

**ARTICLES OF INCORPORATION  
COMMON GROUND HEALTHCARE COOPERATIVE**

Executed by the incorporators on August 8, 2011 and filed August 10, 2011 for the purpose of forming a Wisconsin cooperative under Ch. 185 of the Wisconsin Statutes (the "Act"), as amended September 11, 2012, October 9, 2012 and May 24, 2017:

**ARTICLE 1  
NAME OF THE COOPERATIVE**

1.1 The name of the cooperative is "Common Ground Healthcare Cooperative."

**ARTICLE 2  
TERM OF EXISTENCE**

2.1 The term of existence shall be perpetual.

**ARTICLE 3  
PURPOSE**

3.1 The cooperative is organized for the primary purpose of participating in the Consumer Operated and Oriented Plan ("CO-OP") Program, created by Section 1322 of the Patient Protection and Affordable Care Act, under which it will establish, maintain and operate a voluntary nonprofit health, dental or vision care plan or plans. In furtherance of this primary purpose, the cooperative may transact any and all lawful business for which nonprofit cooperatives may be incorporated under the laws of the state of Wisconsin, as they may be amended from time to time.

**ARTICLE 4  
ACTIVITIES AND RESTRICTIONS**

4.1 The cooperative shall at all times be operated in accordance with Section 1322 of the Patient Protection and Affordable Care Act, and it shall not carry on any other activities not permitted to be carried on by an entity exempt from Federal Income Tax under Section 501 (a) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law). In particular:

4.1.1 The cooperative shall apply for a grant or loan under the CO-OP program, shall enter into an agreement with the federal Department of Health and Human Services if such application is successful, and shall maintain such agreement at all times.

4.1.2 The cooperative shall give notice to the Secretary of the Treasury in the manner prescribed by regulations that it is applying for recognition of its exempt status as an organization described in Section 501(c)(29) of the Internal Revenue Code.

4.1.3 Pursuant to Section 1322(c)(4), all profits received by the cooperative shall be used to lower premiums, improve benefits, or for other programs intended to improve the quality of health care delivered to the cooperative's members.

4.1.4 Except as provided in Section 1322(c)(4) of the Patient Protection and Affordable Care Act, no part of the net earnings of the cooperative shall inure to the benefit of any private shareholder, member or individual; provided, however that such a person may receive reasonable compensation for personal services rendered, or reimbursement for reasonable expenses incurred, that are necessary to carrying out the exempt purpose of the cooperative.

4.1.5 No substantial part of the activities of the cooperative shall be to carry on propaganda or otherwise attempt to influence legislation.

4.1.6 The cooperative shall not participate in, or intervene in (including the publication or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

4.1.7 The cooperative shall satisfy the governance requirements in Section 3122(3) of the Patient Protection and Affordable Care Act.

4.1.8 The cooperative shall meet all Wisconsin state law requirements that other issuers of qualified health plans (as that term is defined in the Patient Protection and Affordable Care Act) issuing qualified health plans in Wisconsin are required to meet.

4.1.9 The cooperative shall not offer a health plan in Wisconsin until Wisconsin has in effect the market reforms required by part A of title XXVII of the Public Health Service Act, as amended by the Patient Protection and Affordable Care Act.

## **ARTICLE 5 PRINCIPAL OFFICE AND REGISTERED AGENT**

5.1 The address of the cooperative's principal office in Wisconsin is 120 Bishops Way, Suite 150, in the City of Brookfield and County of Waukesha, Wisconsin 53005.

5.2 The cooperative's registered agent in Wisconsin is CT Corporation System, 301 S. Bedford St, Suite 1, in the City of Madison and the County of Dane, Wisconsin 53703.

## **ARTICLE 6 NO CAPITAL STOCK**

6.1 The cooperative is organized without capital stock.

**ARTICLE 7  
MEMBERS**

7.1 The cooperative shall have one class of members as described in the bylaws of the cooperative. Each member age 18 and over is entitled to one vote, except that a member association may cast additional votes not exceeding a number equal to its membership.

**ARTICLE 8  
DIRECTORS**

8.1 The affairs of the cooperative shall be managed by its board of directors, which shall consist of such number of persons as shall be fixed by the bylaws from time to time, but shall not be less than the number of directors required by the Act, which at the time of execution of these articles of incorporation is five. The terms of office, qualifications, and method of election of directors shall be as specified in the bylaws.

**ARTICLE 9  
OFFICERS**

9.1 The officers of the cooperative shall be a Chair of the Board, a vice chair, a secretary and a treasurer and such other officers as described in the bylaws of the cooperative.

**ARTICLE 10  
LIQUIDATION**

10.1 Upon the termination, dissolution or final liquidation of the cooperative in any manner and for any reason, the board of directors shall first pay or provide for the payment of all liabilities of the cooperative; all remaining assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code (or the corresponding section of any future federal tax code), or shall be distributed to the federal government, or to state or local government, for a public purpose. These articles of incorporation may be amended to change the foregoing basis for distribution of assets upon liquidation of the cooperative.

**ARTICLE 11  
AMENDMENT**

11.1 These articles of incorporation may be amended as provided by the Act, as amended from time to time.

**ARTICLE 12  
EXECUTION**

12.1 These articles are executed on this \_ day of August, 2011 by the undersigned incorporators, who will act as the temporary board of directors.

Incorporator's name and business address	Signature

State of Wisconsin

County of Milwaukee

Personally came before me on August 8, 2011, the aforementioned incorporators

- |      |       |
|------|-------|
| 1)   | 2)    |
| 3)   | 4)    |
| 5)   | 6)    |
| 7)   | 8)    |
| 9) _ | 10) _ |

to me known to be the persons who executed the foregoing instrument, and acknowledged the same.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Printed name of Notary)

\_\_\_\_\_  
(Seal impression)


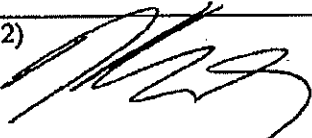

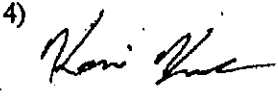
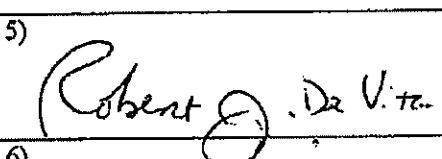
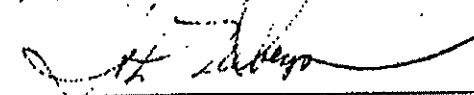

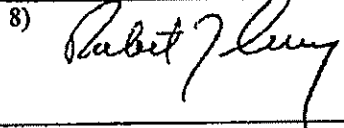
My commission, issued by the state of Wisconsin, is permanent.

