

## **Exhibit 29**

**DRAFT**  
**BYLAWS**  
**OF THE**  
**[VERMONT HEALTH CO-OP, INC.]**

**Adopted \_\_\_\_\_ 2013**

**TABLE OF CONTENTS**

**PREAMBLE**.....5

**ARTICLE I: Name**..... 5

**ARTICLE II: Nonprofit Purpose and Powers**..... 5

**ARTICLE III: Offices**..... 5

**ARTICLE IV: Corporate Seal** ..... 5

**ARTICLE V: Board of Directors; Directors** ..... 6

*Section 1. General Powers* ..... 6

*Section 2. Number and Composition and Initial Eligibility* ..... 6

*Section 3. Compensation* ..... 7

*Section 4. Election and Appointment of Elected Directors* ..... 7

*Section 5. Resignation* ..... 7

*Section 6. Removal* ..... 8

*Section 7. Vacancies* ..... 8

*Section 8. Standard of Conduct and Care for Directors and Officers* ..... 8

*Section 9. Conflicts of Interest*..... 9

**ARTICLE VI: Meetings of the Directors**..... 9

*Section 1. Place of Meetings* ..... 9

*Section 2. Annual Meetings* ..... 9

*Section 3. Regular Meetings*..... 9

*Section 4. Special Meetings* ..... 10

*Section 5. Meeting by Means of Electronic Communication*..... 10

*Section 6. Notice of Meetings; Waiver of Notice*..... 10

*Section 7. Quorum and Voting* ..... 11

*Section 8. Rules of Procedure* ..... 11

*Section 9. Chairman of the Board*..... 11

*Section 10. Vice Chair*..... 11

**NEWCO  
BYLAWS Page 3 of 23**

<i>Section 11. Other Officers</i> .....	12
<b>ARTICLE VII: Officers of the CO-OP</b> .....	12
<i>Section 1. Generally</i> .....	12
<i>Section 2. President and Chief Executive Officer</i> .....	12
<i>Section 3. Vice President and Chief Operating Officer</i> .....	13
<i>Section 4. Treasurer and Director of Finance</i> .....	13
<i>Section 5. Secretary</i> .....	13
<i>Section 6. Other Officers</i> .....	13
<b>ARTICLE VIII: Committees</b> .....	14
<i>Section 1. Committees</i> .....	14
<i>Section 2. Executive Committee</i> .....	14
<i>Section 3. Governance and Nominating Committee</i> .....	14
<i>Section 4. Finance and Investment Committee</i> .....	15
<i>Section 5. Audit Committee</i> .....	16
<i>Section 6. Ad Hoc Committees</i> .....	16
<i>Section 7. Advisory Committees</i> .....	16
<b>ARTICLE IX: Members</b> .....	17
<i>Section 1. Qualifications</i> .....	17
<i>Section 2. Rights and Obligations</i> .....	17
<i>Section 3. Annual and Special Meetings</i> .....	17
<i>Section 4. Notice of Meetings</i> .....	17
<i>Section 5. Quorum</i> .....	18
<i>Section 6. Voting; Record Date</i> .....	18
<i>Section 7. Approval</i> .....	18
<i>Section 8. Action by Written Ballot</i> .....	18
<i>Section 9. Member Advisory Council</i> .....	18
<b>ARTICLE X: Financial and Miscellaneous Matters</b> .....	19

**NEWCO  
BYLAWS Page 4 of 23**

<i>Section 1. Contributions and Disbursements</i> .....	19
<i>Section 2. Budget</i> .....	19
<i>Section 3. Contracts</i> .....	19
<i>Section 4. Loans</i> .....	19
<i>Section 5. Checks, Drafts and Similar Financial Documents</i> .....	19
<i>Section 6. Maintenance of Records and Records Requests</i> .....	19
<i>Section 7. Annual Report; Annual Audit</i> .....	20
<i>Section 8. Purchase and Sale of Securities: Voting Securities Owned by the CO-OP</i> .....	20
<i>Section 9. Insurance</i> .....	21
<b>ARTICLE X: Use of Surplus</b> .....	21
<b>ARTICLE XI: Amendment of Articles of Incorporation or Bylaws</b> .....	21
<b>ARTICLE XII: Indemnification</b> .....	22
<i>Section 1. Mandatory Indemnification</i> .....	22
<i>Section 2. Discretionary Indemnification</i> .....	22
<i>Section 3. Advance for Expenses</i> .....	22
<i>Section 4. Insurance</i> .....	22
<i>Section 5. Former Directors, Officers, Employees and Agents</i> .....	22
<i>Section 6. Notice to Attorney General</i> .....	22
<b>ARTICLE XIII: Definitions</b> .....	23

**NEWCO**  
**BYLAWS Page 5 of 23**

**PREAMBLE:**

These articles describe the powers and duties of the board, Members and officers to conduct business of the [Vermont Health CO-OP, Inc.] To the extent terms are used in these bylaws that are not defined herein, such terms shall be interpreted consistent with the definitions in the Patient Protection and Affordable Care Act and regulations promulgated under its authority.

**ARTICLE I: NAME**

The name of the corporation is the [Vermont Health CO-OP, Inc.] (the "CO-OP")

**ARTICLE II: NONPROFIT PURPOSE AND POWERS**

The CO-OP is a Consumer Operated and Oriented Plan, as that term is defined under Section 1322 of the Patient Protection and Affordable Care Act (Public Law 111-148) ("PPACA"), and a nonprofit organization organized under Vermont law. The purpose of the CO-OP is to create a consumer-governed, private, nonprofit health insurance issuer offering health plans in the State of Vermont, as stated in the Articles of Incorporation. The CO-OP shall conduct substantially all of its health insurance operations by offering qualified health plans in the individual and small group markets and shall offer products to small businesses through the health insurance exchange in any market where it offers products to small businesses outside of the health insurance exchange.

The CO-OP shall have all of the powers accorded to a nonprofit corporation under the laws of the State of Vermont except that the CO-OP shall at all times conduct its activities in a manner consistent with preserving its status as an organization under Section 501(c) (29) of the Internal Revenue Code.

**ARTICLE III: OFFICES**

The CO-OP shall maintain a principal office for the transaction of its business in Chittenden County, Vermont. The CO-OP may also have offices at such places either within or without the State of Vermont as the Operational Board of Directors or the Formation Board of Directors<sup>1</sup> may determine from time to time. The Board reserves the right to change its principal office by Board action.

**ARTICLE IV: CORPORATE SEAL**

The CO-OP shall have the power, upon the approval of the Executive Committee, to adopt a corporate seal, which may be altered at will, and to use such seal, or a facsimile of it, by impressing or affixing it or in any other manner reproducing it.

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<sup>1</sup> Hereinafter, all references to "Board" or "Board of Directors" shall apply to both the Formation Board and the Operational Board. When the bylaws intend to apply to only one of those boards, they shall refer to that board by name, i.e. Formation Board or Operational Board.

