

**BYLAWS OF  
CHIPPEWA VALLEY HEALTH COOPERATIVE**

**ARTICLE I  
PURPOSES**

**Section 1.1 Purposes.**

Chippewa Valley Health Cooperative (“this Cooperative”) is organized under Chapter 193 of the Wisconsin Statutes. The purposes of this Cooperative shall be as set forth in the Articles of Incorporation, to improve access to affordable healthcare in the Chippewa Valley and to conduct any lawful business permitted under Wisconsin Statute Chapter 193. This Cooperative is organized exclusively for charitable, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)3 of the Internal Revenue Code, or the corresponding section of any future federal tax code. No substantial part of the activities of this Cooperative shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and this Cooperative shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

**Section 1.2 Principal Office.**

This Cooperative shall have and continuously maintain in this State a principal office. This Cooperative may have such other offices, either within or without the State of Wisconsin, as the Board of Directors may determine from time to time. The Cooperative’s initial principal office is 310 Pinnacle Way, Eau Claire, WI.

**Section 1.3 Registered Agent**

This Cooperative shall have and continuously maintain in this State a registered agent whose address may be, but need not be, identical with the principal office of the Cooperative. The identity and address of the registered agent may be changed from time to time by resolution of the Board of Directors and by the filing of a statement with the Wisconsin Department of Financial Institutions pursuant to the applicable provisions of the Wisconsin Statutes. The Cooperative’s initial registered agent is VBRCs, LLC, which registered agent and registered address may be changed by action of the Board of Directors from time to time.

**Section 1.4 Fiscal Year.**

The fiscal year of this Cooperative shall begin on the first day of January in each year and end of the last day of December in each year.

## **ARTICLE II MEMBERS**

### **Section 2.1 Definition of “Member”**

A “Member” is a person who has been accepted for membership in this Cooperative in accordance with these Bylaws.

### **Section 2.2 Qualifications of Membership**

No person, whether natural or statutory, 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. Membership in the cooperative shall be open to any person who supports the purposes of this Cooperative as expressed in the Articles of Incorporation, these Bylaws, and the policies of the cooperative, who is a resident of the Chippewa Valley, and meets the requirements of Section 4 below. Throughout these Bylaws, references to the “Chippewa Valley” shall be to the following Wisconsin counties: Barron, Buffalo, Burnett, Chippewa, Clark, Dunn, Eau Claire, Jackson, Pepin, Price, Rusk, Sawyer, St. Croix, Trempealeau, and Washburn.

### **Section 2.3 Classes of Members**

This Cooperative shall have three (3) classes of Members: Community Members (Class A), Physician Members (Class B), Patient Members (Class C). An adult patient of the Cooperative’s healthcare facilities becomes a “Member” as provided in Section 2.4(c)(1) of these Bylaws. All other persons become Members as described in Section 2.4 below.

### **Section 2.4 Requirements of Membership**

The designation, qualifications, requirements and methods of acceptance of Membership shall be as follows:

A. Community Members (Class A)

Community Members are persons who have applied for membership, contributed at least \$25.00, and who have submitted a signed attestation indicating that they have received healthcare services at the Cooperative’s healthcare facilities (a “Patient Attestation”). During the first five (5) years after the formation of the Cooperative (the “Formational Period”), as its healthcare facilities are under development, a Community Member may instead submit a signed attestation indicating that they intend to receive healthcare services at the Cooperative’s facilities when they become available. Any Community Member who does not submit a Patient Attestation upon the expiration of the Formational Period shall automatically forfeit their membership. After the Formational Period, any new or existing Community Member who submits a Patient Attestation shall retain their membership for their lifetime, irrespective of whether they remain patients of the Cooperative’s healthcare facilities. Persons who meet the criteria to apply as a Physician Member shall not be eligible to become a Community Member. If a Community Member becomes eligible in the future to apply for membership as a Physician Member, such person’s membership may be converted to Class B membership by the Board.

