

# BYLAWS OF THE COLORADO MUNICIPAL LEAGUE

## JUNE 2024

### ARTICLE I - NAME AND OBJECT

**Section 1. Corporate Name.** The name of this Corporation shall be the Colorado Municipal League.

**Section 2. Purposes of Corporation.** The Corporation is an instrumentality of Colorado cities and towns acting through their elected and appointed officials. The object of this Corporation shall be that stated in the Certificate of Incorporation as follows:

To cooperate with Colorado cities and towns in the development and improvement of municipal government;

To study the needs and render such services as may be proper to increase the efficiency of Colorado cities and towns;

To assist in the securing of legislative enactments beneficial to municipalities and to oppose all legislation deemed injurious thereto;

To sue or defend in the name of this Corporation any actions or proceedings in law or in equity when deemed advisable;

To hold conferences, conventions, or assemblages at such times and places as may be determined for the discussion of mutual affairs of Colorado cities and towns and to adopt measures for the betterment thereof;

In general, to do all acts and things necessary, proper and expedient for the welfare and benefit of Colorado municipalities and the citizens thereof.

### ARTICLE II - MEMBERSHIP

**Section 1. Eligibility.** Any incorporated city or town in the state of Colorado desiring to become a participating member of this League may do so upon signifying a desire to do so and the payment of the current annual service participation fee. As used in these bylaws, the phrase "participating member," "participating municipality," or "participating city or town" or similar phrase means a Colorado city and county, city, or town that holds a participating membership in the League.

**Section 2. Votes of Participating Members.** Each city or town holding participating membership in the League shall be equally privileged with all other participating members in its voice and vote in the election of Board members and upon any propositions presented for discussion or decision at any meeting of the League. The vote of each participating member shall be cast by its representative or by a majority of its representatives attending the meeting at which an election of Board members or a decision on any proposition shall take place. No voting by proxy shall be allowed, and no representative(s) may vote on behalf of more than one participating member. No person may cast a vote, or sign any nominating petition pursuant to Article IV, Section 4, as a representative of more than one participating city or town. Any meeting of the League may, at the discretion of the Executive Board, be conducted either in-person or remotely, through any electronic platform that allows attendees to hear and see the meeting, participate in discussion or debate, and cast votes electronically, or a hybrid form of both.

**Section 3. Associate Members.** Any individual, associations, business entity, corporation, or organization, including any governmental entity or political subdivision other than a city or town, may become an associate member of the League on application and payment of a sum equal to or in excess of the annual service fee prescribed by the Executive Board. The amount of service fees received from such associate members shall be allocated to research and other informational

services for local government. Privileges accorded and services rendered to such associate members shall be prescribed by the Executive Board. Such membership shall carry no voting privileges. The membership of any associate member may be revoked by action of the Executive Board or as provided in Article III, Section 2, without any requirement for notice or an opportunity to be heard. Any notice of termination may be given in person, by mail, or by e-mail.

**Section 4. Honorary Members.** All Past Presidents of the Colorado Municipal League shall be honorary life members of the League regardless of their official position, and such honorary membership may be conferred upon others by appropriate action of the Executive Board and subsequent confirmation by the participating members at the next succeeding annual business meeting. Honorary members shall be entitled to participate in the discussion of any question at any annual business meeting, special meeting, or district meeting, but such members shall not be entitled to vote.

**Section 5. Renewal of Participating Membership.** Any city or town in the State of Colorado which has withdrawn or has been dropped from League participating membership may reaffiliate with the organization in the manner established in section 1 of this Article II.

**Section 6. Income and Assets.** All income and assets of CML shall at all times be dedicated to the exclusive benefit of its participating members only. No such income or assets shall ever accrue to the benefit of any person, firm, corporation, or other entity except such participating members.

### **ARTICLE III - SERVICE PARTICIPATION FEE**

**Section 1. Fee Schedule.** The annual service participation fee for each city or town shall be in such sum as shall be fixed by the fee schedule adopted from time to time by the Executive Board of the League, provided that no fees shall be prescribed for honorary members. No change in the service participation fee schedule shall be effective until it has been announced at an annual business meeting.

