

BYLAWS
OF
HEALTH STRATEGIES OF NEW HAMPSHIRE, INC.

ARTICLE I

ARTICLES OF AGREEMENT

The name and purposes of this corporation (the "Foundation") shall be as set forth in the Foundation's Articles of Agreement. These Bylaws, the powers of the Foundation and of its Board of Directors (the "Board"), Directors, Officers and Member and all matters concerning the conduct and regulation of the affairs of the Foundation shall be subject to the Foundation's Articles of Agreement and applicable laws as are in effect and as the same may be amended from time to time.

ARTICLE II

ORIGINS; MISSION

Section 2.1 Origins

This Foundation was established by the Endowment for Health, Inc., a non-profit voluntary corporation formed under the laws of New Hampshire and exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code). This Foundation was established as a private operating foundation to assist the Endowment for Health, its sole Member, in its mission to improve the health and reduce the burden of illness of the people of the State of New Hampshire.

Section 2.2 Mission

The assets of the Foundation shall be devoted to improving the health and reducing the burden of illness of the people of the State of New Hampshire by conducting projects, programs, research, data collection and data analysis to address issues and public policies that promote the health of New Hampshire residents and their health care system. The Foundation shall fulfill its purpose by actively conducting its own charitable, educational or other exempt programs and activities benefiting the health of the people of the State of New Hampshire. The Foundation shall be authorized to undertake activities that are in furtherance of the foregoing purposes, except as may be restricted or prohibited in the Articles of Agreement or by applicable law.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1 Powers; Responsibilities; Accountability

3.1.1 The business and affairs of the Foundation shall be managed by the Board who shall have and may exercise all the powers to which the Foundation may be entitled pursuant to applicable law, the Articles of Agreement and the Bylaws of the Foundation.

3.1.2 The Board shall have ultimate responsibility for the affairs of the Foundation. The Board's role is one of strategic leadership in defining and implementing the vision, mission and core values of the Foundation. It shall adopt policies to ensure the effective stewardship and management of the Foundation's human and financial resources and shall also oversee management's adherence to these policies.

3.1.3 Annually the Board shall appoint a firm of independent certified public accountants to examine and audit the Foundation's accounts. Reports of annual audits shall be submitted by the Foundation to the Attorney General's Office, Charitable Trust Unit, to the Board of the Endowment for Health, Inc., and to other governmental entities as are required by law.

3.1.4 The Board shall be fully accountable to the Foundation, to the Board of the Endowment for Health, Inc. and the community at large for its stewardship of the Foundation and for the accomplishment of the Foundation's charitable mission and purposes.

Section 3.2 Number of Directors; Elected Directors

3.2.1 The Board shall consist of no fewer than five (5) and no more than seven (7) persons, with the exact number of authorized Directors to be fixed from time to time by resolution of the Board at any annual, regular or special meeting of the Board; provided, however that the number of authorized Directors (subject to the above limitations) shall not be changed prior to the first annual meeting of the Board and thereafter may be changed only if the notice for such meeting expressly states that one of the purposes of the meeting is to change the number of authorized Directors; and provided further that the approval of seventy percent (70%) of the entire Board and seventy percent (70%) of the entire board of directors of its sole Member, the Endowment for Health, Inc., shall be required in order to change the number of authorized Directors.

3.2.2 Subject to the provisions of Sections 3.2.3 and 3.5 hereof, the membership of the Board shall be elected in accordance with the procedures established in Section 3.4 hereof.

Section 3.3 Term of Service

3.3.1 Directors, other than the initial Directors, shall be elected for terms of three (3) years, such terms to be staggered such that one-third of the total number of Directors (or such number as approximates one-third insofar as practicable) shall be elected or appointed each year. Directors shall hold office until their successors have been duly elected and qualified.

