

*A History of*  
**The  
Colorado  
Trust**



*John R. Moran, Jr.*



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The Colorado Trust  
1600 Sherman Street  
Denver, CO 80203

[www.coloradotrusted.org](http://www.coloradotrusted.org)

LLCN: 2010942841  
ISBN-13 – 978-0-6154313-5-2

Edited by Christie McElhinney

Production management by  
Paros Press  
1551 Larimer Street, Suite 1301 Denver, CO 80202  
303-893-3331 [www.parospress.com](http://www.parospress.com)

Book design by Scott Johnson

Printed in the United States of America



ACHIEVING ACCESS TO HEALTH FOR ALL COLORADANS

# *Dedication*

*To the members of the Board of Trustees  
and the staff of The Colorado Trust  
with whom I had the honor  
to serve the health and well-being  
of the people of Colorado.*





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## Foreword

The history of The Colorado Trust is a story that embraces the vision, generosity and understanding of the people who created it, and those who joined it later as trustees and staff members. It is a story about human interest and service. It is a story about an organization proud of its deep roots and history, which shall be neither ignored nor forgotten.

The Colorado Trust, or The Trust as it is more commonly called, was established in 1985 as a private foundation and endowed with the proceeds of the sale of the assets of PSL Healthcare Corporation. Yet long before that happened there were events in play that became integral to the history of The Trust.

This history spans the years 1985 through 2006, during which I was general counsel to The Trust (1985-1991) and its President and CEO (1991-2006, when I retired). In January 2007, Irene M. Ibarra took up the reins as The Trust's third President and CEO.

A significant part of the history is based on my personal recollections, but verifiable by reference to the extensive written minutes of board actions, annual reports, The Trust's website and many other documents. In addition, there were a number of interviews conducted and email exchanges.

Besides The Colorado Trust, various corporate entities and other organizations are mentioned in the history. Certain of The Trust's predecessors and contemporaries are listed in *A Chronology of Select Events (see Appendix A)*. The list is intended to trace in time the origin and lineage of the various named entities, and to help avoid confusion because of similarities in some of their names.

Other appendices included are copies of a series of letters to

which The Trust was a party in its first months, a copy of an agreement with the Presbytery of Denver and the Episcopal Diocese of Colorado, a list of the members of the Board of Trustees, their years of service and offices held, and a history of The Colorado Trust building.

It has been my pleasure to write the history of The Trust. May the reader find enjoyment in its telling.

*John R. Moran, Jr.*

*September 21, 2010*



## *Chapter One*

# Before The Colorado Trust



While the entity we know today as The Colorado Trust, or The Trust, was established in 1985 as a private grantmaking foundation and endowed with the proceeds of the sale of the assets of PSL Healthcare Corporation, the story of The Trust has myriad roots that reach into the 19th century. Today, The Trust is the beneficiary of the vision, values and generosity of many people and institutions, including those from that earlier time. No history of The Trust would be complete without first taking a glance backward to learn from whence it came.

Proud inhabitants of Denver will tell you that their city began in 1858 as a small town of prospector tents and temporary structures located on the banks of Cherry Creek at its confluence with the South Platte River. The people who settled in that tent city and their descendants must have had some special inspiration because in only 34 years there had sprung forth a city with many public buildings and other architectural achievements that gave testament to their vision and commitment to their city. Among those structures were the State Capitol, Henry Brown's hotel – The Brown Palace, City Hall, the Mining Exchange Building, Union Station, the Tabor Opera House Building, the Equitable Building, the Court House, East High School, the Majestic Building, St. Luke's Hospital, St. Joseph Hospital, Trinity United Methodist Church and Central Presbyterian Church. Its citizens were here to stay.

In 1860, the Episcopal Church arrived in Colorado with many of the hopeful gold and silver miners. That same year, Father John H. Kehler traveled from Virginia to Denver City and delivered the first public services of the Episcopal Church in the area. He eventually established the parish of St. John's in The Wilderness. In its early days in Colorado, the Episcopal Church undertook a ministry to the sick and in 1881 caused St. Luke's Hospital to be incorporated under its sponsorship. The hospital was initially located in Denver at the site of the old Grand View Hotel on Federal Boulevard near West 18th Avenue. In 1891 a new St. Luke's Hospital was built on land located at 601 East 19th Avenue in Denver's northeast Capitol Hill neighborhood, where it continued to operate and expand into the 1990s.

One year later, the cornerstone for Central Presbyterian Church was laid and soon a magnificent church rose as a sentinel of faith at East 17th Avenue and Sherman Street. The church stands on the same hill as the Colorado State Capitol building, two blocks to

the south. In old photographs taken from the church tower, one can see other landmark buildings that proclaimed the confidence of the emerging city spread below.

In 1919, the Presbyterian Hospital Association was formed under the auspices of the Presbyterian Church of Colorado to advance the construction of a hospital, later to be known as Presbyterian Denver Hospital, on a property curiously known as Grasshopper Hill located at East 19th Avenue and Gilpin Street, 11 blocks east of St. Luke's Hospital. Construction was completed in 1926 and the new hospital began to receive its first patients. The Presbyterian Denver Hospital facility continues to operate to this day, albeit many times larger than its 1926 building and under different ownership. From East 19th Avenue and looking north to the center of today's modern hospital complex, the upper floors and roof of the 1926 building are still visible.

A young entrepreneur named Thomas F. Daly, who had come to Colorado in the 1880s to work in the Leadville mines, founded the Capitol Life Insurance Company in 1905. Its early offices were located in the Tabor Opera House Building. Members of the board of the company included a number of people who were among Denver's prominent civic leaders and entrepreneurs. Daly died in 1921, but his insurance company continued to thrive under the leadership of his son Clarence J. Daly. In 1923, Harry J. Manning – a widely-known and popular architect strongly influenced by the Beaux Arts movement of the time – was commissioned to design a Neoclassical office building to become the new home for the insurance company on property directly south of Central Presbyterian Church and at the corner of 16th Avenue and Sherman Street. The Capitol Life Insurance Company name was chiseled in marble on the frieze over the building's imposing bronze front door. Its grand opening was held on November 26, 1924. Sixty-seven years later, the Capitol Life Insurance

Company building would become the home of The Colorado Trust.

Three years after Presbyterian Hospital accepted its first patients, the stock market crashed and the Great Depression gripped the country. The new hospital began to suffer serious financial problems and it seemed it would have to close its doors. Back on Sherman Street, members of Central Presbyterian Church took notice of the plight of the hospital and made a decision to use monies in the church's building fund to sustain the hospital's operations. That action carried the hospital through the worst of the depression and allowed it to recover its standing and maintain service to the community. While the hospital survived, the church's building fund had been depleted. It was not until the early 1950s that the church was able to proceed with its building plans to construct an annex on the south side of the church building.

A second Presbyterian Hospital was constructed in 1976 on land acquired from the City of Aurora, Colorado at East 6th Avenue and Potomac Street and became known as Presbyterian Aurora Hospital.

Throughout their formative years and well into the 1980s, St. Luke's Hospital, Presbyterian Denver Hospital and Presbyterian Aurora Hospital became preeminent nonprofit acute care hospitals serving the Denver metropolitan area and other communities throughout Colorado and parts of rural Kansas, Nebraska and Wyoming. Each hospital maintained its separate existence serving different communities and with their own culture. A number of physicians served on the staff of all three hospitals. As time went on, there was recognition that the hospitals had a number of common interests. By the late 1970s, there was a greater need for economies of scale with the result that in May 1979 the three hospitals merged and formed a new nonprofit organization known as Presbyterian/St. Luke's Medical Center, here referred to as the Medical Center. The

Medical Center undertook a corporate restructuring in 1982 and, among other steps, caused PSL Healthcare Corporation, here referred to as PSL, to be incorporated as a new nonprofit entity. PSL became the central governing organization of the Medical Center and the owner or controlling member of various allied and support organizations, including the PSL Community Foundation.

During the fall of 1983, PSL arranged for the issuance of \$38,069,000 in tax-exempt bonds through the Colorado Health Facilities Authority for the purpose of financing the acquisition and installation of major equipment at the Medical Center, construction costs for a new parking garage, the acquisition of real property and the retirement of certain existing indebtedness. The 1983 bond issue was the largest ever for PSL and the Medical Center.

The ink was hardly dry on the newly issued bonds when PSL management began to think about new ways to access additional capital for expansion, including forming alliances with other health care systems. It was imperative that the hospitals be state-of-the-art so as to remain strong in an ever-more competitive health care delivery environment where serving patients was becoming more challenging. That thinking set the stage for what was going to happen next.

In August 1984, the board of directors of PSL was informed by its president and CEO, John T. Casey that overtures had been made by two investor-owned hospital corporations, namely Hospital Corporation of America (HCA) and American Medical International, Inc. (AMI). Both organizations were interested in the possibility of forming separate joint ventures with PSL to operate one or more of the PSL ambulatory surgery centers. The board was further informed that both corporations had expressed interest in discussing more than joint ventures and had indicated interest in acquiring suburban hospitals. These expressions of interest from the investor-owned

hospital companies, coupled with PSL's capital needs, stoked the interest of its leadership to pursue broad exploratory discussions. At the same time, HCA announced acquisition agreements with four medical centers in the western U.S., and AMI announced that it had merged with two medical centers, one in Nebraska and one in Washington, DC. AMI was also seeking acquisitions in other parts of the world, including the Middle East. These acquisitions and mergers were apparently not only an attempt to legitimize the operations of the proprietary institutions, but also were seen as good business opportunities in view of the changing health care reimbursement scene and the need HCA and AMI had to expand their revenues.

Humana, another investor-owned hospital corporation, soon expressed its interest in becoming a contender for some arrangement with PSL.

The exploratory discussions eventually brought about the decision to sell all of the assets of PSL as they existed in 1985.

In looking back on myriad events which went before, we can see how each touched the other and their influence on the present. Indeed, a circle exists that connects Denver's history, the ministries of the Episcopal and Presbyterian Churches, St. Luke's Hospital, Presbyterian Denver Hospital, the generosity of Central Presbyterian Church, the PSL Medical Center, the sale of PSL assets, the formation of The Colorado Trust and the Capitol Life Insurance Company building, which became the home of The Colorado Trust. Just as the 1926 Denver Presbyterian Hospital building remains visible, there remain palpable traces of these antecedents in the life and culture of The Trust.



## *Chapter Two*

# The Sale of PSL Assets



### **Courting PSL**

In the summer of 1984, John Casey, then-president and CEO of PSL, first informed W.R. Alexander, the vice chairman of the PSL board, that he had received inquiries from the investor-owned hospital companies HCA and AMI, each with its own proposed deal, generally suggesting an interest in a joint venture or partnership. Alexander was intrigued and asked that the inquiries be made known to the board as soon as possible. Following discussions at its September meeting, the board of directors of PSL Healthcare Corporation designated the

members of its Executive Committee as an ad hoc committee to be the board's spokespeople and chief investigators for exploratory discussions with the two companies, and then with Humana, whose expression of interest came later. The members of the committee were the PSL board chairman Richard F. Walker, W.R. Alexander, William H. Kistler and Kenneth T. King. Meetings with each of the suitors were scheduled. Into October 1984, interest on all sides heightened with the possibility of a "sale-of-assets" query emerging, though it was initially posed as a "what-if" scenario. The mere thought of a sale challenged conventional thought in Colorado, though it had more acceptance in other parts of the United States. The PSL board began to consider the advantages and disadvantages of any arrangement with a for-profit organization. In late October, the Executive Committee determined to make a Request for Proposal (RFP) of each company, couched in terms of a possible sale and purchase of PSL's assets, including various support and allied activities. The RFPs were communicated to the companies, inviting responses to be submitted by January 11, 1985. The committee set as a condition for its consideration of any proposal it might receive that – if there were any perception the quality of medical care would be adversely affected – no transaction would take place.

The Executive Committee recognized that in order to proceed with any transaction physician buy-in would be crucial. Three physician teams were formed, joined by members of the Executive Committee, to make visits to select hospitals of the respective companies and to meet their management.

During this period Richard Walker informed Colorado's then-governor, Richard D. Lamm, of the possibility of a forthcoming sale of assets. Walker indicated the governor was "not overwhelmingly enthusiastic" and had a wait-and-see attitude. Denver's then-mayor, Federico Peña, was also informed.

The Executive Committee engaged Paine Webber Incorporated to provide an opinion of value of the assets which would be the subject of any transaction affecting PSL's assets. Paine Webber made a thorough analysis of all aspects of the PSL operation, including objective factors such as PSL's management, financial viability, licensed beds, real estate, organizational structure, staffing and its market presence. Some negative factors were considered, including older plant assets, excess capacity and a declining census. Some subjective considerations were the effects of the Medicare/Medicaid reimbursement system, which was seen as putting significant downward financial pressure on PSL's hospitals. Paine Webber put a value on the total PSL enterprise of \$262.5 million.

### **Decision to Proceed**

The Executive Committee held a special meeting on January 21, 1985, to receive and review proposals from the three potential purchasers, as well as the valuation report requested of Paine Webber. The best offer, measured by the one offering the most money, came from the late-bidder Humana. It proposed a purchase price of \$200 million but it did not formulate a proposal that had enough detail nor substantive commitments that met the expectations of the Executive Committee. HCA proposed net cash for assets of \$120 million. AMI proposed cash for assets of \$163 million and made commitments to adopt PSL's strategic plans, position PSL as the flagship health care system in Colorado and surrounding states, maintain the teaching status of the Medical Center, support its research activities and maintain its unrivaled library. AMI also committed to maintain the pastoral care and hospital-based chaplaincy programs. In addition, AMI's proposal committed it to provide services to the medically indigent in the amount of \$1.6 million annually, which was the level at

which the Medical Center provided services to the medically indigent in 1984. AMI's proposal went on to declare that:

One of the key assumptions on which our price and structure is premised is that a continuing relationship will be established between the Foundation (meaning a tax-exempt organization to be formed by PSL prior to the closing of the sale to AMI) and the PSL Delivery System (AMI's terminology for its operation post-sale) whereby the Foundation will fund educational and charitable activities provided to the community through the auspices of the PSL Delivery System. We have, for the purpose of establishing a proposal price, assumed that such financial support will be approximately five million dollars annually.

Initially referred to as the "\$5-million commitment," this provision would be the source of extensive negotiation and later confusion.

Partly to overcome the lack of detail in the Humana proposal and to more fully evaluate the merits of its proposal, the Executive Committee requested Donald G. Butterfield, MD, then chairman of the Combined Medical Board (CMB), to lead a physician team to conduct site visits to Humana's hospitals in Louisville, Kentucky and Las Vegas, Nevada.

The CMB requested a meeting with the chief executive officers of each of the potential buyers to be held on February 9, 1985. Besides physicians, a number of PSL board members attended the meeting. Following the meeting, the CMB adopted a resolution setting forth its recommendations to the Executive Committee. The CMB recognized that the HCA proposal had significant merit, but it was the consensus of the CMB that HCA would be a major adverse competitor if it were to enter the Denver hospital community. The

CMB rejected the Humana offer out of hand and made a very strong recommendation favoring the AMI proposal.<sup>1</sup>

On February 14, 1985, the board of the Medical Center, acting on its own consideration of the proposals and the recommendations of the CMB, concurred with the decision of the PSL Executive Committee to execute a letter of intent with AMI for the sale of all of the assets of PSL Healthcare Corporation consistent with the AMI proposal. The concurrence was subject to an understanding that the Executive Committee would bring all contractual terms to the Medical Center board for its final approval. There were two dissenting votes among the board members, one being by Robert E. McCurdy, MD, who had argued for acceptance of the HCA proposal, and the other by Will F. Nicholson, Jr. PSL president and CEO John Casey, while not voting, also voiced a strong preference for the HCA proposal.

PSL's pursuit of any kind of arrangement where its assets would be sold was soon to be viewed as anathema to many in the community, and to other nonprofits as well. The attitude was something like "You changed your stripes and your colors. It is all about money and it is not about the patients."

The board had a larger perspective born of its responsibility to consider whether the Medical Center could continue the way in which it found itself in the latter part of 1984, or whether it would be more advantageous to patients, medical staff, support personnel and the community at-large if it were to proceed with the sale, thereby assuring, in its judgment, the financial security and the future of the Medical Center in another form of ownership. In essence, the thought was that PSL was a valuable asset and the board saw its duty to preserve that asset in the best way possible. At the same time, it was well understood that no change in ownership could occur unless all interested parties were to be brought along – the physicians, the staff and the community. Only then could the greatest value be realized.

## **PSL President and CEO Resigns, New President and Counsel Appointed**

At the conclusion of the February 14 board meeting, John Casey announced his resignation as PSL president and CEO to be effective March 15, 1985. The resignation prompted urgent discussions between the Executive Committee and AMI as to the interim management of PSL pending closure of the sale. By March 5, the committee acted to employ J. Rock Tonkel as PSL president and CEO following Casey's departure.

Immediately prior to his employment by PSL, Tonkel had held various management positions with AMI and would subsequently continue as president and CEO of PSL operations under AMI ownership. Later, this arrangement was the source of strained relationships between Tonkel, PSL's board, staff and legal representatives during the period of the sale and purchase negotiations yet to be completed, and later still with representatives of The Trust.

Following its meeting on February 14, the Executive Committee engaged the law firm then known as Kutak, Rock & Campbell (Kutak) to serve as legal counsel for the sale transaction with me, John R. Moran, Jr., serving as lead counsel.

## **Letter of Intent, Purchase Agreement, \$5 Million Commitment**

On March 5, 1985, the Executive Committee issued its Letter of Intent accepting the AMI proposal and AMI noted its acceptance on March 11, 1985. Discussions followed between the PSL Executive Committee and its legal counsel concerning, among other matters, the \$5 million commitment contained in AMI's proposal. The Executive Committee was advised that as contemplated by the AMI

proposal, the commitment could not be made without impairing the tax-exempt status of PSL and the foundation to be formed.

An initial draft of a purchase agreement was received by PSL on April 8, 1985. It restated the substance of the expected \$5 million commitment as contained in the original AMI proposal. A first meeting of PSL and AMI counsel to review the draft was scheduled to take place in Denver on April 15 and 16, 1985.

### **Negotiations and Preparations for Closing**

Following his participation in the PSL Executive Committee on March 5, 1985, and armed with the knowledge of the problems attendant upon the \$5 million commitment, Kenneth King<sup>2</sup> proceeded on his own to engage AMI president Walter Weisman in a discussion of the commitment. At the first meeting of PSL and AMI counsel on April 15, 1985, AMI's counsel announced that Weisman and King had met and had a different understanding of the commitment from that expressed in AMI's original proposal and in its first draft of the purchase agreement. As reported by AMI's counsel, Weisman and King had agreed that a firm commitment for \$5 million annually was not appropriate and that the new foundation would support AMI in its activities consistent with the tax-exempt purposes of the foundation, but the amount of support, the type of support and the kinds of programs to be supported would be subject to the discretion of the foundation. Thereafter, subsequent drafts of the purchase agreement made no reference to the commitment. However, Weisman and King agreed that their compromise would be memorialized by way of a letter from PSL to the new foundation. The letter was dated June 26, 1985 (*see Appendix B*).

Throughout the months of May, June and July, negotiations were conducted through a number of meetings at AMI's corporate

headquarters in Beverly Hills, California, and in Denver. Except for the Weisman-King meetings, PSL was represented in all negotiating sessions with AMI by Kutak lawyers Kevin Cudney, Thane Hodson and me. PSL's corporate counsel and vice president for legal affairs, Peter L. Durante, MD, and assistant corporate counsel, Ellen Stuart, were also in attendance and participated in the negotiations.

The AMI legal team was viewed by the PSL team as a high energy, wheeler-dealer, go-go group of people. AMI's lead lawyer, R. Jeffery Taylor, was a fine lawyer who had considerable experience in working on hospital acquisitions with the PSL transaction being simply one more on their production line. AMI was not averse to moving another pending transaction to the head of the line and it was a challenge to keep PSL in the forefront. One of the more elusive issues was when the closing might take place. For months, AMI would not make a firm commitment in that regard.

On the PSL front there was a lot of activity, not the least of which was to plan what would need to take place when the sale transaction was concluded and the proceeds of sale were received. PSL's administrative staff began to assemble important financial data and its legal counsel began the task of preparing Hart-Scott-Rodino<sup>3</sup> documentation for filing with the Federal Trade Commission and others. The Commission's role would be to review the proposed transaction for possible United States antitrust law violations and whether it might decrease competition among Denver hospitals. At the time the preservation of competition was a priority.

The Federal Trade Commission accepted the Hart-Scott-Rodino filing without taking exception to the planned sale and purchase of assets. Toward the end of August 1985, and without much warning, the PSL team got word from AMI that the transaction needed to close quickly and a date was set. The unfinished purchase

agreement negotiations took on new urgency, and a final draft of the agreement emerged and was made ready for signature just prior to the beginning of the closing.

### **The Presbyterian Aurora Hospital Surprise**

A second Presbyterian Hospital was constructed in 1976 on land donated by the City of Aurora, Colorado, at East 6th Avenue and Potomac Street and became known as Presbyterian Aurora Hospital. It would become the first private hospital in that booming community.

When the land was donated by the city of Aurora, the title to the land was made subject to a reservation giving the city a right of first refusal if the new hospital were ever to be sold. No one remembered the reservation. However, just three days before the sale of assets to AMI was to be concluded, the title insurance company retained by AMI made the discovery of the reservation while conducting an examination of the county records. This turn of events placed the sale in jeopardy.

Despite much consternation, but with some tentative assurances from Aurora's City Attorney, it was decided that a waiver of the right of first refusal would be requested of the Aurora City Council at its next meeting then set for Monday, October 7, 1985; meanwhile, the closing could proceed as planned. However, until the Aurora City Council approved the waiver, purchase moneys would be held in a short-term escrow.

The Aurora City Council adopted a resolution waiving the city's right of first refusal, but it came with some good-natured posturing and humor. A council member asked "Well, if we don't give you the waiver, what will happen?" The reply was that the sale to AMI would likely not be concluded.

## **The Closing**

The closing date was finally set by the parties for September 27, 1985, with a dry-run and pre-signing on September 26, 1985. There were multiple sets of 74 documents – each set consisting of at least 1,500 pages – arrayed across a 50-foot table, some on chairs for lack of space, that called for signatures and other handling. There were over 30 people involved in the closing, such as lawyers, legal assistants and notaries, consultants, secretaries, drivers, a helicopter pilot, messengers and PSL and AMI executives.

September 27 was a Friday. As the closing proceeded into the afternoon, it became increasingly urgent that certain documents be completed and filed for record in the offices of the county clerks of Denver, Jefferson and Arapahoe before the close of those offices for the weekend. The documents were rushed to completion.

The completed documents for filing in Denver County were handled without too much urgency. The completed documents destined for Jefferson County (Golden) and Arapahoe County (Littleton) were taken with dispatch from the Kutak law offices in downtown Denver to the Presbyterian Denver Flight-for-Life helicopter pad for air transport to Golden and Littleton. The scene of a helicopter landing near the county offices in Golden, a passenger jumping out with a bundle of documents and being rushed to the county clerk's office 30 minutes before closing time was duplicated a short time later with fewer minutes before closing in Littleton, in both cases to the considerable dismay of nearby witnesses.

Telephone calls back to the closing room reported that all documents were filed before the filing offices closed and a huge relief came over the closing participants. It was Rock Tonkel, the new president and CEO of PSL, who gave the order to use the Flight-for-Life helicopter that saved the day. The observers of the helicopter landings gave interviews to the media and a ripple of negative

publicity was passed around for a week or so about an inappropriate use of a hospital helicopter.

In the end, and other than the delay for fund transfers pending receipt of the Aurora City Council waiver, the sale transaction proceeded without any significant problems. In short, the closing went smoothly. The Aurora waiver was granted on October 7, 1985, and money moved on October 8, 1985.

### **The Purchase Price**

AMI's original proposed purchase price was \$178 million, but this number was understood from the beginning to be subject to numerous adjustments. PSL's commitment was to sell all of its assets, which included all interests in its real property, buildings, hospital equipment, fixtures, personal property, inventory, contracts and leases. The sale was to include all subsidiary entities, both for-profit and nonprofit, but did not include the PSL Community Foundation or any of its assets. PSL was given credit for its working capital and certain capital expenditures it had made during the period prior to sale. It retained its accounts receivable and its right to receive certain bond reserve funds, and reimbursements from insurance companies, Medicare and Medicaid. In the aggregate, these retained rights and reimbursements totaled nearly \$31 million. The receipt of the Medicare and Medicaid reimbursements would take several years. From the proceeds of the sale the outstanding bonded indebtedness of PSL would be terminated and, lastly, \$25.5 million would be held back in a post-closing escrow to satisfy contingent claims that might arise after the sale. Any amount remaining in the post-closing escrow after five years would be paid to the new foundation. On October 8, 1985, PSL paid over to the new foundation the sum of \$123,983,988, which became the foundation's initial endowment.

