

PROPOSED BY-LAWS FOR FEEDBACK (Accepted, October 24, 2015)

1. Organization

1.1 Name. The name of this organization shall be the Monadnock Community Market Cooperative, Inc., (referred to in these bylaws as the “CO-OP”).

1.2 Purpose. The CO-OP is organized as a New Hampshire non-profit consumer cooperative, formed under the New Hampshire law. The purpose of the CO-OP is set forth in its certificate of organization.

1.3 Principles. The CO-OP shall be conducted in accordance with the following cooperative principles:

1.3.1. Open and voluntary membership without any social, political, racial, or religious discrimination and without any discrimination based upon age, gender, sex, disability, or marital status.

1.3.2. Democratic member governance with equal voting rights among members.

1.3.3. Members equally contribute to the capital of the CO-OP in accordance with these bylaws.

1.3.4. Autonomy and independence through a self-reliant, member-governed enterprise.

1.3.5. Education, training, and information so that members, directors, and employees can contribute to the development of the CO-OP and inform the general public about the nature and benefits of cooperation.

1.3.6. Strengthen the cooperative movement by working together through local, regional, national, and international alliances.

1.3.7. Concern for community by working to assure it thrives and is developed sustainably.

1.4 Fiscal Period. The fiscal period of the CO-OP shall be as adopted by the Board of Directors.

2. Membership

2.1 Eligibility and Admission.

2.1.1. Membership in the CO-OP shall be open and voluntary to any individual, association or corporation that supports the purposes and principles, that intends to make use of its services, and that accepts the responsibilities of membership. If any member is a non-natural person, then the member must identify in writing the natural person who is authorized to vote on behalf of the member. Membership may not be owned in joint tenancy.

2.1.2. Applicants shall be admitted to membership upon payment of minimum capital requirement, as determined from time to time by the Board of Directors, provided the applicant satisfies all other requirements of membership in these bylaws. Memberships are not transferable except as in accordance with these bylaws.

2.2 Accounting. Member capital payments shall be credited on the books of the CO-OP to capital accounts in the name of the member.

2.3 Transfer, Termination and Repurchase of Membership.

2.3.1 Any member desiring to withdraw his or her membership must first offer it in writing to the CO-OP which is authorized to redeem membership holdings. In no event shall redemption proceeds exceed the total of the withdrawing member's equity payment. The duration of the option of the CO-OP to repurchase shall be sixty (60) days, after which the member shall have the right to dispose of the membership to any person, subject to the approval of the transferee by a majority vote of the Board of Directors and as required by law. Transfers of the membership of this CO-OP shall not be binding until made upon its books. The Board shall make no purchase or redemption if it would impair the solvency of the CO-OP as set forth in NH law.

2.3.2 The Board of Directors shall have the right to terminate and redeem the membership of any member that has failed to meet the requirements of membership set forth in these bylaws and not cured such failure within thirty (30) days of written notice to the member at its address on record with the CO-OP. The notice shall state the particulars of the failure. Such member shall be entitled to be heard by the Board if such member so elects in writing within the aforementioned thirty (30) day notice period. If the Board terminates a membership, and any membership holding is not claimed within two (2) years following the aforementioned notice to the member, the Board shall have the right to redeem the membership, thereby canceling any membership, and may release the membership holding to the general reserve fund of the CO-OP, provided due notice and warning have been given in the public press and the laws of the State of New Hampshire have not been violated.

2.4 Lien on Member Holding and Loan Capital. The CO-OP shall have an absolute lien on the membership holding or loan capital, and on the interest due thereon, of any member for debts owed to the CO-OP by said member or subscriber.

2.5 Member Holding Non-assessable. No member may be held liable for the debts of the CO-OP beyond amounts credited towards such member's membership holding and the amount of any unpaid amounts due and payable to the CO-OP.

2.6 Limitations on Membership. No member less than 18 years of age shall be eligible to hold office in the CO-OP.

2.7 Membership Roll. A list of the members with their addresses shall be kept by the General Manager.

2.8 Presentation of Bylaws. A copy of these bylaws shall be made available to each member.

2.9 Rights of Members. Every member shall have a right to participate and to vote in regular and special meetings and to attend any open meeting of the Board of Directors or of a committee, as provided in these bylaws and the law of New Hampshire. The rights of members shall be understood to apply only to active members in good standing.