3.3.2 In the interests of Board diversity, no Director shall serve for more than two (2) consecutive terms of three (3) years, excluding for these purposes any term served as an Initial Director. Any Director serving for such period shall stand down for a period of at least one (1) year before being eligible to stand for re-election or re-appointment to the Board.

3.3.3 The term of any Director elected or appointed to fill a vacancy prior to the expiration of a term due to death, resignation or other cause shall be for the remainder of the term of the Director whose death, resignation, or other cause created the vacancy (hereinafter referred to as an "Interim Term"). If a Director is appointed under this Subsection to serve an Interim Term of two years or less, then such Director is eligible to serve two additional, consecutive terms of three years, as provided in Subsection 3.3.2 above.

Section 3.4 Successor and Additional Directors

Subject to the provisions of Sections 3.5 hereof, successor Directors and additional Directors shall be nominated and elected in accordance with the procedures set forth in this Section 3.4. The board of the Endowment for Health, Inc. shall elect a majority of the successor and additional Directors from among the directors currently serving on the board of the Endowment for Health, Inc.

Section 3.5 Special Provisions Regarding Initial Directors

3.5.1 The initial Directors shall be comprised of five (5) individuals, who are also serving as directors of the Endowment for Health, Inc., and who shall serve until their respective successors are duly elected or appointed in accordance with the procedures set forth in Section 3.4 hereof.

3.5.2 The five (5) initial Directors shall be appointed by the Member.

Section 3.6 Compensation for Services

Except as provided in Article VIII, Directors shall be precluded from rendering services for compensation to the Foundation in any capacity. However, Directors may be reimbursed for reasonable expenses associated with carrying out their duties as members of the Board in accordance with such policies as may be established by the Board from time to time.

Section 3.7 Removal

A Director may be removed with cause by a vote of a majority of the Directors present and voting at any annual, regular or special meeting (whether present in person or duly represented), provided that the notice for such a meeting of the Directors expressly states that one of the purposes of the meeting is removal of a Director and that a quorum of the Board, excluding the subject director, is present at said meeting. The subject Director may be present at said meeting but may not vote on the subject of removal.

Section 3.8 Resignation

A Director may resign at any time by delivering written notice of resignation to the Chair of the Board, to a meeting of the Board, or to the Secretary. Such resignation shall be effective upon receipt of such written notice (unless specified to be effective at a later date) and acceptance thereof shall not be necessary to make it effective unless such notice so states.

Section 3.9 Regular, Annual and Special Meetings

3.9.1 Regular meetings of the Board may be held at such times as the Board may determine.

3.9.2 Special meetings of the Board may be held at any time when called by the Chair of the Board or by at least one third (1/3) of the Board.

3.9.3 An annual meeting of the Board shall be held on a date determined by the Board at such place and time as may be determined by the Chair of the Board or by the Board.

Section 3.10 Notice of Meeting

3.10.1 All meetings of the Board shall be held at the principal office of the Endowment for Health, Inc. or at such other locations in the State of New Hampshire as shall be specified in the notice of the meeting. Reasonable notice of the time and place of all meetings shall be given by the Chair of the Board or the Secretary. Notice of a regular meeting need not specify the purpose of the meeting, unless otherwise required by law, the Articles of Agreement of the Foundation, or these Bylaws. However, the purposes for which a special meeting is being called shall be set forth in the notice of that special meeting.

3.10.2 Except as otherwise expressly provided herein or required by law, it shall be reasonable and sufficient if written notice to a Director is sent by (a) first class U.S. mail at least five (5) days prior to the meeting, (b) overnight private courier at least forty-eight (48) hours prior to the meeting, (c) facsimile transmission at least forty-eight (48) hours before the meeting, addressed to such Director at his or her usual or last known business or residence address; or,

with approval of the Director, via electronic mail at least forty-eight (48) hours before the meeting, directed to the Director's current electronic mail address.

3.10.3 Whenever notice of a meeting is required, such notice need not be given to any Director if a written waiver of notice, executed by him or her (or his or her attorney thereunto authorized) before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting the lack of notice prior to the meeting itself or at its commencement.

