

Via Federal Express

May 10, 2007

Federal Election Commission
Office of General Counsel
999 E. Street, N.W.
Washington, D.C. 20463

AOR 2007-19

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL**Re: Request for Advisory Opinion Concerning Renaissance Health Service Corporation**

Dear Federal Election Commission:

We have been retained by Renaissance Health Service Corporation ("RHSC") to submit this Advisory Opinion request to the Federal Election Commission ("FEC"). For purposes of 11 C.F.R. § 112.1(a), the undersigned is the agent authorized by RHSC to make this request.

RHSC desires to establish a separate segregated fund, hereinafter referred to as a political action committee ("PAC"), to participate in federal elections in accord with the Federal Election Campaign Act, 2 U.S.C § 431 *et seq.* (the "Act"). Whether or not RHSC will actually implement its plan to form a PAC depends on the size of the group from whom that PAC may solicit contributions to influence the outcome of federal elections. The facts relating to RHSC's plans are set forth below.

Basic Organizational Facts Concerning RHSC

RHSC is a non-profit corporation, organized on a membership basis, under the laws of the State of Michigan. RHSC is exempt from taxation under Section 501(c)(4) of the Internal Revenue Code. RHSC was originally incorporated under the Michigan non-profit corporation act in 1957. RHSC was initially known as the Michigan Dental Service Corporation, underwent a name change in 1992, and in December 2005, the corporate name was changed again to RHSC. Accompanying this letter as Exhibit A is a copy of the current Amended and Restated Articles of Incorporation (the "Articles") on file with the Michigan Department of Labor & Economic Growth, Bureau of Commercial Services. At present, RHSC has 75 voting members. RHSC believes that under the Act and applicable regulations, if it establishes a PAC, that PAC would be able to solicit the 75 voting members for PAC contributions as part of the RHSC's "restricted class." *See*, 11 C.F.R. § 114.1(j). It is this specific issue on which RHSC seeks an Advisory Opinion.

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Applicable Law and Analysis

A. The Act's Criteria for a Membership Organization

Under 2 U.S.C. § 441b(a), it is illegal for a corporation to make contributions or expenditures in connection with the election of candidates for federal office. Corporations are, however, empowered to establish a PAC and to solicit certain designated persons to contribute to such PAC. Who may contribute to a PAC established by a corporation without stockholders is addressed in 2 U.S.C. 4416(b)(4) in pertinent parts, as follows:

(4)(A) Except as provided in subparagraph (B), (C), and (D), it shall be unlawful –

(i) for a corporation, or a separate segregated fund established by a corporation, to solicit contributions to such a fund from any person other than its stockholders and their families and its executive or administrative personnel and their families,

* * *

(C) This paragraph shall not prevent a membership organization, cooperative, or corporation without capital stock, or a separate segregated fund established by a membership organization, cooperative, or corporation without capital stock, from soliciting contributions to such fund from members of such organization, cooperative or corporation without capital stock.

* * *

As a membership organization, RHSC submits that if it establishes a PAC, it may solicit its 75 voting members under 2 U.S.C § 441(b)(4)(c) for contributions. This conclusion assumes, however, that the RHSC constitutes a “membership organization” for purposes of the Act and that the 75 individuals the RHSC-PAC desires to solicit constitute “members” of RHSC for purposes of the Act. The criteria for whether a particular corporation qualifies as a “membership organization” is set forth in 11 C.F.R. § 114.1(e)(1), as follows:

(e)(1) For purposes of this part *membership organization* means a trade association, cooperative, corporation without capital stock, or a local, national, or international labor organization that:

(i) Is composed of members, some or all of whom are vested with the power and authority to operate or administer the organization, pursuant to the organization's

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articles, bylaws, constitution or other formal organizational documents;

(ii) Expressly states the qualifications and requirements for membership in its articles, bylaws, constitution or other formal organizational documents;

(iii) Makes its articles, bylaws, constitution, or other formal organizational documents available to its members upon request;

(iv) Expressly solicits persons to become members;

(v) Expressly acknowledges the acceptance of membership, such as by sending a membership card or including the member's name on a membership newsletter list; and

(vi) Is not organized primarily for the purpose of influencing the nomination for election, or election, of any individual to Federal office.

An analysis of these factors demonstrates that the RHSC meets the criteria of the Act to be deemed a "membership organization." First, RHSC is a corporation without capital stock. *See*, Article V of Exhibit A. Second, as discussed below, RHSC meets the other criteria of 11 C.F.R. § 114(e)(1).

B. RHSC Members Are Natural Individuals

Prior to turning to the analysis of whether RHSC meets the remaining criteria of a membership organization, further background about the RHSC's voting members is necessary to eliminate any confusion over whether such members are corporations or individuals. Because corporations cannot be solicited to contribute to a membership organization's PAC, and because stockholders of corporate members of a membership organization can generally not be solicited for contributions,¹ we will first demonstrate that RHSC's voting members are natural persons.

Accompanying this request as Exhibit B are the Amended and Restated Bylaws of RHSC (the "Bylaws"). Article II, Section 1 of the Bylaws, describes the members of RHSC, as follows:

¹ Shareholders of corporate members of a trade association may, under specified circumstances, be solicited to contribute to the trade association's PAC. *See*, 2 U.S.C. § 441b(b)(4)(D). RHSC does not contend, however, that it meets the definition of "trade association" set out in 11 C.F.R. § 114.8(a).

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The Corporation shall have voting corporate members and may have non-voting corporate members. The number of voting corporate members shall be not more than one hundred (100), with the exact number to be determined from time to time by resolution of the Board of Directors consistent with terms and conditions of any and all Affiliation Agreements entered into by the Corporation and any other non-profit corporations. The number of voting corporate members at the effective time of these Amended and Restated Bylaws shall be [75] and shall remain at [75] until such time as the Board of Directors adopts resolutions specifying a different number of voting corporate members.

Although the members are described in the Bylaws as "corporate members," in fact, individuals are appointed as members – not corporations. More specifically, the current 75 voting members are not corporations which, in turn, designate an employee of the corporation to exercise the corporate member's voting rights. The members of RHSC are truly appointed in their individual capacities. The members are all individuals with involvement or interest in dental science, and expanding the quality and availability of dental services to the public. Naturally, many of these members work for other corporations, as members of RHSC are not paid a salary by RHSC. Other members have no corporate affiliation at all. For instance, some members are retired dentists.

The third paragraph of Section 1 of Article II of the Bylaws sets forth the membership requirements in RHSC, as follows:

Corporate members shall be selected for their interest in and qualification to advance the purposes of this Corporation and the concept of extending the benefits of dentistry and any other ancillary benefits the Corporation deems beneficial. Only persons who demonstrate and maintain their acceptance and concern for the purposes and objectives of this Corporation shall be eligible to become and remain members of this Corporation.

The references in Article II, Section 1 of the Bylaws to "voting corporate members" arises from the fact that two non-profit corporations are responsible for selecting the members of RHSC. Delta Dental Plan of Michigan ("DDPMI") and Delta Dental of Tennessee ("DDTN") entered into an Affiliation Agreement with RHSC. Although other non-profit corporations could affiliate with RHSC in the future, at present, only DDPMI and DDTN have.

As part of the Affiliation Agreement entered into between DDPMI, DDTN and RHSC, DDPMI and DDTN have the right to select a specific number of RHSC members. The number of RHSC members that each of DDPMI and DDTN select is based upon a formula set forth in

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the Affiliation Agreement. At present, DDPMI nominates 68 members and DDTN nominates seven members of RHSC.²

The final paragraph of Article II, Section 1 of the Bylaws also indicates:

Each corporate member must also agree to be bound by the terms and conditions of any voting agreement among the members required by the terms of any Affiliation Agreement entered into by the Corporation, and refusal to be so bound shall disqualify the individual from serving as a corporate member.

The above refers to a voting agreement that relates to selection of RHSC's Board of Directors, which voting agreement is part of the Affiliation Agreement. Currently, RHSC has 19 directors. Under the Affiliation Agreement, "corporate members" selected by DDPMI nominate 17 directors of RHSC and the "corporate members" selected by DDTN nominate the remaining two directors. As with the 75 RHSC members, the 19 directors are natural individuals – not corporations.