B. Physician Members (Class B)

Persons who have applied for membership, contributed at least \$100.00, hold a valid license to practice medicine in Wisconsin, and provide (or anticipate providing) medical services at the Cooperative's facilities, shall be known as Physician Members.

C. Patient Members (Class C)

Persons may become Class C Members of this Cooperative in either of the following ways:

- (1) Persons over the age of 18 become Patient Members at such time as they receive healthcare services through the Cooperative and consent to membership. Patient Members shall retain their memberships for their lifetimes, irrespective of whether they cease receiving healthcare services through the Cooperative.
- (2) The Board of Directors may confer Class C membership upon individuals not otherwise eligible to be Members of this Cooperative. The term of such Class C membership thus conferred may not exceed three (3) years, and there may be no more than eight (8) such Class C Members at any time.

**Section 2.5 Membership Voting**

A. Voting and Non-Voting Members

Each Class A and B Member (hereinafter sometimes referred to collectively as "Voting Members") is entitled to one (1) vote at any meeting of the Members. All membership interests with voting power are restricted to one vote per member. Class C Members are non-voting and are not entitled to any vote at any meeting of the Members.

B. Proxies

Voting by proxy is not allowed in this Cooperative.

C. Absentee Ballots

- (1) If the Cooperative provides ballots for a vote on a motion to be considered at a meeting, a Voting Member may choose to vote by absentee ballot. To cast an absentee ballot, a Voting Member shall mark the Voting Member's choice(s) on the ballot, seal the ballot in a plain envelope bearing the member's name and the words "BALLOT ENCLOSED," or similar words, and enclose that envelope in another envelope addressed to the cooperative. If such a signed ballot has been submitted on a motion, then neither the motion nor any resolution to which it pertains may be amended.
- (2) The sealed envelope containing the absentee ballot must be received at the office of the Cooperative on or before two (2) business days prior to the date of the meeting. In the event the Voting Member submitting a signed absentee ballot attends the meeting in person, the signed absentee ballot

shall be discarded in favor of the vote of such Voting Member in person at the meeting.

## **Section 2.6 Termination of Membership; Revocation of Voting Privileges.**

### A. Termination

Any Member may terminate his or her membership by written request to the Records Officer.

### B. No Transfer

Membership Interests held by a Member are transferable only with the approval of the Board.

### C. Revocation of Voting Privileges or Expulsion

Any Voting Member's voting privileges may be revoked, and/or any Member may be expelled from membership in this Cooperative, by a majority vote of the Voting Members present at a membership meeting, provided that the proposed termination/expulsion and the reason therefore are on the written notice distributed not less than seven (7) nor more than thirty (30) days prior to the meeting.

## **Section 2.7 Membership Meetings**

### A. Annual Meeting

A regular annual meeting of Members shall be held each year at such time and place in the Chippewa Valley as the Board of Directors shall specify, provided that this meeting is held within six (6) months after the closing of the previous fiscal year.

### B. Special Meetings

Special Member meetings may be called at any time by the Board of Directors, or by petition signed by twenty (20%) percent or more of the Voting Members and filed with the Records Officer.

### C. Notice of Meetings

The time and place of any membership meeting shall be designated by the Board of Directors, and notice of any such meeting shall be mailed to each Voting Member of the Cooperative not less than twenty-five (25) days prior to the meeting. Notice is deemed mailed when it is deposited, or a newsletter or other publication of the Cooperative or of an affiliated organization which includes the notice is deposited, in the United States mail, with postage prepaid, addressed to the Voting Member at his or her address as it appears in the records of the Cooperative. At the Board's discretion, notice may be made electronically to any Member who has provided the Cooperative with an electronic mail address, including by publication of notice in an electronic newsletter or other electronic publication delivered via electronic mail to the electronic mail address of such Member as it appears in the records of the Cooperative. Notice by electronic mail is deemed

effective when sent. Members entitled to notice shall be those persons shown as Voting Members on the records of the Cooperative on a date which is forty-five (45) days prior to the membership meeting. The failure of any Voting Member to receive notice of any meeting of the Members shall not invalidate any action which may be taken by the Members at any such meeting