## **PSL After the Sale, Final Distribution to The Colorado Trust**

Following the sale of all of its assets to AMI, PSL Healthcare Corporation continued to exist as a corporate entity governed by a smaller board than before the sale. During this period, PSL collected reimbursements due from health insurance providers and Medicare and Medicaid. It also acted to settle any debts, obligations and claims that might have been asserted against it or the escrow of \$25.5 million set up at the time of closing to meet contingencies and to approve funded retirement benefits for its employees.

In 1988, PSL applied to the Denver District Court<sup>4</sup> for judicial supervision of a planned liquidation and dissolution. As part of the court proceedings, Articles of Dissolution for PSL were filed and its board was disbanded. A receiver was then appointed by the court to continue collection of post-sale reimbursements, to effect settlement of claims and to distribute all net funds to The Colorado Trust. Another very important reason for the judicial supervision of the liquidation and dissolution of PSL was to obtain the issuance of a definitive order by the court that any distributions to The Colorado Trust (and to the PSL Community Foundation) would not be subject to any debts, obligations or liabilities of either entity, and that any claims made against them and their directors and officers or the court-appointed receiver would be forever barred. The order was entered on July 21, 1994.

A final distribution made by the receiver to The Trust was received on October 26, 1994, and the receiver discharged. With the receipt of the final distribution, the total of all distributions made to The Trust from October 8, 1985, through October 26, 1994, derived from the 1985 sale of PSL assets was \$191 million.

## **PSL Community Foundation**

Before the 1985 sale of PSL's assets to AMI, the PSL Community Foundation functioned as a tax-exempt support organization for the Medical Center. At the time, consideration was given to merging the foundation into the newly-formed Colorado Trust. However, many of its assets were subject to donor restrictions which were thought to be incompatible with the intended mission of The Trust. After the 1985 sale, the foundation continued to exist, ostensibly independent of AMI, and became a public charity with a mission to advance medical research and education, primarily at the Medical Center. The public charity tax status qualified the foundation to be the recipient of the block grants to be paid by The Trust under the provisions of the non-binding obligation. However, the PSL Community Foundation also became a conduit for grant requests originating with AMI/PSL and its president, Rock Tonkel. Whenever these requests were declined by The Trust because they were likely not for tax-exempt purposes, Tonkel was displeased. Even so, there is little doubt that the effect of the block grants to the PSL Community Foundation for tax-exempt purposes resulted in some benefit to AMI.

## **AMI's Community Board**

At the time of the sale of its assets, PSL was well known in the community and recognized as a provider of excellent care to its patients. Its medical staff and other health care providers were preeminent professionals. It was important to both AMI and PSL that there be continuity in the services provided to patients. It was also important to the medical staff physicians that the Medical Center under the new ownership be accommodating and responsive to the needs of their patients. In the sale negotiations, it was agreed that the AMI operation would be guided by a community board of directors

which it was thought would give the new owner an appearance of local governance and thereby maintain continuity in quality of care expected by the seller and the physicians.

Some members of the community board were drawn from members of the PSL board. While the community board gave the appearance of a local governing board, in reality it would have only an advisory role.

Three AMI community board members were non-physician members of the board of trustees of The Colorado Trust. Two Medical Center staff physicians were members of The Trust's board. From the perspective of the community board members and medical staff members who were also trustees of The Trust, and aside from the prestige believed to have been associated with their community board membership, their expectation was that their position would afford an opportunity to assess AMI's performance of its various agreements given as part of the consideration for the sale of the PSL assets. If nothing else, the community board relationship provided a line of communication between The Trust and the new owner, along with an early warning system on disagreements about the \$5 million commitment (later, and perhaps disdainfully, known as the "non-binding obligation") to be assumed by The Trust and the eventual decision by AMI to divest its ownership of the PSL assets.

After all was in place, AMI did respond to the concerns of the community board, but if the belt was too tight, AMI would make adjustments to fit its own needs. Here again, there was a continuous tension between how the community board viewed AMI's agreements made at the time of sale and what AMI's CEO Rock Tonkel pushed as limits on its agreements.

## **Sale vs. Conversion**

Before 1985, it was fairly uncommon for nonprofit hospitals to become for-profit hospitals. By 1985, however, the practice became more common and several such transactions would be labeled as “hospital conversions.” This terminology seemed to have come into use during the time when the nonprofit California Blue Cross/Blue Shield health insurance providers wanted to change their corporate status from a nonprofit entity to a for-profit concern under special implementing statutes of the California legislature – all without selling assets. Despite the fundamental differences between a sale and a Blue Cross/Blue Shield-type conversion, most transactions involving either a sale or change in corporate structure are now known as conversions.



*A History of The Colorado Trust*

## *Chapter Three*

# The Formation of The Colorado Trust



### **The Colorado Trust Emerges**

In their discussions with AMI, the PSL board learned that in other communities where AMI had purchased hospital facilities the proceeds from the sale of those facilities were typically used to fund charitable foundations, usually with a mission not dissimilar from that of the acquired hospitals. This background led the PSL Executive Committee to create a special committee to explore the feasibility of

establishing a foundation to be funded with the proceeds of sale of the PSL assets and appointed PSL board members A. Gordon Rippey, William F. Beattie and McNeil Fiske as the members of the special committee. At a meeting of the PSL Executive Committee and the Medical Center board held on April 2, 1985, the special committee presented its recommendations for an initial board of five members to be charged with organizing a foundation and developing its mission statement. The recommendations were accepted and the Executive Committee acted to appoint W. R. Alexander, William Beattie, Donald G. Butterfield, MD and Gordon Rippey as the organizers of the foundation. The fifth organizer was to be selected by Rev. M. Kathryn Cone and Bishop William Wolfrum, both PSL board members. Bishop Wolfrum stood aside in favor of Rev. Cone.

When formed, the new foundation was to be independent of PSL, its Executive Committee and the Medical Center, other than to accept the Executive Committee's vision that the new foundation promote the health and well-being of the people of Colorado, and that it accept the terms of three letter agreements mentioned hereafter. As a matter of courtesy, it was expected that the foundation would keep the Executive Committee and Medical Center informed of its progress.

The view of the Executive Committee was that a charitable foundation would be unfettered in its ability to apply the full value of the PSL assets for a wider and, as it reasoned, a more effective purpose than if used to operate hospitals. That view became central to the deliberations of the Executive Committee as it moved toward its decision to sell PSL assets. State law required that if the assets of a nonprofit corporation be sold, the proceeds of its sale must be applied to the same, or substantially the same, purposes as before. Serving the health needs of the people of Colorado through the new

foundation was considered to be a purpose not dissimilar from that of the hospitals being sold.

### **Organization Meetings, Bylaws**

The organizers of the new foundation convened their initial meeting on April 11, 1985. The first order of business was to choose Gordon Rippey as interim chairman and William Beattie as its interim vice chairman. The organizers then engaged the Kutak law firm to serve as legal counsel to the foundation. In the role of lead counsel, I provided overall direction for the preparation of draft articles of incorporation, bylaws and an application for tax-exempt status.

Steeped with a fervent loyalty to the medical staff in his office as chairman of the Combined Medical Board, Donald Butterfield advocated for a foundation board composed of at least one-third physicians, that physician board members be active members of the medical staff of the Medical Center, that any nomination of future physician board members from a medical staff other than the Medical Center be subject to the approval of a majority of the incumbent physician members of the foundation's board, and that the bylaws of the foundation express these principles and be subject to amendment only with a two-thirds affirmative vote of the board. An unequivocal statement of the foregoing principles became the *sine qua non* for physician concurrence if there was to be a sale of the PSL assets and the formation of the new foundation. A debate of these principles dominated the initial and subsequent organization meetings. Due in large part to the cordiality among the organizers and their commitment to a common purpose, consensus on the principles was reached in fairly short order, but the underlying philosophy regarding the physician makeup of the foundation board and their voting prerogatives would be called into question at various times in later

years, particularly during discussions pertaining to physician board member succession. In all of his 15 years of service as a board member, Butterfield's loyalty never waned even though by the time of his retirement from The Trust board the makeup of the PSL medical staff had changed with relatively few of those remaining having any appreciation for the principles he had supported on their behalf.

There were three organization meetings during the month of April, 1985 and a final organization meeting on June 5, 1985. During that time the organizers worked toward the adoption of the following mission statement:

To the extent consistent with the requirements of Section 501(c)(3) of the (Internal Revenue) Code, the Foundation shall seek to identify and support charitable organizations, cost effective quality health care programs, community service organizations and programs for the enhancement of community life and human welfare, primarily in the State of Colorado.

Other actions of the organizers included choosing a name for the new foundation, electing its tax status as a private foundation and fixing the number of board members and their terms. Straws were drawn by the organizers for initial one-, two- and three-year terms to be renewable for successive three-year terms with a maximum of nine years of service. The final action of the organizers was to formally adopt Articles of Incorporation and bylaws and cause the foundation to become a Colorado nonprofit corporation on June 7, 1985.

### **The Colorado Trust – A New Name**

The organizers of the new foundation considered several possible names. One would have included some identification of the

foundation with PSL. That possibility faded rather quickly because any reference to PSL would be in derogation of the new foundation's independence. Another name that had considerable support was the Colorado Health Foundation. On investigation it was found there was a Colorado entity with that name and, while not doing business, the person holding the name was not interested in assigning it over to the new foundation at any cost. Then, there was the possible name of the Colorado Community Foundation. The organizers were enthusiastic about embracing this latter name because it carried the connotation of serving all of the people of Colorado – the Colorado community – which resonated with the declared mission of the foundation.

On the strength of a commitment to community, the organizers chose the name Colorado Community Foundation but in a context different from a conventional community foundation which depends on public support to sustain its grantmaking function. It was not very many months before the foundation's name was called into question and confusion emerged as to the nature of its community commitment versus that of a publicly supported community foundation. After further consideration, and on March 19, 1986, the foundation's board adopted a new name after which it became known as The Colorado Trust, often referred to as The Trust. At the same time, the foundation board chose to be identified as a board of trustees and its members to be identified as trustees.

### **Early Board Actions and Search for an Executive Director**

Shortly after the incorporation of the new foundation, its board met to ratify the actions taken during the organization meetings and then, on the recommendation of Donald Butterfield, appointed Donald W. Fink, MD, then chief of staff at St. Luke's Hospital, and James G. Urban, MD, then chief of staff at Presbyterian

Aurora Hospital, as physician board members, and appointed Robert G. Boucher and Richard F. Walker as community board members, thus bringing the board to a full complement of nine members, all of whom have been regarded as the founding trustees. The board made permanent the election of Gordon Rippey as chairman and William Beattie as vice chairman. At the same time, the board appointed an executive search committee, to be headed by Beattie, and a finance committee, to be headed by Walker.

At a meeting on July 17, 1985, the board had before it two letters dated June 26, 1985 and July 2, 1985 (*see Appendices B and C*). The June letter concerned the understanding between PSL and AMI negotiated by Kenneth King providing for the \$5-million commitment (the non-binding obligation).<sup>5</sup> The July letter related to the commitment to be made by the foundation with respect to the Episcopal Diocese of Colorado and the Presbytery of Denver. The board was faced with assuming the terms of the agreements set out in the two letters as a condition to receiving the proceeds of the sale of the PSL assets when the sale transaction closed. By formal action of the board, all of the terms of both letters were accepted. They were declared to be permanent policies of the foundation and would thread their way through the future life of the foundation.

There was subsequent negotiation between AMI's Walter Weisman and Kenneth King. AMI had agreed to maintain and support the status of the Medical Center as teaching hospitals to the same extent as when the hospitals were under PSL ownership. After having made that agreement, AMI became concerned that if there were a reduction in Medicare reimbursements it would need relief from its agreement to some degree. Weisman and King came to an agreement which basically allowed AMI to reduce its support to the level PSL maintained, but net of Medicare. The implementation of

the compromise resulted in a third letter to the foundation which was dated July 31, 1985 and adopted by resolution of the board of The Trust on August 7, 1985 (*see Appendix D*). Its effect was that if AMI made up what it lost in Medicaid reimbursement, The Trust would have a commitment to reciprocate with a qualified grant. In another way, it became an extension of the non-binding obligation covered by the letter of June 26, 1985.

Throughout the remainder of the summer of 1985 and into early fall, the board of the foundation continued to meet, primarily to consider the establishment of relationships with investment managers, the selection of Deloitte Haskins & Sells as auditors and to consider possible candidates for executive director. At its meeting on October 8, 1985, the board received the recommendation of its search committee and unanimously elected Bruce M. Rockwell, a prominent Denver banker and civic leader, as executive director of the foundation. The date of Rockwell's election coincided with the receipt by the foundation of the initial distribution of proceeds of the sale of PSL's assets.

### **Rockwell Assumes Duties as Executive Director**

Bruce Rockwell was the right man at the right time to lead the new foundation. He was well known in the community. He had an interest in identifying social issues and an intellect to help find solutions. He had a special interest in addressing the needs of Colorado's medically-underserved population. He worked hard to bring individuals of diverse views to the table to share ideas.

Rockwell was the scion of a Denver family that had roots into the 19th century. He took pride in his heritage and the Denver and Colorado communities. He was educated at Denver's East High School and at Yale University. He served as a commissioned officer in the U.S. Navy during World War II and shortly after his return from

the Navy he became an assistant to the then newly elected mayor of Denver, Quigg Newton. From there he took a position with the Colorado National Bank as a marketing and public relations person where he coined the phrase “the bank that looks like a bank,” referring to the bank’s neo-classical architecture and stately features. Over the years Rockwell progressed through the ranks of the bank eventually to become chairman of its board and chairman of the board of Colorado National Bankshares, offices he held until he retired to become executive director of the foundation.

In 1953 Rockwell was among those who led the movement for the creation of Downtown Denver, Inc., later known as the Downtown Denver Partnership. He was chairman of the Denver Urban Renewal Authority from 1954 to 1968, worked to preserve the D&F Tower and provided encouragement to Dana Crawford in her crusade to save lower Larimer Street from the wrecking ball. Rockwell was part of the leadership in the development of Denver’s 16th Street Mall and the Auraria campus. For a number of years he was a member of the board of the Kaiser Foundation Health Plan. Later, he was among the visionaries who provided counsel to then-Mayor Federico Peña during the planning for Denver’s new airport to be known as DIA.<sup>6</sup> He also played a role as an advisor to almost any organization or individual who sought his help.

The March 1985 issue of *Colorado Business* magazine recognized Bruce Rockwell as its “Man of the Year.” Words on the cover described him as “servant of the city.” That was the same year he came to The Trust.

As executive director and later as president and CEO of The Trust, Rockwell became a student of philanthropy and established significant relationships with long-standing national foundations like the Robert Wood Johnson Foundation in Princeton, New Jersey

and The Commonwealth Fund in New York City. These foundations were led by some of the best minds in the field, especially Margaret Mahoney at The Commonwealth Fund. Both of the foundations were at the forefront of advancing new ways to carry out grantmaking and, in many respects, they served as models for The Trust in its early years. The association with these foundations and others like them helped give The Trust credibility on a national level in the years that followed.

At the outset, the board vested Rockwell with full authority to make the new foundation fully operational. He was to obtain office space, hire appropriate executive and administrative staff, and put policies and procedures in place for the large number of grant requests that would soon arrive. He did all of these things and provided the leadership needed for the foundation to begin to carry out its mission and be recognized in its own community.

Early in his tenure with the foundation, Rockwell promoted the change of name of the foundation from the Colorado Community Foundation to The Colorado Trust. It could be said that the new name was reflective of his previous career with Colorado National Bank. Indeed, the new name even sounded like a bank and over the years people have often mistaken it for a bank.

Rockwell was 62 years old when he came to the foundation. He retired as CEO in April 1991, after which he continued an active life of service to the community until his death at age 81 on July 13, 2004.

### **New Office, First Hires and Initial Grantmaking**

Immediately after assuming his duties as executive director of the new foundation, Rockwell arranged for temporary office space in the Arco Tower building at 17th and Welton streets in downtown Denver. Here, interviews and planning meetings were held. Within two months, permanent space was identified and a five-year lease was

signed for 3,200 square feet on the 8th floor of One Civic Center Plaza (The Galbreath Building) at East 16th Avenue and Broadway. The foundation took occupancy of the new space on January 1, 1986.

Rockwell's first three hires for the foundation were Anne Purdue as Executive Assistant and Office Manager; Peter A. Konrad, PhD, CPA as Associate Director, Finance; and Jean D. Merrick as Public Information Officer.

Purdue performed outstanding service for four years, after which she moved to the real estate industry. Konrad came to the foundation after careers as an educator, a school principal and a real estate developer. He was an innovator, and served the foundation with distinction until his retirement as vice president and CFO at the end of 2000. Merrick, too, served with distinction. At the time of her retirement in 2004 she had advanced to become senior vice president. Brian W. Klepinger, PhD joined the staff in April 1986 as Associate Director, Program. Klepinger had a career as an academic before he assumed his duties at The Trust. Borrowing what he had learned as best practices from other foundations, he helped develop the initial policies and procedures for the foundation's grantmaking activities.

Later in the foundation's first year, Rockwell added two more staff members, Michele Lightfoot and Judith Anderson. Lightfoot, later known as Michele Chader, had served as an administrative assistant for several years at PSL. Anderson left the foundation after seven years of unstinting service and Chader continues today with The Trust.

Rockwell, along with the nucleus of people brought aboard in the foundation's first year, worked assiduously to give the foundation credibility and to implement the directions of the board for grantmaking. The board gave definition to its commitment to the themes of health promotion, health policy, health care and human

services, and designated six specific program priorities: rural health, health promotion, indigent health policy, children's issues, elderly issues and Indian health.

In its first full year of operation, the foundation received 284 proposals requesting \$80 million. Of these, it funded 85 nonprofit and governmental agencies for a total of \$7,412,722. Foremost in its initial grantmaking year was the funding for what was known as the Rural Health Initiative. The design elements for this initiative served to inform the foundation's initiative-based grantmaking in subsequent years.

### **The Environment in Which The Trust Began**

The 1985 environment in which The Trust began was somewhat hostile. There was a sense that the foundation was alien and that it would have to prove itself to an even higher standard than the norm for others. Many highly placed opinion makers in both the Colorado nonprofit and foundation communities mistrusted the intentions of the new foundation board members who had been on one or more of the PSL boards and questioned whether they were qualified to do the work that would be required of a new foundation. Untoward practices by new foundations in other states, such as golden parachutes, use of foundation money for non-qualified expenditures, pet projects and self-dealing were among the suspicions of The Trust's critics. Yet, The Trust's nine board members worked tirelessly along with staff leadership to ensure that credibility and respectability would reign within and outside the foundation they served. They knew what comments were being made by their critics and they were intent on being above reproach. They aspired to a course of conduct to act in all things at the highest possible ethical level. Their aspirations were not always appreciated and when fulfilled not always perceptible.

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When The Trust was established, two words had not yet come into general use as governing principles for foundations: “accountability” and “transparency.” Over the next few years, The Trust’s board and staff grew in their understanding of the principles embodied in these two words and applied them to The Trust’s grantmaking and other conduct. In time, most of the original hostility directed at The Trust dissipated, though it took most of 10 years to no longer be a prevailing attitude.



## *Chapter Four*

# Board of Trustees and Committees



### **Board of Trustees**

The board of trustees of The Colorado Trust throughout its first 21 years was a most remarkable group of individuals. To a person, they were dedicated to the fulfillment of the mission of The Trust. Each brought unique skills and insights for the work to be done. They may have had differences of opinion, but treated each other with respect and deference. Over time, passionate views were ameliorated and consensus grew to be the norm. They came to understand each other's perspective and camaraderie was the spirit that pervaded their

work together. Humor often eased compromise. Absence from meetings was rare.

The members of the board created a pleasant environment not only among themselves but for The Trust staff as well. They extolled individual staff member accomplishments and took pride in the honors that were given to The Trust and its staff.

It is true, there were differences of opinion among some board members regarding the constituencies to be represented on the board, yet those differences never carried over to the other considerations the board may have had at any time.

For several years after the establishment of The Trust, different combinations of length and number of terms for which a founding trustee could hold office were put in place. Eventually, it was agreed that the most suitable combination was two five-year terms. Placing limits on trustee terms became the norm for foundations by the 1990s, although in some quarters term limits are unpopular and even rare among small and family foundations. The board also implemented a process for evaluating a trustee's performance before becoming eligible for a second five-year term. While seemingly perfunctory, evaluations were taken seriously. For The Trust, they are a way to ensure the competence of the people serving on the board.

The original bylaws of The Trust did not specify an age at which a person would cease to be eligible to be elected as a trustee. When the bylaws were amended in 1990, the board adopted a requirement that for one to be eligible for election as a trustee the person must be able to complete a five-year term by the time of the person's 72nd birthday. This proviso was subsequently rescinded.

From the time of the establishment of The Trust in 1985 through the end of 2006, 18 persons had served or were serving as trustees.

## **Board Meetings**

When the board of trustees met for the first time in fall 1985, it determined that regular meetings of the board would take place at 7:00 a.m. on the third Wednesday of each month of the year. Exceptions to this rule were few. Board materials were always provided to board members prior to the weekend before a meeting. While each meeting followed a prescribed agenda, meetings proceeded with a relaxed formality and usually lasted for up to four hours and sometimes a little longer. A myth now lost in the mist of time was that a Wednesday board meeting coincided with physician board members' day-off; the 7:00 a.m. start promised a noon tee time.

In 2003, the board implemented a new plan for its meetings. It discontinued holding monthly board meetings and moved to one regular meeting per quarter. At the same time, the board streamlined its committee meeting schedules so that, with a couple of exceptions, committees would meet once a quarter or more if necessary. These changes brought the total number of board and committee meetings to fewer than 16, whereas before the changes there could be as many as 36 meetings per year. In years when the Governance and Board Development Committee was working toward identifying new trustees there were some additional meetings.

## **Board Committees**

Board committees established at the beginning of the foundation were a Program Committee, which offered recommendations regarding grants, a Finance Committee, Personnel and Compensation Committee and a Public Information and Education Committee. The Program and the Finance committees usually met two weeks before each of the board's regular monthly meetings. Most board members attended and participated in the meetings of both of these committees. Program

Committee meetings gave board members the opportunity to offer their views about grantmaking, which, after all, was the main reason for the foundation's existence. Meetings of the Finance Committee, later known as the Investment and Audit Committee, were especially popular because they drew upon the considerable investment experience of a number of board members and provided others with the opportunity to learn about the capital markets and asset allocation.

Donald R. Eibsen, CFA, an investment consultant, served The Trust from inception. His role was to advise the members of the committee dealing with investments and the financial officers of the foundation concerning the development of the foundation's investment policy. He also provided quarterly performance evaluations of The Trust's investment managers and counseled the committee on asset allocations.

Matters considered by the committees were aired again at the regular board meetings, thus affording grantmaking and financial recommendations a second round of consideration before final approval. Meetings of the Personnel and Compensation Committee and of the Public Information and Education committees were scheduled as needed.

In May 1992, the board of trustees established a Board Development Committee, which looked toward the recruitment of trustees for the first class of new trustees to come aboard in 1996 and, thereafter, subsequent classes of new trustees. Later, the Board Development Committee was given broader authority and renamed the Governance and Board Development Committee. In its new role, the committee reviewed models and recommended procedures and best practices for corporate governance and continued its work in identifying possible new trustee candidates.

After the board moved to initiative-based grantmaking in

1991, the original Program Committee became the Program and Public Information Committee. Because most all trustees attended program related meetings, it was later decided that it would expedite the approval of grants if the full board were to sit as a committee of the whole when deliberating on proposed grants. In 2005, during the tenure of Jerome Buckley, MD as chairman of the board, procedures were implemented to afford the Committee of the Whole for Initiatives two opportunities to consider grantmaking decisions. A proposed grant would be first considered in a Committee of the Whole meeting and then again during the next quarterly board meeting, yet with a procedure for an expedited decision as warranted.

Beginning in the early years of The Trust, members of the board showing a particular interest in a grantmaking program, or later, an initiative, might choose to be what came to be known as a “board liaison” for the grantmaking activity. This grew to become a very popular trustee activity and helped trustees gain a deeper understanding of the intricacies of a grant strategy and its evaluation, and often led to trustee ownership and advocacy of a grant.