**Section 2. Payment of Fees - Date Due.** (a) All service participation fees shall be payable annually in advance of the League's calendar year and shall become due on January 1. Failure on the part of any municipality to tender payment prior to March 1 shall constitute grounds for termination of membership in the League. Not less than fifteen days prior to any termination of a municipality's membership, the League shall provide written notice of the termination and the reasons therefor to the municipality and shall afford the municipality an opportunity to be heard, orally or in writing, before the Board, which hearing shall occur not less than five days before the effective date of any termination. Any notice required under this section may be given in person, by mail, or by e-mail to the mayor or clerk or, if none, to the last known elected official of the participating member. The foregoing notice and hearing procedures shall not apply to associate members, and the failure on the part of any associate member to tender payment prior to March 1 shall constitute automatic termination of the associate membership. The Executive Board may establish reasonable provisions for the extension of membership status pending the receipt of service participation fees.

(b) A municipality may withdraw from membership upon written notice to the Executive Director but may not receive a refund of any portion of its paid participation fee upon such notice of withdrawal.

### **ARTICLE IV - EXECUTIVE BOARD**

**Section 1. Duties.** (a) The affairs of the League shall be under the direction of an Executive Board of twenty members (also referred to as the Board), plus the Immediate Past President,

when qualified, all of whom shall manage the lawful business of the League. In the event the Immediate Past President is not qualified under Section 3, the position shall be held by the immediate predecessor, when qualified. In performance thereof, the Executive Board shall possess all the powers granted to Executive Boards and Directors of non-profit corporations by state law.

(b) The Executive Board shall have the authority to return to CML's participating city and town members only, annual service participation fees or other revenues collected in excess of the amounts which the Executive Board reasonably determines necessary for the prudent operation of CML. Any such returned amounts shall be credited against future service participation fees of such members in the same proportions as the fees were paid. No credit shall be given to any such member which owes any amount to CML until the amount owing is paid, and any credit or payment to be made under this provision may be used to pay such amount. The Executive Board shall have the sole authority and discretion to determine whether any funds are available for such return, and the amount and timing of any such return. If the Executive Board reasonably determines that such return shall be made, any such member shall have an enforceable right to its proportionate share of such returns pursuant to the terms of this provision. In no event shall any such return be made to any associate member or any honorary member.

**Section 2. Election.** Members of the Executive Board shall be elected annually at the annual business meeting of the League, shall assume office immediately after the adjournment of the annual business meeting and shall hold office for a term of two years, or until their successors have been elected and have assumed office. The terms of the members of the Executive Board shall be staggered so that the terms of one-half of the members of the Executive Board from each population category shall expire each year. When more than ten Executive Board members are to be elected at the annual business meeting, ten individuals shall be elected for two-year terms and any additional individuals elected to the Executive Board shall be elected for one-year terms.

**Section 3. Qualifications of Executive Board Members.** (a) Members of the Executive Board shall be elected or appointed officials of participating cities and towns. For purposes of these bylaws appointed officials shall include employees as well as non-elected officials. For purposes of qualification, the individual must be an elected or appointed official whose election or appointment is under the exclusive control of the governing body of the participating city or town.

(b) excluding the immediate Past President, six members of the Executive Board shall be officials of municipalities in the "small population" category, six members shall be officials of municipalities in the "medium population" category, six members shall be officials of municipalities in the "large population" category, and two members shall be officials of municipalities in the "largest population" category. The Executive Board may establish and from time to time revise the population levels that define the small, medium, large, and largest population categories of municipalities. For the purposes of this Article, "population" shall mean the municipal population figures used in determining service participation fees for League membership for the year in which the Individual is elected, appointed or a candidate for the Executive Board.

