

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST

TRUST COMMITTEE RESOLUTIONS

EFFECTIVE AS OF JUNE 29, 2010

WHEREAS, The Regents of the University of Colorado, a body corporate and a state institution of higher education of the State of Colorado ("University"), the University of Colorado Hospital Authority, a body corporate and political subdivision of the State of Colorado ("Hospital"), and University Physicians, Incorporated, a Colorado nonprofit corporation ("UPI"), each approved by resolution the establishment of a trust, to be known as the University of Colorado Health and Welfare Trust ("Trust") for the benefit of the eligible employees of the University, the Hospital, and UPI and their eligible dependents to (1) provide the funding vehicle for certain health plans, (2) receive contributions from the University, the Hospital, and UPI and the participants in the health plans and other health and welfare benefits as may additionally be funded through the Trust, (3) hold, if applicable, the health care flexible spending account contributions for: (a) the University's and UPI's employees under the health care flexible spending account component of the University of Colorado Flexible Benefits Plan ("University Flex Plan") and (b) the Hospital's employees under the health care spending account plan of the University of Colorado Hospital Authority Cafeteria Plan ("Hospital's Cafeteria Plan"), (4) invest the Trust funds, and (5) pay appropriate claims and expenses; and

WHEREAS, the initial Trustees to serve on the Trust Committee are E. Jill Pollock and Kelly Fox from the University, Anthony C. DeFurio and Darryl W. Varnado from the Hospital and Elizabeth Kissick from UPI (each, a "Trustee" of the Trust); and

WHEREAS, the Trust was established effective the last execution date of the Trust but no later than July 1, 2010; and

WHEREAS, the Trustees are to elect one of the two Trustees from the University to serve as the chairperson of the Trust Committee for the first short fiscal year of the Trust (to June 30, 2010), if applicable, and the first full fiscal year of the Trust (from July 1, 2010 to June 30, 2011); and

WHEREAS, the Trust Committee needs to authorize bylaws for the operation of the Trust Committee; and

WHEREAS, the Trust Committee needs to obtain a federal employer identification number for federal income tax purposes; and

WHEREAS, the Trust and related benefit plans are intended to constitute a “voluntary employees’ beneficiary association” under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended (“Code”) and to meet all of the requirements of Code Section 501(a), and in connection therewith the Trustees intend to submit the Trust agreement and related agreements, benefits plans, other documents, and forms to the Internal Revenue Service (“IRS”) in support of a request for a determination from the IRS that the Trust is exempt from federal income tax under Code Section 501(a); and

WHEREAS, following receipt of a favorable determination from the IRS that the Trust is exempt from federal income tax under Code Section 501(a) (“VEBA Determination Letter”), the Trust Committee desires that the timing of the contributions for the University, the Hospital and UPI (collectively, the “Employers”) change effective the first fiscal year following receipt of the VEBA Determination Letter and each fiscal year thereafter; and

WHEREAS, the Trust Committee needs to select an insurance broker; and

WHEREAS, the Trust Committee desires to obtain (1) crime insurance (which includes an appropriate level of bonding), (2) fiduciary liability and (3) errors and omissions insurance; and

WHEREAS, the Trust Committee needs to designate a party to select a depository for assets of the Trust, and the Trust Committee desires to designate the University Treasurer to select the depository for funds of the Trust; in connection with consideration of the University Treasurer as such designee, Section 3.9(e) of the Trust agreement (“Section 3.9(e)”) requires that the Trustees from the University abstain from voting on the designation of the University Treasurer, and that the University shall provide any relevant information to the other Trustees involved in the decision making process, and the Trustees from the Hospital and UPI must vote unanimously to approve such designation; and

WHEREAS, the Trust Committee desires to adopt a banking policy and an initial investment policy for funds held by the Trust and administered by the University Treasurer, in consultation with the Trust Committee; and

WHEREAS, the Trust Committee needs to select a plan administrator for carrying out the provisions of the benefit plans funded through the Trust, and the Trust Committee desires to select the University of Colorado System Administration as the plan administrator for both the University of Colorado Health and Welfare Plan (“H&W Plan”) and the Trust, and with respect to the trust administrative tasks for the health care flexible spending account plans funded through the Trust; in connection with consideration thereof Section 3.9(e) requires that the Trustees from the University abstain from voting on selection of the University of Colorado System Administration, and that the University shall provide any relevant information to the other Trustees involved in the decision making process, and the Trustees from the Hospital and UPI must vote unanimously to approve such selection; and