The Trust’s Investment and Audit Committee was given authority under its initial charter to invite up to three community members to join the committee. The thought was that such community members could bring more expertise and different perspectives to The Trust’s investment and audit decisions. In February 2002, Linda Pihlak, an investment specialist for Qwest Asset Management Company, was elected as the first community member of the committee. Later that year, Donald Fink, a retiring physician member of the board with considerable financial acumen, was elected as the second community member. In August 2004, Robert Hochstadt, a Certified Public Accountant (CPA) with a respected practice in consulting on investment and tax issues, was elected as

the third member of the committee.

By 2005, each board committee had adopted an updated charter setting forth its scope of activity, responsibilities, meeting schedules and actions to be taken during each quarter of a year. With increasing complexities in foundation and grantmaking administration, charters helped provide a plan for each committee's work, continuity from one year to the next and a checklist of important details. In June 2005, the board of trustees approved the separation of the Investment and Audit Committee into two committees, one to be called the Investment Committee and the other the Audit Committee. In addition to normal audit and financial oversight responsibilities, the Audit Committee was charged with overseeing compliance with the Sarbanes-Oxley Act, to the extent its provisions could be applied to The Trust.<sup>7</sup>

After the separation and through September 2006, Pihlak and Hochstadt continued as community members of both committees and thereafter as the community members of the Investment Committee alone. Fink continued as a community member of both committees until he retired from service on December 31, 2005. William Jennings, PhD, a Professor of Finance and Investments at the United States Air Force Academy, was elected in September 2006 to be a community member of the Investment Committee and attended his first meeting as such in November 2006. In September 2006, James Taucher, a retired senior executive and CPA with extensive experience in budget, accounting and audit, and William LaJoie, a CPA specializing in audit functions, were elected as community members of the Audit Committee and attended their first meeting as such in November 2006.

Beginning in 2006, each community member was to be eligible to serve five one-year terms, with separate extended terms for those whose terms began prior to 2006.

## **Trustee Compensation**

When The Trust was established, members of the board were drawn from one or more PSL-related boards where they received compensation for meetings attended as well as an annual retainer fee. This practice was brought forward to The Trust but not without criticism in the nonprofit community and media. Yet, it was not uncommon among foundations to compensate board members, but subject always to constraints of reasonableness. Fees paid by The Trust were set only after comparison to what other foundations of comparable size might pay their trustees. The information on comparable fees was compiled for The Trust board by an independent compensation consultant and tested against published data and rules of the Internal Revenue Service.

From time to time there was lively discussion, both pro and con, about compensating trustees. The discussions always ended in affirming the practice. Even so, there was some thought that as a nonprofit board its members should be volunteers and receive no remuneration for service. In subsequent years, some trustees chose not to receive any compensation and elected to have what would have been paid to them directed to a tax-exempt organization of their choice.



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## *Chapter Five*

# The Trustees in Person



No history of The Colorado Trust would be complete without some special mention of the people who served the foundation as trustees from its beginning and throughout the first 21 years of its existence (*see Appendix F*).

### **The Trustees**

**Richard F. Walker** served as a trustee of The Trust from 1985 through the end of his term in 1996. He was chairman of The Trust board from 1991 until 1993. Walker was the former chairman of the

board and CEO of Public Service Company of Colorado, from which he retired in 1987. He previously served as chairman of the board of PSL. During World War II, Walker served as a combat infantryman in the European theatre where he was awarded battle stars from major campaigns. After the war, he obtained a degree in electrical engineering. Walker had a keen understanding of The Trust's financial affairs and its investment portfolio. He helped guide the foundation through its early organizational stages. He had a special gift of being able to foresee the consequences of complex decisions. He was a congenial mentor to his fellow trustees and the staff of the organization. Always calm, he led by building consensus.

**Robert G. Boucher** served as a trustee of The Trust from 1985 through the end of his term in 1996. He was chairman of the board from 1993 until 1995. Boucher had a long career as a mortgage banker. He was vice chairman of the board of United Banks of Colorado and chairman of the board of United Mortgage Company, from which he retired in 1988. He had a strong sense of social responsibility and served on the boards of many nonprofit organizations. He was an advocate for best corporate governance and management practices. Boucher took pride in The Trust's new home when it purchased the Capitol Life Insurance Company building and its adjoining tower in 1994. He originated the idea of leasing vacant space in the tower building to eligible nonprofit organizations at a discounted rental rate. His idea soon brought the tower building to full occupancy. He facilitated the acquisition of a *plein-air* painting by the well know southwestern artist Kurt Walters and oversaw its placement in The Trust's board room. Shortly after completing his term as a trustee, Boucher died on December 9, 1996. The Walters painting was later dedicated as a memorial to him.

**M. Kathryn Cone, ThD**, served as a trustee of The Trust from 1985 through the end of her term in 1998. She was chairwoman of the board from 1997 until 1998 and for two years before she had served as vice chairwoman. She was a Presbyterian minister and previously served on the PSL board. She preferred to be called Kady Cone and sometimes reminded her fellow trustees who, for all but two years of her term, were male that the pronouns for God could be “She” and “Her.” Steadfast in her view of what was right and proper, Cone provided balanced counsel for the board and graced its meetings with compassion for those most in need. In her own way, Cone was always the guardian of the spiritual side of The Trust’s work. Cone died on May 8, 2004.

**James G. Urban, MD**, served as a trustee of The Trust from 1985 through the end of his term in 1998. He was vice chairman of the board from 1997 until 1998. Urban had served as a medical officer in the United States Army and was an active orthopedic surgeon. At the time of the founding of The Trust he was chief of staff at Presbyterian Aurora Hospital. He was a critical thinker, outspoken and possessed a wonderful sense of humor. Urban had a special interest in Trust grants benefiting rural Colorado and Indians. In a recollection about rural health, Urban wrote: “The Rural Health Care Initiative was a program I remember with great fondness. On our site visits, we quickly learned a striking difference between plains rural and mountain rural. The eastern Colorado plains communities were very close-knit, and the people were universally gregarious and friendly. The mountain communities always had a quota of loners – along with people living away from everyone else and not interested in participating in community events. I was surprised to learn that no one knew the population of Park County, for example, since there were an undetermined number of people ‘off the grid.’”

**Donald G. Butterfield, MD**, served as a trustee of The Trust from 1985 through the end of his term in 2000. He was chairman of the board from 1995 until 1997. Butterfield was a gastroenterologist. At the time of the founding of The Trust he was chief of staff at Presbyterian Denver Hospital and chair of the Medical Center's Combined Medical Staff. He was one of the authors of the bylaw provisions prescribing the procedures for the selection and succession of physician members of the board, an ardent defender of those provisions and dedicated to their preservation. He was very conscientious in preparing for board meetings and participated in all discussions.

**W. R. Alexander** served as a trustee of The Trust from 1985 through the end of his term in 2000. He was chairman of the board from 1998 until 2000. Alexander, a lawyer, had been executive vice president of First National Bank of Denver, and at the time of the founding of The Trust he was chairman of the board of the Lucey Group, later known as Alexander-Lucey, Inc. and as ALPS Mutual Fund Services, Inc. He had been vice chairman of the PSL board before the sale of assets. His vision for the future of PSL was the driving force behind the decision of its board to sell its assets to AMI. As a member of the board of The Trust Alexander brought a wide range of experiences, but most important were his persuasive skills and financial acumen. For many years he was the chairman of the board's finance committee. A veteran of many board meetings in his day, he was direct and disdained long monologues. He often liked to say "Let's slap it down" when it was time to adopt or approve a matter. After the sale to AMI, Alexander became the chairman of the AMI-PSL community board. He also was at the epicenter of the deliberations looking to the eventual sale of the PSL assets to AMI, the formation of The Trust, its initiative-based grantmaking, its financial success and, later,

the establishment of a new PSL to acquire AMI's assets in 1991. He left an indelible mark on the history of The Trust.

**William F. Beattie** served as a trustee of The Trust from 1985 through the end of his term in 2000. He was chairman of the board from 1987 until 1989. In his early years Beattie was a rancher and bronco rider. He became senior vice president of Frederick Ross Company, a real estate investment company, and a business executive in the sporting goods and travel industries. He believed strongly in giving to the community and was president of the Denver Rotary Club Foundation, vice chairman of the board of the American Red Cross-Mile High Chapter and held various board positions within the PSL system and, later, with the AMI-PSL community board. Always friendly and tactful, Beattie was at his best creating and maintaining relationships through which diverse interests could find common ground and work together. He was very proud of The Trust and what it had become from its inception. He loved his association with his fellow trustees. Beattie died on April 11, 2007.

**A. Gordon Rippey** was chosen in spring 1985 as chairman of a pre-organization committee for the formation of what would become The Trust, and later elected by his fellow trustees to be the first chairman of the board of The Trust, a position he held until 1987. He was one of the two longest serving trustees when his term expired in 2002. Before coming to the board of The Trust, Rippey had been a member of the PSL board. In his business life, he was associated with material and construction companies, beginning with Ideal Cement. In later years, his principal business activity was personal investments. As a founding trustee of The Trust, Rippey viewed the organization as vested with a special trust. He helped formulate the initial direction of the foundation and was a vital participant in all board and

committee meetings. He served several terms as chairman of the board's Finance Committee and as chairman of the board's other principal committees. He gave great attention to detail and expected The Trust's administration to be frugal. Rippey was very energetic and a congenial fellow trustee with his compatriots.

**Donald W. Fink, MD**, served as a trustee of The Trust from 1985 through the end of his term in 2002. After 17 years as a trustee, Fink and his fellow board member, Gordon Rippey, were the last founding members of the board to retire. He was chairman of the board from 1989 to 1991. Fink had served as a medical officer in the United States Army and was an active radiologist. At the time of the founding of The Trust he was Chief of Staff at St. Luke's Hospital. Fink had an extraordinary understanding of The Trust's investments and helped formulate and oversee its investment strategies throughout the length of his term. He also helped write the new goals and objectives for The Trust as it moved toward initiative grantmaking in 1991 and 1992. He was appointed by the board of The Trust to be a member of the founding board of the Colorado Health Institute. He was a leader who brought reason to bear on complex decisions and worked to achieve compromise. Fink was serious and amusing and sometimes it was hard to tell which mode he intended. Fink died on March 6, 2008.

**Jean C. Jones**, a member of a pioneer Colorado family, served as a trustee of The Trust from 1996 through the end of her term in 2006. She was chairwoman of the board from 2000 to 2002. Throughout her term as a trustee, Jones was the president and CEO of Girl Scouts-Mile Hi Council. She was widely known and respected in both the nonprofit sector and the Denver business community. In Jones' early career, she headed the community grantmaking programs for United Bank of Denver. She served with distinction as the first woman

president of the Denver Rotary Club and was a board member of Mountain States Employer's Council. As a member of The Trust's board, Jones brought her well-honed executive skills and financial sense. She took an interest in corporate governance matters, was a strong proponent of The Trust's unique initiative-based grantmaking and had a special interest in programs directed at youth. She was chosen by the board to be a member of the founding board of The Trust-supported Colorado Health Institute.

**Lillian Murphy, RSM**, served as a trustee of The Trust from 1996 through the end of her term in 2006. She was vice chairwoman of the board from 2000 to 2002. Throughout her years as a trustee, Murphy was the president and CEO of Mercy Housing, Inc., a nonprofit organization dedicated to creating stable, vibrant and healthy communities by developing, financing and operating affordable housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities. She was an individual of quick understanding and unerring loyalty to all that is just. Murphy was a strong advocate of Trust initiatives supporting families, the homeless and the medically underserved.

**Judith B. Wagner** served as a trustee of The Trust from 1998 through the end of her term in 2008. She was chairwoman of the board in 2003 and 2004. Wagner was the founder of Wagner Investment Management, Inc. and throughout her tenure as a trustee she was the firm's president and CEO. She has headed the CFA Society of Colorado, the Denver Rotary Foundation, the board of Graland Country Day School, the steering committee for the University of Colorado's Center for Women's Health Research, and many other nonprofit organizations. With a strong financial management background, Wagner served several successive terms as chairwoman

of The Trust's Finance Committee, later known as the Investment Committee. She had a particular interest in The Trust's commitment to the Qualistar Early Learning Initiative and viewed early childhood education as the most important thing that can be provided to children. While exercising modest persuasion, Wagner conducted meetings with calm dignity and sought the participation of all meeting attendees, always looking for consensus on proposed actions.

**Jerome M. Buckley, MD**, served as a trustee of The Trust from 1998 through the end of his term in 2008. He was chairman of the board in 2005 and 2006. At the time he joined the board of The Trust, Buckley was the president and CEO of the Colorado Physician's Insurance Company (COPIC) which he had pioneered and helped establish. He retired from COPIC in 2005. His earlier medical practice was as a pediatric allergist and immunologist. He was one of the founders of Metropolitan Denver Provider Network, later known as The Metro Community Provider Network, which operates as a primary health care provider to the medically underserved throughout metro Denver. An inveterate reader and a person of deep faith, Buckley was well-informed, resolute in his ideas, worked unsparingly and came thoroughly prepared for every meeting. While a trustee-elect in 1998, he worked with the board to develop consensus for a change in The Trust's bylaws to permit future physician board members to be recruited from outside the PSL medical staff. He advocated for improvements in patient safety and immunization rates, and supported The Trust's initiative to integrate immigrants and refugees into Colorado communities. Later, Buckley led the board in deciding to support the creation of the Colorado Health Institute.

**Kathryn A. Paul** became a trustee of The Trust in 2000. Her term will end in 2010. She was elected as vice chairwoman of the board in 2006 to take office in 2007. Before joining the board, Paul had been the president of Kaiser Permanente Group Operations West in Denver, a position from which she retired in 1999. In 2001, she left retirement to become president and CEO of Delta Dental Plan of Colorado where she has remained during her tenure as a trustee. She has chaired the board of the Denver branch of the Federal Reserve Bank and, in 1997, led the Mile High United Way campaign. Well-liked by her fellow trustees and imbued with high ideals, Paul advanced a widely supported Trust health-related initiative focused on the quality of patient care. She has had a strong interest in corporate governance and personnel policy matters. In 2003, she led the board to the adoption of a commitment to abide by the Sarbanes-Oxley Act of 2002.

**Stephen B. Clark** became a trustee of The Trust in 2000. His term will end in 2010. During his early career, Clark held various positions with the U.S. Bureau of Land Management. He joined Boettcher & Co. as a municipal bond analyst and rose to the position of executive vice president of fixed income (bond operations). Later he joined Piper Jaffray, Inc. Shortly after joining the board of The Trust, he launched S.B. Clark Companies, an independent public financial advisory firm. He has served as a board member of numerous organizations, including Montana State University Foundation, Denver Health Foundation and Senior Housing Options, Inc. He served as chairman of The Trust's Investment Committee for five years. Outspoken and straightforward, Clark was recognized for his extra commitment to understanding all aspects of The Trust's investments and its grantmaking. He helped create intricate schedules and charts to better explain to board members and staff the

interrelationship of both. An opportunist and analyst, he is able to give valuable insights to the workings of the foundation.

**William N. Maniatis, MD**, a native Coloradan born in the former home of William F. “Buffalo Bill” Cody, became a trustee of The Trust in 2000. His term will end in 2010. He was elected as chairman of the board in 2006 to take office in 2007. Maniatis earned his medical degree from the University of Colorado School of Medicine. Following his internship at Walter Reed Hospital, he served as a Brigade Surgeon in the U.S. Army in the Canal Zone. Returning to Colorado, he has maintained an active medical practice and is recognized as one of Colorado’s leading urologists. Maniatis has been active in community service and on boards, including past president of the Assumption Cathedral board, co-founder of Saint Catherine Greek Orthodox Church, a member of the board of Opera Colorado, a member of the board of the University of Colorado Foundation and Associate Dean of Alumni Relations at the University of Colorado School of Medicine. Affectionately known as “Dr. Bill,” Maniatis has both a serious side and a light side. The serious side is most evident when he chairs a meeting or leads a discussion. He is a student of the complexities of grantmaking but adheres to a practical approach to problem solving. His light side shows a wonderful sense of humor that brightens conversation. He is a person possessed with a spirit of generosity toward – and compassion for – his fellow human beings.

**Patricia Baca, EdD**, became a trustee of The Trust in January 2003. Her term will end in December 2012. The main focus of her career has been the improvement of education and services provided to youth. Her experience includes teaching and administration from kindergarten through the university level. Before retiring from Denver Public Schools, she held a variety of positions there, including, being

the first bilingual teacher and the first Latina Deputy Superintendent in Denver history. As a forthright member of the board of The Trust, Baca has led the board in gaining a better understanding of issues affecting minorities and youth, and advancing the importance of mental health across all ages and through The Trust's many programs. Baca has also served the community through memberships on the board of the Boys & Girls Clubs of Metro Denver and as a Commissioner of the Metropolitan Stadium District. Some of her past board and community memberships and achievements include the Arapahoe House Bridge Project, Mile High United Way, Denver Zoological Foundation, Colorado State Board of Human Services, Mayor's Commission of Arts, Culture and Film, Cherry Creek Arts Festival, first female president of the Colorado Association of School Personnel Administrators and founder and board member of the Children's Museum.

**Reginald L. Washington, MD**, became a trustee of The Trust in January 2003. His term will end in December 2012. As a trustee of The Trust, Washington has brought a concise, rational, solution-oriented perspective to the board's deliberations and the ultimate goal of The Trust's work. Washington is the Chief Medical Officer of the Rocky Mountain Hospital for Children in Denver, and Clinical Professor in the Department of Pediatrics at University of Colorado Health Sciences Center. He is a past president of the PSL medical staff as well as a past chairman of the Department of Pediatrics at the PSL Medical Center. Board-certified in general pediatrics and pediatric cardiology, Washington served on the board of numerous organizations including the American Heart Association and its National Science Advisory and Coordinating Committee and Health Care Childhood Obesity Expert Panel. He is past chairman of the

Committee on Sports Medicine and Fitness of the American Academy of Pediatrics and was co-chairman of the Task Force on Obesity for the Academy. His community activities include serving on the Board of Governors of the Colorado State University System (past president of the board) and the Governing Board of Regis University in Denver.

**R.J. Ross, MDiv**, was elected in 2006 to join the board in 2007. His first term will end in December 2011. As a trustee of The Trust Ross brings leadership skills and pastoral care experience from his years of work for the Samaritan Institute, of which he is a founder and president. In his early career, Ross was minister of parish life for the First Presbyterian Church in Elkhart, Indiana. In 1972 Ross was co-founder and the executive director of the Samaritan Health and Living Center (the first Samaritan Center) in Elkhart, Indiana. Ross has served as a Parish Associate of Wellshire Presbyterian Church, a member of the Bishop's Task Force on Leadership and Growth for the United Methodist Church, and on numerous Presbytery Committees. At the national level, he participated in the White House Conference on Mental Health Care representing faith-related counseling programs. Ross has served or serves on numerous boards of directors or advisory councils, including Denver Kids, YMCA and Denver Rotary Club (past president).

**Gail S. Schoettler, PhD**, was elected in 2006 to join the board in 2007. Her first term will end in December 2011. Schoettler has been a U.S. ambassador, and Colorado's lieutenant governor and state treasurer. In 1998, she narrowly lost her bid for governor of Colorado. Among her many awards is the French Legion of Honor (France's highest civilian award) presented by the French President Jacques Chirac. She started two successful banks and helps run her family's cattle ranch (where she grew up), vineyards and real estate enterprises.

She and her husband own a travel company that focuses on introducing business and community leaders to their counterparts overseas as well as the cultures, economies and histories of other countries. Schoettler is passionate about getting more women into top political offices and helping young women achieve leadership positions in business, politics and the community. An enthusiastic hiker, she has climbed all 54 of Colorado's mountains over 14,000 feet high and Tanzania's 19,341-foot Mount Kilimanjaro.

**Jack D. Henderson.** From the inception of The Trust, the board has included its general counsel in all but very few of its deliberations. From 1985 until my appointment as president and CEO in 1991, I served as general counsel. From 1991 through the period covered by this history and beyond, Jack D. Henderson has served as general counsel. Henderson is a lawyer who is highly regarded in the Denver community. He has been of invaluable service to the board and the foundation. At the time of assuming the position of general counsel, Henderson brought many years of corporate and general law experience. He has substantial knowledge regarding corporate governance issues as they relate to both for-profit and nonprofit organizations. For a number of years he has been and continues to be the chairman of the board of Westcore Funds, a family of no-load mutual funds located in Denver. He maintains an active law practice.

### **Trustee Succession**

During Richard Walker's tenure as chairman of the board of trustees (1991-1993) there were discussions about the selection of future trustees and filling vacancies on the board should an incumbent not finish his or her term. These discussions were particularly focused on the vacancies that would occur when his term

and that of Robert Boucher expired in 1996. While 1996 seemed distant, it was recognized that it would come sooner than expected. It was decided to address that eventuality and form what would be called a Board Development Committee. The Committee would be charged with adopting a plan for how the board should go about seeking future trustees, their expected qualifications, the interview process and eventual election and orientation.

After the establishment of the Board Development Committee in May 1992, the board approved a committee work plan with a timetable and a statement of trustee qualifications. The committee set to work almost immediately and drew up a list of possible candidates for interview. The process proceeded intermittently over the next two-and-one-half years into spring 1996 when a short list emerged. Nominees were interviewed and at the board's meeting in June 1996. Jean C. Jones and Sister Lillian Murphy were elected to take office as trustees on October 16, 1996. As part of the process, the trustees-elect were invited to attend the monthly meetings of the board prior to their formal seating.

The election of Jones and Murphy was a new milestone in the history of The Trust and the beginning of a new era. Their influence was felt almost immediately. They finished their terms as trustees at the end of 2006, leaving behind a legacy of excellence in board governance and a love for The Trust.

The board development process did not languish following the Jones and Murphy elections. The next board vacancies would come in 1998, then again in 2000 and in 2002. Starting in 1996, and by the end of 2002, a whole new generation of board members would be seated. In 1998, Jerome Buckley would be elected to succeed his fellow physician James Urban, and Judith Wagner would be elected to succeed Kady Cone. In 2000, William Maniatis would succeed his

fellow physician Donald Butterfield and Stephen Clark and Kathryn Paul would succeed W. R Alexander and William Beattie. In 2002, Reginald Washington would succeed his fellow physician Donald Fink, and Patricia Baca would succeed Gordon Rippey.

All of the new trustees came to the board with extraordinary credentials and leadership skills. The new physician members fulfilled the role prescribed by the bylaws for physician membership. In various ways, each of the other new generation trustees met or exceeded the community-member constituency requirement of the bylaws and brought a new spirit of commitment to community, and eventually to public policy initiatives.

Four more years would pass by before two more vacancies would occur. Even so, the Board Development Committee continued to function without interruption. It would become known as the Governance and Board Development Committee and update its procedures and reexamine trustee candidate qualifications. In summer 2006, the board elected Gail Schoettler and R.J. Ross to succeed Jean Jones and Lillian Murphy. Schoettler and Ross would begin their terms in January 2007. With their election, a third generation of trustees had begun.

## **Trustees Epilogue**

At the end of 2008, Judith Wagner and Jerome Buckley, MD, completed 10 years of service as trustees of the foundation. Their successors for initial five-year terms are Jennifer Paquette, chief investment officer of the Public Employees' Retirement Association of Colorado, and William Wright, MD, executive medical director and president of Colorado Permanente Medical Group.

William Maniatis, MD, Stephen Clark and Kathryn Paul will complete 10 years of service as trustees of The Trust on December 31,

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2010. Their successors are Alan Synn, MD, Vascular Institute of the Rockies; John Hopkins, recently retired president and CEO of Rocky Mountain Health Plans; and Colleen Schwarz, vice president-sales for Community Reinvestment Fund, USA. They will assume office as trustees for an initial five-year term on January 1, 2011.



