



January 7, 2016

Cynthia Coffman, Esq.
Attorney General of the State of Colorado
Ralph L. Carr Colorado Judicial Center
1300 Broadway, 10th Floor
Denver, CO 80203

Dear Attorney General Coffman:

We represent three conversion foundations in Colorado that resulted from the sale of non-profit health care entities to for-profit corporations. As such, we are writing in response to comments provided at the public hearing and public comment, including the InnovAge letter dated December 26, 2015, regarding the plan for conversion of InnovAge (“Master Plan of Conversion, Total Community Options, Inc. And Its Subsidiaries”) filed on October 30, 2015. As conversion foundations which were formed before the Colorado hospital conversion statute became law, we have worked for more than 20 years serving the community. Each of us has learned valuable lessons that we strongly believe should inform the conversion of InnovAge and the formation of the resulting conversion foundation.

First, we urge you to require a clear separation between the operations of the for-profit InnovAge and the conversion foundation or other entity to which the proceeds are transferred. Each one of our foundations has direct experience with perceived lack of transparency or conflicts of interest that can result from not establishing this clear separation or firewall when our foundations were created. As a result, we’ve all developed policies and guidelines to identify conflicts of interest on behalf of board and committee members, and we have all made clean separations between our grantmaking operations and the operations of our for-profit buyers. We recommend that the Attorney General require such a firewall for these new entities, which would forbid overlap of board members and staff and any business relationship between the two entities. Given the amount of work that InnovAge and its board of directors have put into establishing the NextFifty Initiative, we want to be clear that our recommendation for a complete firewall includes the period prior to, and following, the establishment of the new foundation. A simple conflict of interest policy by itself is not sufficient to address the issue of independence. Only absolute separation will avoid the possibility of actual influence, as well as the appearance of influence, on the conversion foundation by the for-profit InnovAge.

Second, as foundations who have continued to serve the communities that supported and were served by the health care institutions that created us, we are concerned that there are only very limited geographic restrictions on the service area of the proposed conversion foundation. The value of InnovAge’s business was built over 25 years in Colorado with the benefit of state and federal tax exemptions and the ability to

issue millions of dollars of tax exempt bonds. Colorado's philanthropic community and Colorado tax payers have also contributed significant funds to InnovAge's operations through grants and the state's General Fund, respectively. Revenues earned from Colorado participants have even subsidized InnovAge's recent entry into the California market. Based on Colorado's substantial investment in InnovAge, we strongly recommend that you direct, as the large majority of other jurisdictions have done, that the proceeds of the transaction be employed to serve the frail elderly and disabled over the age of 55 (especially low-to-moderate income and diverse communities) in Colorado. Another option would be to provide that the entity receiving the proceeds allocate the proceeds in proportion to each state based on the revenues InnovAge has received from each state prior to the conversion. In any case, we strongly recommend that the conversion foundation be directed to serve the same or similar population in Colorado that has been served by InnovAge prior to the conversion.

As we have all stated in previous public comment, we are mindful that this conversion in Colorado is the first of its size in the nation and will likely be perceived as a watershed event and set a precedent for future conversions. Given that circumstance, we urge you to observe the lessons of our own histories, to recognize the public's attention to transparency and to honor the interests of Colorado citizens in this conversion so that our new peer foundation is clearly set up to serve the communities in which it was created.

Respectfully submitted,

s/Sheila Bugdanowitz

Sheila Bugdanowitz
President and CEO, Rose Community Foundation

s/Ned Calonge, MD

Ned Calonge, MD, MPH
President and CEO, The Colorado Trust

s/Karen McNeil-Miller

Karen McNeil-Miller, Ed. D.
President and CEO, The Colorado Health Foundation