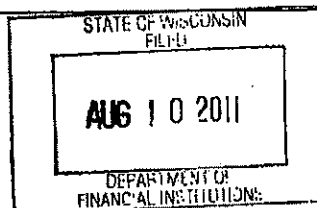
This document was drafted by

ARTICLE 12

EXECUTION

12.1 These articles are executed on this \_\_\_ day of August, 2011 by the undersigned incorporators, who will act as the temporary board of directors.

Incorporator's name and business address	Signature
1) Michelle Puzin Mooney 2633 N. Hackett Ave. Milwaukee, WI, 53211	1) 
2) Harry H. Moseley 2750 N. Shepard Ave Milwaukee, WI 53211	2) 
3) James Wesp 624 Cabrini Circle West Bend, WI 53095	3) 
4) Kevin Kone 2017 N Farwell ave, #103 Milwaukee, WI, 53202	4) 
5) Robert J. DeVita 2312 E. Edgewood Ave Stevenson, WI 53211	5) 
6) John P. Neuberger 1875 Hollyhock Lane Edm Grov, WI 53122	6) 
7) Thomson Tobin 5008 N. Lake Drive Whitefish Bay, WI 53217	7) 
8) Bob Connelly 1034 E Dyden Ave Milwaukee, WI 53202	8) 
9)	9)



10)	10)
-----	-----

State of Wisconsin

County of Milwaukee

Personally came before me on August 8, 2011, the aforementioned incorporators

- |                                 |                             |
|---------------------------------|-----------------------------|
| 1) <u>Michelle Puzin Mooney</u> | 2) <u>Harry H. Moseley</u>  |
| 3) <u>James Wesp</u>            | 4) <u>Kevin Kane</u>        |
| 5) <u>Robert J. DeVita</u>      | 6) <u>John R. Neuberger</u> |
| 7) <u>Theresa Tobin</u>         | 8) <u>Bob Connolly</u>      |
| 9) _____                        | 10) _____                   |

to me known to be the persons who executed the foregoing instrument, and acknowledged the same.

  
(Signature of Notary)

William J. Toman  
(Printed name of Notary)

(Seal impression)

My commission, issued by the state of Wisconsin, is permanent.

This document was drafted by William J. Toman and Cristina M. Choi, Quarles & Brady LLP, 33 East Main Street, Suite 900, P.O. Box 2113, Madison WI 53701-2113.

BYLAWS

of

**Common Ground Healthcare Cooperative**

Original Adoption Date: July 21, 2014

Revised Adoption Date: May 24, 2017



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## ARTICLE 1

### PURPOSE; OFFICES; AGENTS; RECORDS

1.1 Purpose. The cooperative is a nonprofit, member organization, that is organized for the primary purpose of participating in the Consumer Operated and Oriented Plan (“CO-OP”) Program, created by Section 1322 of the Patient Protection and Affordable Care Act, under which it will establish, maintain and operate as a voluntary nonprofit health, dental and/or vision care plan. The cooperative shall operate with a strong consumer focus, including timeliness, responsiveness, and accountability to members.

1.2 Principal Office and Registered Agent. The cooperative may have such offices, either within or without the State of Wisconsin, as may be designated from time to time by the Board of Directors, one of which may be designated as the principal office. The cooperative shall maintain either a principal office or a registered agent in the State of Wisconsin. The Board of Directors may change the principal office or the identity and address of the registered agent from time to time by filing the change with the Wisconsin Department of Financial Institutions (“DFI”) pursuant to the provisions of the chapter 185 of the Wisconsin Statutes (the “Act”).

1.3 Registered Agent for Service of Process. The cooperative shall maintain a registered agent for service of process in the State of Wisconsin. The identity and address of the registered agent for service of process may be changed from time to time by filing the change with the Wisconsin Commissioner of Insurance (the “Commissioner”).

#### 1.4 Cooperative Records.

1.4.1 The cooperative shall keep as permanent records: (1) the cooperative’s general ledger, and (2) corporate records such as minutes of all meetings of its members and Board of Directors, a record of all actions taken by the members and the Board of Directors without a meeting, and a record of all actions taken by committees of the Board of Directors. The cooperative shall keep other records at least as long as is required by law.

1.4.2 The cooperative shall maintain appropriate accounting records.

1.4.3 The cooperative shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

1.4.4 The following documents and records shall be kept at the cooperative’s principal office: (1) the cooperative’s articles of incorporation and bylaws or restated bylaws, and all amendments to them currently in effect; (2) resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations and obligations of members or any class or category of members; (3) the minutes of all meetings of members and records of all actions approved by the members; (4) a list of the names and business or home addresses of the cooperative’s current directors and officers; (5) the cooperative’s most recent annual statement delivered to the Commissioner.

## ARTICLE 2

### MEMBERSHIP

2.1 Classes of Members. The cooperative shall have a single class of members.

2.2 Qualification. Members specified in Section 2.1 shall at all times be individuals covered under health insurance policies issued by the cooperative. No individual may be denied membership because of race, color, handicap, age, sex, creed, national origin, ancestry, sexual orientation, arrest or conviction status, marital status, religion or any other legally impermissible criterion. For the Individual Market, Members must reside within the service area of the cooperative. For the Group Market, the principal place of business of the employer must be located within the service area of the cooperative.

2.3 Termination of Membership. An individual shall terminate as a member automatically upon the occurrence of either of the following:

2.3.1 The termination of all coverage for the individual under health insurance policies issued by the cooperative (after any grace period or notice period required by applicable law).

2.3.2 Death of the individual.

2.3.3 For the Individual Market, a permanent move out of the service area. A member's permanent address shall be the address listed or to be listed on his/her federal tax return.

2.3.4 For the Group Market, the relocation of the principal place of business of the employer outside of the service area.

2.4 Transfer of Membership. A member may not transfer a membership or any right arising from a membership.

2.5 Privileges of Membership.

2.5.1 Voting. Each member who is age 18 or over, and in good standing at the time of the vote, shall have one vote upon each matter submitted to a vote at any meeting of the cooperative, annual or special.

2.5.2 Other Privileges. Other membership privileges include participation in various activities, programs and publications of the cooperative as may be designated from time to time by the Board of Directors.

2.6 Initial Meeting of Members. The first meeting of the members shall be called by and at the time and place fixed by the Chair or a majority of the formative Board of Directors. Such meeting shall be held as soon as reasonably possible after the organization meeting of the temporary board within six (6) months after filing the articles (although a failure to do so will not affect the validity of the cooperative) and in no event no later than one year after the effective date on which the cooperative provides coverage to its first member.