**Section 4. Nominations of Executive Board Members.** (a) Nominations of Board members shall be made at the annual business meeting of the League by a nominating committee of four municipal officials appointed by the President, one from each category established in Section 3(b) of this Article IV. At least 24 hours prior to the annual business meeting, the nominating committee shall recommend for election to the Executive Board a slate of municipal officials numbering at least as many officials in each population category as the number of vacancies to be filled for each category, and, in so doing, shall ensure that the nominations comply with the categories established in Section 3(b) of this Article IV and with the requirement in Section 2 of this Article IV for overlapping terms of office. Each nominee, except any official requested by the nominating

committee to become a nominee in order to meet the minimum slate requirement of this section and except any nominee petitioned for pursuant to this section, shall have received the written endorsement of the nominee's city council or board of trustees. A city council or board of trustees may endorse the nomination of only one official from the city or town for election at any one annual business meeting. Each official who files an application for nomination with the nominating committee shall be included among the nominating committee's slate of nominees if the official meets the qualifications established in section 3(a) of this article, and if the official's application is received in writing in the League office at least 21 days prior to the annual business meeting and is accompanied by the required endorsement in writing from the official's city council or board of trustees. The nominating committee may request that one or more additional officials become nominees only if and to the extent that the total number of officials who are qualified by the proper filing of an application for nomination at least 21 days prior to the annual business meeting are insufficient to meet the minimum slate requirement of this section. Not later than 48 hours prior to the annual business meeting, other nominations for Board members may be made to the nominating committee by petition, such petition to be signed by at least ten municipal officials representing at least ten participating members, but the nominating committee shall not accept a petition for the nomination of any official of a city or town whose governing body has already endorsed the nomination of another official from that city or town. The nominating committee shall be the sole judge of the validity of any such petitions submitted, and if it deems the petitions valid shall submit the names of municipal officials so nominated to the annual business meeting for consideration along with the nominating committee's slate of officials.

(b) The vote shall be by written or electronic ballot. Within each category of Board members, as set forth in Section 3(b) of this Article IV, those officials receiving the largest number of votes shall be elected to two-year terms and those receiving the next largest number of votes, in descending order, shall be elected to one-year terms, if any exist. Where a tie would affect the outcome of any election, a run-off election shall be held among those officials receiving the same number of votes. At the annual business meeting, each city and town holding participating membership in the League shall be entitled to vote, subject to Article II, Section 2 and Section 7 of this Article IV, to fill all vacancies on the Executive Board regardless of the categories established in Section 3(b) of this Article IV.

**Section 5. Board Meetings.** The Executive Board shall meet at the call of the President at least four times during each fiscal year, one of which meetings shall be held within 45 days of the beginning of the next succeeding fiscal year for the principal purpose of approving the budget for the ensuing year and one of which shall be held within 24 hours after the adjournment of the annual business meeting. Notice of any regular meeting of the Executive Board shall be provided to each member of the Executive Board at least five days in advance of the meeting. Additional meetings as necessary may be called by the president or by any two members of the Executive Board. Notice of any such additional meeting shall be provided at least twelve hours in advance of the meeting. Any notice required under this section may be given in person, by mail, or by e-mail, or by any other means of wire or wireless communication. Any meeting of the Executive Board may, at the discretion of the President, be conducted either in-person or remotely through any electronic platform that allows Board members to hear and see the meeting, participate in discussion or debate, and cast votes electronically, or a hybrid form both.

**Section 6. Quorum and voting.** The presence of eight members shall constitute a quorum at any meeting of the Executive Board. No voting by proxy shall be allowed.

**Section 7. Vacancies.** (a) A vacancy shall occur on the Executive Board if a Board member resigns, misses three consecutive meetings of the Executive Board held during a period exceeding sixty days, ceases to be an elected or appointed official of a participating city or town, or ceases to be an official of some participating city or town in the same population category from

which elected to the Executive Board. A qualified Immediate Past President, or the predecessor in office pursuant to Section 8 of this Article, shall not be subject to the three consecutive meeting provision of this paragraph. Any Board member who, without a break in service, becomes an elected or appointed official of a participating city or town different from but in the same population category as that from which the member was elected to the Executive Board shall continue to serve on the Executive Board until commencement of the next annual business meeting, provided that the League receives in its office within 45 days after the official takes office or commences service a written endorsement from the succeeding municipality stating that the governing body of said municipality desires that the member continue to serve on the Executive Board. If no such endorsement is received within said 45 days, a vacancy shall occur. A change within the same municipality in a Board member's elected or appointed position, from an appointed to an elected position, or from an elected to an appointed position, shall not create a vacancy unless a break in service exists between the positions. A "break in service" occurs when more than 72 hours has elapsed between service. Any Board member otherwise eligible to continue to serve on the Executive Board shall satisfy the qualifications set forth in section 3 of this Article.