The Bylaws of RHSC were not drafted with the support of political candidates in mind. The term "corporate members" is an outgrowth of the Michigan statute under which RHSC was organized. A non-profit, non-stock corporation may be established under Michigan law on a directorship or membership basis, which relates to who has ultimate governance rights over the corporation. Those who established RHSC's predecessor selected a membership organization so that the many dentists involved in its formation would have governance rights similar to a shareholder in a for-profit corporation. The reference in the Bylaws to "corporate members" simply relates to the fact that RHSC is a corporation which has members who ultimately control the corporation versus a corporation where the directors have ultimate control. To reiterate, the selected members, themselves, are individuals whose votes are not subject to control of any corporation, including DDPMI and DDTN.

² In Advisory Opinion 1980-75 the FEC concluded that so-called "personal members," who were designated by each organizational member of the non-profit corporation at the rate of one "personal member" for each \$100 in dues payable by such organizational members were not "members" who could be solicited to contribute to a corporate PAC. The FEC reasoned that rights and privileges of the "personal members" were simply derivative of the organizational members, who transferred portions of their membership rights in the membership organization to the "personal members." Moreover, each designating organizational member had the power to withdraw the membership of any individual it had designated as a "personal member," if a disagreement arose over how the "personal member" voted.

Here, in contrast, RHSC voting members are appointed in their own right and are not selected as designees of organizational members which, themselves, are the voting members of RHSC. Moreover, voting members in RHSC are appointed for three year terms (Bylaws, Article II, Section 1), and these members cannot be removed at the whim of RHSC, the two non-profit corporations who have entered into Affiliation Agreements with RHSC, or any member of RHSC. Thus, Advisory Opinion 1980-75 does not control the outcome of this request.

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C. RHSC Meets the Criteria of 11 C.F.R § 114.1(e)(1) so as to Constitute a "Membership Organization" Within the Meaning of the Act.

As noted above, under 11 C.F.R. § 114.1(e)(1) six criteria must be met for a non-profit, non-stock corporation to be deemed a "membership organization" under the Act. RHSC meets the criteria.

The first requirement is that RHSC be composed of members with the power to operate or administer the organization pursuant to the organization's articles or bylaws. 11 C.F.R. § 114.1(e)(1)(i). Here, the voting members of RHSC elect the directors of RHSC. Exhibit B, Article III, Section 2. The power to select the directors rests with the membership, and RHSC's corporate powers are exercised by its board. *Id.*, Article III, Section 1.

Moreover, while some revisions to the Bylaws of RHSC may be made by its directors, other changes require a vote of the membership and, in any event, the members retain the ultimate right to alter or repeal the Bylaws. *Id.*, Article VIII. Thus, the members administer RHSC.

The RHSC bylaws also expressly state the qualifications of membership. 11 C.F.R. § 114(i)(e)(ii). These qualifications from Bylaws, Article II, Section 1, were quoted previously in this letter.

RHSC's Articles are a matter of public record and are available to members and non-members alike. RHSC's Bylaws are made available to any of its members on their request. 11 C.F.R. § 114(i)(2)(iii).

While the RHSC limits its membership, it does, in fact, expressly solicit persons to be members. Membership is by invitation of RHSC upon selection by DDPMI and DDTN, each selecting a specified number of members in accord with the Affiliation Agreement. 11 C.F.R. § 114(e)(1)(iv).

Although membership cards are not sent to members, each person selected as a voting member is so informed when selected and must agree to serve as a member. Each such member is also given material from RHSC in advance of each of RHSC's annual meetings. 11 C.F.R. § 114.1(l)(e)(ii).

Finally, RHSC has existed since 1957. RHSC has not engaged in attempts to influence the nomination or election of candidates to federal office to the date of this Advisory Opinion request. Thus, RHSC clearly is not organized for purposes of influencing federal elections. 11 C.F.R. § 114.1(e)(1)(vi).

In sum, RHSC satisfies the criteria for being treated as a "membership organization" under the Act.

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D. RHSC's Members Qualify as "Members" as this Term is Used in 11 C.F.R. § 114.1(e)(2)

Even if a particular non-stock corporation is deemed to be a "membership organization," the "members" must meet certain criteria set forth in 11 C.F.R. § 114.1(e)(2) to be considered true members of the particular membership organization. Of course, only "members" as contemplated by the Act may be solicited for political contributions as part of an incorporated membership organization's "restricted class." 11 C.F.R. §114.1(j).

With respect to determining who is a "member," 11 C.F.R. § 114.1(e)(2) provides:

(2) For purposes of this part, the term *members* includes all persons who are currently satisfying the requirements for membership in a membership organization, affirmatively accept the membership organization's invitation to become a member, and either:

- (i) Have some significant financial attachment to the membership organization, such as a significant investment or ownership stake; or
- (ii) Pay membership dues at least annually, of a specific amount predetermined by the organization; or
- (iii) Have a significant organizational attachment to the membership organization which includes: affirmation of membership on at least an annual basis; and direct participatory rights in the governance of the organization.

For example, such rights could include the right to vote directly or indirectly for at least one individual on the membership organization's highest governing board; the right to vote directly for organization officers; the right to vote on policy questions where the highest governing body of the membership organization is obligated to abide by the results; the right to approve the organization's annual budget; or the right to participate directly in similar aspects of the organization's governance.

The members of RHSC must meet the membership criteria set forth in the Bylaws and also affirmatively accept membership in RHSC as required by the first paragraph of 11 C.F.R. § 114.1(e)(2). *See*, Exhibit B, Article X, Section 1. Thus, the 75 voting members of RHSC satisfy the first requirement to be deemed "members" for purposes of this Act.

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RHSC is a non-profit organization without owners as such. Moreover, RHSC members are not required to pay dues to RHSC. RHSC members do, however, meet the alternative criteria of 11. C.F.R. § 114.1(e)(2)(iii). There is affirmation of membership on, at least, an annual basis. Moreover, as discussed previously, the members elect RHSC's Board of Directors and have ultimate authority over the terms of RHSC's Bylaws. In light of the powers of the current 75 voting members of RHSC, they do constitute "members" for purposes of being considered part of the RHSC "restricted class" that could be lawfully solicited by PAC established by RHSC to support candidates for federal office.

Conclusion

But for the potential confusion that could arise from RHSC Bylaws' use of the term "corporate voting members" when, in fact, RHSC's members are all selected as natural individuals, RHSC would likely have established a federal PAC without submitting this Advisory Opinion request. RHSC does not, however, want to establish a PAC, solicit its 75 voting members for contributions to be used to influence federal elections, and then be told at some future point that these 75 person do not fall within RHSC's "restricted class."

If the FEC issues an Advisory Opinion that RHSC is a "membership organization" for purposes of the Act, and that the 75 voting members would be deemed part of the RHSC's "restricted class" that may be lawfully solicited to contribute to a federal PAC established by RHSC, RHSC intends to establish such a PAC.

Please direct any questions to my attention. Thank you for your consideration of this request.

Very truly yours,

HONIGMAN MILLER SCHWARTZ AND COHN LLP



Timothy Sawyer Knowlton

TSK/lmh
Enc.

A

AMENDED AND RESTATED BYLAWS

OF

RENAISSANCE HEALTH SERVICE CORPORATION.

ARTICLE I

Name

Section 1. Name. The name of this Corporation shall be
RENAISSANCE HEALTH SERVICE CORPORATION

ARTICLE II

Membership

Section 1. The Corporation shall have voting corporate members and may have non-voting corporate members. The number of voting corporate members shall be not more than one hundred (100), with the exact number to be determined from time to time by resolution of the Board of Directors consistent with terms and conditions of any and all Affiliation Agreements entered into by the Corporation and any other non-profit corporations. The number of voting corporate members at the effective time of these Amended and Restated Bylaws shall be 75 and shall remain at 75 until such time as the Board of Directors adopts resolutions specifying a different number of voting corporate members. The Corporation may, by resolution of the Board of Directors, designate any number of non-voting corporate members. Until such time as the Board of Directors adopts resolutions specifying a number of non-voting corporate members, there shall be no non-voting corporate members.

The Corporation's voting corporate members shall be individuals appointed by the respective boards of directors of each non-stock corporation that has affiliated with this Corporation by designating this Corporation as its sole voting corporate member. Each such non-stock corporation shall be known as an "Affiliating Corporation." The number of this Corporation's voting corporate members that each Affiliating Corporation's board of directors may appoint shall be consistent with the terms of the agreements pursuant to which this Corporation was designated as the sole voting member of that Affiliating Corporation.

Voting corporate members shall be appointed for a term of three years. In the event a voting member's office is vacated prior to the expiration of the term, a successor shall be appointed by the board of directors of the Affiliating Corporation that had appointed the voting member who vacated the voting member's office, and that successor shall serve for the unexpired term and may thereafter be re-appointed as a voting corporate member. In the event the number of members is expanded, such new members may be selected for a term shorter than three years.