2.7 Annual Meeting. The annual meeting of the members, for the purpose of electing directors and for the transaction of such other business as may come before the meeting, shall be held each year at the time and place fixed by the Board of Directors. At each annual meeting of the members, a report on the affairs of the cooperative shall be presented.

2.8 Special Meetings. Special meetings of the members may be held at any time and place fixed by the Board of Directors for any purpose or purposes, unless otherwise prescribed by the Act, on call of the Chair, and shall be called by the Secretary on written request of the Board of Directors or on written request signed and dated by not less than twenty percent (20%) of all members of the cooperative entitled to vote at such meeting describing one or more purposes for which the meeting is to be held.

2.9 Adjourned Meetings. Unless otherwise provided by the Act, if an annual or special meeting of members is adjourned to a different date, time or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment.

2.10 Notice and Waiver Of Notice.

2.10.1 Notice. Notice of any meeting shall be given by written notice stating the place, day and hour of the meeting and delivered to the members in one of the methods described in Article 4 not less than fourteen (14) days nor more than forty-five (45) days before the date of the meeting, by or at the direction of the Chair, or the Secretary, or other officer or persons calling the meeting of the members. The purpose of and the business to be transacted at any special meeting of the members shall be specified in the notice or waiver of notice of such meeting. Any notice delivered pursuant to this Section 2.10.1 that is delivered to the policyholder or certificate holder shall be deemed notice to all members insured under the respective policy or certificate.

2.10.2 Waiver of Notice. Whenever any notice whatever is required to be given under the provisions of the Act or under the provisions of the Articles of Incorporation or Bylaws of the cooperative, a waiver thereof in writing, signed at any time by the person or persons entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

2.11 Fixing of Record Dates.

2.11.1 Record Date for Notice. The Board of Directors may fix a future date as the record date for determining the members entitled to notice of a members' meeting. If no such record date is fixed, members at the close of business on the business day preceding the day on which notice is given are entitled to notice of the meeting. However, if a meeting is held without notice, the determination of who is entitled to waive notice is made as of the close of business on the business day preceding the day on which the meeting is held.

2.11.2 Record Date for Voting. The Board of Directors may fix a future date as the record date for determining the members entitled to vote at a members' meeting. If no such

record date is fixed, members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

2.11.3 Record Date for Exercise of Other Rights. The Board of Directors may fix a future date as the record date for the purpose of determining the members entitled to exercise any rights in respect of any lawful action. If no such record date is fixed, members at the close of business on the day on which the Board of Directors adopts the resolution relating thereto, or the 60th day before the date of such other action, whichever is later, are entitled to exercise such rights.

2.12 Quorum and Manner of Acting. A quorum at a meeting of the voting members shall be ten percent (10%) of the first one hundred (100) voting members plus five percent (5%) of additional voting members; provided, however, that a quorum shall never be more than one hundred (100) voting members nor less than five (5) voting members or a majority of all voting members, whichever is smaller. Voting members represented by signed ballots may be counted in computing a quorum only on those motions for which the signed ballots were submitted. The vote of a majority of the members entitled to vote at a meeting at which a quorum is present shall be the act of the members, unless the act of a greater number is required by the Act, the Articles of Incorporation or Bylaws of the cooperative. Though less than a quorum of the voting members is represented at a meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice.

2.13 Conduct Of Meetings. The Chair, and in his or her absence, the Vice Chair, and in their absence any person chosen by the voting members present shall call the meeting of the members to order and shall act as chair of the meeting, and the Secretary of the cooperative, or his/her designee shall act as secretary of all meetings of the members, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.14 Action by Written Ballot. With regard to any action that may be taken at an annual, regular or special meeting of members (including the election or removal of directors), a member absent from the meeting may vote by delivering a signed ballot in the form provided by the cooperative; or by electronic means if approved by the Board of Directors.

2.14.1 If the cooperative provides ballots for the vote on a motion to the voting members together with notice of the meeting at which the vote will be taken and exact copies of the motion and any resolution to which it pertains, an absent voting member may vote on the motion by submitting a signed ballot. If a written ballot has been submitted on a motion under this Section 2.14.1, neither the motion nor any resolution to which it pertains may be amended.

2.14.2 If the cooperative makes available ballots for the vote on a motion together with exact copies of the motion and any resolution to which it pertains to any member entitled to vote on the motion, but does not comply fully with the requirements of Section 2.14.1, an absent voting member may vote on the motion by submitting a signed ballot. However, the motion and any resolution to which it pertains may be amended at the meeting and, if the motion or resolution is amended, the ballot is void. The ballot may not be counted on any motion to amend or adopt as amended the motion or resolution.

2.15 Voting by Electronic Means. The cooperative may conduct permit voting by voting members by electronic means, provided that the cooperative is able to authenticate that it is a voting member who is casting the vote. A vote cast under this section shall have the same effect as if it were cast on a written ballot pursuant to Section 2.14.1 or Section 2.14.2, whichever is applicable.

2.16 Presumption Of Assent. A voting member of the cooperative who is present at a meeting of the members, or a committee thereof, at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless such voting member's dissent shall be entered in the minutes of the meeting or unless such voting member shall file a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the cooperative immediately after the adjournment of the meeting. Such right to dissent shall not apply to a voting member who voted in favor of such action.

### **ARTICLE 3**

#### **BOARD OF DIRECTORS**

3.1 General Powers. All powers of the cooperative shall be exercised by or under authority of, and the business and affairs of a cooperative shall be managed under the direction of, the Board of Directors, except as otherwise provided in the Act. In discharging his or her duties to the cooperative, a director shall act in the sole interest of the cooperative and its members. In determining what he or she believes to be in the best interests of the cooperative and its members, a director may, in addition to considering the effects of any action on members, consider the effects of the action on employees, suppliers and customers of the cooperative and on communities in which the cooperative operates, and any other factors that the director considers pertinent.

3.2 Formative Board of Directors. The formative Board of Directors shall be as named in the Articles of Incorporation and thereafter elected by the formative Board of Directors. These directors shall hold office until their successors have been elected at the first meeting of the members and qualified.

#### 3.3 Number and Qualifications.

3.3.1 The number of voting directors constituting the member-elected Board of Directors shall be an odd number that is not less than seven (7) nor more than eleven (11), as determined by the Board of Directors from time to time. The voting directors may appoint a maximum of three (3) non-voting directors to serve on the Board of Directors, provided that one such (1) non-voting directorship shall be reserved at all times for a person who is a designee of the Common Ground sponsoring organization. All non-voting directors must be approved by a majority vote of the Board of Directors. The directors shall serve for the term provided in Section 3.4. No amendment to this section shall reduce the number of voting directors to less than the number of voting directors required by the Act, which at the time of adoption of these bylaws is five (5), or, if the cooperative has less than fifty (50) members, three (3). At no time may non-voting directors make up more than 49% of the Board of Directors.