WHEREAS, the Health Care Spending Account Plan for the Hospital's Cafeteria Plan requires an administrator; and

WHEREAS, the Health Care Flexible Spending Account Plan for the University Flex Plan requires an administrator; and

WHEREAS, the Trust Committee, together with the University as the Plan Sponsor of the H&W Plan, desire to engage Mercer Health & Benefits LLC to serve as an independent advisor for the benefit of the participants in the H&W Plan funded through the Trust who select UA Net for the fiscal year beginning July 1, 2010, to: (1) compare UPI's global payment fee to market based physician costs within the Denver/Boulder market for like HMO products in order to determine that UPI's fees in the aggregate meets competitive market benchmarks and (2) determine a process to reconcile the global payment fee to actual claims; and the Trustee from UPI shall abstain from voting on selection of the Mercer Health & Benefits LLC; and

WHEREAS, the Trust Committee, together with the University as the Plan Sponsor of the H&W Plan, desire to engage Aon Consulting to serve as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select the UA Net component benefit Plan for the fiscal year beginning July 1, 2010, to evaluate the network adequacy with respect to the physicians under UA Net; and the Trustee from UPI shall abstain from voting on the selection of Aon Consulting; and

WHEREAS, the Trust Committee, together with the University as the Plan Sponsor of the H&W Plan, desire to engage Aon Consulting to serve as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select the UA Net component benefit plan for the fiscal year beginning July 1, 2010, to: (1) negotiate the Hospital's fee schedule for Hospital and pharmacy benefits under UA Net; (2) evaluate the competitiveness of the Hospital's fee schedule compared to similar facilities in the area; (3) negotiate the Hospital's fee schedule as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select UA Net; (4) recommend to Anthem that the Hospital provide hospital and pharmacy benefits under UA Net; and (5) evaluate network adequacy with respect to the healthcare facilities under UA Net; and the Trustees from the Hospital shall abstain from voting on the selection of Aon Consulting; and

WHEREAS, the Trust Committee, together with the University as the Plan Sponsor of the H&W Plan, desire to enter into an Administrative Services Agreement with Rocky Mountain Hospital and Medical Services, Inc. dba Anthem Blue Cross and Blue Shield ("Anthem"), for the fiscal year beginning July 1, 2010, to: (1) serve as an independent fiduciary to establish and select the providers and to negotiate rates with such providers other than the Global Payment arrangement between Anthem and The Regents of the University of Colorado, Denver, acting on behalf of the University of Colorado School of Medicine and University Physicians, Incorporated, for each of the component benefit plans of the H&W Plan funded through the

Trust, which include: (a) BlueAdvantage HMO Plan for the University of Colorado (HMO Colorado) (which includes Blue View Vision for the University of Colorado) ("HMOC"); (b) Lumenos Health Savings Account (HSA-Compatible) Plan for the University of Colorado ("Lumenos"); (c) UA Net Plan for the University of Colorado (which includes Blue View Vision for the University of Colorado) ("UA Net"); and (d) Medicare Primary Plan for the University of Colorado ("Medicare Primary") (collectively, the "Self-Funded Plans"); (2) serve as claims administrator for the Self-Funded Plans; and (3) serve as the third party administrator for the Self-Funded Plans ("Anthem Agreement"); and the Trustees from the Hospital abstain from voting on the selection of Anthem and provide any relevant information to the Trustees involved in the decision making process; and

WHEREAS, the Trust Committee desires to approve and ratify actions taken or to be taken by the chairperson of the Trust Committee to adopt, amend and/or provide, in conjunction with the plan sponsors, the privacy and security compliance documents under the Health Insurance Portability and Accountability Act of 1996, as amended from time to time ("HIPAA") including but not limited to: (1) Notice of Privacy Practices, (2) HIPAA Privacy Use and Disclosure Procedures, (3) HIPAA Privacy Policy, (4) HIPAA Security Policy, (5) HIPAA Privacy Plan Sponsor Certification to University of Colorado Health and Welfare Plan, and (6) all related HIPAA business associate agreements; and