Corporate members shall be selected for their interest in and qualification to advance the purposes of this Corporation and the concept of extending the benefits of dentistry and any other ancillary benefits the Corporation deems beneficial. Only persons who demonstrate and maintain their acceptance and concern for the purposes and objectives of this Corporation shall be eligible to become and remain members of this Corporation. Each corporate member must also agree to be bound by the terms and conditions of any voting agreement among the members required by the terms of any Affiliation Agreement entered into by the Corporation, and refusal to be so bound shall disqualify the individual from serving as a corporate member. There shall be no limitation on the number of terms a member may serve.

Section 2. Each voting member of this Corporation shall have equal voice in the affairs of this Corporation and membership shall entitle the holder to one vote by each person when personally present at any regular or special meeting of the membership.

Section 3. Non-voting corporate members shall be appointed by the Board of Directors and shall have such rights as may be designated by the Board of Directors in any resolutions establishing non-voting corporate members.

ARTICLE III

Board of Directors

Section 1. The corporate powers of the Corporation, except as herein otherwise provided, shall be exercised by the Board of Directors. Such Board shall consist of no more than 25 voting members, as determined from time to time by the Board consistent with the terms and conditions of any and all Affiliation Agreements entered into by the Corporation and any other party. As of the effective date of these amended and restated bylaws, the Board of Directors shall consist of 19 voting members and shall remain at 19 voting members until such time as the Board of Directors adopts resolutions specifying a different number of voting Board members.

Section 2. The directors shall be elected by the voting members at the annual meeting of the members in each year consistent with the terms and conditions of any and all Voting Agreements, proxies and/or Affiliation Agreements entered into by the Corporation and any other party. A candidate for director need not be a member of the Corporation. The terms of the directors, except as hereinafter provided, shall be for three years, unless sooner displaced, and thereafter until their successors shall be elected and qualified in their stead. Candidates may be nominated and elected for shorter terms by the members in the same manner as candidates for the regular term. Otherwise, at each annual meeting of the voting members, directors shall be elected to hold office for a term of three years to fill any vacancies then occurring by reason of expiration of terms.

A director may succeed himself or herself; provided, however, no director shall be elected to serve more than three consecutive full three-year terms as director unless he or she is also elected as an officer (partial terms shall not be counted); in which event, he or she shall continue to serve as director during his or her term as an officer. Such an officer shall be treated as extending his or her term as a director for successive three-year terms during the time served as an officer of the Corporation. When the term as an officer of the Corporation terminates, the position as director shall

end and a successor shall be appointed to serve the unexpired portion of the term.

Section 3.(a) Emeritus Directors. The Board of Directors, at their discretion, by a vote of 2/3 of the directors then in office may designate a director as Director-Emeritus or Director-Emerita as the case may be. Upon such designation, that director shall cease to serve as a director, shall have none of the duties and responsibilities of a director and shall serve only in the capacity of Director-Emeritus or Director-Emerita for the balance of his or her original term of office as a director. He or she shall be given notice of and may attend all meetings of the Board of Directors, but shall have no vote. (b) When any director's conduct becomes a serious impediment to the conduct of the Board of Directors' business or brings public disrepute to the Corporation; or when such director shows an inability or unwillingness to assume the responsibilities of a director of the Corporation, by reason of excessive absence or otherwise, such director may be removed by a vote of 2/3 of the other directors then in office.

Section 4. Whenever any vacancy shall occur in the Board of Directors by reason of death, resignation, removal, increase in numbers or by the designation of a director as Director-Emeritus or Director-Emerita, such vacancy shall be filled by a majority of the Board of Directors then in office; provided, however, that(a) any vacancy occurring prior to the expiration of a term of a Director who was elected pursuant to a Voting Agreement among the corporate members executed by virtue of, or consistent with, an Affiliation Agreement entered into by the Corporation and any other party or parties may be filled by a majority vote of the remaining Directors elected by virtue of the same Voting Agreement, or by the corporate members in accordance with the Voting Agreement pursuant to which the vacating Director had been elected if the vacancy has not been filled by such remaining Board members within one month after the vacancy occurs, or(b) any vacancy arising as a result of increasing the number of Board members to accommodate Board participation by a new Affiliating Corporation shall be filled by the Affiliating Corporation in the same manner as authorized in such Affiliation Agreement and any related Voting Agreements for the Affiliating Corporation's normal election of Directors. In either case, a person so elected to fill a vacancy shall hold office until his or her successor is elected by the members at the next annual meeting of the members, or at any special meeting duly called for that purpose and held prior thereto.

Section 5. Indemnification of Directors and Officers. The Corporation shall indemnify to the fullest extent authorized or permitted by Michigan law any person, and his or her heirs and legal representatives, who is made or threatened to be made a party to an action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was a director, officer, employee or agent and members of any committees established under ARTICLE V, herein or otherwise duly created of the Corporation or serves or served any other enterprise at the request of the Corporation.

Section 6. Removal.

A. A Director may be removed with cause upon the approval of two-thirds of the other Directors then in office. For purposes of this Section, "cause" shall mean (i) conduct by a Director which becomes a serious impediment to the conduct of the Board of Directors' business or brings public disrepute to the Corporation; or (ii) subject to the provisions of Paragraph B of this Section 6, the demonstration by a Director of an inability or unwillingness to assume the responsibilities of a Director of the Corporation, by reason of excessive absences, or as otherwise determined by a two-thirds vote of the other Directors

then in office.

B. Any Director who retires or otherwise terminates or is terminated from any employment, self-employment or office held by the Director at the time the Director was elected as a Director of the Corporation, shall automatically lose his or her Directorship and a successor shall be appointed by the Board according to Article III, Section 4, provided that the individual so appointed shall hold office for the unexpired term of the vacant office, and until his or her successor is elected and qualified, or until his or her resignation or removal. The Board of Directors, by a vote of two-thirds of the other Directors then in office, shall have the power and discretion to excuse any retirement or other termination of employment, self-employment or office held, and to thereby retain any Director on the Board.

C. In the event a Director is removed from office pursuant to subparagraph (ii) of Paragraph A, and the Director's failure to discharge his or her duties as a Director is determined by the Board to result from infirmities, then the Board of Directors, by a vote of two-thirds of the other Directors then in office, may designate such Director as Director Emeritus or Director Emerita as the case may be. Upon such designation, that Director shall cease to serve as a Director, shall have none of the duties and responsibilities of a Director and shall serve only in the capacity of Director Emeritus or Director Emerita for the balance of his or her original term of office as a Director. He or she shall be given notice of and may attend all meetings of the Board of Directors, but shall have no vote.

D. A Director who was elected by virtue of, or consistent with, an Affiliation Agreement, and any and all proxies or Voting Agreements related thereto, entered into by the Corporation and any other party or parties, shall automatically lose his or her Directorship upon the termination of the Affiliation Agreement or the withdrawal of the Affiliating Corporation who had the right to elect such Director.

ARTICLE IV

Meetings

Section 1. The annual meeting of the Board of Directors shall be held during the month of May of each year at such time as shall be determined by resolution of the Board of Directors.

The annual meeting of the corporate members shall be held during the month of May of each year at such time and place as shall be determined by resolution of the Board of Directors.

Section 2. Written notice of the time and place of such meetings shall be mailed, e-mailed or faxed to each member and to each director at least ten days before the date set for the meeting.

Section 3. Notice of Meetings. Oral, written or electronic notice of the time, place and purpose of all special meetings of the membership or of the Board of Directors shall be duly communicated to each member or director no less than two nor more than thirty days before the meeting, but no notice of adjourned meetings need be given. Any director may waive any notice

required to be given to him or her by law or under these bylaws; and any attendance at any meeting shall be deemed a waiver of notice thereof.

Section 4. **Meeting Attendance.** Any director who is absent without excuse for three consecutive duly convened meetings of the Board for which such director has received notice in accordance with the Bylaws shall automatically lose his or her directorship and a successor shall be appointed by the Board in accordance with ARTICLE III, **Section 3.** for the balance of such director's current three-year term. The Executive Committee shall have the power and discretion to excuse any absence.