Section 3.11 Quorum

At any meeting of the Board, a majority of the Directors then in office shall constitute a quorum. Any meeting may be adjourned to a later date or dates by a majority of the votes cast upon the question, whether or not a quorum is present.

Section 3.12 Action by Vote

Each Director shall have one (1) vote. When a quorum is present at any meeting, a majority of the votes properly cast by Directors shall decide any questions, unless otherwise provided by law, the Articles of Agreement or these Bylaws.

Section 3.13 Action by Writing

Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent to the action in writing and each of the written consents are filed with the records of the meetings of the Board. Such consents shall be treated for all purposes as a vote at a meeting.

Section 3.14 Presence through Electronic Means

Directors may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another at the same time and participation by such means shall constitute presence in person at a meeting.

Section 3.15 Proxies

Directors may vote either in person or by written proxy, which proxies shall be filed before being voted with the Secretary or other person responsible for recording the proceedings of the meeting. Unless otherwise specifically limited by their terms, such proxies shall entitle the holders thereof to vote at any meeting adjourned to a later date; but the proxy shall terminate after the final adjournment of such meeting.

Section 3.16 Standard of Care

3.16.1 A Director shall perform the duties of a Director, including as a member of any Board committee on which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of the Foundation and with such care, including reasonable inquiry, as an ordinary prudent person in a like situation would use under similar circumstances.

3.16.2 The Board shall avoid speculation in connection with the investment, reinvestment, purchase, acquisition, exchange, sale and management of the Foundation's investments, looking instead to the permanent disposition of the funds, considering the probable income as well as the probable safety of the Foundation's capital. No investment violates this section where it conforms to provisions authorizing such investment contained in an instrument or agreement pursuant to which the assets were contributed to the Foundation. Notwithstanding the foregoing, the Board shall authorize the expenditure of funds annually in such amount or amounts, from income, corpus or otherwise, as may be required to comply with the Code and tax regulations applicable to a private operating foundation.

Section 3.17 Inspection

Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties of the Foundation.

ARTICLE IV

MEMBER OF THE FOUNDATION

Section 4.1 Members

The Foundation's sole Member shall be the Endowment for Health, Inc. and the Endowment for Health, Inc. shall act by and through its board of directors.

ARTICLE V

BOARD COMMITTEES

Section 5.1 Committees of the Board

The Board may, by resolution adopted by a majority of the Directors then in office, create any committee (standing, special, or ad hoc), appoint persons to serve as members thereof, and change the composition of the committees. Unless otherwise provided by these Bylaws or restricted by law, each committee shall have a majority of members who are Directors; and a majority of any committee shall constitute a quorum. Unless the Board otherwise designates,

committees shall conduct their affairs in the same manner as is provided in these Bylaws for the Board.

Section 5.1.1 Appointment of Chairs and Members of Committees

The Chair of the Board will appoint members and Chairs of Committees, subject to amendment by the Board. A Chair of a Committee must also be a Director of the Foundation.

Section 5.1.2 Community Member Participation on Board Committees

The Chair of each Committee of the Board may, from time to time, recommend to the Chair of the Board that members of the Endowment for Health, Inc. Advisory Council or others who are not Board Members be appointed to serve as Members of that Committee, for a term to expire at the end of Board's election year, so long as the Board members of each Committee shall always constitute a majority of that Committee. The Chair of the Board shall either approve or disapprove the recommendation, subject to amendment by the Board. Upon approval by the Chair, the persons nominated shall become members of the Committee and shall fully participate in all Committee deliberations but shall not preside over any Committee meetings. The Chair of the Board may also appoint as ex officio, nonvoting members of a Committee any person who is not also a member of the Board of the Foundation, such persons to serve as ex officio, nonvoting Committee members until the end of the Board's election year.