WHEREAS, the Trust Committee needs to select an actuarial firm to perform actuarial calculations for the self-funded health plans and provide other appropriate related services; and

WHEREAS, the Trust Committee needs to select a law firm to provide legal services as requested from time to time; and

WHEREAS, the Trust Committee need to select an accounting firm within a reasonable period of time to perform an audit of the financial statements of the Trust and provide other appropriate related services; and

WHEREAS, the Trust Committee desires to authorize the Trustee serving as chairperson of the Trust Committee from time to time, or his or her delegates, to take any and all actions deemed necessary, appropriate or advisable and ratify and approve actions already taken, with respect to the Trust, the H&W Plan funded through the Trust, The University of Colorado Flexible Benefits Plan effective July 1, 2010, but only with respect to the Health Care Flexible Spending Account Plan and the Pretax Premium Component for the H&W Plan, the University of Colorado Hospital Authority Cafeteria Plan effective July 1, 2010, but only with respect to the Health Care Spending Account Plan and the Pretax Premium Component for the H&W Plan, the health care flexible spending account plans funded through the Trust, and any other health and welfare benefit plans that may be funded under the Trust, including but not limited to: (1) execution of documents, including all plan and Trust documents, (2) filing for a determination that the Trust and related benefit plans are exempt from federal income tax, such as Form 1024, (3) filing appropriate returns, such as Form 990, with appropriate federal and state

agencies, (4) applying for a ruling or determination that the Trust and related Benefit Plans are exempt from filing Form 990, and (5) applying for an advisory opinion and/or a prohibited transaction exemption from the Department of Labor.

NOW THEREFORE, BE IT RESOLVED THAT:

1. The Trustees hereby elect E. Jill Pollock to serve as the chairperson of the Trust Committee for the first short fiscal year of the Trust (to June 30, 2010), if applicable, and the first full fiscal year of the Trust (from July 1, 2010 to June 30, 2011); and
2. The Trust Committee hereby authorizes the bylaws in substantially the form attached hereto, for the operation of the Trust Committee; and
3. The Trust Committee approves and ratifies the actions taken or to be taken to obtain a federal employer identification number for federal income tax purposes; and
4. The Trustees shall submit the Trust agreement and related agreements, benefit plans, other documents, and forms to the IRS in support of a request for a determination that the Trust and related benefit plans constitute a "voluntary employees' beneficiary association" and is exempt from federal income tax under Code Section 501(a) as an organization described in Code Section 501(c)(9); and
5. Effective the first fiscal year following receipt of a VEBA Determination Letter and each year thereafter, the timing of the contributions for the Employers shall be as follows: (1) on or about July 1, each Employer shall make a contribution to the Trust for the Self-Funded Benefit Plans equal to one-half ($\frac{1}{2}$) of its respective monthly Employer contribution amounts; (2) thereafter, each Employer shall make its full monthly Employer contribution for the Self-Funded Benefit Plans no later than the last day of each month; (3) this payment schedule shall continue through May; (4) on or before June 30, each Employer shall contribute an amount equal to the full monthly Employer Contribution amount for the Self-Funded Benefit Plans, one-half ($\frac{1}{2}$) of which is based on the contribution rate structure for the fiscal year ending on June 30, and which shall be allocated to such fiscal year, and one-half ($\frac{1}{2}$) of which is based on the next fiscal year's contribution rate structure and which shall be allocated to the next fiscal year; (5) notwithstanding the preceding, the Trust Committee may change the contribution schedule from time to time, at its discretion (based on input from a qualified actuary for the Self-Funded Benefit Plans), subject to prior notification to the Employers; and (6) in the event an Employer withdraws from the Trust, for the month of June such Employer shall contribute one-half ($\frac{1}{2}$) of the Employer Contribution amount based on the contribution rate structure for the fiscal year ending June 30 for the Self-Funded Benefit Plans; and
6. The Trust Committee hereby selects the firm of Arthur J. Gallagher Risk Management Services to perform insurance brokerage services; and

7. The Trust Committee hereby approves this amended resolution as follows: the (1) crime insurance (which includes the bonding policy or surety bond) (\$1,000,000 limit) from Travelers Casualty and Surety Company of America, (2) fiduciary liability (\$5,000,000 limit) from Travelers Casualty and Surety Company of America, and (3) errors and omissions insurance of not less than \$1,000,000 and not more than \$3,000,000 from an underwriter selected in the discretion of the Trust Committee chair; and

