

This is a draft copy of Springfield Coop Bylaws & has been reviewed by the Coop's lawyers and in Member Bylaw Forum on May 31. Any additional comments should be submitted to the Board of Directors no later than June 5, 2017

Article I MEMBERSHIP

CURRENT 1.1 NO CHANGE

Eligibility. Membership in the Co-op shall be open to any individual or organization who wishes to patronize and support the Co-op and abide by these bylaws. Organizational members must be nonprofit groups or be organized on a cooperative basis. Any individual or organization becoming a member shall be provided a copy of these bylaws upon request.

CURRENT 1.2 NO CHANGE

Admission. An applicant will be admitted to membership upon submitting an application form and paying a minimum amount toward purchase of a membership share, each of which shall be in such form and amount as may be prescribed by the Board of Directors.

CURRENT 1.3

Responsibilities. Each member shall contribute to the capital needs of the Co-op through purchasing one \$85 membership voting share. Each member may also contribute to the operational needs of the Co-op through contributions of her or his labor or services to the extent determined by the Board of Directors. The Board may waive in whole or in part capital contributions.

PROPOSED 1.3

Responsibilities and Rights. Each member shall contribute to the capital needs of the Co-op through purchasing one \$85 membership share. Members shall keep the Cooperative informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. Member shall also patronize the cooperative at least once in a ten year period. A member who upholds these responsibilities is considered an active member in good standing. Members have the right to elect the Cooperative's Board, to attend meetings of the Board, to receive notice of and attend membership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. Each member shall have one vote and no more on all matters submitted to members. The rights of member shall apply only to active member in good standing. All rights and responsibilities of member are subject to applicable state law, the bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.

Explanation/Discussion:

Identify an active member in good standing. Keep coop informed of contact info. This is an update based on current templates and defining the active period is a policy change.

Section 1.4 NO CHANGE

Access to information. Members shall be provided reasonably adequate and timely information, as to the organizational and financial affairs of the Co-op. Members shall be provided access to financial information of the Co-op for a proper purpose and at a reasonable time.

Section 1.5 NO CHANGE

Settlement of disputes. In any dispute between the Co-op and any of its members or former members which relates to normal membership transactions and which cannot be resolved through informal negotiations, it shall be the policy of the Co-op to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually agreeable settlement. Members are encouraged to cooperate in this process.

Section 1.6 NO CHANGE

Termination. Membership may be terminated voluntarily by a member at any time upon notice to the Co-op. Membership may be terminated for cause, including willful violation of these bylaws, by the Board of Directors after a fair hearing at which the member is given the opportunity to speak and present evidence in her or his behalf. Upon termination of membership for any reason, all rights and interests in the Co-op shall cease except for any rights to redemption of capital under Article VI of these bylaws.

Article II MEETING OF MEMBERS

Section 2.1 NO CHANGE

Annual meeting. An annual meeting of members shall be held within the first calendar quarter of each fiscal year, whenever practical, and at a place convenient to members. The time and place of the meeting shall be determined by the Board of Directors. The purposes of the meeting shall be to hear reports on the operations and finances of the Co-op, to elect directors and to conduct such other business as may properly come before the meeting.

Section 2.2 NO CHANGE

Special meetings. Special meetings of members may be called by the Board of Directors. A special meeting shall be called within eight weeks of receipt of petitions of not less than ten percent of the members of the Co-op which specifically state the appropriate business to be brought before the meeting.

CURRENT Section 2.3

Notice. Written notice of the time and place of any meeting of members, together with a statement of the purposes of such meeting, shall be sent to each member not less than fourteen days before the date of the meeting. Notice shall be electronically sent, if possible, except that notice shall be sent by U.S. postal service or its equivalent to any member that has elected to receive notice of member meetings by mail.

PROPOSED 2.3

Notice. Written notice of the time and place of any meeting of members, together with a statement of the purposes of such meeting, shall be sent to each member not less than fourteen days before the date of the meeting. Notice shall be electronically sent, if possible, except that notice shall be sent by U.S. postal service or its equivalent to any member that has not elected to receive electronically.

Explanation:

This cleans up and clarifies current language.