ARTICLE V

Committees

Section 1. **Executive Committee.** The Executive Committee shall be composed of the Chairperson of the Board, Vice Chairperson of the Board, Secretary, Treasurer, Immediate Past Chairperson of the Board (who shall remain on the Executive Committee until his or her successor qualifies), and up to three Members-at-Large. Each Member-at-Large shall be a duly-elected member of the Board selected from those members recommended by the Nominating Committee to the Board of Directors at the Annual Board of Directors meeting in the manner set forth in **Section 4.** of this ARTICLE V, and each Member-at-Large shall be eligible to succeed himself or herself on the Executive Committee only so long as said Member-at-Large is re-elected as a member of the Board. The Chairperson of the Board shall act as chairperson of this committee. This committee shall manage the business of the Corporation and shall have and exercise the authority of the Board of Directors between meetings of the Board. The committee shall also keep such records and make such reports of its activities as shall be required by the said Board, and shall implement and follow the policies and directives of said Board.

Section 2. **Finance Committee.** The Committee shall consist of no less than five (5) members appointed by the Chairperson of the Board with the consent of the Executive Committee. The fifth member shall be the Treasurer. One of the members shall be designated as Chairperson. The Finance Committee shall:

- (a) have general supervision over all financial affairs under the direction of the Board of Directors;
- (b) shall make recommendations and prepare a budget for consideration by the Board of Directors;
- (c) perform such other functions and duties as the Board of Directors may from time to time prescribe.

Section 3. **Nominating Committee.** The Chairperson of the Board shall appoint a Nominating Committee of no less than five (5) Directors of the Board.. It shall be the function of the Nominating Committee:

1. To obtain and present nominees for candidates to fill vacancies occurring on the Board of Directors and allotted to the Affiliating Corporation who has the right to submit said nominees and present the same at the annual meeting of the members;
2. To nominate officers and members-at-large of the Executive Committee to serve for the ensuing term and report at the annual meeting of the Board of Directors.

Section 4. **Audit Committee.** The Audit Committee shall consist of no less than five (5) members appointed by the Chairperson of the Board with the consent of the Executive Committee. One of the members shall be designated as chairperson. The Audit Committee shall:

- a) annually recommend to the Board of Directors of the Company for appointment by the Board, independent public accountants as auditors of the books, records and accounts of the Company;
- b) review the scope of audits made by the independent public accountants;
- c) receive and review the audit reports submitted by the independent public accountants and take such action in respect of such reports as the Audit Committee may deem appropriate;
- d) determine the duties and responsibilities of the internal auditing staff;
- e) review the annual program for the internal audit of the operational procedures of the Company;
- f) receive and review audit reports submitted by the internal auditing staff and take such action as the Audit Committee may deem appropriate to assure that the interests of the Company are adequately protected;
- g) perform such other duties as may be assigned to it from time to time by the Executive Committee.

Section 5. All committee appointments shall be made by the Chairperson of the Board with the consent of the Executive Committee and he or she shall have the authority to remove, with the consent of the Executive Committee, any committee member who is absent for three (3) consecutive duly convened meetings of a committee. With the exception of the Executive Committee and the Treasurer serving on the Finance Committee, members of committees shall be appointed for a one year term unless otherwise provided for in these Bylaws, but there shall be no limit on the number of terms a member may serve. Unless otherwise provided, the Chairperson of the Board shall designate a chairperson for each committee.

Anything to the contrary herein notwithstanding, an individual shall continue as a member of the Executive Committee as long as he or she shall hold an office of Chairperson of the Board, Vice Chairperson of the Board, Secretary, Treasurer or Immediate Past Chairperson of the Board.

ARTICLE VI

Officers

Section 1. The officers of the Board of Directors of this Corporation shall be a Chairperson of the Board, Vice Chairperson of the Board, Immediate Past Chairperson of the Board, President, Secretary, and Treasurer. The President shall be selected by the Executive Committee of the Board of Directors and the terms and conditions of his or her service shall be set by agreement between said Executive Committee and the President. The President shall serve in an ex-officio capacity and have no vote. All other officers shall be elected by the Board of Directors from said Board of Directors at the annual meeting each year and such election must meet the requirements of ARTICLE IV of these Bylaws and made consistent with the terms and conditions of any and all Affiliation Agreements entered into by the Corporation and any other party. Officers, other than the President and those described in any and all Affiliation Agreements entered into by the Corporation and any other party shall hold office for a term of one (1) year and until their successors are elected and qualified, said period to commence in May succeeding their election at the annual May meeting of the Board of Directors. There shall be no limit on the number of terms that an officer may serve. Any director who, during his or her term as director, is an officer, shall automatically continue to be a director while an officer, regardless of whether his or her term as a director would otherwise expire.

Any of the foregoing officers who are also members of the Board of Directors shall, if they are designated as a Director-Emeritus or Director-Emerita under ARTICLE III, Section 3.(a) or are removed as a Director under ARTICLE III, Section 3.(b), cease to be an officer.

Section 2. **Chairperson of the Board.** The Chairperson of the Board shall preside at all meetings of the Board of Directors. He or she shall have such other powers and duties as may from time to time be prescribed by the Board of Directors.

Section 3. **Vice Chairperson of the Board.** The Vice Chairperson of the Board shall, in the absence of, or disability of the Chairperson of the Board, perform the duties and exercise the powers of the Chairperson of the Board and shall perform such other duties as the Board of Directors shall prescribe. In the event of a permanent vacancy of the office of the Chairperson of the Board because of death, resignation, or otherwise, the Vice Chairperson of the Board shall immediately succeed to the office of the Chairperson of the Board until such time as the Board of Directors shall convene to fill the vacancy in accordance with Section 2. of this ARTICLE VI.

Section 4. **The President.** The President shall be the Chief Executive Officer of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. He or she shall execute all authorized conveyances, contracts or other obligations in the name of the Corporation except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

Section 5. **Secretary.** The Secretary shall attend all meetings of the Board and all meetings of the members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the members and special meetings of the

Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or by the Chairman of the Board, under whose supervision he shall act. He or she shall keep in safe custody the seal of the Corporation, and when authorized by the Board, affix the same to any instrument requiring it, and when so affixed, it shall be attested by his or her signature or by the signature of the Treasurer.

Section 6. **Treasurer.** The Treasurer shall be the custodian of the funds of the Corporation, the records and titles of pecuniary resources, and any other material committed to him or her by the Board of Directors. The directors shall bond the Treasurer at the Corporation's expense, provide him or her a repository, and require of him or her such reports as will enable the Board to know the financial status of the Corporation.

Section 7. Any vacancy occurring among the officers of the Board of this Corporation except the Immediate Past Chairperson of the Board by death, resignation, or otherwise shall be filled promptly by vote of the Board of Directors at any legal meeting. The officer thus chosen shall hold office for the unexpired term of his or her predecessor and the election and qualification of his successor.

ARTICLE VII

Quorums

Section 1. A majority or more of the directors or voting members shall constitute a quorum in any meeting of the Board of Directors or of the voting members; provided that if the directors shall severally or collectively consent in writing to any action to be taken by the organization, such action shall be as valid organization action as though it had been authorized at a meeting of the Board of Directors.

ARTICLE VIII

Amendments

Section 1. These Bylaws may be altered or repealed or new Bylaws may be adopted in lieu thereof:

1. By the affirmative vote of a majority of all eligible members of this Corporation present in person at any regular or special meeting of the membership; provided that at least fifteen (15) but not more than (30) days' notice in writing of the proposed alteration, repeal or substitution be contained in the notice of such meeting, or
2. By the affirmative vote of a majority of the whole Board of Directors at any regular or special meeting; provided, that at least fifteen (15) but not more than thirty (30) days' notice of the proposed alteration, repeal or substitution be sent to each director, and provided further, that the Board of Directors shall not, without prior written approval of the voting members, make or alter any provisions of these Amended and Restated Bylaws, or repeal these Amended and Restated Bylaws and adopt new Bylaws, that would in any way alter or change (a) the identity, qualification or rights of the Corporation's voting members, or (b) the qualifications, classifications, terms

of office or permissible number of members of the Corporation's Board of Directors, or (c) any limitation on the rights or authority of the Corporation's Board of Directors contained in these Bylaws or in the Corporation's Articles of Incorporation.

ARTICLE IX

Rules of Order

The Articles of Incorporation, the Bylaws, and Robert's Rules of Order as last Revised shall govern the deliberations of both the Board of Directors and Members of the Corporation.

ARTICLE X

Election Procedures

Section 1. At all elections under ARTICLES III and VI of these Bylaws the following procedures shall apply:

1. All nominations for any position to be filled by election shall be submitted to the Secretary of the Corporation at least ten (10) business days before the date set for the election. Included shall be the name of the nominator and a brief biography of the candidates which shall be distributed to the persons eligible to elect the candidates at least seven (7) business days before the date set for the election. No further nominations shall be received beyond this date without the unanimous consent of the members present and voting at the meeting where the election is to be held.