*The Trustees in Person*



**1987 Board** — L. to R. standing: A. Gordon Rippey, Robert G. Boucher, Richard F. Walker, Donald G. Butterfield, MD, W. Robert Alexander, Donald W. Fink, MD. Sitting on desk: William F. Beattie, Bruce Rockwell, President & CEO. Sitting in chairs: James G. Urban, MD, Rev. M. Kathryn Cone, John R. Moran, Jr., General Counsel



**1995 Board** — L. to R. back row: James G. Urban, MD, Donald G. Butterfield, MD, W. Robert Alexander, Richard F. Walker, Jack D. Henderson, General Counsel, Donald W. Fink, MD. Front row: A. Gordon Rippey, Rev. M. Kathryn Cone, Robert G. Boucher, William F. Beattie, John R. Moran, Jr., President & CEO

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**2002 Board**—L. to R. back row: John R. Moran, Jr., President & CEO, Jerome M. Buckley, MD, William N. Maniatis, MD, Kathryn A. Paul. Middle row: Lillian Murphy (sitting), Patricia Baca, Jean C. Jones, Judith B. Wagner (sitting). Front row: Jack D. Henderson, General Counsel, Reginald L. Washington, MD, Stephen B. Clark

*The Trustees in Person*



**2006 Board** — L. to R. back row: Stephen B. Clark, Jerome M. Buckley, MD, Jean C. Jones, Reginald L. Washington, MD. Middle row: William N. Maniatis, MD, Kathryn A. Paul, Jack D. Henderson, General Counsel. Front row: John R. Moran, Jr., President & CEO, Patricia Baca, Judith B. Wagner, Lillian Murphy.

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## *Chapter Six*

# Five Issues



Five potentially contentious issues became woven into the fabric of the newly formed Colorado Trust. The issues have been mentioned in earlier chapters but merit further examination. They were (1) the non-binding obligation on the part of PSL and then The Trust to support medical research and education activities through block grants to the PSL Community Foundation; (2) the title to the Episcopal Diocese of Colorado and the Presbytery of Denver; (3) the physician constituency of the board; (4) trustee terms; and (5) the community constituency of the board. Each has its own history.

## **The Non-Binding Obligation**

The non-binding obligation was beset with disagreements among the AMI hospital managers and The Trust as to how the obligation was to be calculated and whether the up to \$5-million annually mentioned in the letter of June 26, 1985 was to be paid for an indefinite number of years or until the amount paid on the obligation capped out at some level. No document ever emerged referencing a cap, but the number often mentioned was \$25 million. Despite these uncertainties, The Trust did honor the non-binding obligation within the limits of its discretion in accordance with the letter. Additionally, while the obligation was thought of as non-binding, it was regarded as a moral obligation by some of the members of the board of The Trust, especially its physician members. The latter also considered the obligation to be part of the consideration for the agreement of the Consolidated Medical Staff of the Medical Center to assent to the sale of assets to AMI.

Carrying out the non-binding obligation even at a level of approximately \$1.8 million per year was viewed by other board members as curtailing The Trust's ability to serve its own mission and limiting the size and number of grants it could make. In addition, there was the general view that paying on the obligation impaired the independence of The Trust. This viewpoint and other pressures placed upon The Trust nurtured a level of resentment and led Thomas W. Moloney, then vice president of the Commonwealth Fund of New York, who had been invited to lead The Trust's March 1987 board retreat, to characterize the non-binding obligation as "the skunk on the table." Moloney's recommendation was that The Trust should find a way to extricate itself from the obligation.

It did not seem likely that the burden of the non-binding obligation would go away, but it did in 1991 when AMI sold all of the

PSL assets it had acquired in 1985 to the then-newly formed nonprofit corporation PSL Healthcare System. The latter assumed the burden of the obligation from The Trust. That transaction came to be known as “the buy-back.” In the five-and-one-half-year period after 1985 through April 1991, The Trust paid out to the PSL Community Foundation block grants meeting the non-binding obligation aggregating approximately \$10.8 million.

### **The Tithe**

The tithe to the Episcopal Diocese of Colorado and the Presbytery of Denver came about in discussions at the PSL board level prior to the sale to AMI and not as a condition to the sale. Those discussions centered on ways the church sponsorship of the Medical Center over many years might be recognized. The conclusion was to require The Trust, when formed, to make annual grants to the Episcopal Diocese of Colorado and the Presbytery of Denver, thus a tithe. This obligation to grant an amount equal to 10% of The Trust’s total distributions each year, to be equally split between the two churches, was memorialized in the letter agreement dated July 2, 1985 (*see Appendix C*). It was not long after the sale to AMI before uncertainty and doubt grew as to how the tithe was to be determined.

Father William Crews, for a number of years the president of the Colorado Episcopal Foundation, was a tireless advocate for transparency and accuracy in the way the tithe was to be calculated. Even as he repeatedly reminded The Trust that the calculation of the tithe was not “unilateral,” Father Crews helped lead the way to the definitive Agreement of December, 1989 (*see Appendix E*) that resolved the differences. Once performance of the agreement was assured, The Trust’s relationship with Father Crews grew to be mutually beneficial. On a few of the occasions when he met with the board, Crews took

the opportunity to give a sermon on one thing or another, including the duties of fiduciaries. Reception by the board was usually mixed.

From the time the agreement was signed in December 1989 and through 2006, no question or dispute arose about its terms. In the meantime, there were internal discussions at The Trust on how it might buy-out the obligation to tithe, but those discussions abated after the non-binding obligation was discharged during the 1991 buy-back transaction.

An unintended consequence of the block grants by The Trust with respect to the non-binding obligation was that the amount paid out each year was included as a distribution for purposes of calculating the annual tithe to the churches. Like the non-binding obligation, the tithe to the churches was viewed as further curtailment of The Trust's grantmaking capacity. Even so, The Trust continued to tithe every year after 1985 for an estimated aggregate amount through 2006 of \$23.1 million.

Indeed, after 1991, a spirit of cordiality emerged between The Trust and the Episcopal Diocese and the Presbytery of Denver. Representatives of each denomination were invited annually to attend a meeting of the board of trustees. For several years, the expectation of The Trust's board was that the church representatives would give a report of the expenditure of funds made available through the tithe. A list of the expenditures would then be carried in The Trust's annual report. Later, it was determined that the expenditure of the tithe was internal to the churches and not subject to oversight by The Trust. Eventually, the meetings with church representatives became more social and occasions for light banter, and ceased after 2004.

## **The Physician Constituency**

The physician constituency of the board of The Colorado Trust was introduced as a concept during the drafting of the initial bylaws for the foundation in spring 1985. In its simplest terms the concept, sometimes referred to as the “physician mandate,” called for one-third of the board’s membership to be people who were members of the active medical staff of the Medical Center. It provided that after 1993, physicians to be elected to the board would not have to be drawn from the Medical Center but nonetheless preference should be given to Medical Center physicians in selecting future physician board members. If in fact a physician from a different medical staff was nominated for election to the board, the person would need a majority approving vote of the incumbent physician board members. In practical effect, the incumbent physicians could veto the nomination for election of a future physician board member from a medical staff other than that of the Medical Center. The veto proviso was argued forcefully and civilly.

The main proponent of the veto proviso was Donald G. Butterfield, MD, the then chief of the Consolidated Medical Staff. He argued that physician representation on The Trust board would be adversely affected if the veto proviso were not included in the final bylaws. He sought the board’s concurrence in his view that the physician representation intended to be accomplished through the veto proviso was an integral part of the physician contribution to the Medical Center and the relationship of the Medical Center to the community. After discussion and a motion to approve the physician mandate, Butterfield’s viewpoint prevailed. Alexander dissented and stated that he was not in opposition to physicians on the board, as it may have seemed, but he objected to the veto proviso on philosophical grounds.

The physician mandate, as first adopted on June 5, 1985, remained in effect without change until October 7, 1998. In the interim years, there were various efforts to discuss the mandate, always with the hope that the veto proviso would be eliminated but there were suppositions that the underlying issue was whether there needed to be a physician presence on the board. On October 7, 1998<sup>8</sup>, at a special meeting of the board, the physician constituency provisions of the 1985 bylaws was called up for extensive discussion. Many points of view emerged.

Addressing the question of physician presence on the board, Trust board member Donald Fink, MD, expressed the view that the foundation's bylaws, both in 1985 and as they stood on October 7, 1998 "did not go far enough to meet the demands of the St. Luke's medical staff [sic]." He explained that those physicians did not want the facility sold but eventually acceded to the sale. He recalled that they originally wanted to be certain the board of the eventual foundation would be composed of at least 50% physicians. It was argued that the proceeds from the sale moving to a new foundation would constitute a contribution from the medical staff, and that the physician representation was necessary in order to assure that the physicians' contribution would not be diminished. He noted, however, that a compromise was negotiated so that physician representation would be at least one-third of the board membership and, in addition, that the foundation would be required to support medical research and education at PSL. "There never would have been a [Colorado] [T]rust without the concurrence of the medical staff physicians. It was by virtue of their negotiations and the understandings concluded that a moral obligation emerged," declared Fink. He added "it was a moral thing and it would not be ethically sound to deviate from current bylaw provisions relating to physician representation."

Butterfield, concurring with Fink, pointed out that the acceptance of a constituency of one-third physicians was a compromise and that the medical staff insisted on the additional requirement that successor physicians must be approved by majority vote of the physician membership of the foundation. Butterfield went on to declare that the PSL board and eventually The Trust board made a commitment and he had pledged his honor to the commitment and that The Trust board “cannot now go back on that commitment.” He stated that the monies which funded The Trust came from the hospitals and the churches subject to commitments which cannot now be rescinded.

Alexander agreed with Fink and Butterfield in their recounting of the history of the physician mandate and affirmed their view that The Trust would never have been created if it were not for the physician members of the PSL system. He explained that no one wanted to deal with AMI unless the physicians supported the transaction. He explained that physicians then came on the board of The Trust and the foundation distributed amounts for medical research and education (a reference to the non-binding obligation). He said what changed the PSL relationship for him was when The Trust supported the “buy-back” of the hospitals in 1991 after AMI reneged on its support of the construction of the bed tower. He explained further that, in his view, the 1991 buy-back changed the moral obligation and The Trust no longer remained obligated to support anything at PSL.

Urban expressed his view that physician representation “should really be physicians from all over Colorado. Physician constituency is a statewide matter.”

Jones pointed out that all other decisions of the board are reached by consensus. Murphy expressed her discomfort with the veto

provision. They were joined by Wagner who stated she was intrigued with the history of the veto proviso and that she had great respect for history. She pointed out that things have changed and she would have difficulty supporting a veto of future physician candidates when consensus could reach the same conclusion.

Buckley, then a trustee-elect, attended the October 7, 1998 meeting and facilitated a discussion that brought the differing viewpoints to an accommodation whereby the veto proviso was voted upon separately and rescinded, with Butterfield and Fink voting to retain the proviso. The next action was the unanimous affirmation of the physician constituency provisions of the 1985 bylaws without the inclusion of the veto.

A provision of the 1985 bylaws was the requirement for a two-thirds affirmative vote of the trustees of The Trust to amend its bylaws. That requirement was met when the board rescinded the physician veto proviso at its meeting on October 7, 1998.<sup>10</sup>

### **The Community Constituency**

Besides the physician constituency issue that preoccupied the board from inception until the rapprochement brought about at the meeting on October 7, 1998, the initial board adopted a bylaw provision requiring that the remaining members of the board shall be “community persons.” Community persons were to be drawn from the community at large. In accordance with the bylaw provision, when choosing community representatives the board was to give preferential consideration “for election to persons regarded as knowledgeable or experienced in any one or more of the following fields: (1) business, (2) finance, (3) education and (4) religion or social concerns. In considering persons regarded as having knowledge or experience in matters of religion or social concerns, the [board] shall

be mindful of the historic association the Foundation has had with the Episcopal Diocese of Colorado and the Presbytery of Denver.” To the best of my knowledge, this bylaw provision has never been questioned nor modified. In the selection of new trustees over the years<sup>11</sup>, the board has always seemed mindful of the community constituency and the prescribed fields of board candidate activity.

### **Trustee Terms**

Another provision of the bylaws that came under repeated consideration until 1998 was that of trustee terms. At the outset, trustees were to serve three three-year terms. That provision was later modified for a short period of time to two four-year terms and then, finally to two five-year terms, with trustees assigned to particular classes to avoid major departures in any one year. The consensus of the board at the October 7, 1998 meeting was to affirm the continuation of the bylaw provision for two five-year terms. That affirmation remained unchanged through 2006.



*A History of The Colorado Trust*

## *Chapter Seven*

# The First Six Years of The Colorado Trust



### **Grantmaking**

During the late 1980s foundations were frequently characterized as either “responsive” or “proactive.” A responsive foundation was typically one that waited to receive requests for funding, after which it would evaluate the requests and select some for funding. A proactive foundation was one that sought out prospective grantees and worked with them to fund some mutually agreed upon programs.

As The Trust began its early grantmaking it was flooded with grant requests from many different sources. It did what came most naturally and that was to be a responsive grantmaker within certain pre-defined areas of interest, such as health and wellness, medical care and research, and health policy and human services. The scope of its interests broadened after a couple of years to include health promotion, indigent health policy, children's issues and Native American health.

It didn't take The Trust long before it began to position itself as a proactive foundation seeking out other nonprofit organizations and governmental agencies through which it could carry out its mission. In time, The Trust's proactive process became known as "initiative" grantmaking, which was to become its hallmark throughout the 1990s and well into the 2000s.

Some examples of grantees from among many of The Trust's early responsive grantmaking activity were the Child Abuse Prevention Volunteers, the Colorado Children's Campaign to address needs of children in low-income families, the Colorado Coalition for the Homeless, Families First, Inc. providing family support to avoid foster care, Goodwill Industries, the Medical Care and Research Foundation to support case management for the frail and elderly in Denver, the Salvation Army, Samaritan House providing shelter for the homeless, the Denver Museum of Natural History to support the establishment of its Hall of Life, the Center for Applied Biomedical Ethics at Rose Medical Center, the Hospice Foundation of Metro Denver, Inc. and the University of Colorado Health Sciences Center for various projects.

One of its early proactive grantmaking programs was the Rural Health Initiative through which The Trust assisted rural communities in developing high quality, locally-accessible regional health care systems through a sharing of services and reduction in duplicative

services. Another early project was The Trust's funding of Colorado Action for Healthy People, a statewide health promotion program that had both responsive and proactive grantmaking components.

Beginning in 1987, and for several years thereafter, The Trust supported the formation and operation of what began as Metropolitan Denver Provider Network, Inc. (MDPN), later known as Metro Community Provider Network (MCPN). The organization was founded as a Colorado nonprofit corporation to provide health care for the medically indigent within Denver and surrounding communities who were not able to access established safety nets because of, among other reasons, political boundaries. Through the efforts of The Trust, consultants were engaged and community leaders enlisted to fashion a structure that would qualify for what was known as Section 330 funding by the United States Public Health Service. The initial product of The Trust's effort was the establishment in 1989 of a neighborhood health clinic in Aurora, Colorado. The clinic building was donated to MDPN, through the generosity of Jerry Buckley, then a practicing physician in Aurora who, nearly 10 years later, would become a trustee of The Trust. By 2006, what became MCPN had grown from a small family medical practice to a sophisticated health care system with 12 clinical locations serving upwards of 40,000 patients a year.

During the first six years of The Trust's grantmaking and at the behest of its trustee W. R. Alexander, the foundation developed a program with the Junior League of Denver to prevent teenage pregnancy. A combination of nine governmental agencies, local communities and nonprofit organizations worked together to promote the program. It was, in part, The Trust's experience in trying to measure the success of this program that it first began to recognize the value of program evaluation, a discipline which as it grew became a mainstay of its future initiative-based grantmaking. To assist it in developing

evaluation techniques, The Trust brought on board Walter F. LaMendola, PhD, as an in-house research and evaluation consultant.

In pursuit of its commitment to Indian health, The Trust in the late 1980s initiated several programs to advance the health of Native Americans. It underwrote the establishment of community wellness programs with the Southern Ute Indian Tribe and the Ute Mountain Ute Tribe. It also set up a program for diabetes prevention, exercise and wellness for members of the Zuni Tribe. Trustees who took a special interest in these programs were James Urban and Robert Boucher.

One of the scourges of family life in the 1980s, and which shows few signs of having abated in the years that followed, has been domestic violence. During those years, The Trust made continuous substantial grants to support nonprofit and governmental agencies working to reduce and prevent the incidence of domestic violence. One effort of The Trust was to invite the numerous organizations working on violence prevention to join forces and to act in unison. There was moderate success in this regard. A more significant accomplishment during the period was raising public awareness of the prevalence of domestic violence and the development of consistent intervention strategies statewide. The adoption in most Colorado jurisdictions of probable cause arrest policies, which permit law enforcement officers to arrest perpetrators without a formal complaint from the victim if there is reasonable belief that a crime has been committed, was a consequence of increased public awareness.

For several years, starting in 1987, The Trust hosted a luncheon for members of the nonprofit community and business leaders. On these occasions, the foundation chose one or more nonprofit organizations from around the state to be specially recognized for service to their communities. Known as the Merit and Service Awards

Program, awards were made to organizations such as the Rocky Mountain Center for Health Promotion and Education, Aspen Substance Abuse Awareness Project, People's Clinic, Children's Hospital, Stout Street Clinic, Visiting Nurses Association, University of Colorado Health Sciences Center for the Denver School-based Clinics, Mi Casa Resources Center for Women, Denver Family Opportunity Council and Colorado Children's Campaign and a number of others. The program was discontinued after 1992.

A new program priority began in 1989 to address the nursing profession in Colorado. During that year, The Trust supported a project to develop and implement statewide articulation agreements among schools of nursing in the state. These agreements were to enable nurses to receive academic credit for past education and work achievements, thereby speeding their educational progression toward advanced degrees. This program became one of the signature programs of The Trust and was overseen by Jean Merrick. In May 1991, and in recognition of her leadership, Merrick received the Distinguished Service Award at the annual Nightingale Awards Dinner, an event honoring nurses for their excellence in human caring.

By 1990, The Trust's grantmaking was expanding both within and beyond its original priorities. Its proactive funding of programs and projects was taking on new dimensions. There was a greater focus on children's issues and, in addition to continued funding for teenage pregnancy prevention, new programs were launched to promote health education, adolescent health and school-based health clinics. With The Trust's support, the Rocky Mountain Center for Health Promotion developed health education curricula for children from elementary through high school in urban and rural Colorado, and provided training across the state for teachers to use their curricula.

Concern about the well-being of older Coloradans led The

Trust to commission a number of studies pertaining to the elderly. The studies revealed the needs of older people for information about special services, for good care and care givers, and for functionally-disabled elderly to receive quality long-term care. In furtherance of its concern for the elderly, The Trust joined with the PSL Community Foundation in supporting Total Long-term Care. This program provided comprehensive health and social services to the frail elderly as an alternative to nursing home placement.

From its beginning, the trustees envisioned proactive involvement by The Trust in shaping Colorado's health policy as a way to advance affordable and accessible health care. In 1990, the Colorado General Assembly adopted a resolution establishing a Colorado Health Policy Council. The legislature did not provide funding for the Council's work; The Trust stepped in. It was the purpose of the Council to gather health-related information upon which it could base recommendations to policymakers and providers for a comprehensive approach to the delivery of health care services, health care planning and health policy development. The Council continued to function for several years under the leadership of Donald W. Hoagland, a prominent Denver lawyer, Del D. Hock, then chairman, president and CEO of Public Service Company of Colorado, Richard G. Lamm, former Governor of Colorado and Abraham J. Kauvar, MD, among others. The Council lost momentum when there seemed to be no political will to act on the part of those to whom the Council's recommendations were tendered. While the Council did not survive, it was a precursor of what was some 11 years later to become the Colorado Health Institute, about which more is written later.

Also in the 1990s, the State of Colorado was offered an opportunity to apply for a major grant from the Robert Wood Johnson Foundation to develop a health care plan for Colorado's

medically underserved. It was to be called Colorado Cares and managed within the Colorado governor's office with coordination provided by the executive director of the Colorado Department of Social Services. To be considered for the grant, Colorado needed to obtain some local matching support. The Colorado Trust was asked to provide matching funds to a certain level. Donald Fink and I believed a matching contribution supporting Colorado Cares was a unique opportunity for The Trust to achieve some element of affordable and accessible health care. The board of trustees agreed to provide the match but with the expressed understanding that The Trust would be a participant in whatever planning or deliberative process the governor's office might employ.

Colorado received the Robert Wood Johnson grant and The Colorado Trust's grant. To support The Trust's expected participation in Colorado Cares it employed John McGrath, MD, a nationally recognized health policy observer, as a special consultant.

To the dismay of The Trust, and despite the agreed condition to its matching grant to "have a place at the table," Colorado Cares proceeded through whatever meetings or deliberations were held without invitation or notice to The Trust. Repeated efforts to be brought in were ignored; McGrath was unable to access the process. In the end, Colorado Cares went the way of the earlier Colorado Health Policy Council.

### **Transition Years: 1990-1991**

In 1990, The Trust conducted a number of studies and surveys that identified issues that helped to shape its future grantmaking activities. The information derived from those studies and surveys pointed The Trust in the direction of undertaking a statewide environmental scan. The purpose of an environmental scan was to gain a broad perspective on future trends and possible events that

might affect Colorado and its citizens in the forthcoming years, and serve the foundation in developing strategic plans for its future.

Organizing the resources for the environmental scan began almost immediately after the board's approval in November 1990. With Walter LaMendola providing overall direction for the scan, the ambitious project involved more than 100 citizens and community leaders throughout the state who evaluated information from a wide range of sources, including six focus groups and eight regional meetings conducted with statewide opinion leaders. The results of the environmental scan were presented to the board in November 1991 in a document entitled *Choices for Colorado's Future*.

*Choices for Colorado's Future* revealed that the people of Colorado share a growing belief that a society cannot be healthy unless it is sustainable. Coloradans expressed their desire to access income and employment opportunities, education and health services, and a clean and safe physical environment. They spoke widely of needing a sense of community, a measure of control over their own destinies and a feeling of being connected with family, neighborhood and government. Responding to these findings, the board of trustees voted to reaffirm the foundation's mission and formally established three new goals for The Trust: accessible and affordable health care, the strengthening of families and human development. These goals set the course of the foundation's work for at least the next 15 years.

The concept of human development threads its way through *Choices for Colorado's Future* and became an important part in The Trust's future grantmaking initiatives. Fundamentally, it derives from the progress and development of human potential. It measures progress in enlarging the range of citizens' choices that make economic development more democratic, equitable and participatory. It includes increasing access to income and employment opportunities, to education and health services, to basic social

services and to a clean and safe physical environment. It also includes the provision of opportunities to participate fully in community decisions and to enjoy human, economic and political freedoms.

In later years, most of The Trust's initiatives were within the first or second goal mentioned above. There were other initiatives that did not so easily fit one or the other of the first two goals but certainly were within the broad concept of human development. Choosing to have an initiative promoting some aspect of human development helped broaden the scope of The Trust's grantmaking.

### **A New Home for The Trust**

As the year 1990 was coming to an end, so was The Trust's original five-year lease of space in the Galbreath Building. At the same time and due to an increase in staff and the demands of its grantmaking, the Galbreath space had become inadequate. Besides that, *The Denver Post* had become a major occupant of the building and with the newspaper's large staff the building common areas were congested and its elevators often crowded. A search was on for a new home. There were several interesting prospects but the most attractive was the then- vacant Capitol Life Insurance Company Building two blocks away at 1600 Sherman Street.

With the help of Peter Konrad, lease negotiations were concluded through the Denver real estate firm Fuller and Company, managing agent for the English & American Insurance Company, owner of the building. After some updating of electrical and communication systems and of some spaces, The Trust moved to its new offices on Sherman Street in mid-January 1991. The new home provided many conveniences, such as ample office space for a growing staff, large and small meeting rooms and connected parking. These amenities would serve to accommodate not only The Trust board and staff but its many grantees and visitors as well.

The Capitol Life Insurance Company Building had exquisite classical architectural features and its own history. As it was transformed to become the home of The Colorado Trust those features and the history were preserved and became integral to The Trust's own history and character (*see Appendix H*).

### **The Buy-Back**

During the latter part of 1989, AMI, the owner of the Medical Center and its related assets, made it known that it intended to divest itself of the properties it had acquired from PSL in 1985. The implications of such a divestiture created urgent concerns among the members of AMI's community board. Its members were in large part former PSL directors, who were well known in the community, and some of whom had been instrumental in supporting the 1985 decision of the PSL board to sell its assets to AMI. These individuals viewed AMI's intended divestiture of assets as an abandonment of its commitment to the Medical Center, the medical staff, its patients and the community-at-large. Indeed, there was a real fear that if AMI were to depart from the scene it could precipitate a total collapse of the Medical Center and eventual closure.

In light of these developments, a group from the AMI community board, led by W.R. Alexander, concluded that if the Medical Center were to be saved, a new nonprofit organization must be put in place as soon as possible to attempt to acquire AMI's assets. PSL Healthcare System was organized on March 21, 1990, and a team of lawyers, financial experts, accountants, hospital feasibility consultants and administrators were brought together to guide the organizers toward an eventual purchase of AMI's assets.

