

FY23 Certification Follow-up: Executive Compensation

Attachment E

**AMENDED AND RESTATED BYLAWS
OF
THE UNIVERSITY OF VERMONT HEALTH NETWORK INC.**

ARTICLE I

NAME AND PURPOSES

1.1 The name of this Corporation (sometimes referred to herein as “UVM Health Network” or “UVMHN”) and the purposes for which it is established shall be as set forth in its Articles of Incorporation. In addition to any other purposes set forth in such Articles, this Corporation shall seek to assure the provision of high quality, clinically integrated health care services by each of its Subsidiaries in a manner that is responsive to the needs and concerns of the community served by each such Subsidiary. As used in these Bylaws, the term “Subsidiary” shall mean each corporation of which this Corporation is the sole member as defined in 11B V.S.A. § 17.05 or the New York Not-For-Profit Corporation Law.

ARTICLE II

MEMBERS

2.1 This Corporation shall have no members and shall be governed by its Board of Trustees (“Board” or “Board of Trustees”) as provided herein.

ARTICLE III

BOARD OF TRUSTEES

3.1 Number. The Board shall have up to twenty-three (23) Trustees comprised as follows: up to twenty (20) of the Trustees shall be elected by the Board from nominees submitted by the Governance Committee, and the President & Chief Executive Officer of the Corporation (“CEO”), the Dean of the Larner College of Medicine of the University of Vermont, and the Dean of the College of Nursing and Health Sciences of the University of Vermont shall each serve *ex officio* with voting rights. Notwithstanding the numerical limitation in the preceding sentence, the Board from time to time may elect, to a single non-renewable four-year term, an additional Trustee nominated by a new Subsidiary, where the membership agreement between the Subsidiary and the Corporation requires such election. No more than forty-nine (49%) percent of Trustees may be financially interested persons within the meaning of 11B V.S.A. § 8.13 of the Vermont Nonprofit Corporation Act.

3.2 Duties. The Board of Trustees shall be responsible for the management of the business of this Corporation and shall have all the powers and duties usually attendant thereto and may exercise all the powers of this Corporation and do all such lawful acts and things as are authorized

by law, by the Articles of Incorporation, and by these Bylaws.

3.3 Terms. The terms of Trustees shall be four years and shall be staggered so that approximately one-fourth of the elected positions on the Board are open for election each year. Trustees shall be eligible to serve up to two four-year terms, except that a Trustee elected as an officer of the Board shall be entitled to complete their term as a Board officer if it extends beyond the limit of the Trustee's term, and a Trustee elected as Chair of the Board of Trustees may be authorized by a majority vote of the Board to serve as a Trustee for up to two years immediately following completion of the Trustee's term as Chair, which may extend beyond the limit of the Trustee's two four-year terms. Each Trustee shall hold office until the earlier of the expiration of such Trustee's term or the date on which such Trustee's successor is elected and qualified. In the event of a vacancy during a term, a replacement shall be elected by the Board. The Trustee so elected will be eligible for reappointment.

ARTICLE IV

MEETINGS OF TRUSTEES

4.1 Regular and Annual Meetings. Regular meetings of the Board of Trustees may be held without notice at such time and at such place as shall from time to time be determined by the Board; *provided, however*, that the Board shall meet at least once a year at an annual meeting as determined by the Board. Unless the Board of Trustees at a prior regular meeting has determined the time and place of the holding of the annual meeting of the Board, notice of the time and place thereof shall be given in the same manner as for a special meeting.

4.2 Special Meetings. Special meetings of the Board of Trustees may be called by a majority of the Trustees. Notices of such special meetings of the Board of Trustees shall be given to each trustee at least three days before the proposed date of the meeting.

4.3 Quorum. A majority of the Trustees in office shall constitute a quorum for the transaction of business, and the action of the majority of the Trustees present at a meeting at which quorum is present shall be the action of the Board of Trustees; *provided, however*, if for some reason there are an even number of Trustees and there is a split decision, then the affirmative vote of a majority of Trustees shall be required for the approval of any action and the failure of the Trustees to vote affirmatively for or against a proposed action under such circumstances shall be treated as if the Board of Trustees failed to act. If a quorum is not present at any meeting of the Board of Trustees, the Trustees present thereat may adjourn the meeting from time to time until a quorum shall be present.

4.4 Action by Consent. Any action required and permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Trustees entitled to vote with respect to the subject matter thereof.