2.10 Loan Capital. The CO-OP may borrow money from its members or from non-members in such amounts and upon such terms, with respect to interest, maturity, security, and otherwise, as the Board may determine; provided, however, that no member may be required to lend money to the CO-OP.

2.11 Constructive Consent by Members.

By obtaining or retaining membership in the CO-OP, each member consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the CO-OP. In addition, by obtaining or retaining membership in the CO-OP, each member is required to accept all patronage dividends received from the CO-OP.

However, patronage dividends derived from purchases from the CO-OP attributable to personal, living or family items are excluded from taxable gross income under 26 U.S.C. 1385(b)(2).

2.12 Responsibilities of Members. Members shall abide by the CO-OP's certificate of organization, its by-laws, its rules and regulations, and by decisions of the membership and the Board of Directors. To maintain active membership, members shall be required to meet capital requirements set by the Board from time to time, and to make a purchase from the CO-OP within any twelve (12) month period. Members shall inform the CO-OP manager of any changes of name, address (which term shall include e-mail address) or other contact information.

Membership capital may be paid in one payment, or in payments as set by the Board. A member is considered active and in good standing when the full amount of the capital requirement is paid, or is being paid over a period of time provided that payments are made and up-to-date. A member who upholds these responsibilities is considered an active member in good standing.

3. Distribution of Net Savings

3.1 Determination of Net Savings. Within six (6) months after the end of each fiscal year a certified public accountant selected by the Board of Directors and having no financial interest in the CO-OP shall calculate net savings in accordance with NH law. The CO-OP shall use the total income minus the costs determined in accordance with generally accepted accounting principles.

3.2 Division of Net Savings. Following the close of each fiscal year the net savings for the year shall be calculated and distributed in the following manner and order:

3.2.1 At least 10 percent shall be placed in a reserve fund until the general reserve exceeds 30 percent of both the paid in and subscribed capital. Such fund may be funded through non-member purchases and may be used in the general conduct of the business. The paid-in and subscribed capital shall be defined as the dollar amount of membership capital. The amounts apportioned to the reserve fund may be allocated on the books of the association on a patronage basis.

3.2.2 The balance of the net savings, after deduction of reserves and income taxes thereon, may be allocated or distributed as patronage refunds in accordance with these bylaws or as otherwise allowed by law. If there are any funds remaining after distribution of patronage, the Board shall be authorized to allocate such funds to the reserve fund, apply such funds to lower fees charged members or otherwise use such funds to further the common benefit of the members.

3.3 Patronage Records. The Board of Directors shall determine a process by which accurate records may be kept of each member's and non-member's patronage of the CO-OP for the

purpose of determining patronage refunds and other purposes. The Board shall give sufficient notice in the CO-OP's publications and in the CO-OP's stores of the process to the CO-OP's members and non-members, as the Board may from time to time determine.

3.4 Manner of Distribution of Patronage Refunds. The patronage refund payable to each patron shall be that fraction of the total amount available for patronage refunds that the sum of the purchases actually made by the patron bears to the sum of all such purchases. The Board may pay patronage refunds in the form of merchandise certificates redeemable in trade with any store of the CO-OP. A member may decide that said patronage refund be paid in the form of credit toward purchase of additional membership holdings. Non-members may purchase goods from the CO-OP, and a non-member shall be entitled to patronage refunds only for credit towards purchase of membership in the CO-OP if such non-member presents receipts substantiating such claim, as further set forth in this section. If such non-member patron shall thereby become a member, such member shall be eligible for patronage refunds in any subsequent fiscal year. The CO-OP may defer payment of net savings that would otherwise be distributed to a member when the total amount distributed is de minimis (any amount less than 10 times the cost of a 1st class stamp) as set forth in NH law. The CO-OP may defer payment of patronage refunds as allowed by New Hampshire law.

3.5 Notice and Distribution: Patronage refunds shall be evidenced by written (which shall be understood to include electronic) notice of allocation delivered to recipient members within eight (8) months and fifteen (15) days following the close of the fiscal year. Each notice shall state the dollar amount of the patronage refund. All notices, except as otherwise provided in this article, shall be accompanied by checks or electronic transfers in amounts determined by the board.