D. Quorum

A Quorum for meetings of Members shall be as follows:

- (1) If the Cooperative has fewer than 10 Members, a quorum shall be a majority of the Members.
- (2) If the Cooperative has 10 or more Members but fewer than 51 Members, then a quorum shall be 5 Members.
- (3) If the Cooperative has 51 or more Members but fewer than 101 Members, then a quorum shall be at least 10% of the number of Members.
- (4) If the Cooperative has 101 or more Members but fewer than 900 Members, a quorum shall be 10 plus at least 5% of the number of Members in excess of 100.
- (5) If the Cooperative has more than 900 Members, the quorum shall be 50 Members.
- (6) If a quorum should not be present on the day appointed, the Members present may adjourn from time to time until a quorum shall attend, and a new notice of meeting shall be given as provided in Section 2.7(c) above.
- (7) Except as provided in Wis. Stat. 193.531(2), in determining whether a quorum is present at a members' meeting for purposes of conducting a vote on a question that members may vote on by mail or alternative ballot, the number of members physically present at the meeting shall be added to the number of members voting by mail or alternative ballot.

E. Notification

The Records Officer of the Cooperative shall attend to the calling of the any membership meeting and notice thereof.

## ARTICLE III DIRECTORS

### Section 3.1 Board of Directors

#### A. Powers

The business affairs of this Cooperative shall be managed by its Board of Directors, all of whom shall be elected by the Voting Members as provided in this Article.

#### B. Qualifications

To be eligible to become and remain a Director, a person must meet the following qualifications:

- (1) The person must be a Voting Member of the Cooperative and be at least eighteen (18) years of age, except that an *ex officio* Director need not be a Member of the Cooperative.
- (2) No employee of the Cooperative may serve on the Board of Directors, except if appointed as an *ex officio* Director.
- (3) Each Director elected by Class B Members must be licensed to practice medicine in the state of Wisconsin and must be an actively credentialed member of Oakleaf Medical Network.

#### C. Number.

The number of Directors shall be nine (9), exclusive of *ex officio* Directors, if any.

#### D. Voting.

Each Director shall have one vote, except that any and all *ex officio* Directors shall not have any vote.

#### E. Conflict of Interest Protections

- (1) Each Director shall discharge the duties of such position in good faith, in a manner the director reasonably believes to be in the best interests of the cooperative. 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, a Director may consider any of the criteria at Wis. Stat. 193.455, and in particular the effects of an action on the Chippewa Valley community in which this Cooperative operates.
- (2) Each Director must comply with the provisions of Article IV – Conflicts of Interest standards.

## **Section 3.2 Classes of Directors**

### **A. Classes of Directors**

There shall be two (2) classes of Directors, Class A Directors and Class B Directors. Class A Directors shall consist of six (6) Directors who are elected by the Class A Members in the manner prescribed in the Bylaws. Class B Directors shall consist of three (3) Directors who are elected by the Class B Members in the manner prescribed in the Bylaws.

### **B. Terms of Service Within Classes of Directors.**

Class A Directors shall be divided into three categories. Category 1 shall consist of two (2) Directors, Category 2 shall consist of two (2) Directors and Category 3 shall consist of two (2) Directors. Class B Directors shall be divided into three categories, with one (1) Director in each category. Directors shall serve for a period of three (3) years. The terms of each category of Directors shall not run concurrently, but shall be staggered so that the terms of each of the Directors serving within one category ends each year.

### **C. Terms for Ex Officio Directors.**

The Chief Executive Officer of Oakleaf Medical Network shall serve as an *ex officio* Director. Additional *ex officio* Directors may be appointed by the Board and serve for such period of time as may be fixed by the Board at the time of such appointment, provided. All *ex officio* Directors shall be nonvoting. Notwithstanding the Board's authority to otherwise amend these Bylaws, the right of the Chief Executive Officer of Oakleaf Medical Network to serve as an *ex officio* Director may be eliminated only upon the approval of two-thirds (2/3rds) of the Board.