(b) Whenever a vacancy occurs, the remaining members of the Executive Board may fill the vacancy by appointment of an eligible municipal official to serve until the adjournment of the next annual business meeting and, in so doing, shall ensure compliance with Section 3(b) above. At that time, or in the event that the Executive Board has not filled the vacancy, the unexpired term shall be filled according to the provisions of Section 4 above.

**Section 8. Immediate Past President.** The Immediate Past President, when qualified as an elected or appointed official of a participating city or town, shall be an ex officio voting member of the Executive Board for one year after the expiration of the term of office as President. In the event the Immediate Past President is not qualified, the position shall be held by the immediate predecessor, when qualified.

**Section 9. Review of Categories.** Unless previously amended or repealed, the categories of Board members established by Section 3(b) of this Article IV shall be reviewed by the Executive Board at least every five years.

**Section 10. Delegation of Authority to Act on Behalf of Board Without a Meeting.**

The Executive Board may establish policies to delegate certain actions to be made on behalf of the Executive Board by the officers established in Article V, Section 1 and the Immediate Past President established by Section 8 of this Article IV. Such action shall be effective if there are writings that describe the action and the responses from the officers and the Immediate Past President, if the other Board members are promptly notified of the action, and if the action is filed with the minutes of the next meeting of the Executive Board. Any such writings may be received electronically. The action does not prevent two or more Board members from calling for a special meeting on the action as provided in Article IV, Section 5.

## **ARTICLE V - OFFICERS**

**Section 1. Qualifications.** The officers of the League shall be a President, a Vice President, a Secretary-Treasurer, and the Immediate Past President. Each officer shall be a duly qualified member of the League's Executive Board. The member selected as President at the Board meeting held within 24 hours after adjournment of the annual business meeting shall have served on the Executive Board at some time prior to such business meeting.

**Section 2. Selection of Officers.** Within 24 hours after the adjournment of the annual business meeting, the Executive Board shall meet for the purpose of organizing and selecting the President, Vice President, and Secretary-Treasurer for the ensuing year from among its own

membership. Officers of the League shall hold their positions for a period of one year, except that when a vacancy occurs in any of the three offices during the year, the Executive Board shall appoint a successor from among its own membership to fill the position until the next annual conference. There shall be no limit on the number of terms of office which may be served by a member.

**Section 3. Duties of President.** The President shall preside at all meetings of the League and at all meetings of the Executive Board. The President shall have the duties and powers customarily incident to such office.

**Section 4. Duties of Vice President.** In the absence of the League President, the Vice President shall assume the duties and exercise the powers of the President. The Vice President shall have such other duties and powers customarily incident to the office of Vice President.

**Section 5. Duties of Secretary-Treasurer.** The Secretary-Treasurer shall be responsible for the accurate record of proceedings of Executive Board meetings, shall be responsible for submission of an annual financial report which shall be published promptly in an edition of Colorado Municipalities or the CML Newsletter and shall have such other duties and powers customarily incident to the office of Secretary-Treasurer.

**Section 6. Duties of Executive Director.** (a) The Executive Director, who shall be appointed by the Executive Board, shall be responsible for the proper and efficient management of the affairs of the League, under the general direction of the Executive Board. Except as otherwise specifically delegated to the secretary-treasurer by these bylaws, the Executive Director shall be responsible for preparing and maintaining any records and information required to be kept by the League at the direction of the Executive Board or pursuant to any law, and for authenticating the records of the League.

(b) The Executive Director shall prepare an annual budget covering the estimated receipts and disbursements of the League, and this budget shall be submitted to the Executive Board for its approval. The Executive Director shall perform such other duties as may be assigned by the Executive Board. The Executive Director shall exercise the usual functions of manager of League affairs and services.

(c) The Executive Director shall furnish a satisfactory surety bond or insurance in an amount and form determined by the Executive Board. The League shall pay the premium for said bond or insurance.

## **ARTICLE VI - COMMITTEES AND SECTIONS**

**Section 1. Committees.** The President shall appoint such special or standing Committees from time to time as may be determined by the Executive Board.