## ARTICLE V: BOARD OF DIRECTORS; DIRECTORS

**Section 1. General Powers.** The business and affairs of the CO-OP shall be managed under the direction of its Board of Directors. The CO-OP shall have the power to do all things necessary or convenient to carry out its affairs (within the meaning of the Vermont Nonprofit Corporation Act) as may be necessary, useful, suitable or proper for the furtherance or accomplishment of its nonprofit and exempt purposes specified in its Articles of Incorporation. The Board may delegate its authority to a Committee of the Board of Directors, officers of the Board of Directors, corporate officers, and others, except to the extent inconsistent with or otherwise prohibited in these Bylaws or applicable law, provided that the activities and affairs of the CO-OP shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

**Section 2. Number and Composition and Initial Eligibility.** No person who is a representative of any Federal, State or local government or of any political subdivision or instrumentality of any such government may serve on the CO-OP's Board of Directors. Further, no person who is a representative of a pre-existing insurance issuer, a trade association whose members consist of pre-existing issuers, a related entity or a predecessor of either, may serve on the CO-OP's Board of Directors.

(a) **Formation Board.** There shall be an initial Board of Directors (the "Formation Board") that shall consist of no less than three (3) directors or more than nine (9), including *ex officio* directors, as determined from time to time by the Formation Board. The term "Formation Board" means the initial Board of Directors of the CO-OP before it has begun accepting enrollment and been replaced as provided in Subparagraph (c). No more than forty-nine (49%) percent of the individuals serving on the Formation Board may be financially interested persons within the meaning of 11B V.S.A. §8.13 of the Vermont Nonprofit Corporations Act.

(i) **Ex Officio Directors.** The President and Chief Executive Officer of the CO-OP shall be an *ex officio* director of the CO-OP (the "Ex Officio Director"). The Ex Officio Director shall have the same duties and privileges as the appointed directors of the Formation Board.

(ii) **Remaining Directors.** The remaining members of the Formation Board, after the initial designation of three directors (the "Initial Directors"), shall be appointed by a majority vote of the Initial Directors and the Ex Officio Directors.

(iii) **Vacancies.** Upon resignation or removal of Directors of the Formation Board, the Formation Board shall, in its discretion and in compliance with these Bylaws, determine whether to fill a vacancy. If the Formation Board determines to fill the vacancy, it shall appoint a successor director by majority vote of the Formation Board.

(b) **Operational Board.** There shall be a Board of Directors that shall consist of no less than nine (9) and no more than thirteen (13) directors. The term "Operational Board" shall mean the Board of Directors elected by the Members of the CO-OP (hereinafter referred to as the "Board of Directors" or the "Board"). Except as provided in subparagraph (c), all Members will be eligible to vote for each director on the CO-OP's Operational Board. The majority of directors on the Operational Board must be Members of the organization. Each director has one

**NEWCO**  
**BYLAWS Page 7 of 23**

vote unless he or she is a non-voting director. While all directors of the Operational Board must be elected by the Members, the CO-OP may designate some Operational Board positions for directors with certain types of expertise that are essential to the governance of the CO-OP. The Governance and Nominating Committee will enlist all director candidates through the nominating process. Positions on the Operational Board designated for individuals with specialized expertise, experience or affiliation cannot constitute a majority of the Operational Board. This provision does not prevent any individual from seeking election to the Operational Board based on being a Member of the CO-OP. No more than forty-nine (49%) percent of the individuals serving on the Operational Board may be financially interested persons within the meaning of 11B V.S.A. §8.13 of the Vermont Nonprofit Corporations Act.

(i) Ex Officio Directors. The President and Chief Executive Officer of the CO-OP shall be an *ex officio* director of the CO-OP (the "Ex Officio Director"). The Ex Officio Director shall have the same duties and privileges as the Elected Directors.

(ii) Elected Directors. The remaining members of the Operational Board shall be the "Elected Directors" and shall be elected in contested elections held by the Members and managed by the Governance and Nominating Committee.

(iii) Non-Voting Directors. The CO-OP may choose to have directors who provide expertise but do not vote. Non-voting directors must bring specific expertise or be Members of the CO-OP management team.

(c) Transition from the Formation Board to the Operational Board. The first Member election shall take place no later than one year following the date the CO-OP began providing coverage to its first Member (the "Effective Date") and shall result in a board that is comprised of fifty percent (50%) or more directors elected by the Members. Thereafter, all directors must be elected by a majority vote of a quorum of the Members. The Formation Board shall be replaced by the Operational Board within two years after the Effective Date.

**Section 3. Compensation.** The Board shall determine reasonable compensation, if any, for each member of either Board and the officers of the CO-OP.

**Section 4. Election and Appointment of Elected Directors.** Except as provided in Section 2(c), the terms of directors of the Operational Board shall be staggered so that one-third (or such number as approximates one-third insofar as practicable) shall be elected each year. Subject to shorter terms as may be required to effect a staggered board, each director shall generally hold office for a three (3) year term, and thereafter until the election and qualification of his or her successor. Each director may be re-elected for three (3) consecutive terms only. Accordingly, a director who serves for three (3) terms shall not be eligible for re-election until one (1) year has passed from the expiration of the third term. Directors shall be elected at the annual meeting of the Members by the Members.

**Section 5. Resignation.** Any director may resign at any time by giving written notice of such resignation to the Board Secretary, with a copy to the Board Chair. Such resignation shall be effective upon delivery, unless a later date is specified in the notice. Directors are expected to attend all Board meetings. Commencing upon seating of the Operational Board, Elected Directors who miss two consecutive regularly scheduled meetings with unexcused absences (as

**NEWCO**  
**BYLAWS Page 8 of 23**

determined by the Executive Committee) shall be deemed to have delivered to the Board a written notice of resignation, and the successor director elected by the Board will serve the unexpired term of the former director.

**Section 6. Removal.** A director of the Formation Board may be removed with or without cause by two-thirds (2/3) affirmative vote of the directors then in office held either at a regularly scheduled meeting or at a properly called special meeting when, in the sole judgment of the directors voting for removal, the best interests of the CO-OP would be served thereby. A director proposed to be removed shall be given at least seven (7) days' advance written notice of the removal vote and shall be entitled to be heard at the meeting of directors prior to the vote.

A director of the Operational Board may be removed with or without cause: (a) by a two-thirds (2/3) affirmative vote of the directors then in office, held either at a special or regularly scheduled meeting; or (b) by a two-thirds (2/3) affirmative vote of the Members held either at a special or regularly scheduled meeting. A director proposed to be removed shall be given at least seven (7) days' advance written notice of the removal vote and shall be entitled to be heard at a meeting of directors and Members prior to the vote.