CURRENT Section 2.4

Quorum. The presence of twenty members or ten percent of all members, whichever is lesser, shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of members.

PROPOSED Section 2.4

Quorum. At any meeting of the members, or for any vote of the members, a quorum necessary for decision-making shall be 10% of the total number of member or 50 members, whichever is less.

Explanation:

This cleans up/clarifies current language. We received feedback from our member survey that members preferred to participate via email or in store. The Board proposes that votes are done by ballot, not at annual meetings. This will help increase participation in voting by membership it will also extend the period allowed for voting. This is a policy change.

CURRENT Section 2.5

Voting. Each member shall have one vote on all matters submitted to a vote of members. Proxy voting shall not be permitted. Voting by absentee ballot may be authorized by the Board of Directors provided the issues for decision are fully stated in the notice of the meeting. All issues shall be decided by a majority of members voting except where a higher percentage is required by law or by these bylaws. Decisions on issues which are not included in the notice of the meeting shall be of an advisory nature only.

PROPOSED Section 2.5

Voting. Each member shall have one vote on all matters submitted to a vote of members. Proxy voting shall not be permitted. Voting by absentee ballot may be authorized by the Board of Directors, provided the issues for decision are fully stated in the notice of the meeting. Unless otherwise specified in these bylaws, notice of the vote shall be posted in a conspicuous place at the Cooperative and communicated by written notice delivered to members' postal or electronic address not less than 14 days prior to the end of the election period. All issues shall be decided by a majority of members voting except where a higher percentage is required by law or by these bylaws. Decisions on issues which are not included in the notice of the meeting shall be of an advisory nature only.

Explanation:

This cleans up current language.

Section 2.6 NO CHANGE

Issues submitted by members. Notices of a meeting of members shall include any appropriate issues submitted by petition of not less than two percent of members. Petitions must be received at the office of the Co-op not less than one month before the date of the meeting.

Article III BOARD OF DIRECTORS

Section 3.1 NO CHANGE

Powers and duties. Except as to matters reserved to membership by law or by these bylaws, the business and affairs of the Co-op shall be directed and controlled in the interests of members by the Board of Directors (sometimes referred to in these bylaws as “the Board”). The powers and duties of the Board shall include, but not be limited to, engaging a general manager and monitoring and evaluating her or his performance, overseeing the operations of the Co-op, ensuring fiscal controls, ensuring good conditions of employment and assuring that the purposes and aims of the Co-op are properly carried out.

Section 3.2 NO CHANGE

Number and qualifications. The Board shall, whenever possible, consist of nine persons but shall in all cases consist of at least five persons. All directors must be members of the Co-op.

Section 3.3 NO CHANGE

Nomination. Candidates for director positions shall be nominated by the Board or may also be nominated by petitions signed by a minimum of ten members of the Co-op. Members desiring to run for election as directors should notify the Board not less than one month before the date of the annual meeting.

CURRENT Section 3.4

Election. All directors shall be elected by plurality vote at the annual membership meeting. Directors shall normally be elected to serve for terms of three years or until election of their successors. However, the terms of directors shall be so staggered that approximately one third shall expire in each year. Directors may serve for no longer than nine consecutive years. However, they may be reelected to the Board after an absence of one year.

PROPOSED Section 3.4

Election. All directors shall be elected by plurality vote of the members. Directors shall be elected to serve for terms of three years or until election of their successors. However, the terms of directors shall be so staggered that approximately one third shall expire in each year. Directors may serve for no longer than nine consecutive years, but may be reelected to the Board after an absence of one year.

Explanation:

Vote will take place by ballot to improve participation. All terms should be 3 years to help stagger timing and secure continuity as people join and leave the board. Clean up language. Not a significant policy change.

Section 3.5 NO CHANGE

Contracts for profit. During her or his term of office, a director shall not be a party to any contract for profit with the Co-op differing in any way from the business relations accorded each member or upon terms differing from those generally current among members.

Section 3.6 NO CHANGE

Conflicts of interest. Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such an interest may not participate in the decision of the matter.

Section 3.7 NO CHANGE

Committees. The Board may designate one or more standing committees to advise the Board and to exercise such authority as the Board shall designate. Such committees shall consist only of members of the Co-op and shall ideally include at least one director.

