

Franklin Community Cooperative Corporation Bylaws

Article 1 Name and Purpose

Section 1. We, the undersigned, do hereby constitute ourselves a cooperative corporation, under the name of Franklin Community Cooperative Corporation, hereinafter referred to as "the Co-op," organized under the Massachusetts General Law Chapters 156B and 157.

Section 2. Our purpose is to sell quality food and other goods to members and the general public, and to educate people about good nutrition, quality food, with awareness of its sources and cooperative management.

Article II Membership

Section 1. Membership is open to Massachusetts residents age 18 or older without prejudice.

Section 2. Membership is established by investment in the Co-op. Members invest by purchasing one or more shares of stock. The amount of investing required of members may be changed from time to time depending on the capital needs of the Co-op, and is set by a majority vote of the stockholders at a membership meeting. Members may invest more than the minimum requirement up to the limit set by Massachusetts law. Policies regarding discount structure, working requirements, and payment plans for investment requirements shall be set by the Board of Directors.

Section 3. The interests of all members in the assets of the corporation shall be equal. Each member shall have one vote.

Section 4. A shareholder may relinquish membership in the Co-op by selling her/his share(s) of stock back to the co-op at the price at which it was purchased.

Section 5. Outstanding shares of stock of any class cannot be sold or traded to any person or entity other than the Franklin Community Cooperative Corporation.

Article III Distribution of Profits

Section 1. At least every twelve months, the Board of Directors shall determine if any remaining profits are available for distribution to shareholders and/or employees.

Section 2. No distribution of profits shall be made unless at least ten percent of the net profits in any given year are first appropriated for a contingency of sinking fund until the contingency or sinking fund reaches an amount equal to 30 percent of the capital stock issued and outstanding.

Section 3. Any policy for the distribution of profits to shareholders and/or employees must be approved by a majority vote of the Board of Directors at a regular board meeting.

Article IV Membership Meetings

Section 1. There shall be an annual meeting of the general membership no later than six months following the end of the fiscal year. Date, time, and place for the meeting will be posted in the store at least 30 days prior to the date of the meeting. Written notice of the place, date, time, and purpose of the meeting shall be given to the shareholders at least seven days before the meeting by leaving such notice at the residence or usual place of business of each shareholder, or by mailing it, postage prepaid, to the address of the shareholder as it appears in the records of the corporation. A quorum shall be no less than five percent of the membership. All decisions shall be made by majority vote, each shareholder having one vote.

Section 2. A special general meeting may be called by the Board of Directors or by petition of no less than ten percent of the members of the Co-op. A quorum shall be no less than five percent of the membership. Date, time, and place for the meeting will be posted in the store at least 30 days prior to the date of the meeting. Written notice of the place, date, time, and purpose of the meeting shall be given to the shareholders at least seven days before the meeting by leaving such notice at the residence or usual place of business of each shareholder, or by mailing it, postage prepaid, to the address of the shareholder as it appears in the records of the corporation.

Section 3. As provided by Massachusetts General Law Chapter 156B, Section 41, members may vote in person or by proxy. Proxies must be in writing and dated within six months prior to the meeting.

Article V Board of Directors

Section 1. The administration of the cooperative corporation shall be delegated to a Board of Directors consisting of no more than eleven members. Directors shall be elected for two-year terms. The terms of office of the directors shall be staggered so that one-half of the terms shall expire each year.

Section 2. Nominations for the directors shall be made by petition signed by at least three members of the Co-op. Adequate notice to membership of nomination deadline shall be posted in the store at least sixty days prior to the annual meeting. All nominations must be submitted to principal office of the Co-op at least 30 days prior to the annual meeting. Names of nominees shall be given to shareholders along with the agenda of the meeting at least seven days prior to the meeting. Any nominee must have been a member in good standing of the Co-op for at least four months prior to the election.

Section 3. Employees shall be eligible as Directors. No more than two employees shall serve as Directors at one time. When the Board is discussing personnel issues, employees may participate in the discussion but shall not vote.

Section 4. A Board member may resign at any time by submitting a written resignation. The resignation shall take place immediately without acceptance.

Section 5. Incompetence, unwillingness, and/or fraud shall be cause for removal of a Board member, or of an officer from his/her position. This may include lack of attendance at three consecutive Board meetings. A decision to remove a Board member or officer must be made by a majority vote of the Board, after the person in question has been notified in writing of the intent of the Board to vote, and has had adequate time to respond and to be heard by the Board.

Section 6. In case of vacancy other than expiration of a term when there are two or more months until the annual meeting, the remaining members of the Board of Directors may, at their discretion, fill the vacancy. The Board shall elect the new member by a majority vote, after notifying the membership that it is actively recruiting a new member. Any nominee must have been a member in good standing of the Co-op for at least four months prior to the vote of the Board of Directors (see above).