4.5 Conflict of Interest. This Corporation shall adopt and maintain a conflict of interest policy

that is consistent with rules applicable to tax exempt organizations.

4.6 Electronic Participation. Trustees and members of any committee may participate in a meeting of such Board or committee by means of telephone, video or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting in such manner shall constitute presence in person at such meeting.

4.7 Procedures. Procedures at any meeting of the Board of Trustees shall be governed by the applicable provisions of the most current version of *Robert's Rules of Order*, unless a different procedure is prescribed by these Bylaws or by a vote of the Board.

ARTICLE V

COMMITTEES

5.1 Standing Committees. The Board of Trustees may designate and appoint such standing committees as it may deem necessary or advisable to promote the purposes and carry on the work of this Corporation, except to the extent limited or prohibited by the Vermont Nonprofit Corporation Act. A majority of any committee, as constituted, shall be a quorum. Except in exigent circumstances, all substantive matters that come before the Board for approval shall first be presented to the appropriate Network committee for its recommendation.

5.2 Designation of Standing Committees. Without limiting the ability of the Board of Trustees to designate other standing committees, this Corporation shall have at least the following standing committees all of which shall report to the Board of Trustees on a regular basis:

a. Planning Committee. The Planning Committee shall oversee the development of long-range and strategic plans, shall review business plans of all programs, facilities, and services of this Corporation and its Subsidiaries on a system-wide basis, and shall monitor performance in comparison with such plans.

b. Population Health Committee. The Population Health Committee shall oversee all population health and value-based care efforts of this Corporation and its Subsidiaries on a system-wide basis, shall monitor community health needs assessments conducted by the Corporation and its Subsidiaries, shall oversee implementation of strategies to meet the needs of the communities the Corporation serves, and shall assure the equitable provision of healthcare by the Corporation.

c. Quality Committee. The Quality Committee shall oversee programs for the evaluation and enhancement of clinical and service quality and patient safety, shall oversee all quality improvement efforts, and shall assure that the quality management, quality improvement, and risk management programs of this Corporation operate on a system-wide basis for the benefit of patients and staff.

d. Finance Committee. The Finance Committee shall prepare a proposed budget to be approved by the Board of Trustees, review and make recommendations to the Board with respect to the operating and capital budgets, long-term indebtedness, and capital projects of the corporation

and its Subsidiaries, provide support and counsel for the Treasurer, monitor and assess the financial performance of this Corporation and its Subsidiaries, and monitor the performance of any endowments of this Corporation or its Subsidiaries.

e. Audit Committee. The Audit Committee shall be responsible for securing and overseeing any necessary financial audits (including the appointment, compensation, retention, oversight, and partner rotation of any financial auditors) for this Corporation and its Subsidiaries.

f. Governance Committee. The Governance Committee shall be responsible for submitting nominees for election to the Board of Trustees, taking into account any guidelines adopted by the Board regarding the desired skills, diversity and experience of Trustees, making recommendations to the Board regarding the composition, membership and functions of Board committees and subcommittees, reviewing and making recommendations for amendments to Bylaws, and making recommendations to the Board on best practices for governance.

g. Executive Committee. The Executive Committee shall be responsible for reviewing and taking actions on matters of urgency, if necessary, between regular meetings of the Board, *provided* (i) the Board is given advance notice of the proposed action to be taken, (ii) the matter does not involve more than \$10 million, and (iii) the chair of the board of any Subsidiary affected by the matter is invited to participate as a voting member of the Executive Committee at its meeting.

h. Compensation Committee. The Compensation Committee shall be responsible for determining reasonable and appropriate compensation and benefits for the CEO of UVM Health Network, UVM Health Network executives who hold the title of Executive Vice President or Senior Vice President, the President and CFO of each Subsidiary, and any other “disqualified person” with respect to UVM Health Network or a Subsidiary as defined by Treas. Reg. 53.4958--3. The Compensation Committee shall also ensure the reasonableness and appropriateness of compensation and benefits for other senior executives, health care service leaders, and physicians employed within UVM Health Network and its Subsidiaries, and develop and guide policies on compensation for executives, health care service leaders and physicians employed by the UVM Health Network and its Subsidiaries.

i. Investment Committee. The Investment Committee shall advise and regularly report to the Board on matters related to the prudent management and investment of the endowment and surplus funds ("Investment Assets") of the Corporation and all Subsidiaries of the Corporation that delegate oversight of Investment Assets to this Committee.