No person shall be accepted as a nominee unless the person has declared a willingness to serve.

2. If during the balloting for any position, no candidate receives a majority of the valid votes cast, there shall be a second ballot where only the two candidates receiving the two highest number of votes shall be candidates for election.

ARTICLE XI

Borrowing Authority

The Board of Directors is authorized to borrow money and issue its promissory notes or bonds for general corporate purposes, in its discretion, and to provide for the repayment of its notes or bonds with interest; and the Board of Directors of the Corporation is further authorized to mortgage the property or properties of the Corporation as security for its debts or for other lawful purposes and to determine the specific amounts to be borrowed, the rates of interest, maturities, and other appropriate terms of notes and mortgages.

ByLaws Amended:

7-17-68	1-21-76	1-18-78	11-05-80	11-03-82	8-03-84	5-24-89
5-14-69	9-29-76	11-08-78	8-14-81	1-26-83	1-30-85	5-30-90
1-06-71	1-19-77	8-24-79	1-27-82	5-25-83	10-28-87	

1-19-72	4-13-77	11-07-79	5-26-82	1-25-84	5-25-88
1-15-75	9-14-77	4-16-80	8-06-82	5-23-84	1-25-89

B

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH BUREAU OF COMMERCIAL SERVICES	
Date Received DEC 1 2 2005	(FOR BUREAU USE ONLY) FILED DEC 1 6 2005 Administrator BUREAU OF COMMERCIAL SERVICES
This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.	
Name <i>Delta Health Plan, Inc</i> <i>Attn: Linda K. Mullins</i>	EFFECTIVE DATE:
Address <i>4100 Okemos Rd</i>	
City <i>Okemos, MI</i> State ZIP Code <i>48864</i>	
<input type="checkbox"/> Document will be returned to the name and address you enter above. <input type="checkbox"/> If left blank document will be mailed to the registered office.	

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Profit and Nonprofit Corporations
(Please read Information and Instructions on the last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is:

Delta Health Plan, Inc.

2. The Identification number assigned by the Bureau is:

835-113

3. Article _____ of the Articles of Incorporation is hereby amended to read as follows:

See attached Amended and Restated Articles of Incorporation.

1250 188657 C/LM

COMPLETE ONLY ONE OF THE FOLLOWING:**4. (For amendments adopted by unanimous consent of incorporators before the first meeting of the board of directors or trustees.)**

The foregoing amendment to the Articles of Incorporation was duly adopted on the _____ day of _____, _____, in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the Board of Directors or Trustees.

Signed this _____ day of _____, _____

(Signature)

(Signature)

(Type or Print Name)

(Type or Print Name)

(Signature)

(Signature)

(Type or Print Name)

(Type or Print Name)

5. (For profit and nonprofit corporations whose Articles state the corporation is organized on a stock or on a membership basis.)

The foregoing amendment to the Articles of Incorporation was duly adopted on the _____ 6th _____ day of _____ December _____, 2005, by the shareholders if a profit corporation, or by the shareholders or members if a nonprofit corporation (check one of the following)

- ☒ at a meeting the necessary votes were cast in favor of the amendment.
- ☐ by written consent of the shareholders or members having not less than the minimum number of votes required by statute in accordance with Section 407(1) and (2) of the Act if a nonprofit corporation, or Section 407(1) of the Act if a profit corporation. Written notice to shareholders or members who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders or members is permitted only if such provision appears in the Articles of Incorporation.)
- ☐ by written consent of all the shareholders or members entitled to vote in accordance with section 407(3) of the Act if a nonprofit corporation, or Section 407(2) of the Act if a profit corporation.
- ☐ by consents given by electronic transmission in accordance with Section 407(3) if a profit corporation.
- ☐ by the board of a profit corporation pursuant to section 611(2).

Profit Corporations and Professional Service Corporations

Signed this _____ day of _____, _____

By _____
(Signature of an authorized officer or agent)

(Type or Print Name)

Nonprofit Corporations

Signed this _____ 6th _____ day of _____ December _____, 2005

By _____
(Signature President, Vice-President, Chairperson or Vice-Chairperson)

Thomas J. Fleszar, President & CEO
(Type or Print Name)

AMENDED AND RESTATED ARTICLES OF INCORPORATION

RENAISSANCE HEALTH SERVICE CORPORATION

ARTICLE I

These Amended and Restated Articles of Incorporation were duly adopted by resolution of the Board of Directors and Corporate Members of the corporation on December 6, 2005.

The corporation's original Articles of Incorporation, filed *October 22*, 1957, designated the corporation's name as Michigan Dental Service Corporation. The corporation then filed a Certificate of Amendment to the Articles of Incorporation on November 23, 1992 changing its name to Delta Health Plan, Inc.

The present name of the corporation is now Renaissance Health Service Corporation.

ARTICLE II

The purpose or purposes for which the corporation is formed are as follows:

To innovate and facilitate, through itself or through its affiliates and/or subsidiaries, programs for dental care and any other benefit or product that is deemed reasonable by the corporation and to make available on a broad scale the benefits of the science of dentistry and any other benefit or product that is deemed reasonable by the corporation to members of the public and to indigent persons and to promote and advance research, study and learning in the field of dentistry, oral hygiene and related sciences and any other benefit or product that is deemed reasonable by the corporation.

To establish, conduct, operate, maintain, sponsor and promote, through itself or through its affiliates and/or subsidiaries, studies of community dental needs, statistical studies of the dental requirements of the populous and to investigate and conduct programs for providing dental care over a broad area and to make available full dental care for members of the public.

To establish, conduct, operate, maintain, sponsor and promote, through itself or through its affiliates and/or subsidiaries, a program for recruitment of dentists in order to make dental services more available to the public and to indigent persons.

To enter into contracts, agreements, undertakings and programs, through itself or through its affiliates and/or subsidiaries, to provide dental care to the individuals, groups, and

the members of the public and generally to do all things necessary to render dental service more available.

To establish, conduct, operate, maintain sponsor and promote, through itself or through its affiliates and/or subsidiaries, dental clinics, laboratories and related facilities to provide more adequate and complete dental coverage to fulfill and meet the needs for proper and complete dental services and care where such need is found to exist.

To acquire, develop, improve, sell, assign, transfer, convey, lease, sublease, pledge and otherwise alienate and dispose of, and to mortgage or otherwise encumber, real or personal property, wherever situated when necessary or useful in carrying out the objections of the corporation, through itself or through its affiliates and/or subsidiaries.

To receive contributions in money or property from individual persons or corporations; to invest these contributions in such stock, bonds, or other investments as the Board of Directors may deem suitable; to keep such portion of these contributions in cash balances as the Board of Directors may from time to time deem appropriate.

In general, to carry on any activity in connection therewith and incident thereto, or which is calculated directly or indirectly to promote the objectives of the corporation and any other activities not forbidden to non-profit corporations by the laws of the State of Michigan and with all the powers conferred upon non-profit corporations and foundations by the laws of the State of Michigan, provided, however, that the corporation shall not use amounts contributed to it for any purpose, or otherwise engage in any activity, which would be inconsistent with its corporate purpose or disqualify it for exemption from federal income tax. No part of its net earnings shall inure to the benefit of any private member or individual and no substantial part of its activities is carrying on propaganda or otherwise attempting to influence legislation or the election of public officials.

ARTICLE III

The location of the registered office is 4100 Okemos Road, Okemos, Michigan 48864.

The post office address of the registered office is P.O. Box 30416, Lansing, Michigan 48909.

ARTICLE IV

The name of the registered agent is Linda K. Mullins.

ARTICLE V

Said corporation is organized upon a non-stock, membership basis.

The corporation possesses no real property but possesses personal property and/or assets, as of the date of these Amended and Restated Articles of Incorporation, approximately \$18,000,000 in cash and/or securities. The corporation is financed through its investments and other similar uses of its assets.

ARTICLE VI

The names and places of residence or business of each of the incorporators at the time of incorporation was as follows:

<u>NAMES</u>	<u>RESIDENCE OR BUSINESS ADDRESS</u>
Floyd D. Ostrander, D.D.S.	School of Dentistry, University of Michigan, Ann Arbor, Michigan
Jack P. Beukema, D.D.S.	833 Lake Drive, Grand Rapids, Michigan
Raymond W. Walmoth, D.D.S.	901 Mutual Building, Detroit 26, Michigan

ARTICLE VII

The term of the corporate existence is perpetual.

