board of Directors may remove any Director for cause by affirmative vote of at least two-thirds of the Board of Directors then in office.

6.5 *Resignation.* Any Board member may resign by submitting a written resignation to the Board Chairperson. The resignation is effective upon receipt by the Board Chairperson.

6.6 *Vacancy.* The Board of Directors may fill any vacancy by appointing a new Director for the remaining term of the vacant position.

6.7 *Compensation.* No Director shall receive compensation as an employee of the Corporation except as provided in these By-laws. Reimbursement of actual expenses for Directors shall not be considered compensation; all reimbursement must be approved by the Board of Directors at a meeting of the Board.

6.8 *Quorum at Board Meetings.* A quorum of the Board of Directors consists of a majority of the Directors then in office. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present shall be the act of the Board of Directors, except as otherwise provided in these By-laws or by law. Directors may participate in and act at any meeting by teleconference or other means that permits all persons participating in the meeting to communicate with each other. Participation in such meeting shall constitute attendance and presence in person at the meeting. Unless objected to by any member of the Board of Directors then in office, votes required between meetings may be taken by email or other means and recorded in the Minutes of the next meeting.

6.9 *Unanimous Consent of Action by Board.* Any action by the Board of Directors by unanimous written consent shall be valid if executed as required by the Colorado Revised Nonprofit Corporation Act.

ARTICLE VII
MEETINGS

7.1 *Annual Meetings of Board.* The annual meeting of the Board of Directors shall be held at a date, time and place designated by the Board of Directors for the purpose of electing Directors and officers for the coming year, presenting annual reports from officers and committees, and for considering such other matters which may come before the Board.

7.2 *Regular Meetings of the Board.* In addition to the annual meeting described in Section 7.1, the Board of Directors shall hold regular monthly meetings at least ten (10) times per year at the principal office of the Corporation or such other convenient locations as designated by the Board of Directors. The time and dates for such regular meetings during each year shall be set by the Board.

7.3 *Special Meetings of the Board.* Special meetings of the Board of Directors may be called by the Chairperson or the CEO. Further, special meetings of the Board of Directors shall be called by the Chairperson within five (5) days of receipt of a written request of at least three (3) Directors.

7.4 *Notice of Board Meetings and Waiver of Notice.* Written notice of all meetings of the Board of Directors shall be sent by first class mail, electronic mail, facsimile, or delivered to each Director at least five (5) days before the date of a regular meeting and at least twenty-four (24) hours before the date of a special meeting, the latter notice shall state the business to be taken up at the meeting. Attendance at a meeting by a Director shall constitute waiver of notice of that meeting unless he or she attends for the sole purpose of objecting at the commencement

of the meeting to the meeting on the grounds of inadequate notice. Any Director may waive notice of any meeting by a written waiver delivered to the Secretary/Treasurer either before or after the meeting.

ARTICLE VIII

OFFICERS OF THE BOARD OF DIRECTORS

8.1 *Election of Officers.* The officers of the Board of Directors shall be a Chairperson, a Vice Chairperson, and a Secretary/Treasurer, and such other officers who shall be elected by the Board of Directors. Not more than one (1) office shall be held by a practicing physician. All Board officers shall be elected at the annual meeting of the Board of Directors for a term of one (1) year.

8.2 *Duties of the Chairperson.* The Chairperson shall chair all meetings of the Board of Directors and the Executive Committee and shall exercise all other duties assigned to him or her under these By-laws or by the Board of Directors. He or she will be the liaison between the Board and the CEO.

8.3 *Duties of the Vice Chairperson.* The Vice Chairperson, in the absence of the Chairperson or in the event of the chairperson's inability or refusal to act, shall have all the power and authority and obligations of the Chairperson. The Vice-Chairperson shall also perform such other duties as may be assigned from time to time by the Chairperson or by the Board of Directors.

8.4 *Duties of the Secretary/Treasurer.* The Secretary/Treasurer shall chair the Finance Committee and shall record or cause to be recorded the minutes of the meetings of the Board of

Directors, give or cause to be given all notices in accordance with the provisions of these Bylaws or as required by law. He or she shall cause to be maintained the funds of the Corporation in such depositories as shall be designated by the Board of Directors and cause to be maintained accurate records of all receipts and expenditures of the Corporation. The Secretary/Treasurer shall perform or cause to be performed all the duties incident to the office of Secretary/Treasurer and such other duties as from time to time may be assigned to him or her by the Chairperson or the Board of Directors.

ARTICLE IX

COMMITTEES OF THE BOARD OF DIRECTORS

9.1 *Committees.* The standing committees shall be the Executive Committee of the Board of Directors and the Finance Committee. The Board may create other committees as needed. Non-board members may be appointed to all committees, except the Executive Committee.

9.2 *Executive Committee.*

9.2.a The Executive Committee shall consist of the Chairperson, the Vice Chairperson, the Secretary/Treasurer, and the immediate past Chairperson (provided he/she remains as a Director).

9.2.b The Executive Committee shall have the authority to consider matters of an urgent or emergency nature. However, except as authorized or otherwise directed by the Board of Directors all matters requiring Board action shall be taken up by the Board of Directors

at a special or regular meeting of the Board. The Executive Committee shall report to the Board of Directors on all matters considered by the Committee at the next meeting of the Board.

9.3 *Quorum.* A majority of all of the voting members of any committee shall constitute a quorum for the transaction of business.

9.4 *Vacancies.* A vacancy in the membership of any committee may be filled by an appointment made in the same manner as an original appointment.

9.5 *Chairpersons.* The Board Chairperson shall designate a member of the committee to serve as chairperson. All committees shall be chaired by a member of the Board of Directors.