3.6 Failure to Claim or Redeem: The cash/voucher, portion of any patronage refund distributed to a member may be used for the purchase of goods at the CO-OP, redeemed for cash, or donated to the CO-OP. The cash portion of a patronage dividend distributed to any member that is not claimed, used, redeemed or donated within ninety (90) days from issuance shall revert to the CO-OP as a donation without further notice to the member. Such cash portions of patronage refunds that are donated or that revert to the CO-OP as provided in this section shall be distributed and allocated as the Board may determine.

3.7 Dividends. No dividends shall be paid on membership holdings.

3.8 Allocation of Net Loss. In the event the CO-OP shall incur a net loss in any fiscal year, such loss shall be charged against retained net savings or reserve funds of the CO-OP. If the net loss exceeds such amounts, or in any event if the board so determines, the amount of such loss may be either carried forward to offset adjusted net earnings of subsequent fiscal years or allocated to members in the same manner as for adjusted net saving except that such allocation shall not exceed the total of invested capital. Any allocated net loss shall be charged first against retained patronage refunds of prior fiscal years and then against patronage refund allocations of subsequent fiscal years. Allocated net losses shall not otherwise be assessed to or collected from members.

3.9 Deferred Amounts: Each member shall have an internal capital account in his or her name. The surplus earnings of the company after paying taxes, interest on loans, and additions to the unallocated reserve shall be allocated to members as a patronage refund. Unless otherwise

decided by the board, the patronage refund shall be credited to the owner's internal account. At least 20% of each year's patronage allocation must be paid in cash to members.

4. Membership Meetings

4.1 Regular Meetings. Each year the annual meeting of the CO-OP shall be held within four (4) calendar months following the end of the immediately preceding fiscal year. The purpose of the annual meeting shall be to hear the reports on operations and finances, to review any important policy issues and other matters that vitally affect the CO-OP, to elect directors, to make available the full audit report and to conduct such business as may properly come before the meeting.

4.1.1 Special meetings. Special meetings may be called by a majority vote of the Board of Directors. Special meetings must be called by the secretary within thirty (30) days whenever a petition for a special meeting is signed by ten percent (10%) of the members and presented to the Board.

4.1.2 Meeting Notice and Agenda. Notice of membership meetings shall be provided to all members at their last known address at least ten business days in advance. The notice for any regular or special meeting shall include the proposed agenda of the meeting and a complete description of any issues that will be voted upon by the members. Decisions on issues not included in the notice of meeting shall be of an advisory nature only.

4.1.3 All Meetings. For the purposes of these bylaws, a membership meeting (meeting of the CO-OP; meeting of the members), including the annual meeting, shall last for a minimum period to be determined by the Board and stated in the notice, but no more than thirty (30) days, during which period ballots may be cast as provided in these bylaws. All meetings shall provide for an assembly of members (of more limited duration) in person to receive the report(s) of the CO-OP. The duration of a meeting and the date, time, and place of the assembly of members shall each be determined by the Board.

4.2 Quorum. At any annual or special members' meeting, a quorum necessary for the transaction of business shall be fifty (50) members. In determining a quorum at a meeting, on a question submitted to a vote by mail, members present in person or represented by mail vote shall be counted. The attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members present in person or by mail ballot at the meeting.

4.3 Rights and Limitations of Membership. Members have the right and responsibility to elect directors and to enact and amend the bylaws and amend the certificate of organization of the CO-OP as provided in these bylaws or the certificate of organization.

4.4 Member Voting. Except as expressly provided in these bylaws, the certificate of organization or as required by law, the majority vote of the members voting shall decide all matters on the agenda for vote by the members. Action on all matters including election of directors, where members are present in person, may be by voice, hand or written ballot as determined by the President of the Board of Directors. At the discretion of the Board, absentee ballots may be made available to be picked up by members at designated locations. Ballots shall be mailed (in paper or electronic media) to each member and returned by mail or by hand to the location designated (in any case the ballot is to be received by the secretary of the CO-OP by the date specified) or at the designated membership assembly. Each member shall have one vote on all member voting occasions, and never more than one vote and there shall be no voting by

proxy. Ballots shall be mailed out to members (or made available for pick up) at least ten (10) business days prior to the beginning of the meeting. To be counted, ballots must be received by mail, by deposit at designated sites within the stores or at the assembly of members, or by electronic means, as set up for that purpose, by a time clearly stated on the ballot. To be counted, a ballot must also meet certification standards set by the Board to ensure confidentiality, authenticity, and validity.