Section 5.2 Executive Committee

The Board may also appoint an Executive Committee. In its discretion, and only by prior written authorization, the Board may grant to the Executive Committee the powers and authority of the Board itself during periods between Board meetings; provided, however, that the Executive Committee may exercise only the powers and authority specifically granted in such written authorization, subject to any and all conditions, limitations or restrictions provided therein; and provided further that in no event shall the Executive Committee be granted powers or authority in contravention of any of the provisions these Bylaws, including without limitation, Section 5.3 hereof or any of the provisions of the Foundation's Articles of Agreement or applicable law.

Section 5.3 Powers and Authority of Committees of the Board

Board committees may be given all the authority of the Board, except for the powers to:

- (a) Elect directors or remove Directors without cause;
- (b) Fill vacancies on the Board or on any Board committee;
- (c) Amend or appeal these Bylaws or adopt new Bylaws;

- (d) Adopt amendments to the Articles of Agreement of the Foundation;
- (e) Create any other Board committees or appoint the members of any Board committee; or
- (f) Approve any merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of the Foundation.

ARTICLE VI

OFFICERS AND AGENTS

Section 6.1 Officers of the Board

6.1.1 The Officers of the Board shall be a Chair, a Vice-Chair, a Treasurer and a Secretary and such other Officers, if any, as the Board may determine. The Board may also have such agents, if any, as the Board may appoint. Except as otherwise provided in this Section 6.1, a person may hold more than one office at the same time.

6.1.2 The Chair, Vice-Chair, the Treasurer, the Secretary, and such other specified Officers of the Board shall be elected by the Board. Each such Officer shall hold office until the next annual meeting of the Board and until his or her successor is elected and qualified, or until he or she resigns, dies, or is removed from office. Each agent shall retain his or her authority at the pleasure of the Board. If the office of any Officer becomes vacant, the Board may elect a successor to serve the unexpired term.

6.1.3 Except as provided in Article VIII, the Officers of the Board shall be precluded from rendering services for compensation to the Foundation in any capacity. However, Officers may be reimbursed for reasonable expenses associated with carrying out their duties as Officers of the Board, in accordance with such policies as may be established by the Board from time to time.

Section 6.2 Chair of the Board

The Chair of the Board shall be elected by the Board and shall preside at all meetings of the Board of Directors, except as the Board shall otherwise determine and shall have such other powers and duties as may be determined by the Board. The Chair shall not also be the Treasurer, nor shall the Chair serve as President of the Foundation. The election of the Chair shall require the approval of a majority of the entire Board.

Section 6.3 Vice-Chair

The Vice-Chair shall have such duties and powers as designated by the Board or the Chair. In the event of the absence or disability of the Chair of the Board, the Vice-Chair shall preside at all meetings of the Board.

Section 6.4 Treasurer

The Treasurer shall oversee the Foundation's financial affairs. The Treasurer shall make reports to the Board as the Board shall request, one of which shall be an annual report that shall include an accounting of the funds of the Foundation. The Treasurer shall have such other duties and powers as designated by the Board or the Chair.

Section 6.5 Secretary

The Secretary shall ensure that records of all proceedings of the Board are maintained in a book kept for that purpose, which book shall be kept within the State of New Hampshire at the principal office of the Foundation and shall be open at all reasonable times to the inspection of any Director. Such book or books shall also contain the original, or certified copies, of the Articles of Agreement and Bylaws and names and addresses of all Directors.

Section 6.6 President and Agents of the Foundation

The Directors shall elect a President and such other agents as they may deem appropriate, if any.

6.6.1 The President shall serve as the chief executive officer/executive director of the Foundation and have general supervision of the business and affairs of the Foundation and shall see that all orders and resolutions of the Board are carried into effect. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these Bylaws or by the Board.

6.6.2 The election of any President shall require the approval of a majority of the entire Board.

Section 6.7 Removal

An Officer, the President or any agent may be removed from such capacity with or without cause by a vote of a majority of the entire Board at any meeting at which a quorum is present.