Article VI Officers

Section 1. The Board of Directors shall elect officers from among its own members to serve for one-year terms. No employee shall serve as an officer. The officers shall be president, clerk, and treasurer.

A. The president shall ensure Board of Directors' meetings occur on a regular basis, and general membership meetings occur when so petitioned. The president shall be authorized to sign contracts and other legal documents as necessary.

B. The clerk shall lead the Board in its responsibility to conduct its organizational business in compliance with the Massachusetts General Laws under which the organization is incorporated. The clerk shall ensure minutes are taken at all Board of Directors' and general meetings, and that they are filed at the Co-op and posted in the store. The clerk shall also ensure the completion and filing of the Massachusetts Corporation Annual Report with the

Secretary of State. The clerk shall post or designate someone to post in the store the agenda, time, and place for all meetings at least a week prior to the next meeting.

C. The treasurer shall lead the Board in its oversight of the financial activity of the organization. The treasurer shall be authorized to sign checks, tax returns, and other legal documents. The treasurer shall give a treasurer's report at Board meetings, as necessary, and at the annual meeting.

Article VII Executive Committee

Section 1. The Board of Directors may designate as Executive Committee to exercise interim or other stated authority of the Board except as to matters involving long-range policies. The Executive Committee shall not operate to relieve the Board of general supervisory responsibilities in the management of the Co-op.

Section 2. The Executive Committee shall be designated at the first Board meeting following the annual meeting, and shall consist of four directors, including the president and the treasurer of the Board. The Executive Committee, in an emergency (as designated by the president) will meet and make decisions by consensus. All such emergency decisions shall be reported to and reviewed by the Board of Directors at its next meeting.

Article VIII Board of Directors' Meetings

Section 1. The Board of Directors shall meet at least bimonthly, and more often if necessary. Meetings will be called by the president or by someone delegated by the president. A quorum shall be fifty percent of the members of the Board. Each director shall have one vote. Decisions shall be made by a majority vote. Any Co-op member in attendance may vote and shall have one vote. In the case that a vote is against that of a majority of directors present, the matter shall be referred to the next Board meeting for decision. In the case that the decision is against the majority of the Board present at that second meeting, the matter shall be referred to a meeting of the general membership for decision.

Section 2. Upon petition of ten members of the Co-op any decision of the Board of Directors shall be reconsidered at the next regularly scheduled meeting of the Board.

Section 3. The agenda for each Board meeting will be posted in the store at least a week prior to the next Board meeting. Any member of the Co-op may suggest an item to be discussed at a Board meeting by presenting the item in writing to the Board at least two weeks prior to the next Board meeting. The item will be placed on a meeting agenda as deemed appropriate by the Board.

Article IX Employees

Section 1. The Board of Directors shall hire a General Manager who is responsible for the day-to-day operations of the store.

Section 2. The Board of Directors shall set up a Personnel Committee to review employee policy, evaluate the General Manager's performance, and to make recommendations to the Board. The Board, in conjunction with its Personnel Committee, the staff, and the General Manager, will set up a written Personnel Policy designating employees' rights and responsibilities.

Article X Indemnification

Section 1. Reference is made to Section 67 and any other relevant provisions of the Business Corporation Law of the Commonwealth of Massachusetts. The class of persons, hereinafter called "indemnities," who may be indemnified by a Massachusetts corporation pursuant to the provisions of such Section 67, shall be any person, or the heirs, executors, or

administrators of such person, who was or is a party of is threatened to be made a party to any threatened, pending, or completed 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 of such corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. The corporation shall, and is obligated to, indemnify the Indemnitees, and each of them, in each and every situation where the Corporation is obligated to make such indemnification pursuant to the aforesaid statutory provisions. The Corporation shall indemnify the Indemnitees, and each of them, in each and every situation where, under the aforesaid statutory provisions, the Corporation is not obligated, but is nevertheless permitted or empowered, to make such indemnification, it being understood that, before making such indemnification with respect to any situation covered under this sentence, (1) the Corporation shall promptly make or cause to be made a determination as to whether each Indemnitee acted in good faith and in a manner he or she reasonable believed to be in, or not opposed to, the best interests of the Corporation, and, in the case of any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful, and (2) that no such indemnification shall be made unless it is determined that such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, in the case of any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Article XI Dissolution

Section 1. The corporation shall dissolve when the general membership votes for its dissolution by a majority vote.

Section 2. Assets remaining after paying all debts and liabilities shall be distributed by the provisions of Massachusetts General Laws, and by the membership's wishes, by majority vote at a general meeting.

Article XII Amendments of Bylaws

Section 1. Amendments to bylaws can be introduced by the Board of Directors or a petition or ten percent of the membership, to be voted and approved at a general membership meeting, by a majority vote.

Article XIII Acceptance of Bylaws

Section 1. These articles shall become binding and effective when they are accepted at a meeting of the general membership, by a majority vote.

(As amended and approved at the annual meeting of the corporation, February 1997)