An asset acquisition by the new PSL Healthcare System was more complicated than the 1985 sale of assets to AMI. One reason was that during the four-plus years of its ownership of the Medical

Center, AMI had undertaken the construction of a major new hospital facility, medical office building and parking complex on the land known as “Grasshopper Hill” adjoining the existing Presbyterian Hospital. The construction project was not near completion when AMI’s divestiture intentions became known. Any asset acquisition by PSL Healthcare System would mean it would have to plan for and finance the completion of the project.

Exploratory discussions and later negotiations between PSL Healthcare System and AMI proceeded throughout most of 1990 with periodic progress reports to The Colorado Trust. At first, these reports were general in scope without particular detail as to how the acquisition might be structured, but in the fall of that year overtures were made to The Trust as to its possible willingness to provide some portion of the required financing.

Five of the organizers of the new PSL Healthcare System were members of The Trust’s board of trustees and as a consequence would have a duality of interests in any possible dealings between PSL Healthcare System and The Trust. The duality of interests issue brought into play the Conflicts of Interest provisions of The Trust’s bylaws. In observance of those provisions and to place the affected trustees and The Trust beyond the pale of conflicts, the board of trustees of The Trust, by unanimous decision, created a special committee of the board, later called the Special Transaction Committee, to deal with all matters in any way relating to an acquisition by PSL Healthcare System of AMI’s assets. The special committee was to exercise the authority of the board and act unanimously on all proposed actions which would result in a binding agreement or undertaking on the part of The Trust with or on behalf of PSL Healthcare System. In the absence of such unanimity, any proposed action would fail. The five trustees who were organizers of the new PSL Healthcare System were to have no vote on any matters

dealing with the acquisition and were excluded from all deliberations of the special committee.

Four members of the board of trustees of The Trust were appointed to the special committee, namely, Richard F. Walker, Donald W. Fink, M. Kathryn Cone and Donald G. Butterfield. Walker and Cone had no conflicts. It was noted at the time that Fink and Butterfield were members of the medical staff of the Medical Center, but the consensus of the board, and on the advice of special counsel to the special committee, it was concluded that any interests or relationships they might have were incidental and tenuous and did not result in direct or indirect benefits accruing to them from the planned acquisition.

I was selected by the PSL Healthcare System as its general counsel early in 1990 and prior to any overtures to The Trust. I removed myself from representing both PSL Healthcare System and The Trust in the pending negotiations. The Denver law firm of Davis Graham & Stubbs was engaged to represent PSL Healthcare System for the duration of the negotiations through the conclusion of the transaction. Elizabeth Rada Carver of that firm had primary responsibility on the engagement. Green, Manning and Bunch provided financial advisory services. Concurrently, the special committee engaged Garth C. Grissom, a member of the Denver law firm of Sherman & Howard, as special counsel to advise it with respect to all matters before the committee.

The Trust approached the possibility of providing financing for the acquisition by PSL Healthcare System of the AMI assets with due care. It arranged for a study to be conducted by the consulting firm of Brown, Bortz and Coddington to determine the benefits and disadvantages to the community that would follow if an acquisition were made by PSL Healthcare System. The study was also to help The Trust evaluate whether its support could result in an excess of hospital

beds to the detriment of all Denver metropolitan area hospitals. Additionally, The Trust had the benefit of a feasibility study prepared for PSL Healthcare System by Deloitte & Touche. Both studies gave positive assurances upon which The Trust would rely in making its decision to support the financing. In addition, the special committee had the advice of its special counsel who reviewed and affirmed all aspects of the impending transaction from tax and legal perspectives.

Throughout the early months of 1991, negotiations continued under the direction of the board's special committee with an eventual agreement between The Trust and PSL Healthcare System whereby The Trust would make a grant of \$30 million to PSL Healthcare System and purchase \$30 million of subordinated bonds issued by the Colorado Health Facilities Authority as part of the financing structure. The subordinated bonds would be taken onto The Trust's balance sheet and treated as a program-related investment of the foundation. As part of the consideration for The Trust's agreement to make a \$30 million grant and to purchase \$30 million of subordinated bonds, PSL Healthcare System agreed to assume the non-binding obligation undertaken by The Trust upon its acceptance of the terms of the letter of July 26, 1985.

On April 11, 1991, PSL Healthcare System concluded the acquisition of the Medical Center and all related assets. The financing of the transaction was accomplished with the issuance by the Colorado Health Facilities Authority of two series of hospital revenue bonds totaling \$186.7 million and two subordinated series of hospital revenue bonds totaling \$30 million, the latter to be purchased by The Trust. On April 17, 1991, The Trust's board authorized its final block grant in respect to the non-binding obligation considered to be due to the PSL Community Foundation through April 11, 1991.

The transaction by which PSL Healthcare System acquired the

Medical Center and its related assets became known as “the buy-back.” In actuality, there was no buy-back since an entirely new corporate entity had been organized to acquire the Medical Center and its related assets. Yet, several people on the PSL board in 1985 later became members of the board of PSL Healthcare System. The financial support of the transaction by The Trust added another dimension of identity of parties so that characterizing the transaction as a buy-back was not altogether inappropriate. And while eschewing the term “buy-back,” most of the participants in the transaction used that expression as a matter of convenience so much so that the term became ingrained in the minds of most.

The buy-back was widely criticized in the Denver hospital community and nonprofit sector. The main thread of the criticism was based on the belief that AMI’s PSL enterprise was foundering and The Trust came forward to save the Medical Center. Some critics, themselves experiencing financial hardship, expressed the view they were sure The Trust would not race to help them. None ever sought The Trust’s assistance, so what it might have done for any one of them remains unknown. Despite the criticism, The Trust forged ahead and advanced its reputation by its grantmaking. Meanwhile, an unknown individual reported The Trust’s financial support of the buy-back to the Internal Revenue Service. A major audit followed. The audit required many hours of work on the part of The Trust’s finance staff. To the great credit of Peter Konrad and financial assistant Joanne Johnson, The Trust was cleared of any alleged tax violations or reporting improprieties.

### **Rockwell Retires, Interim Management**

To the great surprise of many, Bruce Rockwell retired as president and CEO of The Trust on April 23, 1991. Coming in such

close proximity to the conclusion of the buy-back on April 11 prompted suggestions that Rockwell left because he disagreed with The Trust's part in the transaction. Rockwell supported The Trust's participation in the buy-back once the Brown, Bortz and Coddington feasibility study and financial analyses were completed and the structure of the transaction became known. In fact, he contributed his own ideas for how the financing structure might be best accomplished and used his own management skills to see the transaction through to a successful conclusion on the part of The Trust.

Immediately following Rockwell's departure, Peter Konrad and Jean Merrick were appointed by The Trust board as interim co-executive directors to direct the day-to-day operations of the organization. Donald Fink, then chairman of the board, was directed to function as an interim CEO but without a formal title.

### **New CEO Appointed**

The board of trustees conducted business as usual during the period following Rockwell's retirement. It held various discussions about choosing a successor and adopted some rules of procedure for itself. One rule was that no member of the board could seek the office. Another was that it would begin its search for a successor from within the organization before it looked elsewhere. On July 23, 1991, the board chose me to be the new president and CEO. I assumed the office on a part-time basis on August 1 and became full-time starting September 1. The part-time arrangement allowed me to provide for an orderly transfer of my law practice to other lawyers in the Kutak law firm where I served as a senior partner at the time.

At the same time that the board chose me as The Trust's new president and CEO, it promoted Jean Merrick to vice president of programs and affirmed Peter Konrad's position as vice president of

finance. Another wave of criticism followed my selection as The Trust's president and CEO. A local columnist characterized the board's search as merely wall-to-wall. Some critics were grantees who feared a loss of a perceived connection to The Trust with Rockwell's retirement and that the change portended new grantmaking policies. And still others viewed me as not well known enough in the Denver foundation community.

### **A Side Story**

While anecdotal to the events of July 1991, during that month, as the lawyer for The Trust, I had been directed by the board to contact the director of the Colorado Department of Social Services to see if the Department would support The Trust's effort to have an amendment made to a recently enacted law pertaining to the Colorado Homeless Check-off Program. The new law mandated The Trust to administer certain provisions of the program. While The Trust was willing to administer the program for the state, it wanted its involvement to be on a voluntary basis and not mandated. The director of the Department at the time was Irene M. Ibarra. I met with Ms. Ibarra, who agreed to support The Trust's proposed amendment and, with her help, the 1992 Colorado General Assembly adopted the requested amendment. It was thereafter signed by the Governor. Fifteen years after our meeting, Irene would be elected to succeed me as president and CEO of The Trust.



## *Chapter Eight*

# Grantmaking in the 1990s



### **Initiative-Based Grantmaking**

As has been written, initiative-based grantmaking became the hallmark of The Trust's programs. Yet, it was only after The Trust's 1991-1992 environmental scan that the full potential of the initiative process came into focus and was employed as The Trust's nearly exclusive form of grantmaking. Its principal elements were a board-approved strategic plan with specified priorities and a staff-developed program to meet a particular need. There was also an expectation that grants made for a particular purpose would bring about some

sustainable change. Once a program had been identified and reviewed against what might already be a known course of action in the philanthropic field it would be circulated to a group of possible grantees with a request for proposals. Working together with grantees the program would be refined and then implemented. It was an involved process, but one that promised The Trust's priorities would be met and the grantee benefited along with those it served. Over time, initiatives carried an obligation on the part of The Trust to evaluate the process, and when possible, to measure expected outcomes. Even with this structure in place, initiatives and evaluations were tailored to meet the specific needs of each effort.

While initiative-based grantmaking had been tried by The Trust a few times in the late 1980s, the early efforts were more prototypes of what would come in the 1990s. The initiatives that were brought forth in the 1990s and, indeed, well into the 21st century had almost an academic quality in part due to the sophistication that came with the use of evaluation. There was a tension too between initiative program staff and evaluation staff, mainly having to do with the practicalities of program administration and the more theoretical aspects of evaluation. At times evaluation seemed to be more research oriented than program evaluation. Yet, The Trust's initiatives and the related evaluations evolved in tandem throughout the periods mentioned and new aspects of grantmaking and evaluation were learned and came into play.

Once initiative-based grantmaking became its modus operandi, The Trust began to gradually end its numerous responsive style grants which had been variously in place from the 1980s. This caused considerable consternation among some long-standing grantees, yet many of them were asked to respond to The Trust's requests for proposals and some became grantees under the new convention.

## **Directed Contributions Program**

The one exception to the initiative-based grants was The Trust's directed contribution program. Several years after The Trust began to employ initiative-based grantmaking, a sense developed among the members of the board that the lesser-known or smaller nonprofit organizations in the state, some of which had been grantees of The Trust from its early years, were likely unable to be candidates for grants within the typical structure of an initiative. With that in mind, the board declared:<sup>12</sup>

“The Colorado Trust is a member of the Colorado nonprofit community committed to carrying out its mission by proactive grantmaking through its own initiatives. It is believed that without diminishing its own mission and objectives, The Trust can and should be responsive, at some level, to the broad needs of the Colorado nonprofit charitable community. The Trust endeavors to do this in different ways, namely through its existing community-based initiatives, Matching Contributions program, distributions to the Presbyterian and Episcopal churches, and a preferred rental-rate structure for nonprofit tenants in the adjoining tower building. The [Directed Contribution] Program is intended as an additional and more direct way of affirming the validity of its fellow nonprofit charitable organizations and according recognition and encouragement to the many volunteers who serve those organizations.”

Under the program, members of the board and elected officers of the foundation could direct the foundation to make grants, in an

aggregate amount fixed by the board each year, to Colorado-based tax-exempt nonprofit organizations. While an organization chosen for a directed contribution may not have a mission the same as The Trust, it was expected that its mission would be at least in the same spirit as The Trust's mission and goals.

### **First Initiatives**

An ongoing feature of The Trust's initiative-based grantmaking was the clarity it provided as to what The Trust did and did not support. Through The Trust's strategic communications, grant seekers came to know the foundation's specific focus on health and well-being, and the process by which it made grants. Eventually, only a few unsolicited requests came to The Trust. The Trust board had made a formal commitment to initiative-based grantmaking during its 1991 fall retreat. Almost every year thereafter, through at least 2005, the board would set aside time for a discussion as to whether it should reaffirm its commitment. It always did.

The first initiatives to support the attainment of the new goals adopted by the board in 1991 were designed by The Trust and disseminated throughout the state. Foremost was the Colorado Healthy Communities Initiative, which in large measure was based on the findings reported to the board in the *Choices for Colorado's Future* and on certain philosophical perspectives advanced by the World Health Organization's (WHO) Healthy Cities/Communities programs. At the same time, The Trust joined with the Pew Health Professions Panel to examine the education, licensure and distribution of Colorado health care professionals to meet the needs of the people of Colorado. Four new initiatives to support families in Colorado were developed in 1992, namely: Preconception Health Promotion, Home Visitation, Teen Pregnancy Prevention and School Health Education.

In 1992, The Trust allocated \$4.9 million over a three-year

period to establish the Colorado Healthy Communities Initiative. The initial commitment was increased to \$9.2 million over eight years. The initiative supported community-based, collaborative problem-solving to address local health needs throughout Colorado. The initiative brought forth some challenging concepts. One challenge was to agree on a definition of “community.” From within The Trust emerged a broad definition of community so as to include representatives of private and nonprofit sectors, people of all ages, education and income levels and ethnic groups. Even more challenging was to agree on a definition of “health.” For the purposes of The Trust’s initiatives, “health” was defined broadly within the precepts of WHO, going beyond the absence of disease, to address the underlying quality of life. It included improving access to income and employment opportunities, to education and health services, to basic social services and to a clean and safe physical environment. The definition of health stayed in the forefront of the board’s considerations and was the main subject of its 1994 retreat.

The working concept for the Colorado Healthy Communities Initiative was to implement community health promotion projects throughout Colorado. The Trust would eventually fund up to 28 communities over eight years. Communities were invited by The Trust to respond to a request for proposals. A community response was required to come from a group in each community consisting of leaders from different sectors – health, business, nonprofits and others – and specify organizational support by a nonprofit entity. The Trust specified certain key performance areas from which a community could choose a health promotion activity to be the focus of its endeavor.

The Trust engaged the National Civic League to administer the initiative and to provide technical assistance to the participating communities. Founded in 1894 with the mission of increasing citizen involvement in solving community problems, the National Civic

League had worked with the U.S. Public Health Service to develop and implement a national healthy communities model which, in turn, provided The Trust with significant direction.

Staff for the initiative included Jean Merrick, The Trust's vice president of programs and public information, Walter LaMendola, evaluation director, Sharon Mentzer, program officer and Leslie Durgin, senior policy planner, who joined the staff as the initiative got underway. Board members Donald Butterfield and Gordon Rippey were designated as liaisons for the initiative.

The retrospect on the Colorado Healthy Communities Initiative is positive in terms of a process which provided 28 communities with the opportunity to collaboratively identify, prioritize and address their own health issues. Results ranged from new medical and dental clinics to laying the foundation for the development of Colorado's second largest transportation district, located in the Roaring Fork Valley. The evaluation of the initiative was voluminous and focused on how the community process helped lead to lasting change.

The Colorado Healthy Communities Initiative was a huge undertaking involving hundreds of people across the state. It presented many complexities which called on The Trust, its staff, consultants and grantees to seek solutions. It was, at its best, a fruitful learning experience that helped inform The Trust's later initiatives, all of which carry some element of community health and the 1991 goals set by the foundation's board of trustees.

### **Other Notable Initiatives and Programs of the 1990s**

In a way, taking special note of particular initiatives and not others might imply that some are not worth mentioning. All of The Trust's initiatives and other grantmaking activities have their own

remarkable qualities. That is most evident if one courses through The Trust's annual reports issued over the years. The grants made by The Trust in the 1990s were typically larger than those seen in the 1980s because these strategies called for funding over longer periods of time. Also, evaluation, communications and the overall management of the grant strategies played a part in total initiative costs.

The remarkable qualities of grantmaking in the 1990s include The Trust's steadfast commitment to its mission forged by the founding trustees in 1985, which has been to enhance the health and well-being of the people of Colorado. In furtherance of its mission, the foundation has advanced accessible and affordable health care programs and the strengthening of families. By the 1990s, these two goals were surely woven into all of The Trust's grants. It is important too that its efforts reached every corner of the state of Colorado, its rural areas, its health care providers, families, newborns, young children, youth, domestic issues, school health, community health and violence prevention, to mention a few of its spheres of influence.

In 1993, the board and staff of the foundation, working together, adopted what came to be known as "The Colorado Trust Vision 2000." Along with the mission and goals already set, Vision 2000 served to inspire board and staff well into the 21st century. The only trouble with the vision was that the year 2000 arrived all too soon and the work of The Trust was and still is evolving. That is as it should be.

### **A Sampling of Initiatives**

*E911 Interest-free Loan Program* – In 1990, residents of only 11 Colorado counties, all in the metro-area, could dial 911 and receive a response for medical assistance, fire and police protection and other emergency services. As part of its commitment to advance rural

health, The Trust's life-saving E911 program led to 38 additional Colorado counties obtaining emergency telephone capabilities.

*Home Visitation* – This eight-year initiative was instituted to provide preventive services to high-risk families with newborns and to study the effectiveness of three models of home visitation. One model had visitations made by nurses. The second model provided visits by paraprofessionals and family and child specialists. The third model relied on parent interactions and child development specialists. This initiative would later be known as *Nurse-Family Partnership/Invest in Kids*. Invest in Kids received Trust support to make the partnership's efforts available to families across Colorado.

*Community Action for Health Promotion* – This initiative was designed to increase local health-promotion activities and build the capacity of Colorado communities to identify and address preventable health problems, such as heart disease, adolescent injuries and violence, and to promote tobacco-use cessation, adult wellness and proper nutrition and exercise. It also sponsored senior wellness conferences to help seniors take active roles in caring for their overall health and well-being.

*Colorado Collective for Medical Decisions* – In 1995, The Trust made an initial commitment for a three-year grant to help answer the sensitive and difficult legal and ethical implications of near-end-of-life choices. The project involved seeking out the views of health professionals, health policymakers, members of the clergy, community leaders and the public in developing guidelines for care at the end of life. The Colorado Collective for Medical Decisions served to inform The Trust about the importance of palliative care for people faced with progressive, chronic, life-threatening or terminal medical conditions. The lessons learned were the impetus for The Trust's Palliative Care Initiative begun in 2000.

*Colorado Violence Prevention* – This initiative had three areas of emphasis, each designed to prevent violence in communities across Colorado. The first area was a public education campaign conducted by public television. The second area was the establishment of the Alliance for Violence Prevention in conjunction with other Denver-area foundations to learn about the causes of violence and prevention activities known to work. The third area of emphasis provided violence-prevention grants to Colorado communities that had conducted comprehensive planning processes.

*Colorado Trust Fellows* – This grantmaking activity of The Trust was characterized as a “special project” because it was undertaken outside the norms of the regular initiative process. There was recognition on the part of the board and staff of The Trust that, at the time, very few people with management and financial skills were entering the nonprofit sector in Colorado. At first it was thought that the nonprofit community might be well served if The Trust had an internal program to provide fellows with professional development experience through an experiential process. That approach appeared impractical and a diversion of internal resources to the detriment of The Trust’s other activities. However, the concept evolved to where the expected professional skill sets for nonprofit work would be better taught through an academic program at Regis University supported by scholarship funding from The Trust. Another dimension of the project was that fellows would work part time for a community nonprofit organization during their academic years and participate in seminars directed by community leaders. The project continued over a period of 11 years with over 100 fellows completing the prescribed curriculum. Peter Konrad, The Trust’s vice president of finance and an educator by training and experience, along with able assistant Rachel Mondragon from The Trust’s staff, gave dedicated guidance to

this very successful project during all the years of its operation.

*Assets for Colorado Youth* – This initiative was designed to help families, communities and organizations build important external and internal assets for youth. External assets were described as coming from the family, neighbors, schools and community organizations. Internal assets included a commitment to learning, positive values, social competencies and positive identity. The purpose of the effort was to change the view of youth development from “what’s wrong with kids” to building on their strengths. The initiative was planned for five-and-one-half years with focuses on both statewide and community-level efforts to build youth assets. The initiative included a series of grants, technical assistance and networking opportunities for communities, a comprehensive public awareness campaign and an in-depth evaluation of the effort.

*Educare Colorado* – After studying research into the brain development of infants and children, and the potential for healthy early childhood development, this initiative was born in 1997 out of a collaboration among leaders from other philanthropic organizations, the business community, children’s programs, governmental agencies and nonprofit organizations. It was designed to develop systems to ensure that children (birth to eight years) had access to high-quality early childhood care and education provided by trained staff. It also worked to strengthen the decision-making role families have in all aspects of their children’s care. It served Denver, Jefferson, Gilpin and Clear Creek counties. Later, Educare evolved into Qualistar Early Learning.

*Colorado Coalition for the Medically Underserved* – The Trust has always had a commitment to a goal of achieving affordable and accessible health care for the people of Colorado. This commitment led to the formation of the Colorado Coalition for the Medically

Underserved, begun in 1997 when there was a positive viewpoint on the part of most Colorado health care providers, policymakers and consumers that something not only needed to be done but very well might be done if the right people were at the table to think through the problems attendant upon affordable and accessible health care and to work together to find solutions. The Trust provided funding; Gary VanderArk, MD, a prominent Denver neurosurgeon, took the leadership role in bringing together representatives of health care service providers and agencies, the health insurance industry, the business community, state and county governments, and philanthropic organizations. The Colorado Medical Society Foundation coordinated the efforts for The Trust and the Coalition. In time, the Coalition grew to over 150 organizations and individuals. Among its other activities, it sponsored the preparation of a document that set forth specific action steps to ensure that all Coloradans have access to affordable health care and preventive care programs.



*A History of The Colorado Trust*

## *Chapter Nine*

# Milestones in the Life of The Trust



### **Hurricane Andrew Provides a Unique Opportunity**

In 1984, Capitol Life Insurance Company, the owner of the building bearing its name together with the adjacent Capitol Life Tower office building and the adjoining garage, was sold to another insurance company. That sale carried with it the ownership of the two buildings and garage, but was subject to a purchase money deed of trust (mortgage) to secure an indebtedness owed to Capitol Life Insurance Company. There then followed a series of transfers of the Capitol Life

Insurance Company business and assets so that sometime prior to 1991 the two buildings and garage, still subject to the deed of trust, had become owned by the English & American Insurance Company. The latter was a large London-based insurance and reinsurance concern providing coverage for, among other things, marine, aviation and casualty risks. It was mentioned earlier here that in 1991 The Colorado Trust had acquired a lease of the Capitol Life Insurance Company building from the English & American Insurance Company.

The English & American Insurance Company became insolvent in March 1993 reportedly brought on, at least in part, by its liability on casualty claims resulting from Hurricane Andrew, which struck south Florida on August 24, 1992. The company defaulted on its obligation under the deed of trust. In lieu of foreclosure, the original Capitol Life Insurance Company building, the Capitol Life Tower and the adjoining garage were transferred to Capitol Life Insurance Company, the original holder of the deed of trust. The Colorado Trust learned of the possible availability of the properties and began to pursue its interest in a purchase.

After a period of negotiation and approval by the board of trustees, The Trust concluded the purchase of the two buildings and adjoining garage on December 31, 1993, at a price of \$4.2 million. Concurrently, The Trust formed Sherman Street Properties, Inc., a 501(c)(2) corporation, as a wholly-owned subsidiary nonprofit corporation to hold title to the complex.

As it deliberated on the prospect of a purchase, the board of trustees weighed the advantage of ownership versus continued leasing of the building. Its conclusion was that it would cost The Trust substantially less to own than to continue occupancy under its lease. Another consideration of the board was the status of leases in the Capitol Life Tower office building. For the most part, the existing

tenants were under multi-year performing leases but about 20% of the building was vacant. The board recognized that the vacancies were likely to continue but saw that they presented The Trust (Sherman Street) with an opportunity to serve a few local nonprofit organizations by providing them with office space at a below-market rental rate. Within a few months of the purchase, the vacancies were taken up by enough nonprofit organizations that the Capitol Life Tower became nearly 100% occupied.