Section 6.8 Resignation

An Officer may resign by delivering a written resignation to the Chair or Secretary of the Board, or to a meeting of the Board. Such resignation shall be effective upon receipt (unless specified to be effective at some later date), and acceptance thereof shall not be necessary to make it effective unless it so states.

ARTICLE VII

GENERAL PROVISIONS

Section 7.1 Principal Office

The principal office of the Foundation shall be One Pillsbury Street, Suite 301, Concord, New Hampshire 03301, and thereafter at such location(s) within New Hampshire as may be determined by the Board.

Section 7.2 Fiscal Year

The fiscal year of the Foundation shall end on June 30 of each year, unless the Board determines otherwise.

Section 7.3 Execution of Papers

Except as the Board may generally or in particular cases authorize the execution thereof in some other manner, all deeds, leases, transfers, contracts, bonds, notes, checks, drafts and other obligations made, accepted, or endorsed by the Foundation shall be signed by the Chair, the President, Vice Chair, Secretary or Treasurer.

Section 7.4 Governing Law

In all matters not specified in these Bylaws, or in the event these Bylaws shall not comply with applicable law, the laws of the State of New Hampshire as then in effect shall apply.

Section 7.5 Nondiscrimination Policy

The policy of the Foundation prohibits discrimination on the basis of age, sex, religion, race, color, creed, sexual orientation, physical or mental disability, national or ethnic origin, or marital or parental status in the recruitment and employment of employees, in the awarding and acceptance of grants and funds, and in the operation of all programs and services; provided, however, that nothing herein to the contrary shall limit or restrict the Foundation from awarding grants or other financial support to programs and services designed to meet the special health needs of specific populations or groups of New Hampshire residents.

Section 7.6 Indemnification of Officers and Directors

7.6.1 The Foundation may indemnify any person who was or is a party to any pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a Director or Officer of the Foundation, against expense (including attorney fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him or her in connection with such action, suit or proceeding, but only if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Foundation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Subject to the foregoing and to the provisions of 7.6.3 hereof, the Foundation may indemnify any such person in such circumstances to the fullest extent permitted by law. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that the person (a) did not act in good faith and in a manner which he or she reasonably believed to be in the best interests of the Foundation and/or, (b) with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was lawful.

7.6.2 Notwithstanding anything in this Section 7.6 to the contrary, the Foundation shall not indemnify any Director or Officer in connection with a proceeding by or in the right of the Foundation; or in connection with any other proceeding charging improper personal benefit to him or her, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit was improperly received by him or her.

7.6.3 To the extent that a Director or Officer of the Foundation has been wholly successful on the merits in defense of any action, suit, or proceeding referred to in this Section 7.6, he or she shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by him or her in connection therewith to the fullest extent permitted by law.

7.6.4 Expenses (including attorney fees) incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Foundation in advance of the final disposition of such action, suit, or proceeding as authorized in this Section 7.6 if:

- (a) the Director or Officer furnishes to the Foundation a written affirmation of his or her good faith belief that he or she has met the standard of conduct required herein;
- (b) the Director or Officer furnishes to the Foundation a written undertaking, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct required herein; and

- (c) a determination in accordance with the terms of RSA 293-A:8.50-58 is made that the facts then known to those making the determination would not preclude indemnification.

The undertakings required by this Section 7.6.4 must be an unlimited general obligation of the director or officer, but need not be secured, and may be accepted without reference to financial ability to pay.

7.6.5 The indemnification provided by this Section 7.6 shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, or vote of disinterested Directors, or otherwise, and any procedure provided for by any of the foregoing, both as to action in his or her official capacity and as to action in another capacity (held at the express request of the Foundation) while holding such office, and shall continue as to a person who has ceased to be a Director or Officer and shall inure to the benefit of heirs, executors, and administrators of such a person.