Section 3.8 NO CHANGE

Termination. The term of office of a director may be terminated prior to its expiration in any of the following ways: (1) voluntarily by a director upon notice to the Co-op; (2) automatically upon termination of membership in the Co-op; (3) involuntarily, with or without cause, by action of a membership meeting; and (4) involuntarily for cause by a two-thirds vote of the Board after a fair hearing at which the director is given the opportunity to speak and present evidence, provided that such person is accorded the right of appeal at a membership meeting. The decision of the Board referred to members will stand until annulled or modified by the members. A director who fails to attend two consecutive meetings of the Board without notification shall be considered to have resigned.

Section 3.9 NO CHANGE

Vacancies. Any vacancy among directors occurring between annual meetings may be filled by the Board of Directors for the time remaining until the next membership meeting.

Article IV MEETINGS OF THE BOARD

Section 4.1 NO CHANGE

Meetings. A regular meeting of the Board of Directors shall be held, without any other notice, immediately after the annual meeting of members. The Board may determine the times and places of additional regular meetings. Special meetings shall be called upon request of at least three directors. A meeting of the Board shall be held not less than ten times per year. Meetings of the Board of Directors or of any committee shall be open to all members of the Coop except when the Board of Directors enters executive session pursuant to Section 4.7 of these bylaws.

Section 4.2 NO CHANGE

Notice. Meetings called by the Board shall require no further notice than the decision of the Board. All other meetings shall require written or oral notice to all directors.

Written notices shall be delivered not less than ten days before the date of the meeting, and oral notices in person or by telephone shall be given not less than three days before the date of the meeting. Notices of meetings of the Board shall also be posted in a timely manner and in a conspicuous place on the Co-op premises.

Section 4.3 NO CHANGE

Quorum and voting. The presence in person of a majority of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board. Decisions of the Board shall be made by a majority vote of directors present.

Section 4.4 NO CHANGE

Meetings by telephone and electronic communications. The Board may conduct its business via telephone conference or other means of communication, so long as all directors can simultaneously communicate with each other during the meeting.

Participation by such means shall constitute presence in person at a meeting of the Board.

Section 4.5 NO CHANGE

Action without a meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent to the action is signed by all directors and filed with the minutes of meetings.

Section

Section 4.6 NO CHANGE

Referendum. At the request of three or more directors, a decision of the Board shall be referred to a meeting of members. A decision referred to members will stand until annulled or modified by members. Modification by members shall not impair rights previously acquired by third parties.

Section 4.7 NO CHANGE

Executive Session. In the case of any Springfield Co-op Board of Directors meeting, there must be a vote taken in open session in favor of the motion to enter executive session. The motion to enter executive session shall indicate the nature of the business of the executive session and no other business may be considered in that particular executive session. The Board may meet in executive session to conduct business concerning legal, personnel, or other matters of a sensitive nature and shall be open only to directors and such other persons as the Board may expressly allow. Any action voted upon during executive session must be included in the minutes of that Board meeting.

Article V OFFICERS

Section 5.1 NO CHANGE

Designation. The officers of the Co-op shall consist of President, Vice President, Treasurer, Secretary, and such other officers or assistant officers as may be determined by the Board. The offices of Treasurer and Secretary may be held by the same person. All officers shall be directors.

Section 5.2 NO CHANGE

Election, term and removal. Officers shall be elected by the Board of Directors. Officers shall serve for terms of one year or until election of their successors. Officers may be removed at any time, with or without cause, by the Board.

Section 5.3 NO CHANGE

Duties. Officers shall have the following duties and such additional duties as is determined by the Board: (a) The President shall preside at all Board and membership meetings, shall present a report to the annual membership meeting on the organizational affairs of the Co-op and shall, as authorized by the Board, sign formal documents on behalf of the Co-op; (b) The Vice President shall perform the duties of the President in her or his absence and shall, as requested, assist the President in the performance of her or his duties; (c) The Board shall monitor the financial affairs of the Co-op and the filing of all required reports and returns. The Treasurer shall assist the Board in these duties, and shall present a report to the annual membership meeting on the financial affairs of the Co-op and shall, as authorized by the Board, sign formal documents on behalf of the Co-op; and (d) The Secretary shall oversee the issuance of required notices and the keeping of minutes of all Board and membership meetings and shall, as authorized by the Board to sign or attest to formal documents on behalf of the Co-op

Article VI CAPITAL STOCK

CURRENT Section 6.1

Authorized stock. Stock which the Co-op shall have authority to issue or reissue is two thousand shares of common stock, called membership shares, with a par value of eighty-five dollars per share and fifty thousand shares of preferred stock with a par value of five dollars per share.