3.3.2 Each voting director must be a member in good standing of the cooperative. To the extent prohibited by federal law, no representative of any federal, state or local government (or of any political subdivision of instrumentality thereof), and no representative of any organization that would be ineligible to obtain a loan under the Consumer Operated and Oriented Plan program, may serve as a director of the cooperative. Further, an employee of the cooperative or immediate family members thereof may not serve as a director.

3.3.3 The Board of Directors may designate positions on the Board of Directors for individuals with specialized expertise, experience, or affiliation. To the extent prohibited by federal law, positions on the Board of Directors that are designated for individuals with specialized expertise, experience, or affiliation shall not constitute a majority of the voting directors of the Board of Directors even if the individuals in those positions are members. This provision does not prevent any individual from seeking election to the Board of Directors based on being a member.

3.3.4 The name of and required information regarding any individual selected as a director of the cooperative shall be reported to the Commissioner and DFI as required by law.

### 3.4 Election and Term.

3.4.1 Election. The election of directors shall be held at the initial meeting and each annual meeting of members. To the extent required by federal law, elections of the directors shall be contested, so that the number of candidates for vacant positions exceeds the number of vacant positions.

3.4.2 Method of Election. Directors shall be elected by a vote of the members present at the annual meeting of the members and the members voting by written, electronic or alternative ballot. Each member shall vote for the number of directors equal to the number of directors to be chosen in the election. Directors shall be elected by a plurality of the votes cast in the election; i.e., the candidates for voting director with the largest number of votes are elected as voting directors up to the maximum number of voting directors to be chosen in the election. In the event two or more persons tie for the last vacancy to be filled, a run-off vote shall be taken from among the candidates receiving the tie vote. All directors elected must obtain at least a majority of the votes cast. In the event that there are not enough directors with at least a majority of the votes cast to fill all open director positions, the unfilled seats shall be deemed to be "vacant" and the Board (including any newly elected directors) shall select interim directors pursuant to Section 3.7 of these Bylaws to serve until the next annual meeting of the members.

3.4.3 Term of Office. Voting directors shall hold office from the close of the annual meeting for a term of three (3) years, or until their successors have been elected and qualified. Voting directors shall be classified with respect to the time for which they shall hold office by dividing them into three (3) groups, each group to consist of, as nearly as possible, an equal number of directors. The directors of the first group shall hold office for an initial term of one (1) year, and the directors of the second group for an initial term of two (2) years, and the directors of the third group for an initial term of three (3) years. At the close of each annual meeting of this cooperative, the successors to the group of directors whose terms expire that year shall commence to hold office for a term of three (3) years, or until their successors have been elected and qualified. In the event of an increase in the number of directors, the remaining

directors shall assign the newly created directorship(s) to the appropriate group or groups so that the three (3) groups shall continue to consist of, as nearly as possible, an equal number of directors. Any voting director who has served for three (3) consecutive full three (3) year terms shall be ineligible for re-election for a period of one (1) year immediately following expiration of the third full term. Non-voting directors shall serve terms of three (3) years provided that any non-voting director who has served for three (3) consecutive full three (3) year terms shall be ineligible for re-appointment for a period of one (1) year immediately following expiration of the third full term.

3.5 Resignation. A director may resign at any time by filing a written resignation with the Chair or the Secretary of the cooperative. Failure of a director to attend one-half of the meetings in a calendar year shall be deemed to be a resignation by the director. Any resignation of a director shall be reported to DFI as required by law.

3.6 Removal. A voting director may be removed from office with or without cause by the voting members or the vote of more than two-thirds of the other voting directors of this cooperative then in office either at a regular meeting or at any special meeting called for that purpose. Any removal of a voting director shall be reported to the Commissioner and DFI as required by law. A non-voting director may be removed from office with or without cause by the vote of a majority of the voting directors.

3.7 Vacancies. In the event a vacancy occurs in the Board of Directors mid-term due to death, resignation or removal (except removal by the voting members), an interim director shall be elected by the Board of Directors. An interim director shall serve until a successor is elected at the next annual meeting of the members. Any director elected to replace an interim director shall serve for the remainder of the term for that vacant seat, and shall not be considered to have served a full term for purposes of Section 3.4.3 of these Bylaws.

3.8 Annual Meeting. The annual meeting of the Board of Directors shall be held at such time and place as the Board of Directors may determine, but not to exceed 45 days following the Annual Meeting of the Members, for the purpose of transacting such business as may come before the meeting.

3.9 Regular Meetings. The Board of Directors may provide by resolution for regular or stated meetings of the Board, to be held at a fixed time and place, and upon the passage of any such resolution such meetings shall be held at the stated time and place without other notice than such resolution.

3.10 Special Meetings. Special meetings of the Board of Directors may be held at any time and place for any purpose or purposes, unless otherwise prescribed by the Act, on call of the Chair of the Board (if there is one) or Secretary, and shall be called by the Secretary on the written request of any two (2) of the directors.

3.11 Meetings By Telephone or Other Communication Technology.

3.11.1 Any or all directors may participate in a regular or special meeting or in a committee meeting of the Board of Directors by, or the meeting may be conducted through the use of, telephone or any other means of communication by which either: (i) all participating

directors may simultaneously hear each other during the meeting, or (ii) all communication during the meeting is immediately transmitted to each participating director, and each participating director is able immediately to send messages to all other participating directors.

3.11.2 If a meeting will be conducted through the use of any means described in Section 3.11.1, all participating directors shall be informed that a meeting is taking place at which official business may be transacted. A director participating in a meeting by any means described in Section 3.11.1 is deemed to be present in person at the meeting.

### 3.12 Notice and Waiver of Notice.

3.12.1 Notice. Notice of the date, time and place of any annual or special meeting shall be given by oral, electronic or written notice delivered personally to each director at least twenty-four (24) hours prior thereto.. Notice shall be given in one of the methods described in Article 4. The purpose of and the business to be transacted at any special meeting of the Board of Directors need not be specified in the notice or waiver of notice of such meeting.

3.12.2 Waiver of Notice. Whenever any notice whatever is required to be given under the provisions of the Act or under the provisions of the Articles of Incorporation or Bylaws of the cooperative, a waiver thereof in writing, signed at any time by the person or persons entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.13 Quorum. A majority of the number of voting directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such a majority is present at a meeting, a majority of the voting directors present may adjourn the meeting from time to time without further notice.

3.14 Manner of Acting. Each voting director shall have one vote, and non-voting directors shall not have a vote on any matter to come before the Board of Directors. The act of a majority of the voting directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Act, the Articles of Incorporation, or the Bylaws.