**Section 7. Vacancies.** Upon the resignation or removal of an Elected Director of the Operational Board or when vacant seats exist on the Operational Board, the Governance and Nominating Committee shall evaluate the need to fill the vacancy and make a recommendation to the Operational Board based on the evaluation. The evaluation of the need to fill the vacancy shall consider whether the vacancy has compromised the required majority of Member directors of the Operational Board. If the Governance and Nominating Committee determines that the vacancy must be filled, the remaining members of the Operational Board shall elect a director to serve until the next regularly scheduled election. If the Operational Board does not elect to fill a vacancy, the Members may elect to conduct elections to fill a vacancy by a two-thirds (2/3) affirmative vote of the Members taken at either a special or regularly scheduled meeting. An individual may be elected to fill a vacancy of an Elected Director after being elected by a majority vote of the Members in elections conducted by the Governance and Nominating Committee.

**Section 8. Standard of Conduct and Care for Directors and Officers.** In addition to the more specific standards that may be established in a statement of responsibilities, code of conduct or conflict of interest policy adopted by the Board, each director and Board officer shall discharge his or her duties in a manner he or she reasonably believes in good faith to be in the best interests of the CO-OP and with such care, including reasonable inquiry, as an ordinarily prudent person performing the duties of a director would exercise under similar circumstances. In performing director duties, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by (a) one (1) or more officers or employees of the CO-OP whom the director reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or (c) a Committee of the Board upon which such director does not serve, duly designated in accordance with a provision of these Bylaws, as to matters within its designated authority, which Committee the director reasonably believes to merit confidence, but such director shall not be considered to be acting in good faith if she or he has knowledge concerning the matter in question that would cause such reliance to be unwarranted.

**NEWCO**  
**BYLAWS Page 9 of 23**

**Section 9. Conflicts of Interest.** Each director must meet ethical conflict-of-interest, and disclosure standards including that each director acts in the sole interest of the CO-OP.

(a) By no later than \_\_\_\_\_, 2013, the Board shall adopt a written conflict of interest policy, by resolution, which policy shall be reviewed periodically and revised as determined to be necessary or desirable.

(b) The conflicts of interest policy shall be applied uniformly to all directors of the CO-OP. The conflicts of interest policy shall incorporate ethics, conflicts of interest, and disclosure standards. The standards must protect against insurance industry and state involvement in the CO-OP to the extent it is prohibited by PPACA. In addition, the standards must ensure that each director acts in a manner he or she reasonably believes in good faith to be in the best interest of the CO-OP and its Members, avoids self dealing, and acts prudently and consistently with the terms of the CO-OP's governance documents and applicable federal and state law. At a minimum, these standards must include: (1) a mechanism to identify potential ethical or other conflicts of interest; (2) a duty on the CO-OP's executive officers and directors to disclose all potential conflicts of interest; (3) a process to determine the extent to which a conflict exists; (4) a process to address any conflict of interest; and (5) a process to be followed in the event a director or executive officer of the CO-OP violates these standards.

(c) Each of the directors of the CO-OP, shall be entitled to inspect and copy the books, records, and documents of the CO-OP at any reasonable time to the extent reasonably related to the performance of the directors' duties as a director, including duties as a member of a committee, but not for any other purpose or in any manner that would violate applicable law (including privacy laws) or any duty owed to the CO-OP. This inspection and copy right shall be uniformly applied to all directors unless a specific conflict of interest involving a particular matter requires that access to the information be restricted as to the conflicted (or potentially conflicted) director. All requests for access to CO-OP documents shall be made in good faith. No director shall request to inspect any documents of the CO-OP in a manner that could reasonably be interpreted as an effort to harass the CO-OP.

**ARTICLE VI: MEETINGS OF THE DIRECTORS.**

**Section 1. Place of Meetings.** The Board may hold its annual, regular and special meetings at such times and places as determined by the Chair of the Board after consultation with the Executive Committee.

**Section 2. Annual Meetings.** The Board shall hold a regular meeting designated as the "annual meeting" of the Board each year on a date determined by the Chair of the Board after consultation with the Executive Committee. At each annual meeting, the Board of Directors shall accept new members of the Board, reported by the Governance and Nominating Committee, elected during the Member elections to replace those members whose terms have expired or will expire before the next meeting of the Board and to conduct such other business as may properly come before it.

**Section 3. Regular Meetings.** In addition to the annual meeting, the Board shall hold at least two (2) regular meetings at such times and places as the Chair of the Board shall determine

**NEWCO**  
**BYLAWS Page 10 of 23**

following consultation with the Executive Committee. At each regular meeting, the Board of Directors shall conduct such business as may properly come before the meeting. For purposes of these Bylaws, a "regular meeting" shall mean, as specified in Section 8.20 of the Vermont Nonprofit Corporation Act, any meeting of the Board the time and place of which is fixed by the Bylaws or by prior Board action.

**Section 4. Special Meetings.** Special meetings of the Board may be called by: (a) the Board Chair; (b) the Board Vice Chair; (c) the President and Chief Executive Officer, or (d) upon written request of any three (3) or more directors of the CO-OP. A person entitled to call a special meeting of the Board may make a written request to the Secretary to call the meeting. The Secretary shall give or cause to be given written notice of the meeting in the manner provided below promptly after receiving the a written request to call a meeting, and the meeting shall be scheduled no less than ten (10) days after receipt of the request to call a special meeting.

**Section 5. Meeting by Means of Electronic Communication.** A meeting among directors by any means of communication, including an electronic, telecommunications, and video- or audio-conferencing conference telephone call, by which all participating directors may simultaneously communicate with each other during the meeting constitutes a meeting of the Board (or Board committee) if the same notice is given of the meeting as would be required for an in person or telephonic meeting, and if the number of participating in the meeting would be sufficient to constitute a quorum.

**Section 6. Notice of Meetings; Waiver of Notice.**

(a) Notice of Annual and Regular Meetings. No less than seven (7) days' written notice of each regular meeting of the Board of Directors (including the regular meeting designated as the "annual meeting"), excluding the day of the meeting, shall be given to all directors. Said notice shall include proposed agenda items but, except as otherwise provided in the Vermont Nonprofit Corporation Act or in these Bylaws, the failure to include an agenda item in the notice shall not prevent action from being taken with respect to such item.

(b) Notice of Special Meetings. No less than seven (7) days' written notice of each special meeting of the Board, excluding the day of the meeting, shall be given to all directors. Said notice shall include proposed agenda items but, except as otherwise provided in the Vermont Nonprofit Corporation Act or in these Bylaws, the failure to include an agenda item in the notice shall not prevent action from being taken with respect to such item.

(c) Written or Electronic Notice. Any notice required or permitted under these Bylaws (whether such notice pertains to a meeting or otherwise and whether or not specified to be in the form of "written notice" or "in writing") may be in the form of facsimile transmission, U.S. mail, an electronic record (including email and any other form of wire, wireless, or electronic communication that is retrievable in perceivable form), or personal delivery. Notice provided by U.S. mail shall be effective five (5) days after its deposit in the U.S. mail, as evidenced by the postmark if mailed postpaid and properly addressed.