### **D. Expiration and Vacancies.**

Each Director shall hold office until his/her successor has been elected and qualified unless he or she resigns or is removed pursuant to these Bylaws. Vacancies in each Class of Directors shall be filled as soon as is reasonably possible after a vacancy occurs by appointment by a majority vote of the corresponding Class of Directors then in office. Vacancies shall be filled from recommendations of the Nominations Committee. Directors so elected shall serve the remainder of the term to which appointed.

## **Section 3.3 Election of Directors**

Directors will be nominated and elected at the annual meeting of the membership in the following manner.

### **A. Nominations Committee**

There shall be a Nominations Committee consisting of seven (7) Voting Members of the Cooperative who are not current members of the Board of Directors. Not less than ninety (90) days prior to the annual membership meeting, the Board of Directors shall solicit from all Voting Members written nominations for candidates for three (3) positions on the Nominations Committee. Candidates for the Nominations Committee must be Voting Members of the Cooperative, and may not be current members of the Board of Directors. The notice of the annual meeting shall contain the names of candidates wishing to serve on

the Nominations Committee in the following year. Each year, the Voting Members will elect three (3) members of the Nominations Committee, and the Board of Directors will appoint four (4) members of the Nominations Committee. All members of the Nominations Committee will serve one (1) year terms, commencing at the close of the annual meeting.

B. Nomination of Directors

- (1) Not less than one hundred twenty (120) days prior to the annual membership meeting, the Board of Directors or the Nominations Committee shall solicit from all Voting Members written nominations for expiring Director positions as well as any vacant positions. Those Voting Members eligible and wishing to serve as Directors, will be requested to submit a written application to the Nominations Committee not less than ninety (90) days prior to the annual membership meeting. It shall be the function of the Nominations Committee to nominate persons eligible and qualified to serve as Directors of this Cooperative. The Nominations Committee shall recommend as nominees those persons it considers most qualified to serve and, whenever possible, shall recommend at least two nominees for each position to be filled. At least seventy-five (75) days prior to the annual membership meeting, the Nominations Committee shall notify all persons submitting written applications of its selection of nominees, and shall file its report with the Records Officer of the Cooperative. The report shall be available to any Member upon request.
- (2) Not less than twenty-five (25) days prior to the annual membership meeting, the Nominations Committee shall inform the Members of the nominees and shall also inform the Members of the procedure for casting absentee ballots.

C. Procedure

At the annual membership meeting, each Voting Member is entitled to one (1) ballot pertaining to the election of Directors, and may cast no more than one (1) such ballot, and may cast no more than one (1) vote for each unfilled Director position for which they are eligible to vote based on such Voting Member's membership class. Candidacy for each unfilled Director position shall be limited to persons nominated in accordance with these Bylaws. After the ballots are cast, they shall be counted by the Records Officer and Member volunteers who are not nominees. The nominees receiving the greatest number of votes, including absentee votes, for the positions to be filled shall be declared elected, except that if there is a tie vote for the last position to be filled, there shall be a second ballot cast to fill that position. Vacancies for Director positions which have not been otherwise filled by the Board of Directors in accordance with these Bylaws shall be filled by Voting Members by separate election prior to balloting on other positions.

D. Removal

- (1) A Director may request an excused absence from the Chairperson of the respective meeting (or a Vice-Chairperson in the Chairperson's absence) in advance of the scheduled meeting. Unless a Director is so excused, a Director who misses three (3) consecutive regular Board of Directors

meetings, or four (4) regular meetings during the period between annual membership meetings may be removed without any membership vote upon the majority vote of the other Directors then in office. Excused absences may be granted in the discretion of the Chairperson or Vice-Chairperson, but are generally intended for unexpected events outside a Director's control, commitments that pre-date the scheduling of a meeting or the individual's election as Director, illness, religious holidays, or temporary circumstances that are sufficiently infrequent as to allow the Director's continued active participation on the Board, such as a vacation.