3.15 Action by Written Consent of Directors. Any action required or permitted by the Articles of Incorporation or Bylaws of the cooperative, or any provision of the Act, to be taken at a meeting, or any other action which may be taken at a meeting, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors entitled to vote on such action. Such consent shall have the same force and effect as a unanimous vote taken at a meeting. All directors shall receive notice of the text of the written consent and of its effective date and time. The written action is effective on the date specified in the written consent or on the tenth day after the date on which notice is given, whichever is later. In this section, “in writing” includes a communication that is transmitted or received by electronic means, and “signed” includes executing an electronic signature.

3.16 Presumption of Assent. A voting director of the cooperative who is present at a meeting of the Board of Directors, or a committee thereof, at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless such director's dissent shall be entered in the minutes of the meeting or unless such director shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the cooperative immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3.17 Compensation.

3.17.1 Authority. Subject to Article 6, the Board of Directors may fix the compensation and benefits for all directors and the Chief Executive Officer of the cooperative. Discretion of the Board. The Board of Directors, by the affirmative vote of a majority of the directors then in office and irrespective of any personal interest of any of its members, may establish reasonable compensation for all directors for services to the cooperative as directors, officers or otherwise, or delegate this authority to an appropriate committee; provided, however, that no officer or employee who is a director may take part in the vote on his or her salary for services rendered for the cooperative.

3.17.2 Annual Reporting Requirements. The amount of all direct and indirect remuneration for services, including retirement and other deferred compensation benefits, paid or accrued each year for the benefit of each director and each officer and employee whose remuneration exceeds an amount established by the Commissioner, and for all directors and officers as a group shall be included in the annual report made to the Commissioner.

3.18 Committees.

3.18.1 Committees. The Board of Directors by motion may create advisory committees with no delegated authority of the Board of Directors, having such duties as may be prescribed by the Board, but in no event shall the Board delegate its powers and duties to such committee(s).

3.18.2 Nominations Committee. Sufficiently in advance of each annual meeting, the Board of Directors shall appoint a Nominations Committee which shall not include any director who will be seeking election as a director of the cooperative at the next annual meeting. The persons appointed to the Nominations Committee shall serve until appointment of the Nominations Committee for the next annual meeting, or until their death, resignation, or removal. The Nominations Committee shall consist of at least 2 voting Board members, and 1 non-Board member. The Nominations Committee shall assist the Board of Directors by:

(a) Identifying and nominating qualified individuals to become directors and serve on Board of Directors committees, including consideration of individuals nominated by the members;

(b) Ensuring that, to the extent required by federal law, elections of the directors are contested, so that the number of candidates for vacant positions exceeds the number of vacant positions;

(c) Evaluating the independence of each nominee;

(d) At least 45 days prior to the presentation of its slate of proposed director candidates, solicit candidates from the entire membership; and

(e) Providing consultation and advice on, interpretation of, and mechanisms to identify potential ethical or other conflicts of interest under, the Code of Ethics set forth in Article 9 regarding any candidate.

The Nominations Committee shall deliver to the Chair of the cooperative a report at least forty-five (45) days prior to the annual meeting of the members, which shall include the following information: (i) name, biographical information, and qualifications of each nominee considered by the committee, (ii) the committee's evaluation of each nominee's fitness to serve as a director, including without limitation the nominee's eligibility under these Bylaws, and (iii) a proposed paper ballot for the election of directors. The Board shall approve by majority vote the slate of proposed Board Members.

3.18.3 Quorum, Manner of Acting, Action by Written Consent, and Presumption of Assent. Sections 3.12, 3.13, 3.15, and 3.16 apply to committee meetings.

## **ARTICLE 4**

### **METHODS OF GIVING NOTICE**

Notice of any annual, regular or special meeting of members, any annual or special meeting of directors, and any other notice required to be given under these Bylaws or the Act may be communicated by mail, electronically or personally, including by telephone, messenger, email, or private carrier. If mailed, the notice is given when it is deposited or a newsletter or other publication of a cooperative or of an affiliated organization which includes the notice is deposited in the United States mail, with postage prepaid thereon, addressed to such person at his or her address as it appears on the records of the cooperative. Other written notice is effective upon receipt or on the date shown on evidence of delivery, whichever is earlier. Verbal notice is effective when communicated.

## **ARTICLE 5**

### **OFFICERS**

#### **5.1 Number, Actions, and Qualifications.**

5.1.1 Number. The principal officers of the cooperative shall be the Chair of the Board, the Treasurer (if elected), and the Secretary. The Board of Directors may choose to elect a Secretary/Treasurer as a single position. The Board of Directors may also elect one or more Vice Chairs (the number and designations thereof, including designation as a principal officer, to be determined by the Board of Directors), and elect such other officers and assistant officers and agents, if any, as may be deemed necessary by the Board of Directors. The Board of Directors may provide for the appointment of additional officers, including by another officer.

5.1.2 Actions. In discharging his or her duties to the cooperative and in determining what he or she believes to be in the best interests of the cooperative, an officer may, in addition to considering the effects of any action on members, consider the effects of the action on employees, suppliers and customers of the cooperative and on communities in which the cooperative operates, and any other factors that the officer considers pertinent.

5.1.3 Qualifications and Reporting. The Chair, Secretary and any Vice Chair designated as a principal officer shall be voting directors of the cooperative. The name of and required information regarding any individual selected as an officer of the cooperative, and any other change in the officers of the cooperative, shall be reported to the Commissioner and DFI as required by law.

5.2 Election and Term of Office. The officers of the cooperative shall be elected annually by the Board of Directors at its annual meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office from the close of the annual meeting for a term of one year, or until a qualified successor is elected upon expiration of the term of that officer, or until that officer's death, or until that officer shall resign or shall have been removed in the manner hereinafter provided.

### 5.3 Resignation and Removal.

5.3.1 Resignation. An officer may resign at any time by delivering notice to the cooperative. The resignation is effective when the notice is delivered, unless the notice specifies a later effective date and the cooperative accepts the later effective date. If a resignation is effective at a later date, the Board of Directors, or the officer authorized by the bylaws or the Board of Directors to appoint the resigning officer, may fill the pending vacancy before the effective date of the resignation if the appointment provides that the successor may not take office until the effective date.

5.3.2 Removal. Any officer or agent may be removed by the Board of Directors, or by the person who appointed such officer or agent, whenever in the judgment of the Board of Directors or such person the best interests of the cooperative will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights. Any removal of an officer shall be reported to the Commissioner and DFI as required by law.

5.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

5.5 Chair of the Board. The Chair of the Board shall preside at all meetings of the Board of Directors. The Chair of the Board shall perform all duties incident to that office, and such other duties as may be prescribed by the Board of Directors from time to time.