(d) Waiver. Any director may waive notice of any meeting of the Board of Directors in writing before, at, or after a meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting unless he or she objects at the beginning of the

**NEWCO**  
**BYLAWS Page 11 of 23**

meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting. Any waiver shall be filed with the Board Secretary (or the Vice Chair in the absence of the Secretary), who shall enter the waiver upon the records.

**Section 7. Quorum and Voting.** The presence of a majority of the elected members of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is present when a duly called or held meeting is convened, the directors present may continue to transact business until adjournment only if the withdrawal of directors originally present does not leave less than the proportion or number otherwise required for a quorum. At any meeting of the Board, each director present at the meeting shall be entitled to cast one (1) vote on any question coming before the meeting. Unless otherwise specified in these Bylaws, a majority vote of the directors in attendance at any meeting while a quorum is present is required to transact business (except in the case of a merger of the CO-OP or the sale, lease, exchange or other disposition of all or substantially all of the property of the CO-OP in which case the affirmative vote of two-thirds (2/3) of the directors then in office shall be required).

**Section 8. Rules of Procedure.** The rules contained in *Robert's Rules of Order*, as from time to time revised, shall govern the conduct of meetings (but not to the call, notice, or quorum requirements of meetings) of the Board and Committees in all cases to which they are applicable and not inconsistent with these Bylaws, the Articles of Incorporation, the Vermont Nonprofit Corporation Act, or any special rules of order the CO-OP may from time to time adopt. Minutes of the meetings of the Board shall be available for review by and at the request of any director, the Board as a whole, or any member, subject to the limitations in Article XI.

**Section 9. Chairman of the Board.** The Board shall appoint a Chairman of the Board. No officer of the CO-OP may hold the Chairman of the Board appointment. The Chairman of the Board shall be nominated and elected by the Board of Directors at a regular or special meeting of the Board by majority vote of the entire Board. The Chair shall be responsible for (i) planning and presiding over Board meetings, (ii) organizing the business of the Board and setting the annual Board calendar, (iii) serving as principal liaison between the Board and the corporate officers of the CO-OP; (iv) serving as primary spokesperson of the Board, and (v) performing such other duties and having such other powers as may be provided for elsewhere in these Bylaws or by the Board. The Chair of the Board shall be *ex officio* the Chair of the Executive Committee.

The term of the Chair shall be for two years, renewable by the Board once for a second two-year term.

The Chair shall undertake such other powers and duties as may be delegated from time to time by the Board or granted or imposed by law, the Articles of Incorporation or these Bylaws. The Chairman of the Board may be removed at any time, with or without cause, by the affirmative vote of a majority of directors then in office. Any vacancy in an office of the Board of Directors shall be filled by action of the full Board.

The Chairman of the Board may resign as an officer at any time by giving written notice to the Board. Such resignation shall be effective upon delivery, unless a later date is specified in the notice.

**Section 10. Vice Chair.** By majority vote of the entire Board, in the Board's discretion, the Board may elect from the number of its Elected Directors a Vice Chair of the Board. The term of the Vice Chair shall be for two years, renewable by the Board once for a second two-year term. The Vice Chair of the Board, in the absence of the Chair, shall preside at meetings of the Board and its Executive Committee. The Vice Chair shall have such powers and perform such additional duties as may be prescribed by the Chair in consultation with the Board. In the absence of the Chair and the Vice Chair of the Board at any meeting of the Board of Directors, a temporary Chair shall be selected by the directors present and shall act for the purpose of the meeting as the Chair of the Board of Directors. If the Board elects a Vice Chair of the Board, the Vice Chair shall be *ex officio* the Vice Chair of the Executive Committee and the Chair of the Governance and Nominating Committee.

**Section 11. Other Officers.** The Board may elect or appoint additional officers or assistant officers as it deems convenient or necessary. Any other officers shall hold office at the discretion of the Board and shall have such powers, perform such duties and be responsible to such other officers as Board may prescribe.

#### **ARTICLE VII: OFFICERS OF THE CO-OP.**

**Section 1. Generally.** The officers of the CO-OP (the "corporate officers") shall include a President and Chief Executive Officer and such other officers and assistant officers as the President may appoint from time to time with the approval of the Board. Officers shall serve at the pleasure of the Board for an indefinite duration. A vacancy in any office because of death, incapacity, resignation, or removal shall be filled for the unexpired portion of the term by action of the Board upon nomination by the President and Chief Executive Officer in all instances except for appointment of a President and Chief Executive Officer.

**Section 2. President and Chief Executive Officer.** The President and Chief Executive Officer of the CO-OP shall be the principal executive officer of the CO-OP. The President and Chief Executive Officer shall be selected by the Board of Directors and shall have a direct reporting obligation to the Chair of the Board, but be responsible to the Board as a whole. The President shall serve as an *ex officio* voting member of each standing Board committee with the exception of the Audit Committee, as to which he or she shall not be an *ex officio* member. The President and Chief Executive Officer shall exercise such powers and undertake such duties as may be delegated from time to time by the Board or granted or imposed by law, the Articles of Incorporation or these Bylaws. The President and Chief Executive Officer shall have power and authority to manage and conduct the business and affairs of the CO-OP and shall be the primary spokesperson of the CO-OP (but not of the Board), and shall have full authority to bind the CO-OP, subject to the direction of the Chair. The President and Chief Executive Officer shall have the authority and responsibility to administer budgets, execute policy, cause resolutions to take effect, formulate procedures and for the planning and control of all operations of the CO-OP in a manner which fulfills the mission and purposes of the CO-OP and the objectives of the Board. Subject to adopted budgets, policies and direction of the Board, the President shall be responsible for the direction and supervision of personnel and shall have the power to hire, discharge, fix compensation (not including compensation for the CO-OP's corporate officers, whose compensation shall be established by the Executive Committee pursuant to Article VIII, Section 2) and specify the duties of agents and employees of the CO-OP under the President and Chief

**NEWCO**  
**BYLAWS Page 13 of 23**

Executive Officer's supervision. Subject to the approval of the Board, the President and Chief Executive Officer shall have the power to delegate his or her duties to other corporate officers and staff. In the absence, disability, death, resignation or termination of the President and Chief Executive Officer, the Board by resolution shall appoint a person to perform the duties of the President and Chief Executive Officer on an acting, interim or indefinite basis.

**Section 3. Vice President and Chief Operating Officer.** If the President and Chief Executive Officer appoints a Vice President and Chief Operating Officer, the Chief Operating Officer shall have the following duties and responsibilities: (i) to provide strategic leadership (in collaboration with the Board and the President and Chief Executive Officer of the CO-OP) towards achieving long-term expectations for the success of the CO-OP, including but not limited to working on governance policies and procedures to guide the work of the CO-OP based on nationally-recognized best practices; (ii) to provide strategic leadership to the Board and Committee chairs on the formation of meeting agendas, meeting materials, and in the execution of action items; (iii) to develop a strategic communications plan to share updates on the CO-OP's activities with the Board; and (iv) to otherwise support the CO-OP's mission, vision, goals and strategic direction.