7.6.6 The Foundation may purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Foundation against liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Foundation would have the power to indemnify him or her against such liability under provisions of this Section 7.6.

7.6.7 All references herein to (i) the Code shall be deemed to refer to the Internal Revenue Code of 1986, as now in force or hereafter amended, (ii) the RSA shall be deemed to refer to said statutes as now in force or hereafter amended, and (iii) particular sections of the Code or the RSA shall be deemed to refer to similar or successor provisions hereafter adopted.

ARTICLE VIII

PROHIBITED TRANSACTIONS; CONFLICT OF INTEREST

Section 8.1 Loans

The Foundation shall not make any loan of money or property to, or guarantee the obligation of, any Director, Officer or agent.

Section 8.2 Sale of Real Estate

The Foundation shall not sell, lease, purchase, or convey any real estate or interest in real estate to or from a Director or Officer of the Foundation without the prior approval of the Director of Charitable Trusts in the Office of the New Hampshire Attorney General; provided, however, that this section shall not prohibit the Foundation from accepting a bona fide gift of an interest in real estate by a Director, Council Member or Officer.

Section 8.3 Pecuniary Benefit Transactions

Except as provided in Section 8.4 hereof, the Board shall not approve, or permit the Foundation to engage in any pecuniary benefit transaction. A pecuniary benefit transaction is a transaction to which the Foundation is a party and in which one or more of its Directors has a direct or indirect financial interest in excess of \$500 on an annual aggregate basis. A Director shall be deemed to have an indirect interest in any pecuniary benefit transaction involving a person or entity of which a Director, or a member of the immediate family of a Director, is a proprietor, partner, employee, or officer. The following shall not be considered pecuniary benefit transactions:

- (a) Reasonable compensation for services of a President, and expenses incurred in connection with official duties of a Director or Officer;
- (b) A benefit provided to a Director or Officer or member of the immediate family thereof if: (1) the benefits are provided or paid as part of programs, benefits, or payments to members of the general public; (2) the Foundation has adopted written eligibility criteria for such benefit in accordance with its bylaws and applicable laws; and (3) the Director, Officer or family member meets all of the eligibility criteria for receiving such benefit; and
- (c) A continuing transaction entered into by the Foundation, merely because a person with a financial interest therein subsequently becomes a Director or Officer of the Foundation.

Section 8.4 Approval

The Foundation may engage in a pecuniary benefit transaction if all of the following conditions are met:

8.4.1 The transaction is for goods or services purchased or benefits provided in the ordinary course of the business of the Foundation, for the actual or reasonable value of the goods or services or for a discounted value, and the transaction is fair to the Foundation.

8.4.2 The transaction receives affirmative votes from at least a two-thirds majority of all the disinterested members of the Board, which majority shall also equal or exceed any quorum requirement specified in these Bylaws after full and fair disclosure of the material facts of the transaction to the Board and after notice and full discussion of the transaction by the Board.

8.4.3 Without participation, voting, or presence of any Director or Officer with a financial interest in the transaction or who has had a pecuniary benefit transaction with the

charitable trust in the same fiscal year, except as the Board may require to answer questions regarding the transaction; and a record of the action on the matter is made and recorded in the minutes of the Board.

8.4.4 The Foundation maintains a list of disclosing each and every pecuniary benefit transaction, including the names of those to whom the benefit accrued and the amount of the benefit, and keeps such list available for inspection by members of the Board and the Council. The list shall also be reported to the Director of Charitable Trusts each year as part of the Foundation's annual report required under RSA 7:28.

8.4.5 If the transaction, or the aggregate of transactions with the same Director or Officer within one fiscal year, is in the amount of \$5,000 or more, the Foundation publishes notice thereof in a newspaper of general circulation in the state, and gives written notice to the Director of Charitable Trusts, before consummating the transaction. At a minimum, such notice shall state that it is given in compliance with this section and shall include the name of the Foundation, the name of any Director or Officer receiving pecuniary benefit from the transaction, the nature of the transaction, and the specific dollar amount of the transaction.