5.6 Vice Chairs. In the absence of the Chair of the Board, or in the event of the Chair of the Board's death, inability or refusal to act, the Vice Chair (or in the event there be more than one Vice Chair, the Executive Vice Chair, or if one shall not have been designated, the Vice

Chair with longest service in that office) shall perform the duties of the Chair of the Board, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chair of the Board. Any Vice Chair of the Board shall perform such other duties as from time to time may be assigned by the Chair of the Board or by the Board of Directors. Vice Chairs may by their election have charge and supervision of designated portions of the cooperative's affairs.

5.7 Secretary. The Secretary shall: (a) keep the minutes of the Board of Directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by the Act; (c) be custodian of the corporate records and of the seal of the cooperative if one is authorized by the Board of Directors, in which case the Secretary shall see that the seal of the cooperative is affixed to all documents the execution of which on behalf of the cooperative under its seal is duly authorized; and (d) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Chair of the Board or by the Board of Directors.

5.8 Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall: (a) have the oversight responsibility for all funds and securities of the cooperative, and for moneys due and payable to the cooperative from any source whatsoever, including the deposit of such moneys in the name of the cooperative in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (b) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Chair of the Board or by the Board of Directors.

5.9 Assistants and Acting Officers. The Board of Directors shall have the power to appoint any person to act as assistant to any officer, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer so appointed by the Board of Directors shall have the power to perform all the duties of the office to which such person is so appointed to be assistant, or as to which such person is so appointed to act, except as such power may otherwise be defined or restricted by the Board of Directors.

5.10 Additional Officers. Any additional officer not specified above shall have only such authority, duties and responsibilities as shall be specifically authorized and designated by the Board of Directors.

## ARTICLE 6

### INDEMNIFICATION

6.1 Indemnification for Successful Defense. Within 20 days after receipt of a written request pursuant to Section 6.3, the cooperative shall indemnify a director or officer, to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director or officer was a party because he or she is a director or officer of the cooperative.

6.2 Other Indemnification.

6.2.1 In cases not included under Section 6.1, the cooperative shall indemnify a director or officer against all liabilities and expenses incurred by the director or officer in a proceeding to which the director or officer was a party because he or she is a director or officer of the cooperative, unless liability was incurred because the director or officer breached or failed to perform a duty he or she owes to the cooperative and the breach or failure to perform constitutes any of the following:

(a) A willful failure to deal fairly with the cooperative or its members in connection with a matter in which the director or officer has a material conflict of interest.

(b) A violation of criminal law, unless the director or officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful.

(c) A transaction from which the director or officer derived an improper personal profit.

(d) Willful misconduct.

6.2.2 Determination of whether indemnification is required under this Section shall be made pursuant to Section 6.5.

6.2.3 The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this Section.

6.3 Written Request. A director or officer who seeks indemnification under Section 6.1 or Section 6.2 shall make a written request to the cooperative.

6.4 Nonduplication. The cooperative shall not indemnify a director or officer under Section 6.1 or Section 6.2 if the director or officer has previously received indemnification or allowance of expenses from any person, including the cooperative, in connection with the same proceeding. However, the director or officer has no duty to look to any other person for indemnification.

6.5 Determination of Right to Indemnification.

6.5.1 Unless otherwise provided by the Articles of Incorporation or by written agreement between the director or officer and the cooperative, the director or officer seeking indemnification under Section 6.2 shall select one of the following means for determining his or her right to indemnification:

(a) By a majority vote of a quorum of the board consisting of directors not at the time parties to the same or related proceedings. If a quorum of disinterested directors cannot be obtained, by majority vote of a committee duly appointed by the board and consisting solely of two or more directors not at the time parties to the same or related proceedings. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee.



(b) By independent legal counsel selected by a quorum of the board or its committee in the manner prescribed in paragraph (a) of this subsection or, if unable to obtain such a quorum or committee, by a majority vote of the full board, including directors who are parties to the same or related proceedings.

(c) By a panel of three arbitrators consisting of one arbitrator selected by those directors entitled under paragraph (b) of this subsection to select independent legal counsel, one arbitrator selected by the director or officer seeking indemnification and one arbitrator selected by the 2 arbitrators previously selected.

(d) By majority vote of a quorum of the members; provided that members who are at the time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not vote in making the determination.

(e) By a court under Section 6.8.

(f) By any other method provided for in any additional right to indemnification permitted under Section 6.7.

6.5.2 In any determination under Section 6.5.1, the burden of proof is on the cooperative to prove by clear and convincing evidence that indemnification under Section 6.2 should not be allowed.

6.5.3 A written determination as to a director's or officer's indemnification under Section 6.2 shall be submitted to both the cooperative and the director or officer within 60 days of the selection made under Section 6.5.1.

6.5.4 If it is determined that indemnification is required under Section 6.2, the cooperative shall pay all liabilities and expenses not prohibited by Section 6.4 within 10 days after receipt of the written determination under Section 6.5.3. The cooperative shall also pay all expenses incurred by the director or officer in the determination process under Section 6.5.1.

6.6 Advance Expenses. Within 10 days after receipt of a written request by a director or officer who is a party to a proceeding, the cooperative shall pay or reimburse his or her reasonable expenses as incurred if the director or officer provides the cooperative with all of the following:

6.6.1 A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the cooperative.

6.6.2 A written undertaking, executed personally or on his or her behalf, to repay the allowance to the extent that it is ultimately determined under Section 6.5 that indemnification under Section 6.2 is not required and that indemnification is not ordered by a court under Section 6.8.2(b). The undertaking under this subsection shall be an unlimited general obligation of the director or officer and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

6.7 Nonexclusivity.

6.7.1 Except as provided in Section 6.7.2, Sections 6.1, 6.2 and 6.6 do not preclude any additional right to indemnification or allowance of expenses that a director or officer may have under any of the following:

- (a) The Articles of Incorporation.
- (b) A written agreement between the director or officer and the cooperative.
- (c) A resolution of the board of directors.
- (d) A resolution, after notice, adopted by a majority vote of members who are entitled to vote.

6.7.2 Regardless of the existence of an additional right under Section 6.7.1, the cooperative shall not indemnify a director or officer, or permit a director or officer to retain any allowance of expenses unless it is determined by or on behalf of the cooperative that the director or officer did not breach or fail to perform a duty he or she owes to the cooperative which constitutes conduct under Section 6.2.1. A director or officer who is a party to the same or related proceeding for which indemnification or an allowance of expenses is sought may not participate in a determination under this subsection.

6.7.3 Sections 6.1 to 6.11 do not affect the cooperative's power to pay or reimburse expenses incurred by a director or officer in any of the following circumstances:

- (a) As a witness in a proceeding to which he or she is not a party.
- (b) As a plaintiff or petitioner in a proceeding because he or she is or was an employee, agent, director or officer of the cooperative.