**Section 2. Policy Committee.** The Executive Board shall from time to time receive and act upon recommendations from a policy committee, whose membership may include one representative of each participating member, except that members with population over 100,000 may appoint a second member, together with such other members as may be designated by the Executive Board. The policy committee may also recommend changes to the CML policy statement, which shall be presented for consideration at the annual business meeting and approved by a simple majority of all participating members voting. The Executive Board may comment on the policy committee's recommended changes.

**Section 3. League Sections.** Those Sections previously designated as League Sections shall continue as such until otherwise provided by action of the Executive Board or general membership. Organizations, groups or associations having substantial numbers of municipal officials and having objectives and purposes compatible with those of the League, may be established as Sections of the League by the Executive Board, provided any such organization, group or association complies with any conditions imposed by the Executive Board. Such Sections shall continue in existence until discontinued by action of the Executive Board or general membership. No action taken or opinion expressed by a League Section shall be considered an action or opinion of the League, and the League shall not be responsible for any action taken or opinion expressed by a League Section or by an officer or employee of a League Section, unless the action or opinion is previously approved by the Executive Board or by League participating members at the annual or a special meeting.

Only a municipal official shall represent a Section. Sections are entitled to serve on the policy committee but without a vote. Sections may offer sessions at the annual conference, as may be determined by the League.

**Section 4. Meetings of Sections and Committees.** Any meeting of a committee or section may, at the discretion of the chair, be conducted either in-person or remotely through any electronic platform that allows attendees to hear and see the meeting, participate in discussion or debate, and cast votes electronically, or a hybrid form of both.

## **ARTICLE VII - MEETINGS**

**Section 1. Annual Conference.** A regular annual conference for all participating member cities and towns of the League shall be held at such time and place as may be determined by the Executive Board.

**Section 2. Special Conferences.** Special conferences for all participating member cities and towns of the League may be called when authorized by the Executive Board and shall be called by the Executive Board upon receipt of written requests from municipal officials of not less than 15 participating members. A written notice of the time and place of each such special conference shall be provided to each participating member at least fifteen days in advance of the time set for the meeting, or by providing a notice thereof at least two weeks prior to said meeting in Colorado Municipalities or the CML Newsletter; provided, however, that failure to receive such notice shall not invalidate proceedings at such meeting. Such notice shall state the purpose or purposes for which the meeting is called, and no other business shall be transacted at such meeting.

**Section 3. Annual Business Meeting.** A regular annual business meeting for all participating members cities and towns shall be held at the annual conference, unless a different time and place for the annual business meeting is determined by the Executive Board. The quorum for the conduct of business at the annual business meeting shall be 50 participating members. Nomination and election of Board members at the annual business meeting shall be governed by Article IV. Consideration of any amendment to the bylaws or articles of incorporation at the annual business meeting shall be governed by Article IX. No other new matter shall be considered or acted upon at the annual business meeting unless submitted in writing at or before the meeting with copies available for distribution to all participating members in attendance at the meeting.

## ARTICLE VIII - LEAGUE DISTRICTS

**Section 1. District Organization.** There shall be formed within the League regional districts carrying such distinctive numerical designations and having such boundaries as may have been or will be recommended to and approved by the Executive Board and recorded on an official map.

**Section 2. Purposes and Functions of Districts.** The purposes and functions of the regional districts of the League shall be as follows:

(a) To promote interest and cooperation in the problems of municipal government and administration among the officers and employees of the cities and towns within such districts.

(b) To assist the officials of the League in formulating policies and rendering service by expressing to the League the recommendations of the districts as expressed by attendees of district meetings.

**Section 3. Membership of Districts.** All cities and towns within the boundaries of the district that are participating members of the League are members of and may participate in the activities of the district. There is no prohibition on member cities and towns attending meetings in other Districts.

**Section 4. District Chair.** There shall be selected by the membership of each district meeting locations for future District Meetings. The municipality hosting a District Meeting shall select an elected official or staff member to act as a District Chair to preside over the meeting.

**Section 5. District Meetings.** Meetings of the participating cities and towns in each district shall be held at least annually at such time and place as may be determined by the District Chair and the Executive Director.