**Section 4. Treasurer and Director of Finance.** The President and Chief Executive Officer shall appoint a Treasurer and Director of Finance. The Treasurer and Director of Finance shall be the fiscal officer of the CO-OP. The Treasurer and Director of Finance shall be charged with the safekeeping of all funds and properties of the corporation; receive or cause to be received all monies and securities of the corporation, including any subscriptions, beneficiary aid and other fees; deposit or cause to be deposited such monies and securities in depositories approved by the Board or its Finance and Investment Committee; maintain or have maintained complete and accurate accounts of all receipts and expenditures; and be prepared to report on the financial condition of the CO-OP at meetings of the Board. At the expense of the CO-OP, the Treasurer and Director of Finance shall give bond for faithful performance of the duties of the office unless the giving of said bond is waived by the Board. The Treasurer shall be *ex officio* the Chair of the Finance and Investment Committee. The Treasurer and Director of Finance shall be responsible for the daily management and oversight of the financial affairs of the CO-OP, including the acceptance, receipt, disbursement, investment, and custody for all funds and property of the CO-OP; the execution of contracts for investment and financial services; and the maintenance of accurate records of the CO-OP's financial activity. The Treasurer and Director of Finance shall report to the Board at each meeting on the status of the finances of the CO-OP, report annually to the Board on the financial condition of the CO-OP and its investment performance, and perform such other duties as may be prescribed by the Board from time to time. The Treasurer and Director of Finance shall be appointed by the President of the CO-OP upon recommendation of the Board Finance and Investment Committee and subject to Board approval.

**Section 5. Secretary.** The President and Chief Executive Officer shall appoint a Secretary. The Secretary shall be responsible for keeping the minutes of the meetings of the Board, seeing that all notices are duly given in accordance with the provisions of these Bylaws, maintaining corporate records and the corporate seal, and in general performing all duties incident to the office of Secretary of a corporation and such other duties as from time to time may be assigned by the Board. To assist the Secretary in the discharge of his or her duties to keep a record of all meetings of the Board and to perform all other duties of the Secretary, the Secretary may delegate to one or more staff members of the CO-OP the duty to record minutes and perform

**NEWCO**  
**BYLAWS Page 14 of 23**

other duties of the Secretary provided each such staff member remains under the supervision of the Secretary. The Secretary shall be an *ex officio* member of the Executive Committee

**Section 6. Other Officers.** With the approval of the Board, the President and Chief Executive Officer may appoint additional vice presidents and administrative officers having such duties as the President may, in consultation with the Board, determine from time to time.

**ARTICLE VIII: COMMITTEES**

**Section 1. Committees.**

(a) The standing committees of the Board shall include (i) the Executive Committee, (ii) the Governance and Nominating Committee, (iii) the Finance and Investment Committee, and (iv) the Audit Committee. In addition to the standing committees required by these Bylaws, the Board may establish one or more committees as may be specified in resolutions approved by the affirmative vote of a majority of the directors and following recommendation from the Governance and Nominating Committee. Such committees shall have the authority of the Board in the management of the business of the CO-OP to the extent provided in their respective charters or resolutions duly approved by the Board. The Board shall appoint all committee members and the chair of each committee (and if applicable the vice chair) based on nominations from the Governance and Nominating Committee, after soliciting input from the President and Chief Executive Officer. A majority of the members of each Standing Committee shall be comprised solely of individuals who are directors of the CO-OP, whether *ex officio* or otherwise. A minority of the members of any Standing Committee may include non-director members, who shall participate in the work of the committee and vote on committee decisions except to the extent that any such decision would discharge any authority of the full Board that has been delegated to the committee. The Board or the Board Chair, with the approval of the Executive Committee, may nonetheless establish advisory committees, task forces or equivalent bodies, as described below.

(b) Each standing committee of the Board shall formulate and adopt, subject to general provisions of these Bylaws and approval by the Board, a committee charter, which shall include a description of the scope of the powers, authority and responsibilities of the committee and the policies and procedures by which the committee shall conduct its business.

(c) Committees shall meet as often as necessary to carry out their respective responsibilities, but not less than twice annually.

(d) To the extent not otherwise provided in these Bylaws or by direction of the Board, the provisions of these Bylaws that govern call of meetings, notice, quorum, and voting requirements of the Board shall apply to the meetings of the Committees (except that: (1) the Chair of the Committee shall be substituted for the Chair of the Board; (2) meetings of the Executive Committee may be held on two (2) days advance notice; and (3) for purposes of determining the existence of a quorum only those members of the Committee who are directors shall be counted). Committees shall regularly report on their proceedings to the Board. Minutes of the meetings of each standing committee shall be available for review by and at the request of any director or the Board.

**NEWCO**  
**BYLAWS Page 15 of 23**

**Section 2. Executive Committee.** There shall be an Executive Committee consisting of no less than three (3) and no more than five (5) members, the Chair of which shall be *ex officio* the Chair of the Board. The members of the Executive Committee shall include the Board Chair, the Secretary of the Board, the Treasurer of the Board, and such other Elected Director(s) as may be appointed by the Chair with the approval of the Board. Meetings of the Executive Committee may be called by the Chair or any two members of the committee. The Executive Committee shall act during intervals between meetings of the Board. During such intervals, except to the extent inconsistent with or prohibited by these Bylaws or directives of the Board, the Executive Committee shall have and may exercise all of the authority and powers of the Board in the management of the affairs of the CO-OP, provided however, that the Executive Committee may not adopt a plan for distribution of the assets of the CO-OP; approve or recommend dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the CO-OP's assets; elect, appoint, or remove directors; or adopt, amend, or repeal the Articles of Incorporation or Bylaws of the CO-OP. The Executive Committee shall also serve as the compensation committee, charged with periodically and no less than once annually reviewing and approving, following recommendations from the President and Chief Executive Officer, the compensation and benefits the CO-OP will provide to its corporate officers (with the President and Chief Executive Officer recusing him or herself with respect to any deliberations or decisions regarding his or her compensation).

**Section 3. Governance and Nominating Committee.** There shall be a Governance and Nominating Committee consisting of no less than three (3) members, the Chair of which shall be *ex officio* the Vice Chair unless no Vice Chair has been designated, then the Chair shall be the Secretary of the Board.

The duties of the Governance and Nominating Committee shall include developing for Board action policies regarding the responsibilities of directors (including a conflicts of interest policy); periodically educating the Board regarding governance practices and reviewing and making recommendations regarding Board governance to ensure fidelity to the mission of the CO-OP and facilitate the adoption and implementation of good governance practices; periodically reviewing and updating committee charters (in consultation with the applicable committees); overseeing director orientation, educational programs, and retreats; implementing Board and Committee effectiveness assessments; identifying, cultivating and developing prospective directors; and periodically reviewing the Articles of Incorporation and the Bylaws of the CO-OP for relevancy and effectiveness as well as proposing revisions to the Board as necessary or desirable.