5.3 Composition of Standing Committees. All standing committees, except the Executive Committee, shall be constituted as follows:

a. the number of members of each standing committee shall be established by the Board based on recommendations from the Governance Committee; up to two voting members of each standing committee shall be appointed by each Subsidiary; and all other committee members,

except those who serve *ex officio*, shall be appointed by the Chair, based upon recommendations of the Governance Committee, which shall assure that members of all committees have the requisite mix of skills, as described by the respective committee charters;

b. in addition to appointed members, the Chair and the CEO will each serve *ex officio* with voting rights on each standing committee, and the Dean of the Larner College of Medicine and the Dean of the College of Nursing and Health Sciences shall serve *ex officio* with voting rights on the Governance Committee;

c. in addition to the appointed members, the Chairs of the Subsidiary boards shall be entitled to attend the Committee meetings, with voice but without vote;

d. the Chair of each Committee will be appointed by the Chair, subject to Board approval;

e. the Chair and at least one of the members of each UVMHN Board committee must be Trustees, a majority of the other committee members must be either UVMHN or Subsidiary board members, and a minority of members need not be incumbent trustees of UVMHN or a Subsidiary;

f. membership on committees may require demonstrated knowledge or expertise in the committee's respective area of focus as specified in committee charters; and

g. the Executive Committee will be comprised of the Board officers, the Chairs of the Finance and Planning Committees, the CEO of this Corporation and, to the extent required by Section 5.2(g), the chair of any Subsidiary board that may be affected by a decision of the Executive Committee.

5.4 Special or Ad Hoc Committees and Subcommittees. The Board of Trustees may from time to time establish such special or ad hoc committees or subcommittees as it deems fit. The Board of Trustees shall approve a charter for any such special or ad hoc committee or subcommittee at the time it is established. The Chair shall complete by appointment all special and ad hoc committees and subcommittees, designating the membership and Chair of each, as soon as practicable after the meeting at which such committee or subcommittee is established.

5.5 Consolidation of Committees. In order to minimize duplication of efforts, and to promote unified operation on a system-wide basis, the Boards of the Subsidiaries shall not have standing committees, except as required by law or necessary for the efficient execution of the Subsidiary Boards of Trustees' powers.

5.6 Duties of Committee Members. Members of standing committees shall have the following duties with respect to matters within the scope of the Committee's charge:

a. Attendance at Meetings. Members appointed to committees shall prepare for and attend meetings of the Committee, unless excused. Unexcused absences from committee meetings may be grounds for removal from the Committee in the discretion of the Chair.

b. Reports to and from Subsidiaries. Members of standing committees appointed by Subsidiaries shall (i) report to the Subsidiary all significant activities and actions of the committee at the next meeting of the Subsidiary board; and (ii) shall report to the committee any relevant information pertaining to the Subsidiary that is applicable to the committee's charge.

c. Other. Members of standing committees shall have such other duties as are assigned to standing committees and their members by their respective charters or these Bylaws.

ARTICLE VI

NOTICES

6.1 Method of Providing Notice. Notices to Trustees shall be in writing and delivered personally or by mail, facsimile, or email to the Trustees at their address and/or email and/or facsimile number appearing on the books of this Corporation. Notices by mail shall be deemed to be given at the time when same shall be mailed and notices by facsimile shall be deemed to be given at the time of transmission. Notice by email shall be deemed given when the email addressee acknowledges receipt of the email or when confirmation of transmission is established under recognized email delivery protocols.

6.2. Waiver. Whenever any notice whatever is required to be given under law or under the provisions of the Articles of Incorporation and of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notices, whether before or after the date stated therein, shall be deemed the equivalent of the giving of such notice.

6.3 Attendance. Attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting, except when a Trustee attends a meeting for the expressed purpose of objecting to the transaction of any business because the meeting is not lawfully called and convened. Neither the business to be transacted nor the purpose of the annual or of any regular meeting of the Board of Trustees need be specified in the notice or waiver of notice of such meeting unless otherwise required by law, these Bylaws or the Articles of Incorporation.

ARTICLE VII

OFFICERS

7.1. Officers of the Board. The officers of the Board shall be a Chair, a Vice-Chair and a Secretary. The officers of the Board shall be elected from the Board by a Super Majority Vote of the Board of Trustees (as defined in section 8.2 of these Bylaws) at the annual meeting of such board, or, in the event of a vacancy occurring prior to the annual meeting, as soon as practicable after the date of such vacancy.