PROPOSED Section 6.1

Authorized stock. Stock which the Co-op shall have authority to issue or reissue is four thousand shares of common stock, called membership shares, with a par value of eighty-five dollars per share and fifty thousand shares of preferred stock with a par value of five dollars per share.

Explanation:

We need to increase the number of membership shares that can be issued. This change will be made with the VT Secretary of State's office.

CURRENT Section 6.2

Issuance and terms. (a) Membership shares may be issued to any persons eligible for and admitted to membership in the Co-op, and no more than one such share shall be issued to any person. No share shall be issued until it has been fully paid for. All shares shall be nonassessable and shall not be transferable. Membership shares shall be entitled to no dividend or other monetary return on investment. (b) Preferred shares may be issued to members under terms and conditions determined by the Board of Directors. Dividends on preferred shares, if any, shall be determined by the Board and shall be consistent with the covenants of loans, grants or other restrictions. (c) The Co-op shall have a first lien on all shares to the extent of amounts due and payable to the Co-op by the holder.

CURRENT Section 6.3

Information to Shareholders. Every holder of fully paid shares shall be entitled to receive written confirmation evidencing such holding. Each shareholder shall be given written notice that Co-op shares are not transferable. Each holder of preferred stock shall be given written notice of the terms and conditions under which such stock is issued, including that such stock is nonvoting.

PROPOSED Section 6.3

Information to Shareholders. Each shareholder shall be given written notice that Co-op shares are not transferable. Each holder of preferred stock shall be given written notice of the terms and conditions under which such stock is issued, including that such stock is nonvoting.

Board Discussion:

Language clean up

Section 6.4 NO CHANGE

Redemption. Capital stock may be redeemed at the discretion of the Board. Capital stock shall be redeemable at no more than its carrying value on the books of the Co-op. No redemption shall be made when such payment would endanger the financial condition of the Coop.

CURRENT Section 6.5

Unclaimed Property. When a member dies, the equity allocated to that member reverts to the cooperative. If a membership is voluntarily or involuntarily terminated pursuant to Section 1.6, then the member shall have six months from the date of termination to request redemption of stock under Section 6.4. If no request for redemption is received by the cooperative within six months of termination, or if redemption is not approved by the Board, then the equity allocated to that member will be forfeited by the member to the cooperative.

PROPOSED Section 6.5

Unclaimed Property. When a member dies, becomes inactive, or membership is voluntarily or involuntarily terminated and fails to inform the cooperative of his or her mailing address, then the equity and patronage dividend amount allocated to that member will be retained by the cooperative or donated to a non-profit to the extent authorized by state law.

Explanation:

This is an improvement to clarify unclaimed property rules. Removed the 6 month redemption request and added inactivity.

Article VII FISCAL MATTERS

Section 7.1 - NO CHANGE

Fiscal year. The fiscal year of the Co-op shall begin on the first day of April in each year and end on the last day of March of the succeeding year.

CURRENT Section 7.2

Fiscal policies. The Co-op shall be operated according to sound business practices insofar as they are consistent with the purposes and aims of the Co-op. In lieu of distributing patronage dividends, the Co-op may use its net savings for its development needs and for the provision and extension of services to members.

PROPOSED Section 7.2

Fiscal policies. The Co-op shall be operated according to sound business practices insofar as they are consistent with the purposes and aims of the Co-op.

Explanation:

Clean up language

Section 7.3 - NO CHANGE

Accountability. Financial statements of the Co-op shall be audited or reviewed by an accountant selected by the Board of Directors not less than once every five years.

PROPOSED Section 7.4

Allocations to member. The Cooperative shall allocate and distribute to members the net profit from business done with them in such a manner as to qualify them as patronage dividends consistent with cooperative principles, applicable state and federal laws and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made.