- (2) A Director may be removed for any reason upon a petition calling for said removal being signed by no fewer than sixty percent (60%) of the Voting Members and a simple majority vote of the Voting Members present at the next regular or special membership meeting. The petition shall state the reasons for the requested removal, and will place this item on the next agenda. The Director shall be informed in writing of the removal request and the reasons stated at least thirty (30) days prior to the meeting of the Members at which the removal is to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present pertinent evidence. The Member or Members bringing the petition against the Director shall have the same opportunity. Any vacancy created by such removal shall be filled as provided in these Bylaws.

### **Section 3.4 Meetings Quorum, Waiver of Notice**

#### **A. Regular Meetings**

Regular monthly meetings of the Board of Directors will be established at a regular time and place each month.

#### **B. Quorum**

A majority of the Directors currently holding office is a quorum for the transaction of business. Any director who objects at the beginning of a board meeting to the transaction of business because the meeting is not lawfully called or convened and who fails to participate in the meeting after the objection may not be considered as present at the meeting for purposes of determining whether a quorum is present. In the absence of a quorum, a majority of the Directors present may adjourn a meeting from time to time until a quorum is present. If a quorum is present when a meeting is properly convened, the Directors present may continue to transact business until adjournment, even though the withdrawal of a number of directors originally present leaves less than a quorum.

#### **C. Waiver of Notice (Special Meeting)**

Special meetings of the Board of Directors may be called at any time by the Chairperson or by a majority of Directors then holding office. No business, except that mentioned in the call for a special meeting, shall receive final action at any such special meeting. Three (3) days' notice of any such special meeting shall be given unless a written and signed waiver of notice is given by all Directors then in office. Attendance at a meeting is a waiver of

notice of such meeting, except when a Director attends the meeting and objects there at to the transaction of business because the meeting was not lawfully convened.

D. Meetings by Electronic Means of Communication

The Board of Directors or a Committee thereof may, in addition to conducting meetings in which each Director participates in person, and notwithstanding any place set forth in the notice of the meeting or these Bylaws, conduct any regular or special meeting by the use of any electronic means of communication, provided that:

- (1) all participating Directors may simultaneously hear each other during the meeting; or
- (2) all communication during the meeting is immediately transmitted to each participating Director, and that each participating Director is able to immediately send messages to all other participating Directors.

Before the commencement of any business at a meeting at which any Directors do not participate in person, all participating Directors shall be informed that a meeting is taking place at which official business may be transacted.

E. Action Without a Meeting

Any action which may be taken at a meeting, may be taken without a meeting, if a writing setting forth and approving the action taken shall be signed by all Voting Members of the Cooperative, Directors or Committee members entitled to vote on such action. Such consent shall have the same force and effect as a unanimous vote at a meeting.

### **Section 3.5 Officers Duties**

A. Officers

The Board shall elect a Chairperson and one or more Vice-Chairpersons, as well as a Records Officer and a Financial Officer. The roles of Records Officer and Financial Officer may be combined. All officers shall be elected at the first Board meeting after the annual meeting of the Members at which the Board is elected. Each officer shall hold office for one (1) year or until a successor is elected and qualified. The Chairperson and first Vice-Chairperson shall each be both a Director and a Voting Member. Other Officers need not be Directors or Members.

B. Duties

The officers shall perform such duties as are ordinarily assigned to such officers in the normal course of business. The Chairperson and first Vice-Chairperson shall have authority to sign all documents within the scope of the implied or express authorization of the Board of Directors, Chapter 193 of the Wisconsin Statutes, and the Articles and Bylaws of this Cooperative. The Records Officer and Financial Officer shall perform the usual duties of those offices. The first Vice-Chairperson shall act as Chairperson in the absence or disability of the Chairperson. Any officer may be removed by a two-thirds (2/3) vote of all Directors, provided that the removal is on the announced agenda prior to the meeting.

### **Section 3.6 Committees**

#### **A. Committee and Advisory Councils**

The Board of Directors shall, by resolution, create such standing or temporary committees or advisory councils as are deemed necessary. Nomination of committee or council members may be made by any Director, and appointment of a nominee to a committee or council shall be by majority vote of the Board of Directors. The chairperson of each committee or council shall ensure that minutes, if any, of committee meetings are provided, upon request, to members of the committee and to any Director. The procedures for a Board meeting apply to a meeting of a committee or council. Committee or council members need not be Directors.