During the summer and into fall 1994, planning began for a major remodeling and modernization project for the original Capitol Life Insurance Company building. By October, The Trust moved its offices to vacant space on the third floor of the Capitol Life Tower office building for the duration of the project. Among the major features of the project were making the building fully compliant with the Americans with Disabilities Act of 1990, installing an elevator, remodeling the basement auditorium and creating three basement conference rooms and a small kitchen, installing new restroom facilities on all floors, cleaning and painting the lobby area, building a reception desk, remodeling some offices, creating work rooms and a first floor service kitchen, and installing new light fixtures, new carpeting and other features. Work got underway in October 1994 and was completed by late spring 1995. By this time, the building had become generally known as The Colorado Trust Building and was The Trust's true home. The adjoining tower building became known as the Capitol Center.

The remodeling and modernization project was overseen by Peter Konrad with project accounting by Lori Vettraino. The project contract was carried out by Holladay Construction Company and Sherman Street Properties provided onsite supervision under its manager Mel Caldwell.

## **The Trust and the PSL Swedish Healthcare System (HealthONE) Relationship**

After the 1991 buy-back of AMI's assets The Trust's Special Transaction Committee monitored PSL Healthcare System with respect to the latter's assumption of the \$5-million commitment (the non-binding obligation) which had burdened The Colorado Trust from its inception up through the buy-back. The committee also maintained oversight of the System's performance of its covenants pertaining to \$30 million of subordinated bonds held by The Trust. The committee's assessment was that the System was not doing enough to meet its obligation by way of grants to the PSL Community Foundation.

In 1993, with the consent of The Trust as the holder of \$30 million in subordinated bonds, PSL Healthcare System and Swedish Medical Center in Englewood, Colorado underwent a corporate merger. The surviving organization became known as PSL Swedish Healthcare System and later as HealthONE. Near the same time, the Swedish Medical Center Foundation merged with PSL Community Foundation.

By summer 1994, the board of trustees of HealthONE had a perception that The Colorado Trust was an instrument of the PSL Community Foundation and that The Trust's assets were or should be part of the assets of the merged Swedish Medical Center Foundation and PSL Community Foundation.

In an effort to put to rest what The Trust regarded as a misperception of relationships and obligations, it asked for a joint meeting of the boards of The Trust and HealthONE – the meeting was held at The Trust's offices on May 23, 1994.

A presentation was made about the relationship between The Trust and the PSL Community Foundation, the emergence of the

PSL Healthcare System and the latter's assumption of the non-binding obligation. From The Trust's point of view, it seemed that the attendees from HealthONE were reluctantly satisfied with The Trust's explanation. Yet, there would be one more episode to play out before the matter resolved.

In a review of HealthONE's financial statements for the year ended August 31, 1994, it was noted by The Trust that HealthONE had under-funded the assumed non-binding obligation due PSL Community Foundation by \$1 million. The Trust took exception to the under-funding and so notified HealthONE, to no avail. Other HealthONE documents published well after the May 1994 joint meetings clearly indicated that HealthONE's perceptions remained unchanged from those held before the May meeting. In a letter dated January 6, 1995, The Trust reiterated that the only relationship which then existed was The Trust's on-going interest in HealthONE's continued commitment to the non-binding obligation and its obligation with respect to the subordinated bonds held by The Trust. It was further stated that there was no relationship between The Trust and the merged foundations operating under the aegis of HealthONE.

In response to The Trust's position, HealthONE sought an opinion of special legal counsel looking to confirm its perception that The Trust had some ongoing obligation to the merged foundations. Its legal counsel wrote it found no relationship upon which HealthONE or the merged foundations could base a claim against The Trust.

Later in 1995, the ongoing saga with HealthONE ended when HealthONE and Hospital Corporation of America – again with consent of The Trust – formed a joint venture which later became known as HCA-HealthONE LLC. The Trust's consent was provided on the condition that the \$30 million of 1985 subordinated bonds

held by The Trust would be called for redemption, at a premium to The Trust, and paid and discharged.

In the 10th year of The Trust's founding, and with the redemption of the subordinated bonds, The Trust emerged from the last vestiges of any matter relating to the non-binding obligation and its participation in the 1991 buy-back.

### **Statement of Ethical Principles**

On April 21, 2004, the board of trustees, in concert with the foundation's staff, adopted a Statement of Ethical Principles for the guidance of The Trust and its subsidiary Sherman Street Properties, Inc. In its preamble, the statement took note of the principles espoused by the founders of the long-lived Presbyterian Hospital and St. Luke's Hospital and the religious institutions that provided early sponsorship.

The Statement of Ethical Principles recognized the principles of the early founders as still true and noted that they imbue much of the work of The Trust. The statement also recalled the values that had been articulated by the foundation in 1994 and expanded upon in a board-staff retreat in 2002, and acknowledged that all of these antecedents had become part of the culture of The Trust.

The general principles set out in the statement call on The Trust to exemplify the highest ethics and values of a virtuous society. With creative initiatives and the careful stewardship of its assets, The Trust is to be focused on long-term and sustainable improvements to the health and well-being of the people of Colorado and committed to addressing needs and new opportunities as they arise. The Trust must also be an organization that listens, thinks and evaluates its actions and shares knowledge with others. It should seek systems change by targeting root causes rather than symptoms of

problems. Through its initiatives, the foundation should foster appropriate public policy and is expected to work in partnership with its grantees, building on their strengths, spirit, efforts, talents and convictions to achieve goals. The Trust should collaborate with other foundations, organizations and state leaders to promote mutual interests, yet retain its unique identity and purpose. Trustees and staff of the foundation are called upon to believe in the intrinsic capacity of local communities to define and solve their own problems, that the family is the basic strength of our society and that individuals are responsible for decisions that affect personal and community health.

The Statement of Ethical Principles holds that the core values which should govern the affairs of The Trust are self-evident and immutable principles and that the very exercise of stating those values in relation to each other helps quantify the immensity of The Trust's responsibilities. The core values, simply stated, are: integrity, respect, commitment, knowledge and priority of family. Each of these values is said to have its own attributes which are expected to pervade all of the decisions and actions of The Trust. Corollaries to these core values are the following: commitment to the spirit of the law; responsible stewardship of resources; accountability to the public; transparency; commitment to the public good; respect for the worth and dignity of individuals; inclusiveness and social justice; commitment to excellence.

The statement provides an explanation of each of the listed values and sets up an internal process for trustees and staff members to raise questions about any supposed unethical conduct. The Statement of Ethical Principals also requires The Trust to review its various documents to make certain they conform to the stated ethical principles. The statement's most practical application came into play when reviewing matching and directed contributions requests to

make certain that the grants to be made under those programs did not violate any of the declared principles or values.

### **The Great Freeze of 2002**

According to the National Weather Service on February 24, 2002, after a high of 72° the day before, Denver's temperature fell to 22°. By Tuesday the low was -8°, the lowest temperature recorded in Denver in 2002. Eight days of frigid temperatures followed and Mother Nature was ready to find vulnerable water supply lines. She found at least one such line in the attic of The Colorado Trust building.

At about 2 a.m. on March 4, 2002, a three-inch fire sprinkler supply line without insulation ruptured and in less than 30 minutes spewed forth an estimated 22,000 gallons of water into The Trust's office spaces. On later examination, it was determined that the most likely cause of the rupture was that the supply line which coursed through the attic of the building had become frozen because of the unceasing below-freezing temperatures. Also, it was discovered that a barometric vent through the roof of the building had malfunctioned because of the weather and remained open allowing frigid air to circulate in the building attic.

When the sprinkler supply line ruptured, the resulting water flow triggered an automatic alarm to the Denver fire department, which responded within minutes. Tim Elkins, a maintenance professional employed by Sherman Street Properties, Inc., lived just a few blocks away from The Colorado Trust building. He heard the sound of the emergency equipment converging on his neighborhood and left his residence and followed the equipment only to find it had arrived at The Trust's building.

When the firemen came into the building and assessed the situation, the immediate need was to shut off the sprinkler system

but the valve for it was locked. By chance, when Elkins arrived at the building, he had with him the keys he customarily carried during regular working hours. The keys provided access to almost every space in the building and included a key to unlock the chain that secured the main valve for the sprinkler supply line. But for his response to the emergency equipment and his nearly immediate presence on the premises with a key to unlock and close the valve, the resulting water damage to the building and its contents would have been much more devastating.

Earlier in the evening, before the sprinkler supply line ruptured, Phillip Bloise, The Trust's senior staff accountant, had come to the office to finish his preparation of documents and files to be provided to The Trust's auditors who were scheduled to arrive later in the morning to begin their work on the annual audit. When the supply line ruptured, the initial water flow found its way through the ceiling of Bloise's office and on to his desk. While surprised, Bloise quickly gathered every document and file he could and carried them away from his office to the first dry spot he could find. His actions saved all of the material required for the auditors.

It was not uncommon for Bloise to work late and even on a Sunday. He was applauded for his quick response and for saving hundreds of pages of accounting records. The Trust was ever grateful for his dedication to work that brought him to the office on that fateful evening.

Remediation crews arrived on the scene within hours after the water flow stopped and the firemen left. Within a couple of days, the building was sealed and evaporators and pumps employed to remove water and the pervasive moisture. Even so, the water damage was extensive. Walls and ceilings in some parts of the building were ruined and would have to be replaced. The main conference room in the

basement of the building was the most seriously damaged area and many of its furnishings were a total loss. The elevator installed during the 1995 renovation was badly damaged.

Despite disruptions, staff members worked around the blowers and the workers engaged to repair the damaged spaces. In all, the restoration of the building and the replacement of furniture and carpeting took upwards of six months. The cost of the restoration was approximately \$582,000, all of which was covered by insurance.

By no means equal to the importance of settling accounts with HealthONE or the arrival of new trustees, The Flood of 2002 – and its consequences – holds a significant place among other events that have affected The Trust.

### **Changes to The Trust's Building Complex**

Starting in 2005, the board of trustees, led by The Trust's CFO John Samuelson, had several discussions to consider the possibility of selling The Colorado Trust Building, the adjoining tower building known as the Capitol Center and the attached garage facility. One rationale for a sale was that The Trust, through its subsidiary, Sherman Street Properties, Inc., was a landlord and building complex manager – functions that were outside the scope of the mission of the foundation. Other considerations were the probable advantages of converting the less liquid real estate assets to investments more in keeping with the foundation's overall investment objectives. If structured as a sale-lease-back, there appeared to be some economic advantages as well over time, rather than the continuation of the existing direct ownership mode.

Ultimately, a consensus formed to offer the complex for sale and to see what may come. The largest obstacle the trustees overcame in making their decision was the sense of giving up that part of the

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building complex given the name The Colorado Trust Building which had become the home of the foundation. The building eventually sold in 2008 to The Capitol Center LLC, an F&C Holdings LLC partnership. Even so, The Trust continued to call 1600 Sherman Street home with a long-term lease having been negotiated as part of the sales agreement.



*A History of The Colorado Trust*

## *Chapter Ten*

# Changes in Staff and Growth



In its beginning years The Trust had four operational functions: the executive function, a grantmaking or program function, a public information function and a finance function. Because the staff was small, there were no defined boundaries between the four. The review of grant applications often involved the entire staff whose joint recommendations would be forwarded to the board for its consideration and action.

When The Trust's grantmaking shifted to the initiative style in the 1990s, program activity became more complex and the

crossover among functions as in prior years occurred less frequently. As the crossovers lessened, the scope of activity for each of the functions became more defined. Coincident with the new complexity, evaluation began to take form as a standalone function. When The Trust entered the 21st century, it had six distinct functions: (1) initiative/programs (grantmaking), (2) finance, (3) evaluation, (4) communications (superseding the public information/education function), (5) administration and (6) executive. What is remarkable about the separate functions is how each grew in stature, not only inside The Trust, but as part of the foundation community at-large.

### **Grantmaking Through Initiatives, Programs**

It was a fundamental principle of the founders of The Trust that the organization would exist to make grants or fund projects to advance the health and well-being of the people of Colorado. Grants could be varied in form and substance. Some were conventional funding of grantee needs or projects. Others might take the form of conducting studies, convening groups with like interests or disparate views to seek common solutions. All other functions were integral to and directed at supporting its grantmaking.

Contemporaneous with the board's selection of The Trust's new president and CEO in July of 1991, Jean Merrick was elected vice president for initiatives/programs. She stepped into her new role with confidence brought from her years with PSL Community Foundation and her prior years with The Trust, during which she was an active participant in its grantmaking activity. Soon thereafter, she led the way in exploring the concept of initiative-based grantmaking and won the support of the board of trustees in adopting the concept. She remained a hard-working loyal supporter of initiative-based grantmaking until her retirement in

2004, by which time that mode of grantmaking had become part of the culture of the foundation.

Carol Breslau joined The Trust in 1991 as coordinator of the Homeless Prevention Initiative. She progressed to program officer, then senior program officer. Upon Merrick's retirement, Breslau was named vice president for initiatives. During her years with The Trust, Breslau worked to improve the status of mental health care in Colorado, helped establish funding for the nonprofit organization known as Assets for Colorado's Youth and especially for a statewide effort to prevent suicide. Breslau created and managed the Colorado Violence Prevention Initiative, which led to increased awareness about violence in Colorado communities. She authored *Youth and Handgun Violence in Colorado* in conjunction with the Center for the Study and Prevention of Violence at the University of Colorado at Boulder. She collaborated on the writing of a number of Trust publications, including the *Policy Brief on Mental Health Disparities in Colorado* (2006).

The program team consisted of senior program officers Susan Downs-Karkos and Ed Lucero, program officers Laurel Petralia and Ginger Harrell and program associate Michele Chader.

Downs-Karkos joined The Trust in 1995. One of her most important initiative activities was to promote immigrant integration through The Trust's Supporting Immigrant and Refugee Families Initiative. This initiative began in 2000 with an initial grant commitment of \$16.7 million. Downs-Karkos was also instrumental in advancing Educare Colorado (later called Qualistar Early Learning), a nonprofit organization that ensures that all children (birth to five years) have access to high-quality childhood care and education in safe and nurturing environments. Qualistar Early Learning also seeks to provide child care referrals statewide, and has a rating system that measures the quality of child care programs.

Lucero came to The Trust in 1999. His main responsibilities, expertise and passion were for initiatives relating to youth, violence prevention – especially in schools – and bullying prevention programs. He worked closely with the Colorado Attorney General’s office in advancing the Safe2Tell Hotline, which resulted based on recommendations of the Columbine Commission following the tragic school shooting.

Petralia assumed her duties as program officer in 2004. She managed the Colorado 100K Lives Campaign, a national quality improvement undertaking created by the Institute for Healthcare Improvement to reduce medical errors and strengthen patient safety in Colorado hospitals. Additionally, she managed the Health Professions Initiative, overseeing grants to 22 organizations to support and expand existing programs, and to develop new programs that increase health professions’ education and training opportunities.

Harrell became part of The Trust in 2005. Her responsibility was to research, develop and direct strategies for two statewide initiatives, namely the foundation’s Equality in Health and Healthy Aging initiatives. Harrell administered the grant funds, dealt directly with grantees, oversaw their adherence to the conditions of the grant, and maintained essential communication between grantees and the foundation.

Michele Chader joined the staff in September 1986; at the end of 2006, she was the longest serving member of the foundation’s staff. She was initially hired as a receptionist and within six months was promoted to assistant to The Trust’s new CEO, Bruce Rockwell. At the same time, she held the position of office manager. In 1991 she became executive assistant to the president and CEO, and in 2001 she became a program associate, supporting program officers and a liaison between program officers and grantees of The Trust.

## **Finance**

The finance function was under the direction of Peter Konrad from early 1986. After just over 15 years of loyal service as associate finance director and eventually as vice president for administration and CFO, Peter Konrad retired at the end of 2000. Among his many accomplishments, he was instrumental in shaping the early organizational structure of the foundation, involved in choosing some of The Trust's first grantees, took special interest in rural health and was a primary influence in making Indian health an early grantmaking priority. Konrad was in the forefront of interacting with other foundations seeking partnerships and collaborative projects, and he was at the center of negotiations for the leasing and later purchase of the Capitol Center and the 1991 buy-back transaction. Konrad led the way for The Colorado Trust's Fellows Program, designed to develop managers for nonprofit organizations. Additionally, Konrad's day-to-day responsibilities regarding The Trust's financial affairs and investments made him an essential member of the foundation's staff and one to be credited with many of its successes.

In 2001, John L. Samuelson joined The Trust as vice president and CFO. Samuelson was given responsibility for all aspects of financial management, including accounting, budgets, financial reporting, investment oversight and relationships with money managers and custodians, tax matters, audit and risk management. He was also designated as The Trust's human resource management executive and had oversight of its information technology systems. An additional responsibility was to serve as vice president, CFO and COO of Sherman Street Properties, Inc.

The other members of the finance team at the end of 2006 were Joanne Johnson, Cathleen Devaney, Lori Vettraino and Tara Spahr.

Johnson joined The Trust on January 1, 1991 as financial assistant. By 2006, she was The Trust's controller and its second-longest serving staff member. Her duties have included managing accounting books and records for the foundation. She has actively participated in meetings of the Investment and Audit committees of the board, and offered recommendations relating to the selection of money managers and asset allocation. She has had responsibility for building annual operating budgets and implementing multi-year initiative budgets, managing The Trust's cash flow and the preparation of its audit and tax reports. Additionally, she has had responsibility for The Trust's information technology and communication systems.

Devaney joined The Trust in 2004 as a successor to Phillip Bloise. As a CPA, Devaney served as accounting manager for The Trust.

Vettraino has held a number of positions since coming to The Trust in 1991. She has been an administrative secretary, office manager and program associate, and by the end of 2006 she held a vital position as grants administrator. That position calls for exacting recordkeeping of grant contracts, grants payable and disbursed and grantee reporting. Grantee compliance with the terms of grant contracts came within the purview of Vettraino's work. She has always been a totally dedicated member of the staff and loyal to the foundation.

Spahr became a member of The Trust's staff in 1993. Her first position was that of meeting room manager and in 1996 she advanced to become assistant to the controller. In 2000, she became information specialist and assistant to the controller, and in 2001 she became network administrator/payables accountant, a position she has served well and meticulously. A thorough and conscientious planner, Spahr has had responsibility for managing budgets, consultants and the information system requirements of staff.

## **Evaluation**

The evaluation function of The Trust had its beginnings under the guidance of Walter LaMendola, who had served as a consultant to the foundation and then joined its staff in 1990 as director of research and information. His main pursuit was to assist in the launch of the Colorado Healthy Communities Initiative and setting the measures for determining the initiative's success. He brought a philosophical perspective grounded in the work of the World Health Organization and its own Healthy Cities/Communities programs. During his tenure, LaMendola became the Trust's Vice President for Research. In 1991 he brought in Leslie Durgin as senior policy planner, and in 1992 he recruited Doug Easterling, PhD, as research associate. Durgin left the staff in 1993. Easterling progressed to officer for research and evaluation and, following LaMendola's departure from The Trust in 1993, he became director of research and evaluation.

In 1997, Nancy Baughman Csuti, DrPH, joined the evaluation staff as research officer and when Easterling left The Trust in 1999, Csuti became senior evaluation officer. She became director of evaluation in 2004. Csuti was steadfast in her view of the role of evaluation in the early development of new initiatives rather than at some later point in their continuum, thereby ensuring the elements needed to measure grantee progress were known and in place when an initiative was launched. The effort was to seek a balance between initiative objectives and evaluation objectives, which was not always easy to achieve.

At the end of 2006, The Trust's evaluation function was being supported by Bridget Monahan and Tanya Beer. Monahan served as evaluation associate and in 2008 moved to the Communications Department, serving as communications associate.

Beer joined the evaluation staff as evaluation officer in 2006. In

this position, she worked closely with program staff to develop evaluations of grant initiatives, and managed multiple evaluation consultants who conducted the evaluations.

## **Communications**

Almost from the beginning The Trust placed an emphasis on a public information and education effort. It was the realm of Jean Merrick before her involvement as a program officer since she had that responsibility at the PSL Community Foundation. Soon, program and public information and education functioned in tandem. In 1991 The Trust employed Meg Ryan as public information and education associate. She continued to work for the foundation until 2000.

Christie McElhinney joined The Colorado Trust in 2001 as senior communications officer, going on to become vice president of communications and public affairs. McElhinney developed The Trust's first strategic communications plan and worked closely with staff, consultants and grantees in implementing all aspects of the plan. In addition to overseeing all of The Trust's publications, website and media relations, she also works with program and evaluation staff to integrate communication strategies into grant strategies.

Sarah Moore served as The Trust's first communications officer, joining the foundation in 2001. Her successor, Sabine Kortals, joined the communications staff in 2005, and went on to become senior communications officer. In this role, Moore and then Kortals provided support for implementation of the strategic communications plan, wrote and edited myriad articles and publications, and secured positive media coverage for the work of grantees and The Trust.

Rachel Mondragon, who first came to work at The Trust in 1997, was administrative assistant for the finance team, then office manager and then went on to become website manager. Mondragon's

website expertise and mastery of related tools, graphics, photography and other visual elements, as well as brand management, gave a new dimension to the foundation's communications.

## **Administration**

From the beginning of The Trust there was of necessity an administrative function. In its early days administrative responsibilities were shared by various staff members. In 1993, Mary Ann Davis came to The Trust and was given a wide range of administrative and event planning responsibilities. She was named director of administrative services in 2005.

Assisting Davis in her duties are Alisa Schreiber, Jill Johnson and Heidi Holmberg. Schreiber is an administrative assistant who manages The Trust's database. She was instrumental in guiding the highly technical conversion from one contact management database to another. Johnson serves as The Trust's front desk manager and archivist. She also provides lobby security. She is frequently the foundation's first contact with the general public and the one who most often gives the first impression of the organization. Her position requires her to effectively deal with everyday situations, many of which arise unexpectedly. Holmberg is the foundation's hospitality coordinator with responsibility for event planning, including education lunches sponsored by The Trust, conference planning, meeting room management and audio-visual support. She has excelled in negotiations with hotels, caterers and other meeting service agencies, vendors and rental companies.

## **Executive**

From the inception of The Trust in 1985 until April 1991, Bruce Rockwell was president and CEO of the foundation. In July

1991, I became president and CEO. From then until the end of 2006, the executive function was my responsibility. For nine years, I was ably assisted by Michele Chader. In 2000, Jennifer Lehman became executive assistant and in 2002 she became executive associate.

Lehman served as the corporate secretary for the foundation and functioned as the coordinator of board meetings and the board's recording secretary. In her capacity she was privy to most executive decisions and some confidential board actions. She maintained the board's and my calendars, coordinated the board's interview process for potential board candidates and conducted correspondence for the board and me as CEO. She had an astute awareness of the gravity of the board and the executive process.

### **With Gratitude**

In the course of writing this history, many of the members of the active and past staff of The Trust have been already mentioned. Yet, there are former staff members not yet mentioned who have moved on to other pursuits but deserve to be recognized for their part in the work of The Trust. These include Sally Beatty, RN, program officer; Marion Taylor, program officer; Lynn Dierker, program officer, grants administrator; Mae Brooks, grants administrator; Dorothy Fox, grants assistant; and Dale Honor, program/initiatives assistant. Complementing The Trust's program activity and providing research and evaluation was Holly Halverson, research associate. Later, Heather MacGillivray and Soo-Jin Yoon were evaluation officers at different times and Judith McCabe was a research associate. Dana Nickless was an administrative assistant for the evaluation team. Assisting evaluation in its early stages were special projects associates Yvette Joseph, Shelly Warner and Red Cedar Schellenbach. Melissa Salazar, Rebecca Kennedy and Van Nessa Howard were receptionists, followed

### *Changes in Staff and Growth*

by Deborah Bodison as front desk manager. Erin Lannon served as an accounts payable manager and office manager. Karen Dandridge was an administrative secretary and Jill Davidson, succeeded by Bonnie Moya, served as meeting room managers. In the early years, Ted Ebel was a student intern. And at Sherman Street Properties, Inc., Phyllis Tharp was most diligent in her accounting duties.