The duties of the Governance and Nominating Committee shall also include, (a) calling, organizing and conducting contested Member elections for Directors at regular intervals and when directed to do so by the Board or Members to fill a vacancy; (b) soliciting and receiving a sufficient number of nominations from Members and Directors for candidates to ensure that election of Directors are contested; (c) verifying the willingness and qualifications of candidates for elected positions; (d) overseeing the preparation and counting of ballots; and (e) reporting election results to the Board of Directors and Members.

**Section 4. Finance and Investment Committee.** There shall be a Finance and Investment Committee consisting of no less than three (3) members, the Chair of which shall be *ex officio* the Treasurer of the CO-OP. The Finance and Investment Committee shall meet no less than four

(4) times per year. The duties of the Finance and Investment Committee shall include overseeing the preparation, and periodic review, of the CO-OP's annual budget, which the Board shall approve before the beginning of the fiscal year; recommending to the Board financial and investment policies relating to spending and debt policies; advising the Board on the engagement or termination of investment counselors and custodians and the basis of such engagement; appraising the performance of investment counselors, managers, and custodians; overseeing all aspects of the management of CO-OP investments, including but not limited to asset allocation, the investment of funds and the internal investment operation of the CO-OP; evaluating the insurances maintained by the CO-OP; monitoring actual financial performance against budget; assisting the Treasurer in recommending to the Board an annual operating budget; and making periodic reports to the Board on investment performance and other significant financial matters.

**Section 5. Audit Committee.** There shall be an Audit Committee consisting of no less than three (3) members, none of whom shall be officers of the CO-OP and at least one of whom shall have financial expertise. The duties of the Audit Committee shall include ensuring that (a) the financial records of the CO-OP are maintained in accordance with generally accepted accounting principles; (b) consistent and reliable financial practices (including internal controls) are followed; and (c) the current financial status of the CO-OP is reported to the Board regularly and accurately. The Committee is also responsible for retaining and evaluating the performance of the CO-OP's independent auditors (including the approval of audit engagement letters and audit fees); serving as the liaison between the auditors and the Board; ensuring that the auditors have full access to financial and related records; reviewing and approving the audited financial statements or other requisite documents for a tax exempt organization and nonprofit CO-OP; reviewing the audit management letter and reviewing and approving management's response; monitoring compliance with the CO-OP's conflicts of interest policy; monitoring the CO-OP's compliance with donor intent; overseeing the processing of whistleblower complaints; and recommending acceptance of the audited financial statements to the Board. Directors who are members of the Finance and Investment Committee may not comprise a majority of the members of the Audit Committee.

**Section 6. Ad Hoc Committees.** The Board shall have the power to establish ad hoc committees, task forces or equivalent bodies (collectively "Ad Hoc Committees") to (i) provide guidance to the Executive Committee or Board on specific projects or matters and/or (ii) to exercise the powers of the Board. Each resolution establishing an Ad Hoc Committee shall specify the members of the committee, the charge of such committee, and if the Ad Hoc Committee has the power to exercise the powers of the Board the extent of such authority. In the absence of a specific delegation of power, an Advisory Committee shall be considered advisory in nature and will not have any authority to take action on the part of the Board. If the membership of the Ad Hoc Committee includes non-directors as well as directors, the Ad Hoc Committee shall be considered an Advisory Committee with the ability to only provide non-binding input and recommendations.

**Section 7. Advisory Committees.** The Board Chair, with the approval of the Executive Committee, shall have the power to establish advisory committees, task forces or equivalent bodies (collectively "Advisory Committees") to provide guidance to the Executive Committee or Board on specific projects or matters. Each resolution establishing an Advisory Committee shall specify the members of the committee and the charge of such committee. Advisory Committees shall have no power to exercise any authority of the Board or Executive Committee but rather

**NEWCO**  
**BYLAWS Page 17 of 23**

only to conduct the work assigned to it and to report its findings/recommendations to the Executive Committee or the full Board, as the case may be. The actions (if any) of an Advisory Committee shall constitute only the provision of providing non-binding input or recommendations, and nothing in these Bylaws shall be construed to create any fiduciary duty or other liability on the part of any Advisory Committee or any of its individual members (or of any non-director serving on any other committee) to the CO-OP or third parties; it being expressly acknowledged that the management of the CO-OP shall at all times be exclusively vested in the Board.

**ARTICLE IX: MEMBERS**

**Section 1. Qualification.** The membership of the CO-OP shall consist of a single class of Members. Members of the CO-OP shall be any individual of legal age covered under the health insurance policies issued by the CO-OP.

**Section 2. Rights and Obligations.** All Members shall have the ability to vote as provided herein and to vote on the Board of Directors. Members may also nominate candidates to stand for election to the Board, in such manner as the Governance and Nominating Committee shall designate. Members shall have access to all services and programs provided by the CO-OP. In addition, Members shall have all rights afforded Members under the Vermont Nonprofit Corporations Act.

**Section 3. Annual and Special Meetings.**

(a) Each year there shall be an annual meeting of the Members held at such time and at such place within the State of Vermont as the Board of Directors shall decide. At the annual meeting, the Members shall vote to elect the directors in contested elections managed by the Governance and Nominating Committee. The Members shall also vote on any other matter properly brought to the Members, as decided by the Board of Directors.

(b) Special meetings of the Members shall be called (i) by vote of a majority of the Board of Directors (after consultation with the Governance and Nominating Committee, if the meeting is for the purpose of electing directors); or (ii) by the Board of Directors upon delivery to any corporate officer of a written demand signed by Members constituting at least five percent (5%) of the total membership, which demand must describe the purposes of such special meeting. Upon receipt of the written demand, the CO-OP shall give notice of the special meeting within 30 days of receipt of the written demand in the manner described in Section 4 below. To assist Members in securing a written demand signed by Members constituting at least five percent (5%) of the total membership, the CO-OP shall, upon receipt of a written request signed by at least 250 Members and payment of the CO-OP's printing and postage costs, send a written notice to the entire membership which (i) states that a written demand has been received, (ii) explains the general nature of the demand and (iii) if requested in the demand, lists the contact information of up to three individuals who are available to provide further information concerning the demand.

(c) If stated in the notice of meeting, any annual or special meeting of the Members may be conducted by means of any telecommunications mechanism, including video-conferencing or internet web-cast conferencing.