ARTICLE VIII

Qualification and tenure of membership in said corporation and qualification and tenure of officers and directors shall be as from time to time prescribed by the bylaws.

Eff. 12-06-2005



"Knowlton, Timothy Sawyer"
<TSKnowlton@honigman.co
m>

06/11/2007 02:42 PM

To <jlevin@fec.gov>

cc

bcc

Subject FW: Renaissance Health Service Corporation ("RHSC")

History: This message has been forwarded.

Johnny:

Attached is the organizational chart I said I would send earlier today. I would like to arrange a conference call with you, anybody else with the FEC you deem appropriate, Linda Kisabeth-Mullins, counsel to Delta Dental of Michigan, and me to address any questions or issues you may have about RHSC. I think it makes sense to have this call before I finish the supplemental response so that I better understand what concerns, if any, you have after going through the chart with Linda, who knows the ins and outs of the structure better than me.

Hope your dentist appointment went well.

My number is (517) 377-0711.

Tim

From: Hocking, Laurie

Sent: Monday, June 11, 2007 2:14 PM

To: Knowlton, Timothy Sawyer

Subject:

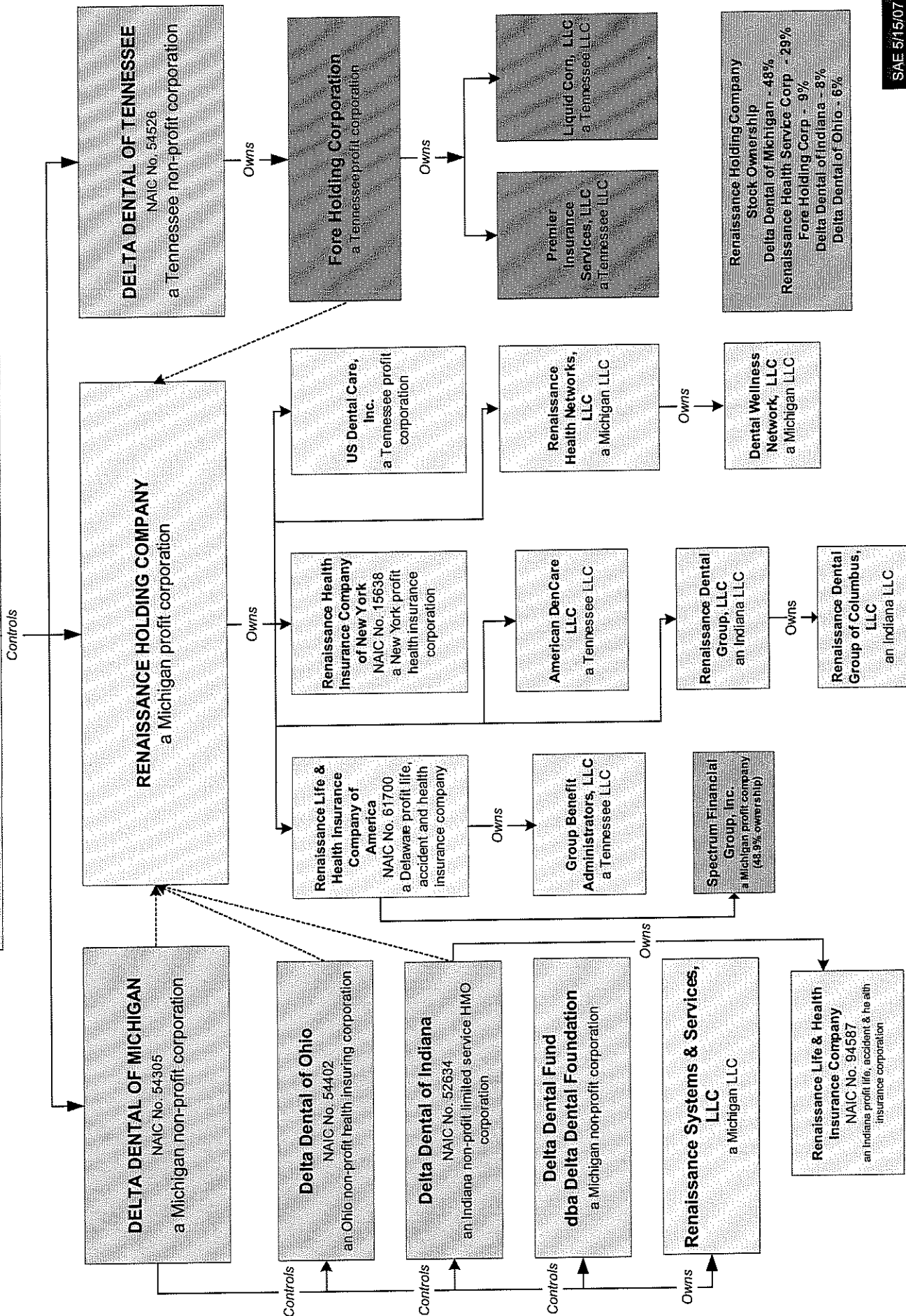
IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the Internal Revenue Service, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, by any person for the purpose of (i) avoiding tax-related penalties or (ii) promoting, marketing or recommending to another person any transaction or matter addressed in this communication.

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***** RenaissanceHealthOrganizationalChart.pdf *****

RENAISSANCE HEALTH SERVICE CORPORATION a Michigan non-profit corporation



Via U.S. Mail and Email

June 26, 2007

Ron Katwan
Jonathan Levin
Federal Election Commission
Office of General Counsel
999 E. Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2007 JUL -2 P 1:20

**Re: *Supplemental Submission in Connection with Request for Advisory Opinion
Concerning Renaissance Health Service Corporation***

Dear Messrs. Katwan and Levin:

This letter is being submitted to you to provide certain supplemental information that you requested during our telephone call of Monday, May 23, 2007, and in subsequent conversations with Mr. Levin in connection with the request of Renaissance Health Service Corporation ("RHSC") for an Advisory Opinion regarding its desire to establish a separate segregated fund, which will hereafter be called a political action committee ("PAC"). As you will recall, RHSC is interested in forming a PAC to participate in federal elections in accord with the Federal Election Campaign Act, 2 U.S.C. § 431 *et seq* (the "Act"); however, whether it will ultimately establish a PAC depends on whether it will be able to solicit a sufficiently large group of people for contributions for the PAC to be viable. RHSC believes that it may appropriately solicit contributions from its directors and members.

RHSC's Holding Company Structure

At some point, in response to a concern raised by Mr. Levin as to whether the original Advisory Opinion Request accurately reflected the RHSC reality, I provided Mr. Levin with an Organizational Chart, which places RHSC on top of a holding company structure that includes both non-profit and for-profit companies. I apologize for not presenting this in the original request given the suspicions to which the discovery of an RHSC holding company structure seemed to create. I had not gotten into the holding company structure because it simply did not

June 26, 2007
Page 2

strike me as relevant to the status of RHSC members as exercising individual powers or powers as corporate representatives.¹

The Organizational Chart indicates that RHSC "controls" certain other entities, including, Renaissance Holding Company, DDPMI, and DDTN. Dealing first with DDPMI and DDTN, pursuant to the Affiliation Agreements between them, RHSC became the sole true corporate member of each of DDPMI and DDTN. As its sole member, RHSC "controls" these two entities.² Renaissance Holding Company, a Michigan non-profit stock corporation, is owned by five companies – the two largest shareholders being DDPMI (48%) and RHSC (29%). Because RHSC is the sole corporate member of DDPMI, RHSC can be said to control Renaissance Holding Company. That said, as further detailed below, this has no impact on the status of RHSC members as exercising individual discretion – as opposed to acting in a representative capacity for corporations.

Of the companies that appear in the RHSC Organizational Chart, only four of them have employees – DDPMI, DDTN, Renaissance Systems and Services, LLC ("RSS") and Renaissance Life & Health Insurance Company of America ("RL&H"). No employees of DDPMI, DDTN, RSS and RL&H, however, are members of RHSC. Given this fact, neither RHSC nor any of the entities with employees that it "controls" have an ability to coerce RHSC members into exercising their discretion in a particular manner.

The lack of corporate control over RHSC members is discussed further immediately below.

The Members of RHSC are Selected as Individuals and the Exercise of Their Votes on Membership Matters is not Subject to Corporate Control

Although the RHSC Bylaws refer to the individuals who are RHSC members as "corporate members," as indicated in my original request of May 10, 2007, these "corporate members" are actually appointed in their individual capacities. As indicated in the original request, the term "corporate member" arises from the fact that under Michigan law, non-profit corporations may be run on either a directorship or membership basis, and RHSC selected the membership option.