7.2 Chair. The Chair of the Board of Trustees ("Chair") shall chair all meetings of the Board, shall serve on behalf of the Board and provide direction to it, shall have the duties provided by these Bylaws, and shall have the specific responsibilities, qualifications and expectations set forth in any position description approved by the Board.

7.3. Vice Chair. The Vice-Chair shall perform the duties of the Chair in the absence or disability of the Chair and shall generally succeed to the position of the Chair upon completion of the Chair's term.

7.4. Secretary. The Secretary (with the aid of the Assistant Secretary if there is one) shall have the custody of the seal and the papers and documents of this Corporation. The Secretary shall keep a record of the proceedings of the Board of Trustees and any committees of the Board and shall issue notices of meetings of the Board of Trustees as required under these Bylaws.

7.5. Terms of Board Officers. All Board officers shall serve terms of two years and may succeed themselves for one additional term.

7.6. Officers of Corporation. The officers of this Corporation shall consist of a President and Chief Executive Officer (the "CEO"), one or more Vice Presidents, a Secretary, a Treasurer, and such additional officers who shall be appointed by the Board of Trustees. The CEO shall report to the Board of Trustees; all other officers of this Corporation shall report to the CEO. Any one or more of these offices, except the offices of President/CEO and Secretary, may be held by the same person. The Secretary of the Board shall be the Secretary of this Corporation. One or more assistant secretaries or assistant treasurers, who need not be Trustees, may also be appointed by the Board of Trustees. All officers of this Corporation shall be appointed at the annual meeting of the Board of Trustees or, in the event of a vacancy occurring prior to the annual meeting, as soon as practicable after the date of such vacancy.

7.7. Appointment and Removal of the President/CEO. The President/CEO of the Corporation shall be appointed by the Board after consultation with a search committee. The composition of the search committee shall include: (a) an equal number of representatives who are appointed by each of The University of Vermont Medical Center Board of Trustees and the University of Vermont, who together shall constitute fifty percent (50%) of the committee's membership; and (b) such additional representatives as determined by the Chair, who shall be broadly representative of the Corporation's other Subsidiaries. The President/CEO may be removed at any time by the Board. The President/CEO shall receive salary and perquisites as determined by the Compensation Committee. The President/CEO shall be responsible to the Board for the organization and operation of the Corporation and shall provide leadership to and exercise general oversight over the Corporation and its officers.

ARTICLE VIII

POWERS

8.1 This Corporation shall have all of the powers accorded to a nonprofit corporation under the laws of the State of Vermont except that this Corporation shall at all times conduct its activities in a manner consistent with preserving its status as an organization exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

8.2 Each Subsidiary has reserved and delegated to the Corporation, as sole member, the powers

and fiduciary duties set forth below (the “Reserved Powers”). The board of each Subsidiary shall be relieved of any duty with respect to matters subject to the Reserved Powers. Matters subject to the Reserved Powers, set forth below, shall not require approval or action by any Subsidiary and shall be effective as to a Subsidiary upon approval of the Corporation by majority vote of the Board, unless a two-thirds (“Super Majority”) vote is required as noted below:

- a. election of the Trustees of the Subsidiary, apart from those Trustees serving *ex officio*, from nominees submitted to the Corporation by the Board of Trustees of the Subsidiary;
- b. adoption of annual operating and capital budgets of the Subsidiary, any change to a budget previously approved by the Corporation, and any other action requiring Board approval with respect to management of the finances of the Subsidiary;
- c. adoption of strategic plans and any other action with respect to oversight of strategic planning of the Subsidiary requiring Board approval;
- d. sale, lease, disposition, mortgage, or encumbrance of all or substantially all of the assets of the Subsidiary, which shall require a Super Majority vote of the Board of Trustees;
- e. any merger, consolidation, business combination or joint venture, or the creation or acquisition of any subsidiary organization, other than as included in a strategic or financial plan previously approved by the Corporation;
- f. the filing of a voluntary petition or application under federal or state bankruptcy laws, which shall require a Super Majority vote of the Board of Trustees;
- g. the commencement of any project or the making of any expenditure requiring issuance of a certificate of need (except those projects or expenditures that have been previously approved as part of an approved budget or strategic plan shall not require additional approval by the Corporation);
- h. amendment of the Articles of Incorporation or the Bylaws of the Subsidiary, which shall require a Super Majority vote of the Board of Trustees;
- i. the incurrence of any long-term indebtedness (except that the term “long-term indebtedness” shall not include capital leases with a term of five years or less);
- j. developing or terminating programs and services, other than those included within a strategic or financial plan previously approved by the Corporation;
- k. the oversight of system-wide population health and quality initiatives; and
- l. appointment or termination of the President/Chief Operating Officer of the Subsidiary upon recommendation of the CEO of the Member, following communications with the Board of the Subsidiary.