9.6 *Advisory Nature of Committee Action.* All actions taken and recommendations made by a committee shall be advisory and shall not have any effect unless they are authorized by the Board of Directors.

ARTICLE X

MEDICAL STAFF

10.1 *Medical Staff Bylaws.* The Board of Directors shall see that the Medical Staff operates under the Medical Staff By-laws, Rules and Regulations, and Fair Hearing Plan which are consistent with the Corporation's policies as well as all other applicable legal or other requirements. The Medical Staff By-laws, Rules and Regulations and Fair Hearing Plan shall be developed and adopted by the Medical Staff and presented to the Board of Directors for review and approval. The Board of Directors shall not unreasonably or without cause delay the adoption of the Medical Staff By-laws, Rules and Regulations, and Fair Hearing Plan. Medical Staff By-

laws, Rules and Regulations, and Fair Hearing Plan shall be reviewed at least annually by the Medical Staff and this review shall be reported to the Board of Directors.

10.2 *Medical Staff Membership and Privileges.* The Board of Directors shall render a decision on all completed applications within a reasonable time after the recommendation on the applicant has been submitted to it by the Medical Executive Committee unless such Committee has made an adverse recommendation and the applicant has exercised his or her right to a hearing pursuant to the Fair Hearing Plan.

10.3 *Adverse Actions, Hearings and Appeals.* The Board of Directors shall adopt a Fair Hearing Plan which provides the due process procedures to review recommendations of the Medical Executive Committee that are defined in the Medical Staff By-laws as adverse actions and the appeal procedure to the Board of Directors.

ARTICLE XI

FISCAL MATTERS

11.1 *Fiscal Year.* The fiscal year of the corporation shall end on the 31st day of December of each year.

11.2 *Contracts.* Subject to Board of Directors' approval, the CEO, or his or her express designee(s), may be authorized by the Board of Directors to execute contracts and other instruments on behalf of the Corporation in amounts not to exceed limits set from time to time by the Board of Directors. In addition, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of

and on behalf of the Corporation, and such authority may be general or confined to specific instances.

11.3 *Loans.* No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances. No loan shall be granted to an officer or Director of the Corporation.

11.4 *Maintenance of Records.* The Corporation shall keep correct and complete books and records of account and other records of the activities of the Corporation in accordance with commonly accepted good business standards or as necessary for compliance with legal requirements. All such records shall be open to inspection upon the demand of any member of the Board of Directors.

11.5 *Deposits.* All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select in accordance with the Board of Directors' Investment Policy and as the same may be amended from time to time.

ARTICLE XII

INDEMNIFICATION AND LIMITATION OF LIABILITY

12.1 *Indemnification.* 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 interest; 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.

12.2 *Personal Liability.* 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.

12.3 *Insurance.* The Corporation shall purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of any other Corporation, partnership, joint venture, trust or other enterprise, or as a trustee or administrator under an employee benefit plan, any liability asserted against him or her and incurred by him or her in such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability.

12.4 *Non-Exclusivity of Rights.* The right of indemnification hereinabove provided shall be in addition to other rights of indemnification permitted by applicable law, and shall not be exclusive of any rights to which any such director, officer, employee or agent may otherwise be entitled under any Bylaws, agreement, vote of the board of directors or otherwise with respect to any liability or litigation expenses arising out of his or her activities in such capacity.

ARTICLE XIII
AMENDMENTS

The Articles of Incorporation and the foregoing By-laws, or any part thereof may be amended, added to, or repealed, by the vote of two-thirds majority of the Board of Directors of the Corporation at any regular meeting, or upon notice as herein provided at any special meeting of the Board of Directors called for that purpose, in which notice of the proposed amendment, addition to, or repeal shall be set forth.

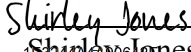
Approved this 25th day of May 2022.

Southwest Health System, Inc., a
Colorado nonprofit corporation

DocuSigned by:

Dan Valverde, Chairperson

Attest:

DocuSigned by:

Shirley Jones, Secretary/Treasurer

**EIGHTH AMENDMENT TO THE
AMENDED BYLAWS OF SOUTHWEST HEALTH SYSTEM, INC.
(A COLORADO NONPROFIT CORPORATION)**

This Eighth Amendment (“Amendment”) to the Amended Bylaws (“Bylaws”) of Southwest Health System, Inc., a Colorado nonprofit corporation (the “Corporation”), was duly adopted by the Board of Directors of the Corporation effective as of May 25, 2022.

Pursuant to the Colorado Revised Nonprofit Corporation Act and Article XIII of the Bylaws of the Corporation, the Bylaws are hereby amended as follows:

1. *Amendment to Article VI.* Section 6.1 to Article VI of the Bylaws is hereby deleted in its entirety and replaced with the following:

The number of Directors constituting the Board of Directors of this Corporation shall be not less than one (1) and not more than seven (7) voting members. Employees and independent contractors of the Corporation are ineligible to serve as Directors. At no time may a majority of the Board of Directors be composed of publicly elected government officials or appointees thereof. The Chief Executive Officer (“CEO”) and the Chief of the Medical Staff shall be non-voting members. At no time may more than one member of the same family serve on the Board of Directors.

2. *No Other Modifications.* Except as modified hereby, the Bylaws shall remain in full force and effect and unmodified.


IN WITNESS WHEREOF, the undersigned, on behalf of the Corporation, has executed this Amendment to the Bylaws.

SOUTHWEST HEALTH SYSTEM, INC., a
Colorado Nonprofit Corporation



Dan Valverde, Chairperson

ATTEST:



Shirley Jones, Secretary/Treasurer