As I understand it, one of your concerns is over whether the members are, in fact, employees of RHSC, DDPMI, or DDTN such that these corporations could exercise undue control over how the RHSC members exercise their discretion by explicitly or implicitly

¹ I am informed that this structure evolved over time and that the use of RHSC was necessary to permit affiliation between DDPMI and DDTN. I am also informed that other Delta Dental plans have established similar structures so as to affiliate among themselves.

² As risk-bearing entities, DDPMI and DDTN, are subject to fairly extensive regulatory control by the states in which they do business. Generally, state laws define "control" in such a way that "control" for state regulatory purposes may be quite different than "control" in normal parlance.

June 26, 2007

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threatening reprisals in their employment. (This same concern would also exist as to RSS and RL&H – the only other entities “controlled” by RHSC that has employees.) Thus, among the additional matters you sought to have us address was information about the pool of persons from which members of RHSC are selected.

I have confirmed that no employees of DDPMI, DDTN, RSS, or RL&H are selected as members of RHSC. (RHSC has no employees of its own so it has no employee-members.) There are a small number of members who are retired employees of DDPMI. A large number of the RHSC members are licensed dentists. Some of these dentists are retired, and the others are likely to participate in a dental network maintained by either DDPMI or DDTN for the benefit of persons covered by either entity’s dental plans. The vast majority of the remainder of the members are persons who are covered by a DDPMI or DDTN dental plan. A smaller group of remaining members are simply persons with an interest in promoting the availability of quality dental services to the public.

An employment relationship with DDPMI, DDTN, RSS or RL&H would present the most obvious manner in which an RHSC member might be “controlled” by, and thus, deemed to be a corporate representative – as opposed to an individual member of RHSC. As noted above, there is no such employment relationship between any of the RHSC “affiliates” and RHSC members. Similarly, there is no other relationship that exists which permits corporate influence over member prerogatives. Dentists who are part of a DDPMI or DDTN dental network cannot be unilaterally removed from the network. Their contracts with DDPMI and DDTN give them due process rights in the event either entity wants to remove them from the network and how a dentist/network member exercised membership powers in RHSC would not be a valid basis on which to even attempt to remove a dentist from the network. The only other RHSC members which could be said to have a relationship (outside their membership status) with RHSC, DDTN, or DDPMI, are those who are covered by a DDTN or DDPMI dental plan. Again, however, dental plan subscribers cannot be arbitrarily cancelled by DDPMI or DDTN, as applicable. Thus, even if DDPMI, DDTN or RHSC wanted to coerce the exercise of discretion of a member covered by a dental plan, this would not be possible because these entities simply lack any leverage over RHSC members who are covered by a DDPMI or DDTN dental plan.

You also asked for further information about the term “Affiliating Corporation” as used in Section 1 of Article II of the RHSC Amended and Restated Bylaws (the “Bylaws”). Specifically, the second paragraph of this provision provides that RHSC shall be the sole voting corporate member of each “Affiliating Corporation,” presently only DDPMI and DDTN. Thus, while RHSC in its corporate form is a member of each of DDPMI and DDTN, neither DDPMI nor DDTN are members of RHSC. Instead, the “corporate members” of RHSC are the individuals who are invited to be members of RHSC and who accept such invitation. If a future non-profit, non-stock corporation affiliates with RHSC, that corporation would also have to appoint RHSC as its sole corporate member and would be permitted to appoint a certain number of individuals to be RHSC “corporate members.” These members, as is true of members at present, would have full personal autonomy in the exercise of their individual discretion in fulfilling their duties as members.

June 26, 2007

Page 4

While an RHSC member may resign, the Bylaws of RHSC only permit the removal of a member during his or her term of appointment (generally three years) if that member refuses to abide by the "voting agreement" which is part of the "Affiliation Agreement."³ The "voting agreement" merely mandates that RHSC members, in electing the 19 directors of RHSC, vote such that 17 directors represent the DDPMI side of RHSC and that two directors represent the DDTN side of RHSC. (With minor exceptions, DDPMI operates within Michigan and DDTN, within Tennessee.) As with the allocation of members, if in the future another non-stock, non-profit corporation were to affiliate with RHSC, that new affiliating corporation would have the right to have some number of directors who are associated with that affiliating corporation (in the broadest sense of the term "associated") elected to the RHSC Board by the RHSC members.

With respect to members, you also requested additional information about how RHSC complies with 11 C.F.R. § 114.1(e)(1)(v) by acknowledging membership. Accompanying this letter, is the form letter sent to individuals selected to be members of RHSC. Along with the letter, new members receive a copy of the RHSC Bylaws. We believe this satisfies the requirements of C.F.R. § 114.1(e)(1)(v).

**The Directors of RHSC are Selected as Individuals and the Manner
in which They Exercise Their Authority is not Subject to Corporate Control**

During our conference call of May 23, 2007, you also requested additional information about Section 6.B. of Article III of the RHSC Bylaws. This provision states:

B. Any Director who retires or otherwise terminates or is terminated from any employment, self-employment or office held by the Director at the time the Director was elected as a Director of the Corporation, shall automatically lose his or her Directorship and a successor shall be appointed by the Board according to Article III, Section 4, provided that the individual so appointed shall hold office for the unexpired term of the vacant office, and until his or her successor is elected and qualified, or until his or her resignation or removal. The Board of Directors, by a vote of two-thirds of the other Directors then in office, shall have the power and discretion to excuse any retirement or other termination of employment, self-employment or office held, and to thereby retain any Director on the Board.

As I understand it, the concern about this provision is whether an "RHSC company" would be able to terminate separate employment that a RHSC director might have with any of

³ This is not to say that members, despite their behavior, could not be removed. Under Michigan law, a member could be removed from membership if, for instance, he or she stole from RHSC or engaged in other behavior that would constitute a breach of fiduciary duty owed to RHSC. To date, however, no member of RHSC has ever been involuntarily removed.

June 26, 2007

Page 5

the "RHSC companies" so as to engineer the removal of such director from the RHSC Board. As is true of the members of RHSC, no employees of DDPMI, DDTN, RSS or RL&H serve on the RHSC Board. Thus, none of these entities could force the removal of a RHSC director by terminating the employment of such member.

Directors of RHSC and DDPMI, like members, are selected as individuals. That said, it is common for an individual to be chosen for the RHSC and/or DDPMI Board because that person is an employee (typically in a Human Resources position) of a company that subscribes to a dental plan offered by DDPMI or DDTN or is an active employed or self-employed dentist. The underlying rationale for Article III.6.B (and its counterpart in the DDPMI Bylaws) is that a person who leaves the employment of a company that has a contractual relationship with DDPMI or DDTN is likely to be far less interested in the mission of DDPMI or RHSC. As a result, Article III.6.B. provides for the removal of such a director upon a change in employment unless that director wants to continue as a director and receives a two-thirds vote of the remaining directors to continue in a directorship capacity. While there have been rare instances of RHSC and DDPMI directors leaving a job, which employment was a factor in their initial selection as directors, these persons have simply resigned their RHSC directorships. In one instance, an RHSC and DDPMI director who changed employment was initially interested in continuing as a director and would have been permitted to do so, but she ultimately decided that with her new job, she would be unable to devote sufficient time as a director of RHSC and DDPMI and resigned.


In short, to the present time, Article III, Section 6.B. has been rarely invoked. In any event, because the directors of RHSC are not employed by DDPMI, DDTN, RHSC, RSS or RL&H these entities have no ability to terminate a director's employment so as to obtain their removal from the RHSC Board.

I hope this answers your questions, and that you agree that the RHSC "corporate members" and directors are, in fact, individuals who exercise personal decision-making authority – as opposed to simply exercising powers in a representative capacity for a corporation.

If you require any additional information, please contact me.

Very truly yours,

HONIGMAN MILLER SCHWARTZ AND COHN LLP



Timothy Sawyer Knowlton

TSK/lmh

Enc.

LANSING.327389.3



Renaissance.

Renaissance Health Service Corporation

Date

Dear _____:

On behalf of Renaissance Health Service Corporation, I am pleased to welcome you as a corporate member of Renaissance Health Service Corporation. At the _____ Board of Directors meeting, you were elected to a three-year term, which begins immediately and expires at the adjournment of the Annual Meeting in _____.

With your experience and knowledge of the benefit industry, you will be a valuable corporate member, and we appreciate your willingness to serve in this capacity.

Enclosed is a copy of the bylaws for your reference as well as a copy of the roster of corporate members.