8. The University Treasurer is designated to select the depository for assets of the Trust by a unanimous vote of all the Trustees from the Hospital and UPI and with the Trustees from the University abstaining from the vote and having provided any relevant information to the other Trustees in the decision making process; and

9. The Trust Committee hereby adopts the University of Colorado Health and Welfare Trust Banking Policy and the University of Colorado Health and Welfare Trust Investment Policy, each effective June 29, 2010, for funds held by the Trust and administered by the University Treasurer, in consultation with the Trust Committee; and

10. The University of Colorado System Administration is selected as the plan administrator for both the H&W Plan and the Trust and for the health care flexible spending account plans funded through the Trust with respect to the Trust administrative tasks, by a unanimous vote of all the Trustees from the Hospital and UPI and with the Trustees from the University abstaining from the vote and having provided any relevant information to the other Trustees involved in the decision making process; and

11. The Trust Committee recognizes the selection of PayFlex Systems USA, Inc. as the administrator for the Health Care Spending Account Plan for the University of Colorado Hospital Authority Cafeteria Plan; and

12. The Trust Committee recognizes the selection of ASI Software, Inc. as the administrator for the Health Care Flexible Spending Account Plan for The University of Colorado Flexible Benefits Plan; and

13. The engagement of Mercer Health & Benefits LLC ("Mercer") by the Trust and University as the Plan Sponsor of the H&W Plan to serve as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select the UA Net component benefit plan for the fiscal year beginning July 1, 2010, and to document its findings regarding the competitiveness of the fee in a written report(s) dated on or about June 29, 2010 regarding its: (1) comparison of UPI's global payment fee to market based physician costs within the Denver/Boulder market for like HMO products in order to determine that UPI's fees in the aggregate meets competitive market benchmarks and (2) determination of a process to reconcile the global payment fee to actual claims, is approved and ratified by a unanimous vote of all the Trustees from the Hospital and the University with the Trustee from UPI abstaining from the vote: and

14. The engagement of Aon Consulting ("Aon") by the Trust and University as the Plan Sponsor of the H&W Plan to serve as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select the UA Net component benefit plan for the fiscal year beginning July 1, 2010, and to provide its findings on or about June 29, 2010, regarding its evaluation of the network adequacy with respect to the physicians under UA Net, is approved and ratified by a unanimous vote of all the Trustees from the Hospital and the University with the Trustee from UPI abstaining from the vote;

15. The engagement of Aon by the Trust and University as the Plan Sponsor of the H&W Plan to serve as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select the UA Net component benefit plan for the fiscal year beginning July 1, 2010, and to provide its findings on or about June 29, 2010, regarding its: (1) negotiation of the Hospital's fee schedule for the Hospital and pharmacy benefits in the aggregate under UA Net and evaluation of the competitiveness of the Hospital's fee schedule compared to similar facilities in the area; (2) negotiation of the Hospital's fee schedule as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select UA Net; (3) recommendation to Anthem that the Hospital provide hospital and pharmacy benefits under UA Net and (4) evaluation of the network adequacy with respect to healthcare facilities under UA Net, is approved and ratified by a unanimous vote of all the Trustees from the University and UPI, with the Trustees from the Hospital abstaining from the vote; and

16. The entry into the Administrative Services Agreement by and among Anthem, the University as the Plan Sponsor of the H&W Plan and the Trust, and the engagement of Anthem for the fiscal year beginning July 1, 2010, by the Trust and University as the Plan Sponsor of the H&W Plan, to: (1) serve as an independent fiduciary to establish and select the providers and to negotiate rates with such providers other than the Global Payment arrangement between Anthem and The Regents of the University of Colorado, Denver, acting on behalf of the University of Colorado School of Medicine and University Physicians, Incorporated, for each of the component benefit plans of the H&W Plan funded through the Trust, which include (a) BlueAdvantage HMO Plan for the University of Colorado (HMO Colorado) (which includes Blue View Vision for the University of Colorado) ("HMOC"); (b) Lumenos Health Savings Account (HSA-Compatible) Plan for the University of Colorado ("Lumenos"); (c) UA Net Plan for the University of Colorado (which includes Blue View Vision for the University of Colorado) ("UA Net"); and (d) Medicare Primary Plan for the University of Colorado ("Medicare Primary") (collectively, the "Self-Funded Plans"); (2) serve as claims administrator for the Self-Funded Plans; and (3) serve as the third party administrator for the Self-Funded Plans, is approved and ratified by a unanimous vote of all the Trustees from the University and UPI, with the Trustees from the Hospital abstaining from the vote and providing any relevant information to the Trustees involved in the decision making process, after having relied upon information provided by Aon regarding the Hospital, and the letter from the Hospital dated on or about June 29, 2010 that for the fiscal year beginning July 1, 2011, each of the pharmacy benefits provided by the Hospital under the H&W Plan and the hospital benefits (other than the pharmacy benefits) under UA Net shall each be separately reviewed and evaluated regarding competitiveness of fees