#### **B. Committee Limitations**

A voting member of any compensation committee who receives compensation (including, but not limited to, salary, bonuses and fringe benefits), directly or indirectly, from the Cooperative for services is precluded from voting on matters pertaining to his or her own compensation. No employee of the Cooperative shall be eligible to serve as a member of any human relations committee of the Board.

### **Section 3.7 Liability of Directors and Members**

#### **A. Wrongful Distribution**

Directors who are present and entitled to vote, and who, intentionally or without reasonable investigation, fail to vote against approving a consideration that is unfair to the cooperative, or who overvalue property or services received or to be received by the cooperative as a contribution, are jointly and severally liable to the cooperative for the benefit of the members then existing who did not consent to and are damaged by the consideration or overvaluing of property or services, to the extent of the damages to those members.

#### **B. Obligations of Cooperative are not Obligations of Members**

Members are not personally liable for the acts, debts, liabilities or obligations of this Cooperative merely because of that person's status as a member.

#### **C. Indemnification of Directors**

Directors are not personally liable for the acts, debts, liabilities or obligations of this Cooperative merely because of that person's status as a Director. Each Director, officer, employee or agent of the Cooperative, now or hereafter serving as such, shall be indemnified by the Cooperative against any and all claims and liabilities, including reasonable settlements to which he/she has or shall become subject by reason of serving or having served in such capacity, or by reason of any action alleged to have been taken, omitted, or neglected by her or him as such Director, officer, employee or agent; and the Cooperative shall reimburse each such person for all legal expenses reasonably incurred in connection with any claim or liability, provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with any claim or liability arising out of a wrongful distribution under Section 3.7(a), willful misconduct or gross negligence.

### **Section 3.8 Compensation**

Directors as such shall not receive any compensation for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors provided that *ex officio* Directors shall receive no compensation for their service as Directors of the Cooperative. A Director requested by the Board of Directors, to assist the Cooperative's management, or in lieu of the Cooperative's management to transact necessary business of the Cooperative, may be allowed a per diem to be established by the Board of Directors, and expenses for such services.

### **Section 3.9 Meetings**

The meetings of the Board of Directors shall be held in the Chippewa Valley in the state of Wisconsin, and/or may be held electronically in accordance with Section 3.4(d).

## ARTICLE IV CONFLICTS OF INTEREST

### Section 4.1 Conflicts

The following provisions shall cover actual or potential conflicts of interest:

#### A. Material Transactions

Any material transaction between the Cooperative and one or more of its Directors or Officers, or between the Cooperative and any other person in which one or more of its Directors or Officers has a material interest, is voidable by the Cooperative unless:

- (1) The transaction at the time it is entered into is reasonable and fair to the interests of the Cooperative; and
- (2) The transaction has, with full knowledge of its terms and of the interests involved, been approved in advance by the Board of Directors.

#### B. Procedures

The Cooperative and its Directors, Officers and committee members with Board-delegated powers will abide by the following conflict of interest procedures:

- (1) Any Director, Officer or committee member with Board-delegated powers having a material financial interest in a transaction presented to the Board of Directors or a committee thereof for authorization, approval, or ratification must make a prompt, full and frank disclosure of that person's interest to the Board of Directors or committee prior to its acting on that transaction.
- (2) Each Director, Officer or committee member with Board-delegated powers must sign, as a condition to serving the Cooperative in his/her respective role, a statement agreeing to be bound by the terms of these conflict of interest provisions. Any disclosure, whether on the annual statement or made at any other time, will include any relevant and material facts, known to the person, about the transaction which might reasonably be construed to be adverse to the Cooperative's interest.
- (3) The Board of Directors or committee to which any disclosure is made must thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. The Board must also conduct reasonable analysis to determine whether the Cooperative could obtain a more advantageous transaction from any disinterested person. A person who makes a disclosure must leave the meeting during the discussion of whether a conflict of interest exists.
- (4) If a conflict is deemed to exist, the person may present factual information to or respond to questions with respect to the transaction, but must leave the meeting while the merits of the transaction are discussed and voted upon. The person may be counted in determining the existence of a quorum

at any meeting where the transaction is under discussion or is being voted upon.