## ARTICLE IX - AMENDMENTS

**Section 1. Procedure.** These bylaws or the Articles of Incorporation may be amended at any annual business meeting or special conference by a two-thirds vote of all participating members voting, providing the proposed amendment(s) shall have first been prepared in writing and submitted to the Executive Board on or before the date preceding by two weeks the first day of the conference and written copies of such amendment(s) are distributed to conference delegates. Such amendment(s) shall go into effect immediately or at such other time as may be specified in the proposal submitting the amendment to a vote of the members. If, within sixty days after the adoption of any amendment, one-third or more of participating members protest against such amendment, it shall automatically be suspended until the next annual or special conference, when it may be taken up again for reconsideration and vote as in the first instance.

## ARTICLE X - DISSOLUTION

**Section 1. Procedure.** If, at any annual business meeting, three-fourths of the participating members vote to dissolve the League, the League shall be dissolved as provided in Article 134, title 7, C.R.S.

**Section 2. Financial Settlement.** Any assets remaining upon dissolution of the League shall be transferred to the participating member at the time of dissolution according to the provisions of Article 134, title 7, C.R.S. and to a formula established by the Executive Board which bears a



direct relationship to the amount contributed to the support of the League by the said participating municipalities.

## **ARTICLE XI - CONFLICTING INTEREST TRANSACTIONS**

**Section 1. General Statement.** This Article XI is intended to foster public confidence in the integrity of the League and to protect the League's interests when it is contemplating entering a transaction that might benefit the private interest of a Board member of the League. This Article XI is intended to incorporate the requirements of C.R.S. § 7-128-501 of the Colorado Revised Nonprofit Corporation Act with respect to conflicting interest transactions.

**Section 2. Procedures--Conflicting Interest Transactions.** The League, and its Executive Board, shall follow the procedures in this Section 2 with respect to any potential "conflicting interest transaction". For the purposes of this Article XI, "conflicting interest transaction" means any proposed contract, transaction, or other financial relationship between the League and (i) a Board member, (ii) a party related to a Board member, including a spouse, descendent, ancestor, sibling, or the spouse of a descendent or a sibling, or (iii) an entity in which a Board member has an interest, including an estate or trust in which the Board member or a party related to the Board member has a beneficial interest, or an entity in which the Board member or a party related to the Board member has a financial interest.

(a) Duty to Disclose. Each Board member shall, as soon as possible, disclose to the Executive Board all material facts regarding his or her financial or other interest in a proposed conflicting interest transaction.

(b) Determining Whether a Conflict of Interest Exists. The Executive Board shall determine if the proposed transaction is in fact a conflicting interest transaction. The Board member(s) with a potential conflict shall not be present during the Executive Board's discussion or determination of whether a conflicting interest transaction exists, except as provided below.

(c) Procedures for Addressing a Conflicting Interest Transaction. If the Executive Board determines that a proposed transaction is a conflicting interest transaction, the Executive Board shall follow the procedures set forth in Section 3 in order to decide what measures are needed to protect the Organization's interests in light of the nature and seriousness of the conflict, to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are appropriate.

(d) Records of Proceedings. The minutes of any meeting of the Executive Board pursuant to this Article XI shall contain the name of each Board member who disclosed or was otherwise determined to have an interest in a transaction; the nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered; the Board members of the Executive Board who were present during the deliberations on the transaction, those who voted on it, and to what extent interested persons were excluded from the deliberations; any comparability data or other information obtained and relied upon by the Executive Board and how the information was obtained; and the result of the vote, including, if applicable, the terms of the transaction that was approved and the date it was approved.

**Section 3. Executive Board Action with Respect to Conflicting Interest Transactions.** The Executive Board shall comply with the provisions of C.R.S. § 7-128-501 in acting with respect to any conflicting interest transaction. No conflicting interest transaction shall be void or voidable or

be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Board member or by or in the right of the League, provided that:

(a) The material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Executive Board or the committee, and the Executive Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Board members, even though the disinterested Board members are less than a quorum; or

(b) The material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Board members entitled to vote thereon; or

(c) The conflicting interest transaction is, given all the facts and circumstances, fair as to the League.

For the purposes of this Section 3, common or interested Board members may be counted in determining the presence of a quorum at meetings of the Executive Board or of a committee that authorizes, approves, or ratifies the Conflicting Interest Transaction.