*A History of The Colorado Trust*



*1997 Staff* — L. to R. standing: Sally Beatty, Erin Lannon, Susan Downs-Karkos, Dale Honor, Carol Breslau, Holly Halvorson, Meg Ryan, Chasell Shockley, Michele Chader, Doug Easterling, Dana Nickless, Lori Vettraino. Sitting: Peter A. Konrad, Rachel Mondragon, Jean Merrick, Mary Ann Davis, John R. Moran, Jr., Tara Spahr, Joanne Johnson

*Changes in Staff and Growth*



*2002 Staff* — L. to R. 4th (back) row: Bridget Monahan, Lynn Dierker, Jenny Lehman, John L. Samuelson, Phillip Bloise, Tara Spabr, Lori Vettraino. 3rd row: Christie McElhinney, Michele Chader, Rachel Mondragon, Sara Moore, Jean Merrick, Soo-Jin Yoon, John R. Moran, Jr. 2nd row: Mary Ann Davis, Jill Johnson, Bonnie Moya, Nancy B. Csuti, Susan Downs-Karkos. 1st (front) row: Ed Lucero, Joanne Johnson, Carol Breslau, Dale Honor

*A History of The Colorado Trust*



**2006 Staff**— L. to R. 4th (back) row: Nancy B. Custi, Laurel Petralia, Tanya Beer, Rachel Mondragon, Bridget Monahan, Lori Vettrano. 3rd row: Sabine Kortals, Tara Spahr, Alisa Schreiber, Michele Chader, Jill Johnson, Mary Ann Davis, Heidi Holmberg, Ginger Harrell. 2nd row: Jenny Lehman, Ed Lucero, Susan Downs-Karkos, Cathy Devaney, Joanne Johnson, Christie McElhinney. 1st (front) row: Carol Breslau, Irene M. Ibarra, John L. Samuelson

## *Chapter Eleven*

# Grantmaking in the New Millennium



### **Mission, Vision and Goals**

As The Colorado Trust entered the new millennium, its board of trustees and the staff held a retreat in December 2001 that was to set a course for at least the next five years. The foundation's mission was reaffirmed in these words:

**The mission of The Colorado Trust is  
to advance the health and well-being  
of the people of Colorado.**

The board and staff went on to declare that:

**The vision of The Colorado Trust is  
to be recognized as Colorado’s leading foundation  
for initiatives that advance the health and  
well-being of the people of Colorado.**

The board and staff further set goals and related objectives and strategies, as well as an operational goal. While the vision was new, there was recognition that initiative-based grantmaking had become well-established during the preceding 10 years. Two grantmaking goals – first adopted in 1991 and again in 1993 as part of The Trust’s *Vision 2000* – were reconfirmed. They were to advance accessible and affordable health care and to strengthen families. Each goal laid out three objectives and within each objective were several specific strategies. In aggregate, the strategies were to implement a series of initiatives. The operational goal was for The Trust to be a careful steward of its assets.

## **Strategies**

Several of the initiatives described in Chapter Eight continued to be among The Trust’s strategies well into the new millennium. New strategies under the goal to advance accessible and affordable health care introduced after 2000 included the following initiatives:

*Colorado Healthy People 2010* – Modeled after the national Healthy People 2010 effort, this initiative supported 43 community organizations across the state to help Coloradans learn about and take steps to lead healthier, longer lives. Grantees focused their efforts on obesity prevention, increased physical activity, access to health care, diabetes prevention, injury prevention, substance abuse prevention and mental health care.

*Partnerships for Health* – Through lessons learned from the Colorado Healthy People 2010 Initiative, The Trust established its Partnerships for Health Initiative to significantly strengthen the ability of community health providers to coordinate the delivery of health services. Through this effort, 14 community partnerships were formed and called upon to develop a coordinated strategic plan around a Healthy People 2010 focus area that had been identified as a priority for its community, and to work together on issues such as improving access to primary and dental health care, or reducing methamphetamine usage.

*Colorado Rural Outreach Program* – This program, managed for The Trust by the Colorado Rural Health Center, was designed to recruit and retain physicians in rural Colorado communities. The program offered numerous incentives to physicians such as education loan repayment, relocation assistance and temporary help so rural doctors could have the flexibility to do such things as attend continuing education classes. The effort also assisted communities with improvement of clinics or hospital facilities and the purchase of medical equipment. The Colorado Rural Health Center's efforts also focused on the recruiting and retention of other health care providers, including mental, dental and pharmacy health.

*Family Health Care Collaborative-Marillac Clinic* – This initiative was an effort to integrate primary and mental health care for low-income, uninsured populations in the Mesa County, Colorado area through the Marillac Clinic in Grand Junction. The Trust supported the initiative in conjunction with the Robert Wood Johnson Foundation's Local Funding Partners Program.

*Colorado Health Institute* – In 2000, Barbara Yondorf, then an independent health care consultant, undertook a feasibility study at the behest of Rose Community Foundation. The study showed support for the establishment of an organization for the collection and

evaluation of Colorado health data. Discussions followed among Sheila Bugdanowitz, president and CEO of Rose Community Foundation, Chris J. Wiant, president and CEO of Caring for Colorado Foundation and me about a possible joint-sponsorship of a health information organization. The discussions led to the three foundations establishing the nonprofit Colorado Health Institute to serve as the state's leading source for independent and impartial health data and analysis. Agreed tenets of the Institute were that it would not be connected to an academic institution and that it would serve as a source of information for public and private policymakers, health planners, the business and nonprofit communities, advocacy and consumer groups, health care providers, foundations and the media.

*Quality of Patient Care* – Through this initiative, the Colorado Clinical Guidelines Collaborative developed comprehensive guidelines for pediatric and adult immunizations, cardiovascular disease and stroke. The guidelines help to reduce practice variation among physicians and health care providers and can potentially improve patient outcomes and cost effectiveness.

*Colorado 100k Lives Campaign* – The campaign in Colorado was based on the national 100k Lives Campaign led by nationally renowned Donald Berwick, MD, of the Institute for Healthcare Improvement. Through The Trust's efforts to further strengthen their ability to provide safe patient care, 62 of Colorado's 71 acute care hospitals participated in the campaign, along with more than 3,000 hospitals nationwide.

*Health Professions* – This initiative was designed to increase the number of health care professionals in Colorado. Grantee organizations across Colorado worked to expand existing programs and develop new programs to increase education, training and advancement opportunities, especially for individuals from disadvantaged backgrounds and in rural areas.

*Equality in Health* – Because authoritative data sources show racial and ethnic minorities are disproportionately affected by disease, disability and death, this Trust initiative supported increasing the cultural competency of 14 Colorado grantee nonprofit organizations and health care clinics to help them better provide equality in treatment in medical services, equal access to care, and equal environmental conditions and healthy behaviors among racial and ethnic minorities.

New strategies introduced after 2000 under the goal of strengthening families included the following initiatives:

*Supporting Immigrant and Refugee Families* – Perhaps one of the most important Trust initiatives in the early 2000s, this initiative was developed to support organizations that served Colorado’s growing population of immigrants and refugees. In its first phase, funding was provided to 10 communities in their effort to support established residents and immigrants in working together to help immigrants become integral, contributing members of their new communities. As the initiative grew, 23 organizations across the state provided the immigrant and refugee population with much-needed services, such as counseling and support groups, parenting classes and English as a Second Language classes. The Spring Institute for Intercultural Learning managed the initiative, as well as the development of The Trust-funded health care interpreter bank.

*Preventing Suicide in Colorado* – Building on an effort to prevent teen suicide, The Trust commissioned an in-depth study of the problem of suicide in Colorado and then launched this grant strategy. This statewide effort was designed to encourage people at risk of attempting suicide to seek care, sought to improve the care that at-risk individuals received and promoted policies that help to reduce the risk of suicide. Additionally, in partnership with Mile High United Way, The Trust provided support for Colorado LINK, a school-based

suicide-prevention program at Denver's North and East High Schools and at Urban Peak, a shelter for homeless youth.

*Palliative Care* – This Trust effort was implemented to stimulate the development of comprehensive palliative care networks across Colorado. The networks joined together palliative care service providers to address the complex and changing medical, social and spiritual needs of patients and their families. Network participants included hospitals, hospices, nursing homes, mental health centers, faith communities and other cultural and civic organizations. Centura Health Care System managed the initiative, working with eight grantees to develop or improve palliative care networks in rural and urban communities.

*Mental Health Care* – The Trust teamed with other Colorado funders to commission a comprehensive study of the state's mental-health system, leading to a collaborative grantmaking project focused on integrated mental health care with the Caring for Colorado Foundation, the Denver Foundation and the Colorado Health Foundation.

*Violence Prevention* – Violence – its causes, its victims and prevention thereof – has been a concern of The Trust almost from its inception. One of its earliest efforts in the field was to address domestic violence.

Heading into the new century, The Trust supported a host of efforts that addressed some aspect of violence in one way or another. The foundation supported the Center for the Study and Prevention of Violence (CSPV) at the University of Colorado Boulder to conduct a study of youth handgun use in Colorado. The study found that over a 20-year period prior to 2002, there had been a dramatic increase in murders by adolescents using handguns and that both adults and teens reported that guns are easily available. These findings led The Trust to

support two pilot projects to integrate handgun violence prevention strategies into existing programs that work with young males up to the age of 19.

The Trust further supported a statewide project called *Project Exile* aimed at reduction in the level of gun violence in Colorado through a strict enforcement of existing gun laws. Local, state and federal law enforcement authorities agreed to refer gun cases to the jurisdiction that could pursue the toughest penalties. Coupled with this strategy was a comprehensive public awareness campaign with the message that gun law violations will not be tolerated and urging citizens to report illegal guns to authorities.

The Trust also partnered with the Families and Work Institute to conduct a study on what young people think can be done to stop violence that affects them at home, at school and in the community. Results from the study showed that a majority of young people (5th through 12th grades) said they experience some form of “emotional violence,” or bullying. Almost half of the young people in the study said they experience physical violence. And children who have been harmed say they are much more likely to harm others. Related research showed that youth who bully typically have a criminal record by age 24, and victims of bullying have an increased chance for experiencing academic failure, school absenteeism, low self-esteem, depression and an inability to connect socially with other youth.

A joint effort of The Colorado Trust and CSPV advanced the Safe Communities-Safe Schools Initiative. This initiative helped schools and districts develop and put in place safe school plans – from installing fences, fire alarms and emergency phone systems to redesigning playgrounds and offering alcohol and drug counseling. Additionally, all 1,500 Colorado schools became eligible to receive training to implement the Safe2Tell Hotline, a program designed to

provide students with a safe, anonymous system to report threats, fights, instances of bullying, substance use and abuse, or other activities that create unsafe situations, along with crimes that have occurred.

### **Notable Initiatives and Programs of the 2000s**

The Trust implemented a program founded by Joseph A. Califano, Jr., former U.S. Secretary of Health, Education and Welfare, known as CASASTART – The National Center for Addiction and Substance Abuse at Columbia University Striving Together to Achieve Rewarding Tomorrows. The program was a neighborhood-based, school-centered effort designed to bring together schools, health and social service agencies, and law enforcement to keep high-risk students, ages 8 to 13, drug- and violence-free. The Trust’s support saw the implementation of the program in Adams County School District 14. In 2005, The Trust joined other funders to support the City of Denver’s 10 Year Plan to End Homelessness, with our initial commitment to the plan to be carried out over a five-year period.

At various times throughout 2005 and 2006, The Trust participated with other interested funders in discussions with representatives of the University of Colorado Denver, Colorado State University and the University of Northern Colorado concerning the feasibility of establishing a School of Public Health to be co-sponsored by the three universities and to be located at Anschutz Medical Campus in Aurora. The movement toward a Colorado school of public health was strongly favored by The Trust. The lead proponents for the school were Richard F. Hamman, MD and Donald W. Hoagland, mentioned in Chapter Seven. Hoagland was the principal facilitator of the early discussions.

After organizational agreements were concluded by the three universities, startup funding was made by The Trust and other

fundings, and the Colorado School of Public Health was formally established. Hamman became the founding dean.

What was known as The Trust's Minority Health Initiative began with funding the Adult Immunization and Health Screening and Education Project. The initiative was designed to meet two goals: to improve immunization rates for minority adults in Denver, Adams, Arapahoe and Jefferson counties, and to improve access to health prevention and education services for minority clients residing in those counties. The initiative was carried out for The Trust by the Visiting Nurses Association (VNA). While the VNA had traditionally provided immunization services to the populations served under the initiative, the need to add health screenings and education was apparent. The VNA's extensive relationship building to lay the groundwork for health education classes paid off – class participants made dietary and lifestyle changes that are expected to enable them to take better control of their health.



*A History of The Colorado Trust*

## *Chapter Twelve*

# CEO Succession



During Robert Boucher's term as chairman of the board of Trustees (1993-1995), he championed best practices for corporate governance of the foundation. These included having in place updated articles of incorporation, bylaws, standing policies of the board and policies pertaining to personnel, investments, trustee development and CEO succession.

It was during his term that he and I began to discuss a succession plan for the office of the president and CEO. After consulting with Boucher and the members of the board's Personnel and Compensation Committee as to what contingencies they would

like to plan for, I was able to draft a succession plan for consideration at least by the committee before the end of Boucher's chairmanship in October 1995. The final plan (Succession Plan) was adopted in spring 1996. Two conditions on the adoption of the plan were: (1) that the plan would remain a confidential document known only to the members of the board, The Trust's general counsel, and the president and CEO; and (2) that the plan would be reviewed periodically. The Succession Plan was reviewed almost every year by the Personnel and Compensation Committee and by the board as a whole. Over time, and as new trustees joined the board with different perspectives, changes were made to the plan and, as they were, the plan improved.

In short, the plan covered the different circumstances under which a CEO might leave the foundation. It considered retirement of a CEO and laid out a timeline for when the board should be apprised of a desired retirement and how it would proceed. The Personnel and Compensation Committee was to serve as a search committee and gave the committee the option of hiring a consultant.

In my case, the board was informed in December 2005 of my desire to retire in 2006 at a time convenient to the board. The expected retirement was to take place in October 2006.

During summer 2006, the Personnel and Compensation Committee began its search for my successor. As appropriate, I was not privy to any of the committee's deliberations. By late summer, the board selected Irene M. Ibarra to become The Trust's new president and CEO. In the foundation's 21 years, Ibarra became the third person to hold that office.

Ibarra's background and experience made her eminently qualified to become The Trust's new president and CEO. With more than 25 years' experience, Ibarra had devoted her career to improving

health for low-income children, families and individuals, and to developing policy solutions for complex health problems. Prior to joining The Colorado Trust, Ibarra served as executive vice president of The California Endowment, a statewide health foundation. Her accomplishments included working with a broad-based coalition to develop the Children's Health Initiative to provide health coverage for all children in Los Angeles County.

Ibarra formerly served as CEO of the Alameda Alliance for Health, a nonprofit health plan in the Bay Area that was the first local health plan to provide health coverage for uninsured, low-income children and their parents who were not insured by private plans or public programs. She also practiced corporate and business law at Hillis Clark Martin & Peterson, a Seattle law firm.

In Colorado, Ibarra had served in Governor Roy Romer's cabinet as executive director of the Colorado Department of Social Services and as deputy manager for the Denver Department of Social Services as an appointee of Mayor Federico Peña.

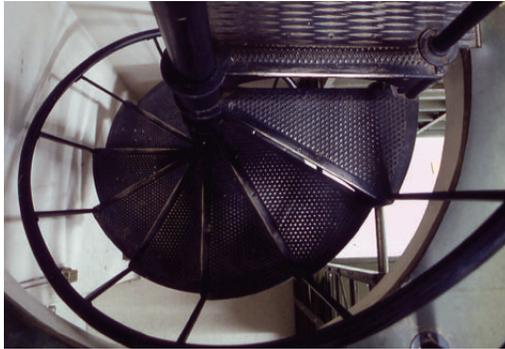
With the intent of assuming her position as president and CEO of The Colorado Trust in October 2006, Ibarra had to postpone her arrival until January 1, 2007, when she took up the reins of the foundation. Ibarra served until spring 2010, retiring earlier than planned to tend to health needs. In turn, Ibarra was succeeded in September 2010 by Ned Calonge, MD. Calonge had previously served as Chief Medical Officer of the State of Colorado through the Department of Public Health and Environment.



*A History of The Colorado Trust*

## *Chapter Thirteen*

# Historic Notables and Time Capsule



### **Interesting Visitors to The Trust**

At different times during the relatively brief history of The Trust, interesting people came through its offices. One such visit occurred in September 1991 when the board of trustees held a meeting with Louis Sullivan, MD, then secretary of the U.S. Department of Health and Human Services. He and the trustees and particularly the physician members of the board shared ideas about American medicine and the subject of disparities in the delivery of health care. There was much admiration and respect shown toward

Secretary Sullivan and his role as the founding dean and first president of Morehouse School of Medicine in Atlanta, Georgia.

Later in the 1990s, The Trust hosted a luncheon for former first lady Rosalynn Carter and Betty Bumpers, co-founders of *Every Child by Two*, an immunization campaign. The visit was arranged by The Children's Hospital with which The Trust was collaborating at the time to advance childhood immunizations in Colorado. There were conversations among The Trust's Jean Merrick, Paul Melinkovich, MD, of Denver Health, representatives of The Children's Hospital administration and me. Carter and Bumpers were delightful guests with no pretensions. In a couple of instances, Carter spoke of the time when her husband was President of the United States and began her remarks with the words "when Jimmy was in the White House." Her manner of speaking made her a most credible advocate for the cause she and Bumpers espoused.

An unusual visitor came in early June 1997. The U.S. Secret Service inspected The Trust's offices as a possible venue for a meeting of finance ministers attending the Denver Summit of the Eight to take place in Denver later that month. On the morning of the inspection, a warm sun was shining brightly but the Secret Service agent making the inspection wore a belted raincoat as he surveyed various spaces. The agent pointed out that alteration to certain areas of The Trust's building would have to be made if any meeting were to take place there. When no assurances could be given by the agent as to how the alterations and later restoration of the premises would be paid for, The Trust declined to make its offices available.

In spring 2001, John D. Ashcroft, then-U.S Attorney General, came to The Colorado Trust. He entered The Trust building surrounded by a throng of law enforcement officials and members of the Colorado U.S. Attorney's office. The official purpose of the visit

was to express appreciation to The Trust for funding a campaign, begun in 2000, to create public awareness of a federal criminal law program called Project Exile. Project Exile guaranteed federal prison time for felons caught with guns. Instead, the group assembled was given a lecture by the Attorney General on the Department of Justice policy limiting the release of convicted foreign nationals held in U.S. prisons. The subject of Project Exile did not come up until the last three or four minutes of the Attorney General's lengthy remarks – all to the noticeable discomfort of The Trust's other guests.

### **National Registry of Historic Places**

The Colorado Trust Building has been placed on the National Registry of Historic Places. A plaque at the Sherman Street entrance to the building reads as follows:

This building was erected in 1923  
and named for Capitol Life Insurance Company.

In 1993, this building was renamed  
The Colorado Trust Building when it became  
the home of The Colorado Trust.

This building was placed on  
the National Register of Historic Places by  
the United States Department of the Interior – 1997.

### **Time Capsule**

In 1995, on the occasion of the 10th anniversary of the founding of The Trust, a time capsule not to be opened until 2045 was placed in the wall at the top and to the right of the stairs rising from the Sherman Street entrance of The Colorado Trust Building.

*A History of The Colorado Trust*

Memorabilia and other items thought to be of some historic interest were placed in the capsule along with a letter to the person who will be the foundation's president in 2045. The idea was to send down the corridor of time some items to reflect the attitudes and customs of The Trust's first 10 years, and establish a link to future trustees and staff of the foundation 50 years hence. It was also a way to ensure a bit of immortality for The Trust's good work and to share the values that governed the lives of the trustees and staff who served the organization and its grantees and the communities benefited at an earlier time.



# *Appendices*

*Appendix A*  
**A CHRONOLOGY OF SELECT EVENTS**

This chronology relates to predecessors of The Colorado Trust and certain of its contemporaries. It is intended to trace in time the origin and lineage of the various named entities and to help avoid confusion because of similarities in some of their names.

- 1881** Original St. Luke’s Hospital is built and located in north Denver at the site of the old Grand View Hotel on Federal Boulevard near West 18th Avenue.
- 1891** New St. Luke’s Hospital is built in Denver’s northeast Capitol Hill neighborhood.
- 1919** A hospital association is established for what will become Presbyterian Hospital.
- 1926** Presbyterian Hospital is constructed on a property curiously known as “Grasshopper Hill” located 11 blocks east of the new St. Luke’s Hospital; hospital receives its first patients; later known as Presbyterian Denver Hospital.
- 1975** Presbyterian Aurora Hospital established by Presbyterian Denver Hospital.
- 1979** St. Luke’s Hospital, Presbyterian Denver Hospital and Presbyterian Aurora Hospital effect a corporate merger and operate jointly as Presbyterian/St. Luke’s Medical Center. The three hospitals are sometimes referred to as the “Medical Center.”
- 1982** Presbyterian/St. Luke’s Medical Center forms a new nonprofit corporation called PSL Healthcare Corporation. PSL Healthcare Corporation becomes popularly known as PSL and functions as the parent of the Medical Center and related affiliates and subsidiaries. One affiliate of PSL is the Presbyterian/St. Luke’s Community Foundation.

*A Chronology of Select Events*

- 1985** PSL sells all of its assets, being its interest in Presbyterian/St. Luke's Medical Center and related affiliates and subsidiaries, other than Presbyterian/St. Luke's Community Foundation, to a subsidiary of the investor owned company known as American Medical International, Inc. The latter and its affiliates and subsidiaries are collectively referred to as AMI. The hospital properties acquired by AMI become known and operated as AMI/PSL.
- 1985** The board of directors of PSL determines that the proceeds of the sale of its assets should be used to establish a private foundation and initiates the process for its organization. A new foundation is created. Its initial board of directors, later trustees, chooses the name the Colorado Community Foundation but later changes the name to The Colorado Trust, which becomes popularly known as The Trust.
- 1986** PSL Community Foundation becomes a public charity independent of AMI/PSL and The Trust with a mission to advance medical research and education.
- 1990** AMI determines to sell the AMI/PSL properties. A group of people, some of whom were former directors of PSL and some then current trustees of The Trust, explore the formation of a new nonprofit hospital corporation to acquire the AMI/PSL properties. In due course, a new nonprofit corporation is formed and becomes known as P|SL Healthcare System. It is sometimes referred to as the New PSL or the System. The New PSL purchases the AMI/PSL properties.
- 1991** The Trust makes a \$30 million grant to P|SL Healthcare System and purchases \$30 million of subordinated bonds issued for the System to enable its acquisition of the AMI/PSL properties. The PSL Community Foundation becomes affiliated with P|SL Healthcare System.

- 1993** P|SL Healthcare System and Swedish Medical Center in Englewood, Colorado undergo a corporate merger. The surviving entity is renamed PSL Swedish Healthcare System and later HealthONE. Swedish Medical Center Foundation merges into and with Presbyterian/Saint Luke's Community Foundation as the surviving corporation. The name of the foundation is later changed to HealthONE Community Foundation.
- 1995** HealthONE forms a joint venture with affiliates of the publicly traded company Hospital Corporation of America, formerly known as Columbia/HCA. The latter had acquired Rose Medical Center, North Suburban Medical Center and Aurora Regional Medical Center. The joint venture becomes known as Columbia-HealthONE LLC and later HCA-HealthONE LLC. HealthONE continues to operate as a 501(c)(3) under the name HealthONE Alliance. Prior to creation of the joint venture, the HealthONE Community Foundation is merged into HealthONE. (In 2006, HealthONE Alliance adopted a new name: Colorado Health Foundation.)
- 2002** Colorado Health Institute established under joint auspices of The Colorado Trust, Rose Community Foundation and Caring for Colorado Foundation to provide objective, nonpartisan research and analysis of health and health-related policy issues of importance to the state and local communities for the purpose of providing decision-makers with accurate information.

## Appendix B



### PSL Healthcare Corporation

1601 East 19th Ave. • Denver, Colorado 80218 • (303) 839-7777

June 26, 1985

Board of Directors  
Colorado Community Foundation  
Denver, Colorado 80203

Dear Reverend Cone and Gentlemen:

As you know, it is likely that the transaction between PSL Healthcare Corporation and its affiliates and American Medical International, Inc., which has been discussed repeatedly by the Board of PSL, will satisfactorily be finalized about August 1, 1985, although there are now indications that the closing may occur at the end of August.

As previously reported to the PSL Board, the Executive Committee has reached an understanding with AMI that the Executive Committee would urge the Board of the Foundation, when formed and funded, to agree to look with favor on an ongoing basis on requests from properly constituted entities representing the PSL healthcare delivery system (now AMI) for funding up to \$5,000,000 per year out of distributable net income of the Foundation. Such funding, if made, must be for programs which are consistent with the tax-exempt purposes of the Foundation and such funds must, in the judgment of the Board of the Foundation, be used to enhance the community services of the PSL healthcare delivery system of AMI in the communities it serves.