PROPOSED Section 7.5

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 dividend received from the Cooperative. Each member also agrees that if his or her patronage dividend is not cashed within 90 days of the date on which it was issued by the Cooperative, the Cooperative shall have the right to make a contribution in the name of that member to support other organizations aligned with the Cooperative's purpose in a manner as may be directed by the Board from time to time.

PROPOSED Section 7.6

Reductions. Any distributable net earnings of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution. Net earnings may be reduced by such reasonable reserves for necessary business purposes as is determined by the Board.

PROPOSED Section 7.7

Deferred Amounts. Payment of a portion of patronage dividends, not to exceed eighty percent of the allocation, may be deferred as determined by the Board. Such amounts shall be credited to revolving capital accounts in the names of recipient shareholders and shall accrue no dividend or other monetary return on contributed capital. They may be redeemed when determined by the Board to be no longer needed for business purposes. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts, except that redemption shall be payable only to shareholders who are then in good standing or become so within a six-month period of time. Deferred amounts may also be redeemed under compelling circumstances as determined by the Board. They shall be subject at all times to being offset by amounts otherwise due and payable to the Coop.

Explanation:

7.4 through 7.7 is the legal language for Patronage Dividends. These are major policy changes.

Article VIII INDEMNIFICATION**Section 8.1 NO CHANGE**

Rights. The Co-op shall, subject to the terms and conditions in this Article, indemnify or reimburse its directors and officers for all claims and liabilities, including those formerly holding such positions, against all liabilities and expenses, including reasonable attorneys' fees, to which they may be subject by reason of their positions with the Co-op or their services in its behalf.

Section 8.2 NO CHANGE

Limitations. Indemnification shall be provided if the person or persons to be indemnified is successful on the merits in defense of the action or proceeding. Further, if the person or persons to be indemnified is unsuccessful on the merits in defense of the action or proceeding, indemnification shall be provided unless it is determined that the person or persons did not act in good faith or in the best interests of the Co-op, if such determination is not made in a legal proceeding related to the claim, it may be made by a quorum of directors who were not parties to the action or proceeding or by independent legal counsel selected by such quorum. If not made or able to be made by either, such determination shall be made by independent legal counsel selected by members. In any action or proceeding by or in the right of the Co-op, indemnification shall be provided only as to reasonable expenses and only if the person is not adjudged liable to the Co-op on such bases. Indemnification payments 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.

Article IX NOTICE**Section 9.1 NO CHANGE**

Notice. Any notice required under these bylaws shall be deemed delivered when deposited in the United States mail with names and addresses as they appear in the records of the Co-op.

Section 9.2 NO CHANGE

Waiver of notice. Any notice of a meeting required under these bylaws may be waived in writing at any time before or after the meeting for which notice is required. The attendance of any person at a meeting shall constitute a waiver of notice of the meeting except where the person attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully convened.

Article X BYLAWS

Section 10.1 NO CHANGE

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.

CURRENT Section 10.2

Amendment. These bylaws may be altered, amended or repealed only at an annual or special meeting of members. Notice of the proposed change or amendment of the bylaws shall be given in writing to all members at least fourteen days prior to the meeting. Notice may be electronically sent to any member who receives electronic notice under Section 2.3. In order to take effect, the proposed change must be approved by a two-thirds majority of ballots cast.

PROPOSED Section 10.2

Section 10.2 - Amendment. These bylaws may be altered, amended or repealed by members. Notice of the proposed change or amendment of the bylaws shall be given in writing to all members at least fourteen days prior to the end of the voting period. Notice may be electronically sent to any member who receives electronic notice under Section 2.3. In order to take effect, the proposed change must be approved by a two-thirds majority of ballots cast.

Explanation:

Removes language about voting at annual meeting.

Article XI DISSOLUTION AND LIQUIDATION

Asset Distribution. The Cooperative may be dissolved or liquidated upon a decision of the Board and a two-thirds (2/3) vote of the members who participate in the vote. Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming any equity accounts which, if they cannot be paid in full, shall be paid on a pro rata basis; (iii) by distributing any remaining assets to members.

Explanation: This is a new addition to the bylaws.