- (5) The minutes of the meeting must reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting and participation, and whether a quorum was present.
- (6) For purposes of this section, a person shall be deemed to have a “material financial interest” in a transaction if the person (a) is the party (or one of the parties) contracting or dealing with the Cooperative, (b) is a Director or Officer of, or has a significant financial or influential interest in, the entity contracting with the Cooperative, or (c) is the spouse, sibling, ancestor or lineal descendant of any person identified in either of the preceding clauses.

C. Review

The full Board shall specifically review any transaction in which a Member, Director or Officer has a material financial interest adverse to the Cooperative at the meeting next following action by any other committee.

**ARTICLE V  
GENERAL PROVISIONS**

**Section 5.1 Order of Business**

A. Order of Business

The order of business at annual meetings shall be set by the Board of Directors.

B. Rules of Order

Meetings of the members and of the Board of Directors shall be conducted according to, and governed by, reasonable rules for the conduct of meetings.

C. Presiding Officer

The presiding officer at membership meetings shall be the Chairperson of the Cooperative.

**Section 5.2 Amendment of Bylaws**

A. Member Vote

These Bylaws may be amended by an affirmative vote of a majority of the Voting Members of each of the Voting Member classes (Class A Community Members and separately Class B Physician Members) present at any annual meeting, provided that a quorum of no fewer than ten (10) percent of the voting power of each class of Voting Members is present to cast such a vote by class, and further provided a statement of the nature of the proposed amendment is included in the notice of the meeting.

B. By Board of Directors

These Bylaws may also be amended by an affirmative vote of a majority of the Board of Directors at a regular or special meeting at which a quorum is present, provided a statement of the nature of the proposed amendment is included in the notice of the meeting. The Board shall distribute to the Members any amendment to the Bylaws adopted by the Board no later than the tenth (10<sup>th</sup>) day after adoption and the notice of the next regular members' meeting occurring after adoption shall contain a notice and summary of, or a copy of, the amendment. Except as authorized at Chapter 193.241(7), the Board may not so amend the Bylaws if Chapter 193 of the Wisconsin Statutes, the Articles of Incorporation, or these Bylaws reserve the power exclusively to the Members, or if the amendment would fix a greater quorum or voting requirement for Members or voting groups of Members or would amend a provision required to be adopted by a greater voting requirement.

**Section 5.3 Distribution of Bylaws**

Upon request, a copy of the latest Bylaws of this Cooperative will be given to Members.

**ARTICLE VI  
CONDUCT OF BUSINESS**

**Section 6.1 Independence of Professional Clinical Practice**

Neither the Board of Directors nor the membership of this Cooperative shall supervise, regulate or intervene in clinical relationships between any health care providers and their patients.

**Section 6.2 Confidentiality of Medical Records**

Records regarding healthcare services provided at the Cooperative's facilities shall be kept confidential in accordance with state and federal law.

**Section 6.3 Prohibition on Inducement or Reward of Referrals or Other Business**

This Cooperative shall not assign financial rights to Members or Directors, nor allocate profits or losses, nor issue distributions or distribute assets in such a manner as to induce or reward patient referrals or the generation of business for this Cooperative, or in any manner that would violate the federal False Claims Act, the Anti-Kickback Statute, the Physician Self-Referral Law (sometimes called the Stark law), the Civil Monetary Penalties Law, state law equivalents to these federal laws, or Wisconsin statutes prohibiting fee-splitting.

**ARTICLE VII**  
**NON-PROFIT COOPERATIVE OPERATION**

**Section 7.1 Determination of Net Proceeds**

The Board of Directors shall annually determine the net proceeds by making the following deductions from total proceeds: (a) All operating expenses and costs; (b) all taxes, if any, and all other expenses, and (c) reasonable and necessary reserves for depreciation, depletion and obsolescence of physical property, doubtful accounts and other valuation reserves, all of which shall be established in accordance with usual and customary accounting practices.