4.5 Conduct of Meetings. Except where the bylaws and certificate of organization otherwise provide, Robert's Rules of Order, as revised, shall govern.

5. Board of Directors

5.1 Composition of the Board and Election of Officers. The administration of the CO-OP shall be vested in a Board of Directors. Only members of the CO-OP may serve on the CO-OP's Board of Directors. The board shall consist of nine (9) members, or such other greater number as may be designated from time to time by resolution of a majority of the entire Board of Directors. Director's three-year terms shall be staggered so as to provide continuity. Nomination of directors shall be in accordance with Section 6.3 of these bylaws. No Director may serve more than three (3) consecutive terms. Directors shall be elected by the membership during the annual meeting of the CO-OP. After the conclusion of the voting by the membership for the Board, the directors shall elect the officers within a timely manner before the next Board meeting from among the members of the Board. The officers shall be the president, vice president, secretary, and treasurer. Directors and officers shall serve until their successor is elected and qualified, as provided by law, these bylaws, or the certificate of organization.

5.2 Eligibility. Employees of the CO-OP and members of any employee's household may not run for or serve on the board during such employment and for a period of two (2) years after such employment terminates.

5.3 Responsibilities of the Directors and Disqualification of Directors; Resignation and Removal. Directors shall be responsible at all times for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of the CO-OP and with the care that an ordinarily prudent person in a like position would use under similar circumstances. The term of office of a director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a director upon written notice of resignation to the CO-OP; or (ii) involuntarily by decision of two-thirds of the remaining directors for breach of duty, conduct contrary to the CO-OP or failure to follow Board policies, provided that the director subject to removal is given the opportunity to speak and be heard at such meeting as to why action for removal should not be taken.

5.4 Vacancies. The Board may fill by appointment any board vacancy and such an appointee shall hold office for the remainder of the term.

5.5 Duties. The Board shall administer all business carried on by or on account of the CO-OP. Regular meetings of the Board, on the call of the president and with due notice to the directors and members, shall be held at least quarterly. A majority of directors shall constitute a quorum. The directors may arrange themselves into committees. Any member of the CO-OP may attend any meeting of the Board or of a Board committee as an observer, and may upon invitation of the

Board or committee chair participate in its discussions, except during executive sessions. The Board or Board committee may declare executive session solely for discussion of a specified subject by a vote of at least five (5) directors in the case of a Board meeting or by a majority of the committee members present in the case of a committee meeting, and the chair may disallow attendance by non-director members (or non-committee members, as the case may be) at such executive session. All binding decisions of the Board and its committees shall be made by recorded votes in open sessions. The Board shall convene the membership meetings of the CO-OP. The president or any four (4) directors may call a special Board meeting by giving two (2) days' written notice to the full Board, specifying the object thereof. At the discretion of the president, when necessary to transact urgent business, special meetings of the board may be conducted by electronic means. Directors must otherwise be present to vote or otherwise to participate in meetings of the board. Any action required or permitted to be taken at a meeting of the board may be taken by written or electronic action signed by a majority of the directors. The written action is effective when signed by a majority of the directors, unless a different effective time is provided in the written action.