**NEWCO**  
**BYLAWS Page 18 of 23**

***Section 4. Notice of Meetings.***

- (a) Notice of the annual meeting of the Members shall state the time, place, and general nature of business to be discussed. The notice shall be sent either electronically or by mail at least ten (10) days prior to the annual meeting date but no sooner than sixty (60) days before the meeting date.
- (b) Notice of any special meeting shall state the time, place and a description of the matter or matters for which the meeting is being called. The notice shall be sent either electronically or by mail at least ten (10) days prior to the meeting date but no more than sixty (60) days before the meeting date.
- (c) Each Member in good standing at the close of business ten (10) business days prior to the date on which the meeting is noticed shall be entitled to receive notice and vote.
- (d) Notice may be waived by any Member as provided under the Vermont Nonprofit Corporation Act.
- (e) Notices shall be sent to either the mailing or electronic address specified by the Member on the Member's membership application or to such other address as the Member may provide from time to time by written notice to the CO-OP.

***Section 5. Quorum.*** A quorum of the Members shall consist of Members present at a meeting, in accordance with 8 V.S.A. § 3311. A quorum must be represented at a meeting of the Members to constitute a quorum on that matter. Representatives can participate either in person or by proxy.

***Section 6. Voting; Record Date.*** Each Member shall have one and only one vote for each open Board position and on every issue put before the Member for a vote. Voting shall be conducted in accordance with time periods, procedures, and rules as may be established by the Board. Election of Directors may be by mail ballot voting and/or electronic ballot voting of Members before the annual meeting or through voting by ballot at the annual meeting. The names of all persons nominated shall appear on the ballot. When voting is conducted by mail or electronically, ballots shall be prepared and distributed with the notice of the annual meeting and shall be made available to all eligible Members either upon request or as may otherwise be established by the Board.

For any scheduled Member vote or meeting each Member in good standing at the close of business thirty (30) business days prior to the voting period or meeting shall be entitled to one vote on each matter voted upon by the Members. All of the Members shall vote as a single class. Members may designate and vote by proxy as provided in the Vermont Nonprofit Corporations Act.

***Section 7. Approval.*** If a quorum is present (or achieved by written ballot), action on any matter by Members is approved if votes cast by the Members favoring the action exceeds the votes cast opposing the action.

***Section 8. Action by Written Ballot.*** Any action which may be submitted to a vote of the Members at any annual or special meeting of the Members may be taken without a meeting if the

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CO-OP delivers a written ballot to every Member in compliance with the Vermont Nonprofit Corporation Act.

**Section 9. Member Advisory Council.** The Board shall establish a Member Advisory Council ("MAC") to provide guidance to Members on matters related to membership in the CO-OP. The resolution to create a MAC shall specify the charge of the council and the number of seats available on the council. The initial MAC shall be appointed by the Formation Board at its first meeting following the execution of a loan agreement with the Department of Health and Human Services. Thereafter, all vacancies of the MAC shall be filled by a vote of the remaining MAC members; *provided, however* that MAC members shall be Members and no one prohibited from serving on the Board of Directors shall be eligible to serve on the MAC. Appointments to the MAC shall be for two year terms. The MAC shall have no power to exercise any authority given to the Members but rather only to conduct its work and to report its findings/recommendations to the Board, the management and to the Members. Work may be assigned to the MAC by the Board, by a vote of the Members or developed by the MAC with notice to the Board. The actions (if any) of the MAC shall constitute only the provision of non-binding input or recommendations, and nothing in these Bylaws shall be construed to create any fiduciary duty or other liability on the part of the MAC or any of its individual Members; it being expressly acknowledged that management of the CO-OP shall at all times be exclusively vested in the Board.

#### **Article X: Financial and Miscellaneous Matters**

**Section 1. Contributions and Disbursements.** All contributions received by the CO-OP shall be deposited promptly to the credit of the CO-OP in a special account or accounts in such banks, trust companies, or other depositories as the Board or its designee may select. All contributions to and disbursements from the CO-OP shall be recorded, and such records shall be subject to examination at any reasonable time, upon request, by any director (or the Board as a whole) to the extent reasonably related to the performance of the director's duties as a director, including duties as a member of a committee, but not for any other purpose or in any manner that would violate any duty to the CO-OP or applicable law.

**Section 2. Budget.** Each year an annual operating budget shall be submitted by the President and Chief Executive Officer of the CO-OP to the Finance and Investments Committee for review, which the Finance and Investments Committee will then, after making any revisions deemed prudent, recommend to the full Board for approval.

**Section 3. Contracts.** To the extent not inconsistent with these Bylaws and duties assigned to the respective officers of the CO-OP, all contracts, deeds, mortgages, pledges, transfers, and other written instruments binding on the CO-OP shall be executed on behalf of the CO-OP by the President and Chief Executive Officer of the CO-OP, provided that the President and Chief Executive Officer may delegate to the Director of Finance such responsibilities relative to financial and investment agreements as may be authorized by the Board following favorable recommendation of the Finance and Investment Committee.

**Section 4. Loans.** No loans shall be contracted on behalf of the CO-OP, unless recommended by the Finance and Investment Committee and authorized by the Board. Such authorization and approval may be general or confined to specific instances. The CO-OP shall not lend money or

**NEWCO**  
**BYLAWS Page 20 of 23**

guarantee the obligation of a director except as stated in Article XIII, Indemnification.

**Section 5. Checks, Drafts, and Similar Financial Documents.** All checks, drafts or other orders for the payment of money issued in the name of the CO-OP shall be signed by such officer or officers, agent or agents of the CO-OP and in such manner as shall be expressly authorized by resolution of the Board.

**Section 6. Maintenance of Records and Records Requests.** The CO-OP shall keep at its principal office correct and complete copies of (i) its Articles of Incorporation and Bylaws (and all amendments and restatements thereto), (ii) minutes of all meetings of its Board, a record of all actions taken by the directors without a meeting, and a record of all actions taken by Board committees to the extent such committees exercised the authority of the Board, (iii) a list of the names and business or home addresses of its current directors and officers, and (iv) its most recent biennial report delivered to the Vermont Secretary of State.

Complete copies of the (i) Articles of Incorporation and Bylaws (and all amendments and restatements thereto), (ii) minutes of all meetings of its Board, a record of all actions taken by the directors without a meeting, and a record of all actions taken by the Board committees to the extent such committee exercised the authority of the Board, and (iii) its most recent biennial report delivered to the Vermont Secretary of State shall be made available, for reasonable inspection and copyright, to directors or Members unless access to such information would create a conflict of interest or compromise personal privacy. This access shall not extend to the minutes of the Executive and Governance and Nominating Committee to the extent those minutes contain personal information about employees of the CO-OP. All requests for access to CO-OP documents shall be made in good faith and the CO-OP may, in responding to such requests, protect its commercially sensitive and trade secret information to the extent permissible by law. No director or Member shall request to inspect any documents of the CO-OP in a manner that could reasonably be interpreted as an effort to harass the CO-OP.