by an independent advisor for the benefit of the participants in the H&W Plan and Trust on or before March 1, 2011, and that the Hospital agrees to charge such rates to the H&W Plan as the independent advisor recommends for the pharmacy benefits provided by Hospital under the H&W Plan and for the hospital benefits (other than the pharmacy benefits) under UA Net for the fiscal year beginning July 1, 2011, which independent advisor shall be selected by the Trustees other than the Trustees from the Hospital; and

17. The Trust Committee hereby approves and ratifies actions taken or to be taken by the chairperson of the Trust Committee to adopt, amend and/or provide, in conjunction with the plan sponsors, the privacy and security compliance documents under the Health Insurance Portability and Accountability Act of 1996, as amended from time to time ("HIPAA") including but not limited to: (1) Notice of Privacy Practices, (2) HIPAA Privacy Use and Disclosure Procedures, (3) HIPAA Privacy Policy, (4) HIPAA Security Policy, (5) HIPAA Privacy Plan Sponsor Certification to University of Colorado Health and Welfare Plan, and (6) all related HIPAA business associate agreements; and

18. The Trust Committee hereby engages the actuarial firm of Mercer to perform actuarial calculations for the self-funded health plans and provide other appropriate related services; and

19. The Trust Committee hereby engages the law firm of Davis Graham & Stubbs LLP ("DGS") to provide legal services as requested from time to time and also waives any conflicts with DGS' representation of the University, Hospital and/or UPI; and

20. The Trust Committee shall, within a reasonable period of time, engage an accounting firm to perform an audit of the financial statements of the Trust and provide other appropriate related services; and

21. The Trust Committee hereby authorizes the Trustee serving as chairperson of the Trust Committee from time to time, or his or her delegates, to take any and all actions deemed necessary, appropriate or advisable and ratify and approve actions already taken, with respect to the Trust, the University of Colorado Health and Welfare Plan funded through the Trust, and the University of Colorado Flexible Benefits Plan effective July 1, 2010, but only with respect to the Health Care Flexible Spending Account Plan, and the Pretax Premium Component for the H&W Plan, the University of Colorado Hospital Authority Cafeteria Plan effective July 1, 2010, but only with respect to the Health Care Spending Account Plan and the Pretax Premium Component for the H&W Plan, and any other health and welfare benefit plans that may be funded through the Trust, including but not limited to: (1) execution of documents, including all plan and Trust documents, (2) filing for a determination that the Trust and related benefit plans are exempt from federal income tax, such as Form 1024, (3) filing appropriate returns, such as Form 990, with appropriate federal and state agencies, (4) applying for a ruling or determination that the Trust and related Benefit Plans are exempt from filing Form 990, and (5) applying for an advisory opinion and/or a prohibited transaction exemption from the Department of Labor.

PASSED AND ADOPTED at a Trust Committee meeting held on June 29, 2010 at which all Trustees were present or represented by proxy, in Denver, Colorado or participated in such meeting by telephone.

**CERTIFICATION OF ADOPTION OF UNIVERSITY OF COLORADO
HEALTH AND WELFARE TRUST COMMITTEE RESOLUTIONS**

I, E. Jill Pollock, Chairperson of the Trust Committee and initial Secretary of the Trust Committee, hereby certify that the above Trust Committee Resolutions were adopted as stated above on June 29, 2010.

**UNIVERSITY OF COLORADO HEALTH
AND WELFARE TRUST**

By



E. Jill Pollock

Chairperson of the Trust Committee and
Secretary