## 6.8 Court-Ordered Indemnification.

6.8.1 Except as provided otherwise by written agreement between the director or officer and the cooperative, a director or officer who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. Application may be made for an initial determination by the court under Section 6.5.1(e) or for review by the court of an adverse determination under Section 6.5.1(a), (b), (c), (d) or (f). After receipt of an application, the court shall give any notice it considers necessary.

6.8.2 The court shall order indemnification if it determines any of the following:

- (a) That the director or officer is entitled to indemnification under Section 6.1 or 6.2.
- (b) That the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, regardless of whether indemnification is required under Section 6.2.

6.8.3 If the court determines under Section 6.8.2 that the director or officer is entitled to indemnification, the cooperative shall pay the director's or officer's expenses incurred to obtain the court-ordered indemnification.

6.9 Indemnification of Employees or Agents. The cooperative may indemnify and allow reasonable expenses of an employee or agent who is not a director or officer by general or specific action of the board of directors or by contract.

6.10 Insurance. The cooperative may purchase and maintain insurance on behalf of an individual who is an employee, agent, director or officer of the cooperative against liability asserted against or incurred by the individual in his or her capacity as an employee, agent, director or officer, regardless of whether the cooperative is required or authorized to indemnify or allow expenses to the individual against the same liability under Sections 6.1, 6.2, 6.6 and 6.9.

6.11 Definitions Applicable to This Article.

6.11.1 "Affiliate" shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the cooperative.

6.11.2 "Cooperative" means this cooperative and any domestic or foreign predecessor of this cooperative where the predecessor cooperative's existence ceased upon the consummation of a merger or other transaction.

6.11.3 "Director or Officer" means any of the following:

(a) A natural person who is or was a director or officer of this cooperative.

(b) A natural person who, while a director or officer of this cooperative, is or was serving at the cooperative's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an association, partnership, joint venture, trust or other enterprise.

(c) A natural person who, while a director or officer of this cooperative, is or was serving an employee benefit plan because his or her duties to the cooperative also imposed duties on, or otherwise involved services by, the person to the plan or to participants in or beneficiaries of the plan.

(d) A natural person who is or was the chief executive, managerial employee of a cooperative, regardless of the person's title.

(e) Unless the context requires otherwise, the estate or personal representative of a director or officer.

For purposes of this Article, it shall be conclusively presumed that any Director or Officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an Affiliate shall be so serving at the request of the cooperative.

6.11.4 “Expenses” include fees, costs, charges, disbursements, attorney fees and other expenses incurred in connection with a proceeding.

6.11.5 “Liability” includes the obligation to pay a judgment, settlement, forfeiture or fine, including an excise tax assessed with respect to an employee benefit plan, plus costs, fees, and surcharges imposed under chapter 814 of the Wisconsin Statutes, and reasonable expenses.

6.11.6 “Party” includes a natural person who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

6.11.7 “Proceeding” means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of the cooperative or by any other person.

## ARTICLE 7

### MISCELLANEOUS

7.1 Fiscal Year. The fiscal year of the cooperative shall end on the last day of December in each year.

7.2 Corporate Seal. The Board of Directors may provide a corporate seal which may be circular in form and may have inscribed thereon the name of the cooperative and the state of incorporation and the words "Corporate Seal".

## ARTICLE 8

### CORPORATE ACTS, LOANS, AND DEPOSITS

8.1 Corporate Acts. The Chair shall have authority to sign, execute and acknowledge on behalf of the cooperative, all deeds, mortgages, bonds, stock certificates, policies, contracts, leases, reports, and all other documents or instruments necessary or proper to be executed in the course of the cooperative's regular business, or which shall be authorized by resolution of the Board of Directors. Except as otherwise provided by law or directed by the Board of Directors, the Chair may authorize in writing any officer or agent of the cooperative to sign, execute and acknowledge such documents and instruments in his or her place and stead. The Secretary of the cooperative is authorized and empowered to sign in attestation all documents so signed, and to certify and issue copies of any such document and of any resolution adopted by the Board of Directors of the cooperative.

8.2 Loans. No moneys shall be borrowed on behalf of the cooperative and no evidences of such indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

8.3 Deposits and Investments. All funds of the cooperative, not otherwise employed, shall be deposited from time to time to the credit of the cooperative in such banks, investment firms or other depositories as the Board of Directors may select. The cooperative shall hold all investments and deposits of its funds in its own name except that securities kept under a custodial agreement or trust arrangement with a bank or banking and trust company may be issued in the name of a nominee of the bank or banking and trust company; and the cooperative may acquire and hold securities in bearer form.

## ARTICLE 9

### CODE OF ETHICS

9.1 Code of Ethics. Each Official and Representative, as defined below, owes the cooperative undivided loyalty and has an obligation, in all matters connected with his or her affiliation with the cooperative, to comply with this code of ethics. This code of ethics is

intended to supplement but not replace any state and federal laws governing ethics that are applicable to nonprofit organizations.

9.1.1 Each Official and Representative has an obligation, in all matters connected with his or her affiliation with the cooperative, to promote the best interests of the cooperative and its members and to refrain from injuring the cooperative and its members. In determining what he or she believes to be in the best interests of the cooperative and its members, a director or officer may, in addition to considering the effects of any action on members, consider the effects of the action on employees, suppliers and customers of the cooperative and on communities in which the cooperative operates, and any other factors that the director or officer considers pertinent.

9.1.2 Each Official and Representative has an obligation to protect against insurance industry involvement and interference with the cooperative. The cooperative must foster and encourage member control. While it may be necessary to contract with elements of the insurance industry to further the mission of the cooperative, especially in its early stages, Officials and Representatives should exercise caution to ensure that such contracts are entered into on an arm's-length basis; that appropriate regard is given to contracting with other cooperatives and nonprofits where practicable; and that the contracts do not allow interference or undue involvement with the cooperative.

9.1.3 Each Official and Representative has an obligation, in all matters connected with his or her affiliation with the cooperative, to act prudently and consistently with the terms of the cooperative's governance documents and with applicable state, federal, and local laws, rules and regulations.

9.1.4 Each Official and Representative has an obligation, in all matters connected with his or her affiliation with the cooperative, to avoid self-dealing, including use of information and opportunities obtained in the course of such affiliation for personal gain.

9.1.5 Each Official and Representative has an obligation, in all matters connected with his or her affiliation with the cooperative, to engage in honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. The purpose of the conflicts of interest policy is to protect the cooperative's interests, including when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of the cooperative or might result in a possible excess benefit transaction.

