

# Bylaws

## 1. Organization

**1.1 Name.** The name of this organization shall be the Monadnock Community Market Cooperative, Inc, a corporation in the State of New Hampshire and hereafter referred to as the CO-OP.

**1.2 Purpose.** The CO-OP is organized as a New Hampshire non-profit 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 gender, social, racial, political, or religious discrimination.

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

**1.3.3.** Members 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.

## 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 accept 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 equity requirement, as determined from time to time by the board, 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 equity 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 through the board of directors, which is authorized to redeem membership holdings. In no event shall redemption proceeds exceed the total of the 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 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 association 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-day notice period. If the board terminates a membership, and any member equity is not claimed within five (5) 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 equity 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 Equity and Loan Capital.** The CO-OP shall have an absolute lien on the membership equity or loan capital, and on the interest due thereon, of any member for debts owed by said member or subscriber to the CO-OP.

**2.5 Member Equity Non-assessable.** No member may be held liable for the debts of the CO-OP beyond amounts credited towards membership equity 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, to attend any meeting of the board or of a committee, and to share in the distribution of net savings as provided in these bylaws and the law of New Hampshire.

**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.** In order that patronage refunds shall qualify as federal income tax deductions for the CO-OP, its members must be deemed to have given their consent to the following treatment of these funds. Each person who hereafter is accepted to membership in CO-OP, and each member of this cooperative on the effective date of these bylaws who thereafter continues as a member shall, by that act alone, be deemed to consent that the amount of any distributions which are made in written notice of allocation (as defined in 36 U.S.C. 1388) and which are received from the CO-OP, will be taken into account at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation are received.

**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. To maintain active membership, members shall be required to meet equity 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.

### **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 and having no financial interest in the CO-OP shall calculate net savings in accordance with NH law.

**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** An amount equal to the percent of sales not represented by member purchases shall be allocated to the reserve fund, but not less than 10% of the net savings, contributions from individuals, confiscated capital of removed members, and any other funds appropriated to it by action of the board or the general membership meetings and an appropriate portion of the net savings shall be set aside for the payment of income taxes on the amount so allocated. In the event that said reserve fund exceeds 30% of both the paid-in and subscribed capital determined as of the end of the fiscal year, then the board shall determine the annual allotment to the reserve fund. The reserve fund shall be used in

the general conduct of the business. The reserve fund shall be the indivisible property of the CO-OP as a whole and shall not be depleted by payment of patronage refunds.

**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 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 members.

**3.3 Patronage Records.** The board 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 equity. Members shall have the right to waive any patronage refunds to which they are otherwise entitled. 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 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 1<sup>st</sup> 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 months and fifteen 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 Dividends.** No dividends shall be paid on membership equity.

**3.7 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.

**3.8 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 full board and must be called by the secretary within thirty (30) days whenever a petition for a special meeting is signed by ten (10) percent of the members (but not less than fifty (50) 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 chair 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 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, before the end of the meeting. 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.** Only members of the CO-OP may serve on the board. The administration of the CO-OP shall be vested in a board of directors. During the first fiscal year the board shall consist of not less than five (5) members and thereafter the board shall consist of nine (9) members whose three-year terms shall be staggered so as to provide continuity. 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 and the chair of the nominating committee 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 association.

**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.** Directors of the CO-OP shall take care to properly discharge their responsibilities to the CO-OP. If, in the opinion of a majority of the full board, there is a reasonable demonstration that any director is not properly discharging his or her responsibilities to the CO-OP, that director may be removed from the board by a vote of two-thirds of the full board (not including the director alleged not to be properly discharging his or her responsibilities to the CO-OP). Alternatively, a majority of the full board (not including the director alleged not to be properly discharging his or her responsibilities to the CO-OP) may call a special meeting of the members to consider and decide whether that director should be removed from the board.

**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 directors may call a special board meeting by giving two days' written notice to the secretary, 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 telephone. 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 action signed by all of the directors. The written action is effective when signed by all 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 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. 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, officer, employees and agents of the CO-OP against the foregoing risks.

## **6. Duties of Officers, Committees and General Manager**

**6.1 President.** The president shall preside at all membership and board meetings, sign and execute (or provide a signature for facsimile reproduction) with the treasurer all membership certificates, sign such other documents as required in behalf of the CO-OP, and shall perform any other duties required by the board. All contracts not executed by the general manager in the ordinary course of business shall be signed by the president and countersigned by the secretary or another member of the board.

**6.2 Vice-President.** The vice-president shall perform the duties of the president when the president is unable to do so. Should the president and the vice-president both be absent from a membership or board meeting, the officers and directors present shall elect one from among themselves to chair the meeting.

**6.3 Secretary.** The secretary shall attend all meetings of the membership and the board and be responsible for recording the names of all directors present, all votes and proceedings of each meeting, and the minutes of their proceedings, or designate such a person to do so. All contracts approved and entered into by the board shall be countersigned by the secretary or another member of the board. The secretary shall be responsible for all correspondence, and keep the records, documents and other papers of this CO-OP in such a manner and for such purposes as the board may require.



**6.4 Treasurer.** The treasurer shall attend all meetings of the membership and of the board; shall sign (or provide a signature for facsimile reproduction) with the president all membership certificates; shall review with the board at least quarterly a statement of income and expense and a balance sheet.

**6.5 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.

**6.6 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 year or until his/her successor is duly elected and qualified. The board shall provide the various committee chairs of the CO-OP with the names of members who may be qualified to serve on their committee.

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 nominating committee'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.

**6.7 General Manager.** The general manager is directly responsible to the board for the administration and supervision of the business of the CO-OP.

## **8. Amendments**

The certificate of organization may be amended by a two-thirds vote of the members voting at a regular meeting of the members. A committee, appointed by the president with the approval of the board, shall review all proposed amendments in order to render their wording consistent with the laws of the State of New Hampshire governing consumer cooperatives.

At least thirty (30) days before the voting period called to consider an amendment, the proposed amendment shall be mailed to all members of the CO-OP together with explanation of the manner and time by which votes must be submitted.