**Section 7.2 Allocation of Net Proceeds**

A. Net Proceeds.

All of the net proceeds, as determined in Section 7.1 hereof, shall be applied first to losses incurred in prior years by allocating such net proceeds to retained earnings.

B. Designated Reserves.

After elimination of prior years' losses, allocation shall first be made to a designated reserve, so that the Cooperative shall maintain sufficient reserves to discharge its obligations, having regard for the nature of its operations and facilities. The Board of Directors shall, from time to time, review and determine the sufficiency of this designated reserve.

C. Reinvestment of Proceeds.

After elimination of prior years' losses, and establishment of a sufficient designated reserve, the remaining proceeds shall be credited to unallocated surpluses and reserves. All such net proceeds shall be used to reinvest in the activities of the Cooperative intended to improve the quality, affordability, and accessibility of healthcare available to the Cooperative's members and in the broader Chippewa Valley community served by the Cooperative. No portion of the net proceeds shall be used for, or inure to the benefit of any Member, Director, Officer or other private persons, except to provide reasonable compensation for services rendered or reimbursement of reasonable expenses, and to make payments and distributions in furtherance of the Cooperative's purposes as explicitly authorized in these Bylaws. This Cooperative shall not distribute net proceeds, cash or other assets among the membership interests of the Cooperative.

**ARTICLE VIII  
OPERATIONAL MANAGEMENT**

**Section 8.1 Management**

The Board may employ (or engage as an independent contractor) and fix the compensation of a manager for the Cooperative, who shall have such title as the Board may designate, and who shall manage the general business affairs of the Cooperative, under the supervision of the Board, and perform such other duties as the Board may require.

**Section 8.2 Professional Staff**

The Board of Directors may execute suitable contracts or other employment arrangements with professionals for the performance of Cooperative operations, as determined by the Board.

**ARTICLE IX  
RECORD OF MEMBERSHIP**

The Cooperative shall keep a complete record of Members.

**ARTICLE X  
DISPOSITION OF ASSETS: RIGHT TO SECURE DEBTS**

**Section 10.1 Disposition of Assets**

Except as authorized by the Members, the Board of Directors may not dispose of all, or substantially all, of the Cooperative's fixed assets. At any meeting, the Members may authorize the disposition of all, or substantially all, of the Cooperative's fixed assets if:

A. Notice.

Notice that such disposition will be considered at such meeting has been given to all persons entitled to vote thereon; and

B. Disposition.

Such disposition has been approved by two-thirds (2/3) of those entitled to vote thereon voting at the meeting or by absentee ballot.

C. Disposition Upon Dissolution.

Alternatively, the Board may dispose of all or substantially all of the property and assets of the Cooperative without a vote of the Members after filing a notice of dissolution approved by an affirmative vote of the Members.

D. No Transfer of Assets.

No assets of this Cooperative may be transferred to, or inure to, the benefit of any member or individual. This Cooperative shall not distribute assets among the membership interests of the Cooperative.

E. Distribution of Assets.

Assets shall be distributed only 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, state or local government for a public purpose, with a preference in either event for distributions to organizations serving the Chippewa Valley. Any such assets not so disposed of upon dissolution of the Cooperative shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Cooperative is then located, exclusively for such purposes or to such organization(s) as such court shall determine, which are organized and operated exclusively for such purposes.

**Section 10.2 Right to Secure Debts**

The Board may secure payment of the Cooperative's debts by mortgaging the Cooperative's rights, privileges, authority and franchise, revenues and other property.

**ARTICLE XI**  
**STATUTES**

This Cooperative is organized under Chapter 193 of the Wisconsin Statutes, as amended. It is the purpose of these Bylaws to comply with the provisions of that Statute. Nothing contained herein shall be deemed in violation of these Statutes and all provisions of these Bylaws shall be construed to conform with these Statutes.

*[Signatures on page to follow.]*