AMI fully understands that PSL Healthcare Corporation could not, and did not, make a binding commitment to provide the \$5,000,000 funding and AMI does not expect a contractual or binding agreement to exist between PSL Healthcare Corporation and AMI.

The purpose of this letter is to inform the Board of the Foundation of the understanding between PSL and AMI and to urge the Board of the Foundation to honor funding up to \$5,000,000 per year, as explained in this letter.

Yours very truly,  
PSL HEALTHCARE CORPORATION

By Richard F. Walker  
Richard F. Walker, for the  
Executive Committee

Appendix C



**PSL Healthcare Corporation**

1601 East 19th Ave. • Denver, Colorado 80218 • (303) 839-7777

July 2, 1985

Board of Directors  
Colorado Community Foundation  
Denver, Colorado 80203

Dear Reverend Cone and Gentlemen:

Everyone recognizes that part of the value of the Presbyterian/St. Luke's organization is a direct result of the original vision and investments of the parent churches in creating and building the hospitals and the over one-hundred years of continued support.

It is, therefore, appropriate that a portion of the income generated from the recapture of the value of these medical facilities be given to the founding churches.

To implement this action, the following condition must be accepted by the Colorado Community Foundation prior to the transfer of any of the proceeds from the sale to AMI to the Foundation:

"Each year, the Colorado Community Foundation shall make available an amount of money equal to 10% of the total distribution of the Foundation for such year, which amount is to be disbursed equally between the Episcopal Diocese of Colorado and the Presbytery of Denver. The only restriction on such disbursement is that these funds be used exclusively for religious, charitable, scientific and educational purposes as described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended."

This condition has been approved by the Presbyterian/St. Luke's Medical Center Board of Directors.

Sincerely,

PSL HEALTHCARE CORPORATION

Richard S. Walker  
Chairman of the Board

Accepted this 17 day of  
July, 1985.

COLORADO COMMUNITY FOUNDATION

A. Andrew Rippey  
Chairman of the Board

Appendix D



**PSL Healthcare Corporation**

1601 East 19th Ave. • Denver, Colorado 80218 • (303) 839-7777

July 31, 1985

Board of Directors  
Colorado Community Foundation  
Denver, Colorado 80203

Dear Reverend Cone and Gentlemen:

Reference is made to my letter dated June 26, 1985 concerning the \$5 million the Foundation may choose to make available to enhance AMI sponsored programs.

Subsequent to the date of the writing of that letter, it has come to the attention of the Executive Committee that the support which AMI has agreed to provide in order to maintain existing programs could be affected by the withdrawal of all or some part of the existing governmental support for such programs.

It is our view that even if there is a reduction in the support which AMI may get from a governmental program for any one of the programs AMI has agreed to support under the terms of the Asset Purchase Agreement, that reduction is not to allow AMI to reduce its commitment to any of the programs it has agreed to maintain and support at existing levels. Wally Weisman has confirmed AMI's understanding in this regard.

If governmental support is withdrawn from any of the programs AMI has agreed to maintain and support, and AMI provides the necessary financial enhancement to provide continuation of the agreed support, such AMI enhancement would be, in our view, the kind of enhancement which could be reciprocated by the Foundation and, to the extent the Foundation learns of such enhancement by AMI, we would encourage recognition of that enhancement by appropriate qualified grants.

Yours very truly,

PSL HEALTHCARE CORPORATION

By Richard F. Walker  
Richard F. Walker, for the  
Executive Committee

cc: Mr. Weisman

Appendix E

Copy of Agreement signed in December 1989 among the Episcopal Diocese of Colorado, the Presbytery of Denver and The Colorado Trust.

AGREEMENT

WHEREAS, the Episcopal Diocese of Colorado and the Presbytery of Denver (collectively, the "Churches") are third party beneficiaries of an agreement between The Colorado Trust (formerly the Colorado Community Foundation) and the PSL Healthcare Corporation, dated July 2, 1985 ("the Agreement") which states in part that "[e]ach year, the [Colorado Trust] shall make available an amount of money equal to 10% of the total distribution of the [Trust] for such year, which amount is to be disbursed equally between the Episcopal Diocese of Colorado and the Presbytery of Denver"; and

WHEREAS, by letter dated March 28, 1986, from the Colorado Community Foundation (the former name of The Colorado Trust) to the Right Reverend William C. Frey of the Episcopal Diocese of Colorado (the "Letter"), a procedure for making such distributions was agreed to by certain of the undersigned parties; and

WHEREAS, the undersigned parties desire to modify the distribution procedures described in the Letter;

NOW, THEREFORE, the undersigned parties agree that the procedure for allocating distributions pursuant to the Agreement shall be as follows:

- (1) For the period ending December 31, 1989, distributions shall be made according to the procedure set forth in the Letter;
(2) For the period ending December 31, 1990, distributions pursuant to the Agreement shall be based upon the annual audited distributions of The Colorado Trust made during the calendar year 1989, less distributions made to the Churches in that year, plus or minus such amounts as will give effect to a one-time transitional adjustment for any underpayment or overpayment in 1989.
(3) For the period ending December 31, 1991 and all subsequent years, distributions pursuant to the Agreement shall be based upon the annual audited distributions of The Colorado Trust in the preceding year less distributions made to the Churches in that year; and
(4) All distributions pursuant to the Agreement shall be made on a quarterly basis during March, June, September and December of each year.

Signed at Denver, Colorado, as of December 12, 1989.

THE COLORADO TRUST

EPISCOPAL DIOCESE OF COLORADO

By:

By:

Signature of Ronald W. Fink, Chairman of the Board of Trustees

Signature of Wm C. Frey, ATTEST:

Signature of Bruce Robinson, President

Signature of Edmund J. [unclear], Secretary

ATTEST:

PRESBYTERY OF DENVER

Signature of Jan B. [unclear], Secretary

BY:

Signature of Sandra [unclear]

ATTEST:

Signature of Lowell W. Campbell, Secretary

*Appendix F*  
*Members of the Board of Trustees*  
*1985-2006\**



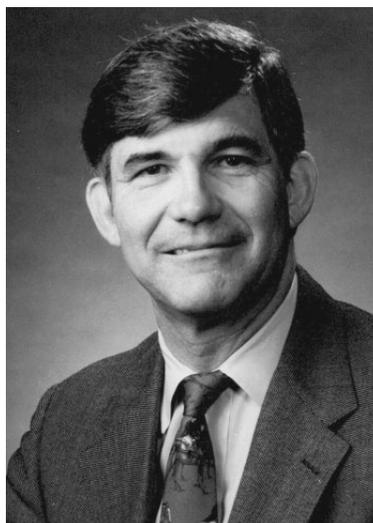
**W. R. Alexander** – 1985-2000  
*Chairman – 1998-2000*



**William F. Beattie** – 1985-2000  
*Chairman – 1987-1989*  
*Vice Chairman – 1985-1987*



**Robert G. Boucher** – 1985-1996  
*Chairman – 1993-1995*  
*Vice Chairman – 1991-1993*



**Donald G. Butterfield, MD** – 1985-2000  
*Chairman – 1995-1997*  
*Vice Chairman – 1993-1995*

\*Trustees whose terms ended in 1996, 1998 and 2000 left office in October of those years. New Trustees elected in those years assumed office in October. Trustees whose terms ended in 2002 and 2006 served until December of those years. Trustees elected in 2002 and 2006 assumed office on January 1 of the following year.

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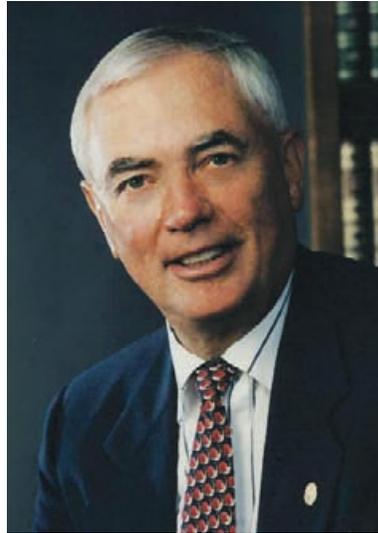
***M. Kathryn Cone, ThD*** – 1985-1998  
*Chairwoman* – 1997-1998  
*Vice Chairwoman* – 1995-1997



***Donald W. Fink, MD*** – 1985-2002  
*Chairman* – 1989-1991  
*Vice Chairman* – 1987-1989

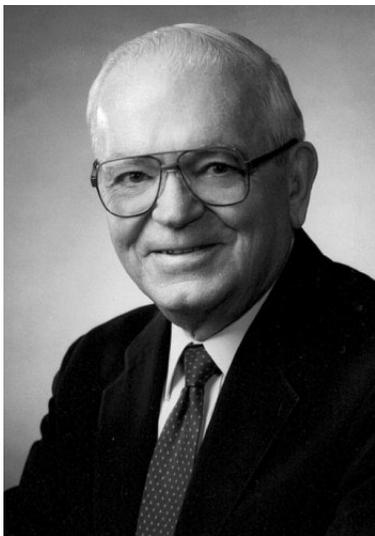


***A. Gordon Rippey*** – 1985-2002  
*Chairman* – 1985-1987



***James D. Urban, MD*** – 1985-1998  
*Vice Chairman* – 1997-1998

*Members of the Board of Trustees*



**Richard F. Walker** – 1985-1996  
*Chairman* – 1991-1993  
*Vice Chairman* – 1989-1991



**Jean C. Jones** – 1996-2006  
*Chairwoman* – 2000-2002  
*Vice Chairwoman* – 1998-2000



**Lillian Murphy, RSM** – 1996-2006  
*Vice Chairwoman* – 2000-2002



**Jerome M. Buckley, MD** – 1998-2008  
*Chairman* – 2005-2006  
*Vice Chairman* – 2003-2004

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*Judith B. Wagner – 1998-2008  
Chairwoman – 2003-2004\*\**



*Stephen B. Clark – 2000-2010*



*William N. Maniatis, MD – 2000-2010  
Chairman-elect – 2007  
Vice Chairman – 2005-2006*



*Kathryn A. Paul – 2000-2010  
Vice Chairwoman-elect – 2007*

\*\*Beginning in 2003, board officer terms commenced on January 1. In prior years, board officer terms commenced in October.

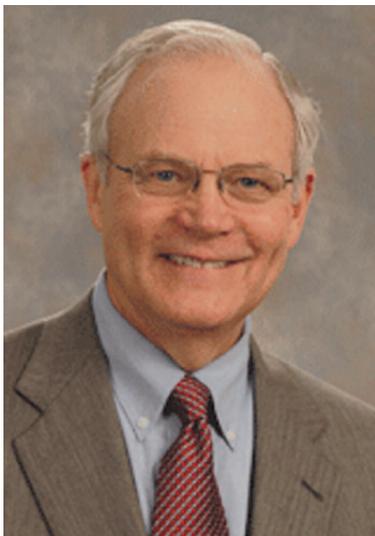
*Members of the Board of Trustees*



***Patricia Baca, EdD***  
*2003- (term to expire December 2012)*



***Reginald L. Washington, MD***  
*2003- (term to expire December 2012)*



***R. J. Ross, MDiv***  
*elected 2006*  
*to assume office January 2007*



***Gail Schoettler, PhD***  
*elected 2006*  
*to assume office January 2007*

## *Appendix G*

### **Chief Executive Officers**

Bruce M. Rockwell – 1985-1991

John R. Moran, Jr. – 1991-2006

Irene M. Ibarra – 2006-2010

Ned Calonge, MD – 2010-

### **Special Transactions Committee for Consideration of Trust Support for Asset Acquisition by PSL Healthcare System 1990-1996**

Donald W. Fink, Chairman

M. Kathryn Cone, ThD

Richard F. Walker

Donald G. Butterfield, MD

*Woven Into the History of Denver*

# The Colorado Trust Building



Standing at 16th Avenue and Sherman Street is a graceful, neoclassical building with a white marble façade – one of the most notable examples of the “City Beautiful” vision held by Denver’s first mayor. Built in 1924 to house the Capitol Life Insurance Company, The Colorado Trust Building is inextricably woven into the history of Denver itself. In the 1860s, Henry C. Brown homesteaded the land on which The Colorado Trust Building now stands.

Brown laid out Capitol Hill, naming the north-south streets for Civil War generals, and is also known for donating land for the state capitol and for building the Brown Palace Hotel. The land on which The Colorado Trust Building is now situated was later sold to Charles B. Kountze, who founded Colorado National Bank with his brother, Luther, and who built a 40-room, stone-walled castle at the northwest corner of East 16th Avenue and Grant Street. Three generations lived in the castle until it, along with surrounding land, was sold in 1923 to Clarence Daly for \$200,000. Daly was the son of Thomas Daly, a former mine operator who established the Capitol Life Insurance Company in 1905.

The company's first board of directors reads like a "Who's Who" of Colorado history, including Charles Boettcher, F.G. Bonfils, John Champion, Julian Myers, S.D. Nicholson, Manion Thatcher and Adolph Zang. After his father's death in 1921, Clarence Daly became president of Capitol Life, which had outgrown its quarters in the Tabor Opera House Building at 16th and Curtis streets. Seeking permanent offices for the company, he selected a site at East 16th Avenue and Sherman Street, praising its spacious grounds, magnificent old trees and commanding view of the mountains.

Fourteen architects competed to design the building. The winner was Harry J. Manning, who was part of an architectural movement that turned to neoclassical design to overcome the excesses of the Victorian era. Manning was strongly influenced by the Beaux Arts movement of Paris and by Walter Speer, who became first mayor in 1904 and who had a "City Beautiful" vision of a city graced with beautiful, classical-style buildings surrounded by parks and trees. Manning was known for his knowledgeable use of architectural details, delight in color combinations and insistence upon graceful, well-proportioned buildings. He designed opulent homes for a number of

Denver's wealthiest families, as well as many institutional, commercial and educational landmarks. Among his buildings are Cathedral High School, the Mary Reed Library on the University of Denver campus, Fairmont Elementary School, the Olin Hotel, and St. Thomas Episcopal Church in Park Hill. Manning was also among the group of architects who planned Denver's distinctive City and County Building.

The building that Manning designed for the Capitol Life Insurance Company was built on a solid base of Colorado granite and faced with yule marble from Marble, Colorado. This was the same marble used to build the Lincoln Memorial and the Tomb of the Unknown Soldier in the nation's capital, and the Colorado National Bank and Main Post Office in Denver. On the facade, white glazed terracotta – probably manufactured by the Denver Terra Cotta Company – provides a traditional Doric cornice and outlines the windows and main entrance doors with lavish, naturalistic patterns. The impressive bronze doors themselves feature an elaborate quatrefoil pattern, which contrasts with geometric terra cotta patterns that encircle the building at mid-height. Inside, the immense and grandly formal central hall is two stories high.

When Capitol Life was housed here, clerks served clients at a long counter that ran across the center of this hall. The ceiling of the hall features octagonal ornamental panels with an edging of entwined rosettes. At one end of the hall, a three-story, walk-in safe, once used to store insurance policies, testifies to the early success of the company. The second-floor arcade features spiraled terra cotta columns and arches, which lend a Spanish-Moorish feeling to an otherwise classical composition. Accents of dark green and gold in the columns are repeated in the ceiling coffers and frieze. On the east, a walkway with wrought iron rail runs the length of the room and reflects the columns with balusters that are alternately straight and spiraled. One room

that differs dramatically from the rest is the board room, which is paneled with the original dark walnut on walls and ceiling.

In 1958, the Kountze family mansion was demolished, and in 1963 the new, 11-story Capitol Life Tower was constructed in its place. The architect for the new tower was Edwin A. Francis, an associate of Manning's at the time the original building was designed. Today, the tower provides offices for a number of nonprofit organizations, state agencies and commercial enterprises.

By the late 1960s, the once-booming Capitol Life Insurance Company was experiencing financial woes and was sold to Gulf and Western Industries, Inc. In 1986, its financial difficulties mounting, the company was sold again – to a company in New Jersey – and the once-proud building stood vacant. The Denver Chamber of Commerce leased the building from 1988 until fall of 1990. In February 1991, it became the permanent home of The Colorado Trust.

The Trust purchased the building in 1993, which has since been remodeled to reflect much of its original architecture and to ensure that it is accessible to all Trust guests.

*Historical research by Trish Wakaw; written by Susan M. Thornton.*



## *Acknowledgments*

I wish to express my appreciation to all members of the board of trustees and the staff of The Colorado Trust for the encouragement they gave to me in writing of this history of the foundation. In particular, I want to thank Jerome Buckley, chairman of the board of trustees at the time, for his support. He was the first to suggest that I write a history of The Trust spanning my years as its general counsel and as president and CEO. He soon had the concurrence of his fellow trustees. I also wish to express my gratitude to William Beattie and Donald Fink, both now deceased, who offered their personal encouragement as I began writing the history, and to Jean Jones, Lillian Murphy, Kate Paul, Gordon Rippey and William Maniatis for their constant interest and loyalty as the project progressed. I am also grateful to trustees W.R. Alexander, Donald Butterfield, Richard Walker, Judith Wagner and James Urban for providing me their own recollections of events in the life of The Trust and upon which I have relied, and to trustees William Maniatis, Reginald Washington, Stephen Clark, Patricia Baca, Gail Schoettler and R.J. Ross for their biographical material. A number of The Trust's staff members were most helpful in verifying various facts and figures or locating important documents, minutes and records, and providing biographical information as well. In this regard, I want to recognize and especially thank Jenny Lehman, executive associate; John Samuelson, vice president and CFO; Joanne Johnson, controller; as well as Lori Vettraino, Michele Chader, Alisa Schreiber, Bridget Monahan, Sabine Kortals and Laurel Petralia.

I extend a special thank you to Christie McElhinney who undertook the task of editing the initial and subsequent drafts of the

history before it was finalized. McElhinney balanced the editing with her other duties as The Trust's vice president of communications and public affairs and as she finished her journey toward a master's degree in public affairs at the University of Colorado Denver.

I acknowledge with gratitude Jack Henderson, The Trust's general counsel, for his review of the accuracy of various events recounted in the history, and to Garth Grissom, now deceased, who loaned to me his files relating to the buy-back transaction. Grissom served as The Trust's special counsel during that transaction.

I would like to express additional thanks to Judith Wagner, who introduced me to Mark Foster, professor emeritus of history at the University of Colorado Denver, who offered advice on writing a history. He told me, "just start writing."

Other members of The Trust's staff who were of invaluable assistance are Mary Ann Davis, who enabled access to The Trust's archives and provided office accommodations; Jill Johnson, who maintained access to The Trust's vault and its contents; Tara Spahr for computer tech support; Heidi Holmberg for a box of souvenirs that provided reminders of my days at The Trust; and Nancy Csuti for biographical sketches of the evaluation staff.

The staff at what was formerly known as Sherman Street Properties, Inc. also assisted me, for which I am grateful. Mel Caldwell provided information regarding the flood of 2002. Jackie Lansing provided office space for the initial cataloging of archived documents, and Louis Sanchez and Dennis Rivera helped move heavy files around the vault.

Individuals outside The Trust whom I would like to recognize and thank are Carol Breslau, formerly The Trust's vice president for initiatives, for her encouragement and biographical information; Mary Anstine for helping me to compile the detail in the Chronology of

## *Acknowledgments*

Select Events included as Appendix A and for recollections about W.R. Alexander; Virginia Culver of *The Denver Post* for obituaries written about Bruce Rockwell and William Beattie; Peter Grant, for details about Bruce Rockwell's tenure as chairman of the board of Colorado National Bank and as chairman of the board of Colorado National Bankshares; Elizabeth Carver, vice president and general counsel of HCA-HealthONE LLC, for details regarding the PSL/Swedish merger and HealthONE; Anne Warhover concerning the emergence of the Colorado Health Foundation; Sheila Bugdanowitz and Chris Wiant regarding their and my roles as members of the board of the Colorado Health Institute; Robert Litchard regarding the period when Gordon Gee, president of the University of Colorado, occupied space in the Capitol Life Insurance Building, later known as The Colorado Trust Building; Ralph Pollock for his recall of detail regarding Colorado Cares; David Myers on the origin of the Metro Community Provider Network; and Nanette Randall for her untiring transcription of my dictation of the first draft of the history.

And finally, I wish to thank my wife Barbara and our children, who encouraged me throughout the many days and evenings I spent writing this history. Without all of you, my dear family, I simply could not have done it.





## *About the Author*

John R. Moran, Jr. served as general counsel of The Colorado Trust from 1985 until 1991 when he became president and CEO of the foundation, a position he held until his retirement at the end of 2006. Before then he practiced law in Denver, Colorado for 33 years. From 1955 through 1958, he served on active duty as a U.S. Naval Reserve officer. He is a graduate of the University of Notre Dame and the University of Denver Sturm College of Law. He was a member of the Colorado House of Representatives from 1963 (partial) until 1965. He and his wife, Barbara, live in Denver and are the parents of six children and 19 grandchildren. Moran received the *Civis Princeps* Award from Regis University in 1992, the Alumni Professionalism Award from the University of Denver Sturm College of Law in 1999, the Metro Community Provider Network Leadership Award in 1999, and the National Philanthropy Day Outstanding Professional in Philanthropy award in 2005.

## *Footnotes*

- <sup>1</sup> As Chairman of the CMB, Butterfield called for a vote of the staff to approve the sale and the choice of the bidder. This went to AMI. A few dissenting doctors later took Butterfield aside and, faking a medical question to him, threatened him if he did not tell the board that the staff did not approve of the sale. Butterfield told them regardless of their position, the position of the staff as a whole was overwhelmingly in favor of the sale for expansion of the hospital and its services.
- <sup>2</sup> Kenneth T. King, one of the members of the PSL Executive Committee, was a lawyer and a former president of Capitol Life Insurance Company. The insurance company's Denver headquarters would one day become the home of The Colorado Trust. His negotiations with Weisman moved the proposed \$5 million commitment from the realm of a binding obligation to a more conditional undertaking, and thus the later characterization of the commitment as the "non-binding obligation."
- <sup>3</sup> The Hart-Scott-Rodino Antitrust Improvements Act of 1976 (Public Law 94-435) is a set of amendments to the antitrust laws of the United States, principally the Clayton Antitrust Act.
- <sup>4</sup> The record of the court proceedings is on file in the District Court for the City and County of Denver, Civil Action No. 88CV19084.
- <sup>5</sup> See Chapter Two – Negotiations and Preparation for Closing. Once the letter of June 26, 1985 was approved by The Trust, the so-called \$5-million commitment was forevermore referred to as the "non-binding obligation."
- <sup>6</sup> Rockwell attended a number of planning meetings for the new airport. Many meetings were held in the Capitol Life Insurance Company building which would become the future home of The Colorado Trust headed by Rockwell.
- <sup>7</sup> As a nonprofit corporate entity, The Trust was not subject to the provisions of the Sarbanes-Oxley Act of 2002, but many of its proscriptions were already in place at The Trust. To bring The Trust within its purview was viewed by the board as a means to achieving better accountability and transparency.
- <sup>8</sup> Quotes under the above caption The Physician Constituency are from the Minutes of a Special Meeting of the Board of Trustees of The Colorado Trust held on October 7, 1998.
- <sup>9</sup> This is a reference to the 1991 transaction whereby AMI sold all of its interest in the Medical Center to a newly formed nonprofit hospital corporation known as P|SL Healthcare System. See Chapter Seven, The Buy-Back.
- <sup>10</sup> Fink and Butterfield strongly believed that the rescission of the veto was a breach of a promise made to the Combined Medical Staff and requested that notice of the board's action be given to the Chief of Staff of the Medical Center. The Chief of Staff at the time was Reginald Washington, MD. In 2002, Washington was elected to become a member of the board of The Trust.
- <sup>11</sup> See Chapter Five, The Trustees in Person, for a description of the process for choosing new trustees.
- <sup>12</sup> The original statement of The Trust's Directed Contributions policy was adopted by the Board of Trustees on January 17, 1996.
- <sup>13</sup> Created by Resolution of Board of Trustees, December 19, 1990.

*A History of The Colorado Trust*

The Colorado Trust is the state's first grantmaking foundation dedicated solely to the health and well-being of Coloradans. This personal telling of the founding and first 21 years of The Trust captures the vision, generosity and understanding of those who established and served as stewards of this treasured asset.

Author John R. Moran, Jr., who served first as general counsel and then as long-time President and CEO to the foundation, provides intimate insights on those who created and helped to shape the foundation. He also captures the environment of Denver and Colorado into which The Trust began its work, and details the foundation's many efforts to serve the health and well-being of the people of Colorado.

In capturing the past, this book provides an important means to ground the future efforts of The Colorado Trust's trustees and staff members, and their many partners.

