

Franklin Community Cooperative Corporation Bylaws (3.7.21)

Article I 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. Chapter 157 is the set of statutes that applies specifically to co-ops, as opposed to the more general corporate law codified in 156B. Wherever there is a conflict between the two, Chapter 157 supersedes.

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 natural people, 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 amending the Articles of Organization. Per MGL157, Section 15, this requires a $\frac{3}{4}$ supermajority vote at a membership meeting. Also per MGL157, Section 15, when vote by mail or online voting is used, this $\frac{3}{4}$ vote is only valid when ballots are cast by at least $\frac{3}{5}$ of total stockholders. The need to meet this $\frac{3}{5}$ threshold can be avoided by holding a special general meeting, in accordance with the procedure set forth in Article IV, Section 2. 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.

a. Sales of Alcoholic Beverages: Any profits that accrue from the sale of alcoholic beverages must be accounted for separately from profits that accrue from other sales and those profits cannot be used to distribute to members or to reduce costs to members. All alcohol sales shall be available to the public without discrimination. Special discounts to members will not apply to the sale of beer and wine, however, any discounts that are available to the general public can apply to cooperative members.

Section 3. The interests of all members in the assets of the corporation shall be equal. Each member in good standing shall have one vote. A member is considered to be in good standing when they are current on their payment plan towards a member equity share, when their equity share is paid in full, or when they are on a need-based deferred payment plan.

Section 4. A shareholder may relinquish membership in the Co-op by selling their 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.

Section 4. Patronage Dividends

A. Allocations to members. The cooperative shall allocate and distribute to members the net profits from business done with them in such a manner as to qualify them as patronage dividends consistent with cooperative principles, applicable to state and federal laws and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made, including but not limited to the issuance of store credit vouchers in lieu of refund checks. Members shall have the right to redeem such store credit voucher for a refund check in accordance with procedures determined by the Board.

B. Consent of Members. By obtaining or retaining membership in the Cooperative, each member consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage refund received from the Cooperative. Each member also agrees that if their patronage refund check or voucher is not redeemed within 90 days of the date on which it was issued by the Cooperative, such member shall be deemed to have waived their patronage refund and the Cooperative shall have the right to make a contribution in the name of that member to support organizations aligned with the cooperative's purpose, in a manner as may be directed by the Board from time to time.

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 the lesser of 100 members or 5% of the membership, where quorum is defined as members in attendance and legally valid proxies. All decisions shall be made by majority 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 the lesser of 100 members or 5% 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. If the special general meeting is called for the purpose of changing the Articles of Organization, such meeting shall conduct voting by in-person balloting only (including paper proxy ballots), and the proposed changes to the Articles of Organization will be enacted only upon approval by 3/4 of the members in attendance (including proxies), in accordance with MGL 157, Section 15.

Section 3. As provided by Massachusetts General Law Chapter 157, Section 13, the Board will choose to conduct elections using in-person voting, voting by mail (including online voting, which is the legal equivalent), voting by proxy, or by a combination thereof. Proxies, when in use, must be in writing and dated within six months prior to the meeting. Voting by proxy is available only when voting by mail (including online voting) is not in use.

Article V Board of Directors

Section 1. The administration of the cooperative corporation shall be directed and controlled by a Board of Directors consisting of no more than eleven members. Directors shall be elected for three-year terms. The terms of office of the directors shall be staggered so that one-third of the terms shall expire each year. Directors may serve no more than two consecutive three-year terms.

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 matters in open session, employees may participate in the discussion but shall not vote. When the Board is discussing personnel matters in executive session, employee Directors shall not be present.

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 their 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. The Board of Directors may also elect from among its own members a vice president who shall perform the duties of president in their absence and shall, as requested, assist the president in the performance of their duties.

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 an 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. Any Co-op member present and in good standing may vote and shall have one vote. Decisions shall be made by a majority vote. In the case that the combined vote of members and Directors is against that of the majority of Directors present, the matter shall not be considered decided and shall be referred to the next Board meeting for decision. In the case that the combined vote is against the majority of the Board present at that second meeting, the matter remains undecided and shall be referred to a meeting of the general membership for decision.

Section 2. Upon petition of 1.5% of Co-op members, any decision of the Board of Directors shall be reconsidered at the next regularly scheduled meeting of the Board. Those signing the petition must be in good standing.

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 review employee policy and evaluate the General Manager's performance. Staff shall have input regarding personnel policy designating employee's rights and responsibilities.

Article X Indemnification

Section 1. The cooperative corporation shall indemnify and hold harmless all directors, officers, employees and other agents of a corporation, and persons who serve at its request as directors, officers, or other agents of another organization, to the extent permitted by M.G.L.c. 156B, s.67, as amended. Such indemnification shall include payment by the corporation of expenses incurred in defending a civil or criminal action or proceeding in advance of the final disposition of such action or proceeding, upon receipt of an undertaking by the person indemnified to repay such payment if they shall be adjudicated to be not entitled to indemnification under this section which undertaking may be accepted without reference to the financial ability of such person to make repayment. Any such indemnification shall be provided although the person to be indemnified is no longer an officer, director, employee, or agent of the corporation or of such other organization or no longer serves with respect to any such employee benefit plan.

No indemnification shall be provided for any person with respect to any matter as to which they shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that their action was in the best interest of the corporation.

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 of 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, March 2021)

Finance Committee Charter (1.13.21)

Approved 8/26/15; Amended 1/22/20; Amended 1/13/21

Purpose

This standing committee's role is to support the treasurer who ensures that the board creates