**Section 7. Annual Report; Annual Audit.**

(a) Annual Report. Within 120 days after the close of the fiscal year, the Board shall cause an annual report to be prepared. Such report shall contain the following information in reasonable detail:

- (i) The assets and liabilities, including the trust funds, of the CO-OP as of the end of the fiscal year;
- (ii) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (iii) The revenues or receipts of the CO-OP, both unrestricted and restricted to particular purposes, for the fiscal year; and
- (iv) The expenses or disbursements of the CO-OP, for both general and restricted purposes, during the fiscal year.

(b) Annual Audit. In conjunction with the preparation and issuance of the annual report, the

**NEWCO**  
**BYLAWS Page 21 of 23**

Board shall cause the books and records of account of the CO-OP to be audited by certified public accountants to be selected by the Audit Committee at least once each fiscal year.

(c) Annual Member Report. Within 120 days after the close of the fiscal year, the Board shall cause an annual report to be prepared to make available to the CO-OP membership. Such report shall be a summary of the information required in the Annual Report listed under Section 7(a).

**Section 8. Purchase and Sale of Securities; Voting Securities Owned by the CO-OP.** The Board may by resolution authorize and empower the President and Chief Executive Officer, the Vice President and Chief Operating Officer, and/or the Director of Finance to buy and sell securities or other financial instruments held or to be held or owned by the CO-OP and to make commitments for the investment of funds on behalf of the CO-OP. Such officers may by such resolution be authorized to do all other things necessary or convenient to accomplish such purchases, sales and investments. Unless otherwise provided for by resolution of the Board, each such officer (or any designee of such an officer) shall have full authority on behalf of the CO-OP to attend, act, and vote at any meetings of the stockholders, bondholders, or other security holders of any corporation, trust, or association in which the CO-OP may hold securities. At any such meeting, the officer shall possess all the rights and powers incident to the ownership of such securities, which as owner thereof the CO-OP might have possessed if present, including the authority to delegate such authority to a proxy.

**Section 9. Insurance.** The CO-OP shall purchase and maintain insurance on behalf of individuals who are directors, officers, or employees of the CO-OP (and agents if deemed appropriate) against liability asserted against or incurred by the individual in that capacity or arising from the status of the individual as a director, officer, or employee of the CO-OP (or an agent of the CO-OP), regardless of the authority of the CO-OP to indemnify or advance expenses to the individual against the same liability covered by such insurance.

**Section 10. Use of Surplus.** Any surplus of the CO-OP remaining, after paying the costs of operation and repayment of loans, shall inure to the benefit of the Members and be devoted solely to the following:

- (a) To lower premiums;
- (b) To improve benefits;
- (c) To expand enrollment or otherwise contribute to the stability of the CO-OP; and
- (d) To improve the quality of health care services delivered to the Members.

**Article XI: Amendment of Articles of Incorporation or Bylaws**

The Articles of Incorporation or these Bylaws may be altered, amended or restated, except as provided below, only upon affirmative vote of not less than two-thirds (2/3) of all directors present at the meeting at which a quorum is present. Amendments to the Bylaws involving changes to the number of directors, the composition of the Board, the term of office of directors, the method in which directors are elected or selected, or other Members' rights shall require a

**NEWCO**  
**BYLAWS Page 22 of 23**

vote of not less than two-thirds (2/3) of the votes cast or a majority of voting power of the Members, whichever is less. The foregoing exception shall not apply to changes to the Bylaws or Articles of Incorporation before the Operational Board has been elected. Any number of amendments, or an entire revision of the Articles of Incorporation or these Bylaws, may be voted upon at a meeting of the Board and, if applicable, the Members, provided that the notice of the meeting must state the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the Articles of Incorporation and/or these Bylaws and contain or be accompanied by a copy or summary of the amendment(s) or state the general nature of the proposed amendment(s) and such notice shall have been given to all directors at least seven (7) days in advance of the meeting.

No amendment may be made to the Articles of Incorporation or these Bylaws if the amendment would cause the CO-OP to be out of compliance with Federal or State requirements applicable to its operations, licensure, tax-exempt status or status as a Qualified Nonprofit Health Insurance Issuer within the meaning of 45 CFR §156.15 et seq., including the requirements of 26 USC 501(c)(29).

**Article XII: Indemnification**

**Section 1. Mandatory Indemnification.** The CO-OP shall indemnify any individual who is or was a director or officer of the CO-OP to the extent that such indemnification is permitted under the Vermont Nonprofit Corporation Act.

**Section 2. Discretionary Indemnification.** The CO-OP may indemnify a director, officer of the Board, officer, employee, or agent of the CO-OP to the extent permitted by the Vermont Nonprofit Corporation Act. The determination as to whether the CO-OP will consider providing discretionary indemnification shall be made by resolution of the Board, provided that the determination as to whether an individual has met the standard of conduct necessary to entitle him or her to be indemnified shall be made in the manner specified by the Vermont Nonprofit Corporation Act.

**Section 3. Advance for Expenses.** The CO-OP may pay for or reimburse the reasonable expenses incurred by a director, officer of the Board, officer, employee, or agent of the CO-OP in advance of the final disposition of the proceeding in accordance with the Vermont Nonprofit Corporation Act.

**Section 4. Insurance.** Nothing herein shall affect the right of the CO-OP to purchase and maintain insurance on behalf of an individual who is or was a director, officer of the Board, officer, employee, or agent of the CO-OP. No individual for whom indemnification is intended hereunder shall be indemnified for any expenses or liability for which coverage is provided and reimbursement is paid under an insurance policy.

**Section 5. Former Directors, Officers, Employees and Agents.** The indemnification provisions of this Article shall be extended to a person who has ceased to be a CO-OP director, officer of the Board, officer, employee and/or agent and shall inure to the benefit of the heirs, personal representatives, executors and administrators of such persons.

**Section 6. Notice to Attorney General.** Notwithstanding the foregoing, if and to the extent Vermont law requires notice to the Attorney General of the State of Vermont prior to the

**NEWCO**  
**BYLAWS Page 23 of 23**

indemnification of a director of the CO-OP (see 11B V.S.A. § 8.55(d) of current law requiring 20 days advance notice to the Attorney General prior to indemnifying a director of a public benefit corporation), no indemnification shall be made to any director of the CO-OP until after the expiration of the required statutory notice period.

**ARTICLE XIII: Definitions**

As referenced in these Bylaws, the following terms shall have the meanings given to them in this section:

“Corporation” or “CO-OP” means Consumer Health Coalition of Vermont, Inc.

“Days” means calendar days. If a notice period would otherwise expire on a Sunday or a national or state holiday, the expiration date shall be deferred until the following business day.

“Deliver” or “delivery” means any method of delivery used in conventional commercial practice, including delivery by hand, mail, commercial delivery, and electronic transmission

“Electronic” means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

“Member” means an individual insured person of legal age who is in good standing with the CO-OP.

“Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“Sign” or “signature” means, with present intent to authenticate or adopt a record: (i) to execute or adopt a tangible symbol; or (ii) to attach to or logically associate with the record an electronic sound, symbol, or process.

“Written” notice or notice “in writing” includes notice provided in the form of a record.