## 9.2 Definitions Applicable to this Article:

9.2.1 "Official" means any director, principal officer, or key employee (as determined by the Chair and the Chief Executive Officer) of the cooperative, or member of a committee of the cooperative with Board of Directors delegated powers.

9.2.2 "Financial Interest" means a person has, directly or indirectly, through business, investment, or family, any of the following:

(a) an ownership or investment interest in any entity with which the cooperative has a transaction or arrangement,

(b) a compensation arrangement with the cooperative or with any entity or individual with which the cooperative has a transaction or arrangement, or

(c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the cooperatives negotiating a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. Under Section 9.3.3(a), a person who has a financial interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists.

9.2.3 “Compensation” includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

9.2.4 “Representative” means any officer of the cooperative other than a principal officer and any employee of the cooperative.

### 9.3 Procedures

9.3.1 Duty to Disclose. In connection with any actual or possible conflict of interest, any actual or possible self-dealing, or any actual or possible violation of this code of ethics, an Official or Representative must promptly disclose such matter (“Disclosure Item”), including any applicable Financial Interest; an Official must be given the opportunity to disclose all material facts to the Board of Directors or a committee designated by the Board of Directors to consider Disclosure Items; and a Representative must be given the opportunity to disclose all material facts to a designated officer or other representative of the cooperative.

9.3.2 Disclosure. An Official may make a presentation at the Board or committee meeting but, after the presentation, he or she shall leave the meeting during the discussion and vote on resolution of the Disclosure Item.

#### 9.3.3 Procedures for Addressing a Disclosure Item.

(a) After disclosure of any Financial Interest and all material facts, after any discussion with the Official, and after the Official has left the meeting while the Disclosure Item is discussed and voted upon, the Board of Directors or the designated committee shall decide if a conflict of interest, self-dealing, or violation of the code of ethics exists and, if so, how the matter shall be resolved. After disclosure of any Financial Interest and all material facts, after any discussion with the Representative, the designated officer or other representative of the cooperative shall decide if a conflict of interest, self-dealing, or violation of the code of ethics exists and, if so, how the matter shall be resolved.

(b) The Board of Directors or the designated committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to any proposed transaction or arrangement relevant to the Disclosure Item. After exercising due

diligence, the Board of Directors or the designated committee shall determine whether the cooperative can obtain with reasonable efforts a transaction or arrangement from a person or entity that would not give rise to a conflict of interest or self-dealing.

(c) If an alternative transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest or self-dealing, the Board of Directors or the designated committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the cooperative's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

#### 9.3.4 Violations of the Code of Ethics.

(a) If the Board of Directors or the designated committee has reasonable cause to believe an Official has failed to disclose an actual or possible violation of the code of ethics, it shall inform the Official of the basis for such belief and afford the Official an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the Official's response and after making further investigation as warranted by the circumstances, the Board of Directors or the designated committee determines the Official has failed to disclose an actual or possible violation of the code of ethics, it shall take appropriate disciplinary and corrective action.

(c) If a designated officer or other representative of the cooperative has reasonable cause to believe a Representative has failed to disclose an actual or possible violation of the code of ethics, it shall inform the Representative of the basis for such belief and afford the Representative an opportunity to explain the alleged failure to disclose.

(d) If, after hearing the Representative's response and after making further investigation as warranted by the circumstances, the designated officer or other representative of the cooperative determines the Representative has failed to disclose an actual or possible violation of the code of ethics, the designated officer or other representative of the cooperative shall take appropriate disciplinary and corrective action.

9.4 Record of Proceedings. The minutes of the Board of Directors or the designated committee meeting shall contain:

9.4.1 The names of the persons who disclosed a Disclosure Item or were found to have violated the code of ethics, including those with a Financial Interest in connection with an actual or possible conflict of interest; the nature of the Disclosure Item or violation of the code of ethics, including the nature of any Financial Interest; any action taken to determine whether there was a violation of the code of ethics, including whether a conflict of interest or self-dealing was present; and the Board of Director's or the designated committee's decision as to whether a violation of the code of ethics, including a conflict of interest or self-dealing, in fact existed.

9.4.2 The names of the persons who were present for discussions and votes relating to the Disclosure Item or the actual or possible violation of the code of ethics; the



content of the discussion, including any alternatives to the proposed transaction or arrangement; and a record of any votes taken in connection with the proceedings.

#### 9.5 Compensation.

9.5.1 A voting director who receives compensation, directly or indirectly, from the cooperative for services is precluded from voting on matters pertaining to that director's compensation except when voting on compensation for all board members collectively pursuant to section 3.17.

9.5.2 A voting director on any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the cooperative for services is precluded from voting on matters pertaining to that director's compensation.

9.5.3 No voting director, including any voting director on any committee whose jurisdiction includes compensation matters, who receives compensation, directly or indirectly, from the cooperative, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

9.6 Annual Statements. Each Official shall annually sign a statement which affirms such person:

9.6.1 Has received a copy of the code of ethics,

9.6.2 Has read and understands the code of ethics,

9.6.3 Has not violated the code of ethics or, if there has been a violation, has promptly disclosed such violation,

9.6.4 Has agreed to comply with the code of ethics, and

9.6.5 Understands the cooperative is tax-exempt and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

9.7 Periodic Reviews. To ensure the cooperative operates in a manner consistent with tax-exempt purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

9.7.1 Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.

9.7.2 Whether partnerships, joint ventures, and arrangements with management organizations conform to the cooperative's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further tax-exempt purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

9.8 Use of Outside Experts. When conducting the periodic reviews as provided for in Section 9.7, the cooperative may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

## ARTICLE 10

### PERIODIC REVIEW AND AMENDMENTS

10.1 Periodic Review. These Bylaws shall be reviewed periodically by the Board of Directors to assure continued compliance with relevant laws and regulations and the needs of the cooperative. Except for Bylaws that specifically state on their terms that they may be altered, amended or repealed by the Board of Directors, these Bylaws may only be altered, amended or repealed and new Bylaws may only be adopted by the voting members in accordance with Section 10.2 below. Any Bylaw adopted or amended by the Board of Directors shall be reported at the next regular member meeting. Any such Bylaw shall be at any time subject to amendment or repeal by the members.

10.2 Amendments By the Members. These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the approval of the majority of the members entitled to vote at any regular or special meeting at which a quorum is present.

\* \* \* \* \*

Certified a true and correct copy of the Bylaws adopted on the 14<sup>th</sup> day of October, 2014, by the Board of Directors of Common Ground Healthcare Cooperative.

Certified a true and correct copy of the Bylaws adopted on March 21, 2017, by the Board of Directors of Common Ground Healthcare Cooperative; and on May 24, 2017 by the Common Ground Healthcare Cooperative Membership.

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