ARTICLE IX

GENERAL PROVISIONS

9.1 Seal. The seal of this Corporation, if any, shall bear the name of this Corporation, the year of its incorporation, and otherwise shall be in such form and have cut or engraved thereon such words and figures as the Board of Trustees may determine.

9.2 Gifts and Bequests. The Board of Trustees is authorized to accept and receive in the name of this Corporation all such monies and property as may be given for the purpose of the corporation in trust or otherwise.

9.3 Personal Liability. All persons or corporations extending credit to, contracting with, and having any claim against this Corporation shall look only to the funds and property of this Corporation for the performance of any contract or the payment of any claim or debt, damage, judgment or decree, or of any money that may otherwise become due or payable to them from this Corporation, and the individual offices and trustees, present or future, shall not be personally liable therefor.

9.4. Indemnification. This Corporation shall indemnify each Trustee in accordance with the provisions set forth in the Article of Incorporation of this Corporation.

9.5. Amendments. These Bylaws or any part thereof may be amended, repealed or changed at any meeting of the Board of Trustees by a majority vote of the Trustees present and voting, provided that in the notice of such meeting the general substance of the proposed amendment, repeal, or change shall be stated and provided further that any amendment to Section 3.1 (regarding the composition of the Board of Trustees), Section 8.2 (regarding the reserved powers of this corporation) or to any provision of these Bylaws requiring a Super Majority Vote may not be amended without a Super Majority Vote. Any amendment adopted by unanimous vote at a meeting at which all Trustees are present and voting shall be a valid amendment even though no notice of such amendment shall have been given prior to the holding of such meeting.

9.6 Execution of Documents. The President or the Treasurer or such other officer or agent of this Corporation as may be authorized by the Board of Trustees shall execute and deliver on behalf of this Corporation all instruments and documents.

9.7 Limitations on Activities.

a. This Corporation shall be organized and operated solely for charitable, scientific, and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and solely as a public benefit corporation within the meaning of 11B V.S.A. § 17.05, and no part of its net earnings shall inure to the benefit of any Trustee, Officer, or individual.

b. No Trustee or Officer of this Corporation shall receive any compensation for services as a Trustee or Officer; provided, however, that (i) this Corporation may enter into separate contractual arrangements with Trustees or Officers for the provision of goods or services to the

Corporation, subject to this Corporation's conflict of interest policies; and (ii) Trustees or Officers may be reimbursed for reasonable expenses incurred in the performance of their duties.

c. No Officer or Trustee, or any person who is related to an Officer or Trustee by blood, marriage, or otherwise shall receive any direct or indirect pay, compensation, or benefit from this Corporation, other than for the fair market value of goods or services provided. No excess private benefit shall pass to any such person or to any organization or entity controlled by any such person. Notwithstanding the foregoing, this Corporation may reimburse the reasonable expenses necessarily incurred in the business of this Corporation by a person thereunto duly authorized, and shall not prohibit the employment of any persons to perform duties for the Corporation and to receive compensation therefor upon proper authorization by the Board of Trustees.

d. No transfer, exchange, encumbrance, or other alienation of any real or personal property of this Corporation shall be conducted in such a manner that it fails to meet the applicable requirements of the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder for a corporation qualifying as an exempt organization under section 501(c)(3) thereof.

e. In the event of the dissolution of this Corporation, no part of its assets may inure to the benefit of any Trustee, Officer, or individual. Any party succeeding to the title or interest of this Corporation in any property shall be required to conform to those restrictions or limitations of use applicable thereto, shall administer such property in a manner compatible with the purposes of this Corporation, and must qualify as an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

f. Notwithstanding any other provision of these Bylaws, no Trustee, Officer, agent, or employee of this Corporation shall take any action or carry on any activity by or on behalf of this Corporation that is not permitted to be taken or carried on by an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto, or by an organization contributions to which are deductible as charitable donations under section 170(c)(2) of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.