The Board shall act for the CO-OP and be responsible for:

- 5.5.1.** Engaging a general manager of its business and determining his or her duties and compensation.
- 5.5.2.** Insuring that the business is conducted in accordance with these bylaws and that the purpose and the principles of the CO-OP are carried out.
- 5.5.3.** Overseeing the financial condition of the CO-OP.
- 5.5.4.** Securing the soundness of the business of the CO-OP by providing that all officers and employees having custody of the funds or goods shall each give sufficient bond consistent with state law.
- 5.5.5.** Providing good conditions of employment in the service of the CO-OP, and for requiring efficiency, faithfulness, and diligence on the part of the staff.
- 5.5.6.** Maintaining a direct and vital connection with other cooperative organizations.
- 5.5.7.** Fostering a spirit of enthusiasm for cooperative effort, in the staff and among the members of the CO-OP, and for encouraging them to identify themselves with every good feature of cooperative endeavor.
- 5.5.8.** Determining special committees of the CO-OP and designating their chairmen, who shall select the additional members of such committees, subject to the approval of the board. Such committees of the CO-OP shall serve for one year unless otherwise specified.

5.6 Indemnification. The CO-OP shall indemnify or reimburse its current and former directors and officers for all claims and liabilities including reasonable expenses and attorney's fees, to which they may be subject by reason of their positions with the CO-OP or by reason of service as a director or officer of another corporation at the request of the CO-OP. Indemnification or reimbursement shall not, however, be made if it is determined that such persons did not act in good faith or in the reasonable belief that their actions were in the best interest of the CO-OP. If this determination is not made in a legal proceeding related to the claim, it may be made by a quorum of disinterested directors. If not made or able to be made by either, the determination shall be made by independent legal counsel. Indemnification payments and payment of expenses shall be made only in such increments and at such times as will not jeopardize the ability of the CO-OP to pay its other obligations as they become due. The foregoing shall not be exclusive of

any other rights to which directors and officers may be lawfully entitled. The Board shall have the authority to procure insurance to protect current and former board members, officers, employees and agents of the CO-OP against the foregoing risks.

6. Duties of Officers, Committees and General Manager

6.1 Officers. The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business and may include, but shall not be limited to, a president, one or more vice presidents, a secretary and a treasurer

6.2 Finance Committee. The Board of Directors convened as a committee of the whole, shall serve as the finance committee of the CO-OP to the extent such a committee may be required by law.

6.3 Nominating Committee. The duties of the nominating committee shall be to present a slate of candidates to fill vacancies on the Board and to encourage a contest. The Board shall elect the chair of the nominating committee from among the members of the Board and shall appoint additional members to the committee from among the members of the CO-OP in sufficient number and of such capability and diversity, as to carry out an effective election process. The chair shall serve in such capacity for a term of one (1) year or until his/her successor is duly elected and qualified. Subject to the provisions of these bylaws, any member may volunteer to be considered as a candidate for the Board by submitting his or her name and a statement of interests and qualifications to the chair of the nominating committee. The inclusion of such a member on the slate of nominees nominated by the nominating committee shall be at the Board's discretion. In addition, a member has the right to be nominated by petition of at least 50 eligible-to-vote CO-OP members. This petition must be submitted to the chair of the nominating committee in time for candidate information to be included in the annual report, which is mailed (or made available electronically) to all members. Such a candidate will be identified in the roster of candidates as being nominated by petition in contrast to candidates nominated by the nominating committee.

7. Dissolution. In the event of dissolution of the association, the assets, after payment of the association's debts and expenses, shall be distributed in the following manner:

I. The par value or book value, whichever is lower, of the membership certificates or holdings shall be returned to the members. Amounts paid on subscriptions shall be returned to subscribers. The amounts allocated in distribution of net savings under RSA 301-A:28 shall be returned to those members entitled to them.

II. Any surplus remaining after the distributions in paragraph I may be distributed as a contribution to one or more cooperative associations or other nonprofit associations that may best further the purposes and mission of the CO-OP and to which contributions are deductible from income tax under current Internal Revenue Service regulations.

8. Amendments. Amendments to the certificate of organization may be proposed by a 2/3 vote of the board of directors or by petition of 10 percent of the association's members. Notice of the meeting to consider the proposed amendment shall be sent by the secretary at least 30 days prior to such meeting to each member at his last known address, accompanied by the full text of the proposal and by that part of the certificate to be amended. Such amendment may be adopted by 2/3 of the members voting. Bylaws shall be amended by at least a majority vote of members

casting ballots.

9. Interpretation. The Board of Directors shall have the power, with or without advice of legal counsel, to interpret these bylaws, apply them to particular circumstances and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these bylaws.

10. Severability. In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.