## **ARTICLE XII - INDEMNIFICATION**

**Section 1. Indemnification.** The League, acting by and through the Executive Board, shall have the power to indemnify its Board members, Officers, employees and agents to the maximum extent permitted by C.R.S. § 7-129-101 et. seq of the Colorado Revised Nonprofit Corporation Act.

**Section 2. General Provisions.** The League may indemnify any person who is or was a party or is threatened to be made a party to any legal or regulatory proceeding by reason of the fact that such person is or was a Board member or Officer of the League, against expenses (including attorneys' fees), liabilities, judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such proceeding. However, the League will only indemnify a Board member or Officer who: (i) acted in good faith, (ii) reasonably believed, in the case of conduct in an official capacity with the League, that the conduct was in the best interests of the League; and, in all other cases, that the conduct was at least not opposed to the best interests of the League, and (iii) with respect to any criminal proceeding, had no reasonable cause to believe the conduct was unlawful.

No person shall be entitled to indemnification under this Section 2: (i) in connection with a proceeding by or in the right of the League in which the Board member or Officer was adjudged liable to the League; or (ii) in connection with any other proceeding charging improper personal benefit to the Board member or Officer, whether or not involving action in that person's official capacity, in which the Officer or Board member is ultimately adjudged liable on the basis that the Board member or Officer improperly received personal benefit.

Indemnification under this Section 2 in connection with a proceeding brought by or in the right of the League shall be limited to reasonable expenses incurred in connection with the proceeding. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or upon a plea of nolo contendere or its equivalent shall not of itself be determinative that the person did not meet the standard of conduct set forth in this Section 2.

**Section 3. Determination of Right to Indemnification.** Any indemnification under this Article (unless ordered by a court) shall be made by the League only as authorized in each specific case upon a determination that indemnification of the Board member or Officer is permissible under the standard of conduct set forth in Section 2. Such determination shall be made: (i) by the Executive Board by a majority vote of a quorum of disinterested Board members who at the time of the vote are not, were not, and are not threatened to be made parties to the proceeding; or (ii) if such a quorum cannot be obtained, by the vote of a majority of the members of a committee of the Executive Board designated by the Board, which committee shall consist of two or more Board members who are not parties to the proceeding; or (iii) if such a quorum of the Executive Board cannot be obtained or such a committee is so designated but such quorum or committee so directs, then by independent legal counsel selected by the Executive Board in accordance with the preceding procedures. Authorization of indemnification and evaluation as to the reasonableness of expenses shall be made in the same manner as determination that indemnification is permissible, except that, if the determination that indemnification is permissible is made by independent legal counsel, authorization of indemnification and evaluation of legal expenses shall be made by the body that selected such counsel.

**Section 4. Advances Payment of Expenses; Undertaking to Repay.** The League may pay for or reimburse the reasonable expenses (including attorneys' fees) incurred by a Board member or Officer who is a party to a proceeding in advance of the final disposition of the proceeding if: (i) the Board member or Officer furnishes the League a written affirmation of the Board member's or Officer's good faith belief that the person has met the standard of conduct set forth in Section 2; (ii) the Board member or Officer furnishes the League with a written undertaking, executed personally or on the Board member's or Officer's behalf, to repay the advance if it is determined that the person did not meet the standard of conduct set forth in Section 2, which undertaking shall be an unlimited general obligation of the Board member or Officer but which need not be secured; and (iii) a determination is made by the body authorizing indemnification that the facts then known to such body would not preclude indemnification.

**Section 5. Other Employees and Agents.** The League may indemnify such other employees and agents of the League to the same extent and in the same manner as is provided above in Section 2 with respect to Board members and Officers, by adopting a resolution by a majority of the members of the Executive Board specifically identifying by name or by position the employees or agents entitled to indemnification.

**Section 6. Insurance.** The Executive Board may exercise the League's power to purchase and maintain insurance on behalf of any person who is or was a Board member, Officer, employee, or agent against liability asserted against or incurred by the person in any such capacity or arising out of the person's status as such, whether or not the League would have the power to indemnify that person against such liability under the provisions of this Article.