Congratulations and thank you for agreeing to serve as a corporate member.

Sincerely,

Thomas J. Fleszar, D.D.S., M.S.
President and Chief Executive Officer

Enclosures

Via U.S. Mail and Email

September 5, 2007

Mr. Ron Katwan
Mr. Jonathan Levin
Federal Election Commission
Office of General Counsel
999 E. Street, N.W.
Washington, D.C. 20463

***Re: Second Supplemental Submission in Connection with Request for
Advisory Opinion Concerning Renaissance Health Service Corporation***

Dear Messrs. Katwan and Levin:

This letter is submitted to supplement the request of May 10, 2007 of Renaissance Health Service Corporation ("RHSC") for an Advisory Opinion and a supplement to that request of June 26, 2007. This letter is intended to address the issues that were raised during our calls of Tuesday, July 10, 2007 and Thursday, August 2, 2007. Again, RHSC believes that if it forms a political action committee ("PAC") to participate in federal elections, it should be permitted to solicit both RHSC directors and RHSC members for contributions to said PAC. It is this issue on which RHSC seeks an Advisory Opinion.

As you know, the members of RHSC elect the directors of the corporation. As we have also discussed, pursuant to a voting agreement, at present, two of the directors must be acceptable to Delta Dental of Tennessee ("DDTN"). The RHSC Board has a nominating committee which selects the potential directors to be elected by the members; however, members may propose potential nominees for director to this committee for consideration. The nominating committee nominees include persons for the two RHSC director positions who must be acceptable to DDTN. Although two designated directors of RHSC must be acceptable to DDTN, RHSC members elect the Michigan and Tennessee RHSC directors – they are not imposed by the boards of DDTN and Delta Dental of Michigan ("DDPMI"), respectively, and neither DDTN nor DDPMI can veto a director who is elected by the RHSC membership.

You have asked what process is used by RHSC to remove a member who does not abide by the voting agreement. Directors are selected by voice vote so that it would be known if a member violated the voting agreement. In fact, it has never happened that a member has not voted in accord with the voting agreement. Thus, at this time, there is no specific procedure for effectuating removal; it would be determined at the time at which a violation occurred.

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In addition to electing the RHSC directors, members must also approve certain changes to the RHSC Bylaws. As RHSC is governed by the Michigan non-profit corporation act, members also have the rights afforded to members under this statute. Some of these rights are approval or rejection of any proposed merger or consolidation, MCL 450.2703, approval or rejection of a sale, lease, exchange or other disposition of all, or substantially all, of the property and assets of the corporation, MCL 450.2753, or dissolution of the corporation, MCL 450.2804. Were RHSC instead organized on a directorship basis, under Michigan law, the directors would possess these rights.

You also have asked why RHSC was needed to effectuate an affiliation between Delta Dental Plan of Michigan ("DDPMI") and Delta Dental of Tennessee ("DDTN"). Because DDPMI and DDTN are both non-profit, non-stock corporations, affiliation could not be achieved through stock transfers. RHSC was an existing non-stock company that had been in existence under another name since 1957. Initially, it served as an administrator of dental plans, but became a non-operating company when DDPMI commenced underwriting dental plans. As an existing entity, the use of RHSC was the most efficient means of accomplishing affiliation between DDPMI and DDTN, including from a regulatory perspective. DDPMI and DDTN, as risk-bearing entities, are each subject to extensive regulation by their home states of Michigan and Tennessee, respectively. The state regulatory issues made merging the two entities difficult, if not impossible. The regulatory issues were substantially minimized by keeping DDPMI and DDTN as separate entities – individually subject to Michigan and Tennessee regulation, respectively.

You asked why DDPMI and DDTN were interested in affiliating. The primary reason was to achieve economies of scale in the operations of each of DDPMI and DDTN. Prior to affiliation, DDPMI was already doing some work for DDTN on a contractual basis, and the two entities concluded that cost savings could be achieved through formal affiliation. Moreover, by having RHSC serve as the sole member of DDPMI and DDTN, a structure was created by which consolidated and combined financial statements could be utilized for all of the various entities which are included within the RHSC holding company system.

You also asked about how the number of members for RHSC was determined. We have been unable to definitively ascertain this due to the fact that this was a determination made long before anybody currently associated with what is now RHSC was involved with the company. We do know that since 1963, when DDPMI was actually formed, and possibly before (this cannot be verified from existent corporate records or employees), RHSC included subscribers, dentists, and public representatives among its members – just as it does today. I understand that the reason for not simply selecting one member for RHSC was to ensure broad representation of constituencies that provide and utilize dental services. Immediately prior to the time DDPMI and DDTN affiliated in late-2005, DDPMI had 68 members (again, as best as can be ascertained, this was true for decades). Contemporaneous with the affiliation of DDPMI and DDTN, RHSC's membership was expanded to 75, with the additional members all being persons acceptable to DDTN. The change to 75 was undertaken so that Tennessee residents would be

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represented in the RHSC membership; it had nothing to do with the possibility of forming a PAC.

You also requested more information about the directors' status vis-à-vis RHSC and its members. Directors who are not already RHSC members become members on their election to the Board. Directors receive a monthly payment and a per diem payment for each meeting. For the typical director, the annual compensation received is approximately \$15,000.

You also asked for additional information concerning RHSC's "control" of DDPMI and DDTN as noted in the organizational chart you were provided. Under state laws that govern their activities as risk-bearing entities, RHSC "controls" DDPMI and DDTN because RHSC is the sole member of each of DDPMI and DDTN. As the sole member of DDPMI and DDTN, RHSC may select the boards of directors of DDPMI and DDTN. Although the boards of these entities act independently of RHSC, RHSC's ability to select the directors of DDPMI and DDTN makes RHSC a "controlling" entity for purposes of state laws regulating insurance companies and other risk-bearing entities. In this regard, MCL 500.115(b) (Michigan law) provides a typical state law definition of "control" applicable to insurance companies and other risk-bearing entities. This definition provides in pertinent part:

(b) "Control" including the terms "controlling", "controlled by", and "under common control with" mean the following:

(i) Except as otherwise provided in subparagraph (ii), the possession or the contingent or noncontingent right to acquire possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract including acquisition of assets of bulk reinsurance, other than a commercial contract for goods or nonmanagement services, by pledge of securities, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control is presumed to exist if any person, by formal or informal arrangement, device, or understanding, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10% or more of the voting securities of any other person or for a mutual insurer owns 10% or more of the insurer's surplus through surplus notes, guarantee fund certificates or other evidence of indebtedness issued by the insurer.

When we spoke on July 10th, you noted that as of the date of RHSC's Amended and Restated Articles of Incorporation, RHSC had approximately \$18 million in cash and/or securities. You were curious about the source of these funds. The stated assets in the Amended and Restated Articles were generated from RHSC's days as an operating company and accumulated investment income on the old RHSC funds.

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RHSC serves as the holding company for the affiliated DDPMI and DDTN (and entities owned or controlled by RHSC). As a holding company, one way in which RHSC carries out its charitable mission is through operating entities that provide dental benefits. RHSC also directly supports programs to promote access to dental care and advancement of dental science. Recently, RHSC made a large charitable contribution of \$250,000 to the Michigan Department of Community Health ("MDCH") as a grant to launch "Vanish! Michigan." This is a program that provides fluoride applications for several thousand children enrolled in Early Head Start and Head Start programs in Michigan. In 2006, projects included, but were not limited to, contributions to the Ronald McDonald House Charities for dental care, a donation to the North Carolina Dental Health Endowment for a mobile dental program, a donation for a Children's Day Program, including dental screenings, to the I.M. Suzbacher Center for the Homeless in Jacksonville, Florida, and contributions for dental clinic operations and dental equipment upgrades to facilities in Ft. Myers, Florida, and Greensboro, North Carolina. Although the members are kept informed of the charitable contributions made by RHSC and may be asked to approve particular contributions, typically, the members do not vote on which projects to support.

Finally, you have asked for clarification of what process RHSC uses to acknowledge membership at least annually. RHSC has a regular annual meeting of members. In advance of this meeting, members are provided with an agenda and any documents that are related to the agenda items. If a member fails to appear at the annual meeting without advance notice to RHSC, RHSC contacts the member to ascertain if that person continues to be interested in membership. If not, the person is removed as a member.

I hope that I have now answered all of your outstanding questions. If not, please let me know.

Very truly yours,

HONIGMAN MILLER SCHWARTZ AND COHN LLP



Timothy Sawyer Knowlton

TSK/lmh

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