Section 8.5 Compliance with Private Operating Foundation Rules

Any provision of these Bylaws or the Articles of Agreement of the Foundation to the contrary notwithstanding, and notwithstanding any provision of this Article VIII specifically so long as the Foundation is deemed to be a "private operating foundation" as defined in Section 509 of the Internal Revenue Code of 1986, as amended (the "Code"), the Foundation:

8.5.1 Shall distribute its income for each taxable year (and principal, if necessary) at such time and in such manner as is required by IRC Section 4942(g)(3) and Regulation 53.4942(b)-1(a);

8.5.2 Shall not approve of, or engage in, any act of self-dealing as defined in subsection (d) of Section 4941 of the Code;

8.5.3 Shall not retain any excess business holdings as defined in subsection (c) of Section 4943 of the Code;

8.5.4 Shall not make any investments in such a manner as to subject this Foundation to tax under Section 4944 of the Code; and

8.5.5 Shall not make any taxable expenditure as defined in subsection (d) of Section 4945 of the Code.

Section 8.6 Conflict of Interest Provisions

A conflict of interest or an appearance of a conflict of interest may arise when a Director has a direct or indirect interest in another entity that enters into a transaction with the Foundation, including, but not limited to, applications for grant or loan support. Direct or indirect interest includes any legal, equitable or fiduciary interest or position in an entity by a Director or a member of a Director's family. Any such interest shall be disclosed and made a matter of record at the time of election to the Board and maintained through an annual procedure and when the interest becomes a matter of Board action. No Director having a conflict of interest in any matter shall be counted in determining the quorum for the meeting, nor present when the matter is discussed or voted on. Meeting minutes shall reflect that the disclosure was made, that the Director abstained and was not present during the discussion or vote, and that a quorum existed not counting such Director. The conflict-of-interest provisions of this Section 8.6 shall be in addition to and not in lieu of the applicable provisions of New Hampshire law regarding conflicts of interest.

Section 8.7 President's Authority – Contracts

The President and when designated by the President, the Chief Financial Officer, are granted authority to enter into contracts on behalf of the Board for the purpose of carrying out the business of the Foundation provided such contracts conform to the approved budget and adhere to the following requirements:

- (a) Contracts up to \$20,000 may be authorized by either the President or the Chief Financial Officer;
- (b) Contracts above \$20,000 and up to \$50,000 shall be authorized by both the President and the Chief Financial Officer. If the Chief Financial Officer is not designated with this authority by the President, a Board officer may serve in this capacity
- (c) Contracts over \$50,000 require approval of the Board.

The President's and Chief Financial Officer's signature entering into a contract made pursuant to the authority granted by this subsection shall have the same force and effect as final approval of the contract by the Board.

ARTICLE IX

ANNUAL REPORTING

Section 9.1 Projects Reports

No less often than annually, the Board shall provide a report to the board of the Endowment for Health, Inc. which sets forth a list of programs and projects undertaken by the Foundation, describes the activities of the Foundation during the period, includes a summary of activities and assessment of impact in terms of the purposes of the Foundation, and describes the efforts that the Foundation has made to address issues and public policies that promote the health of New Hampshire residents and their health care system.

ARTICLE XI

AMENDMENTS TO THE BYLAWS

Unless otherwise provided, these Bylaws may be amended or repealed, and new Bylaws may be adopted in whole or in part, by the affirmative vote of a majority of the Directors of the Foundation then in office; provided, however, that the Bylaws of the Foundation may not be amended in a manner inconsistent with the Foundation's Articles of Agreement, applicable New Hampshire law or the requirements for maintaining the Foundation's qualification as a tax-exempt organization for federal income tax purposes, and provided further, however that the provisions of Section 3.2.1 hereof regarding the number of authorized Directors may be amended only upon a vote of 70% of the Board of Directors of the Foundation.