



# **Membership Materials**



# What You'll Need



## What does RBC provide in a Standard Installation?

1. The Co-op will provide and install the outdoor receiving unit with either a small integrated panel antenna or, if necessary, a separate antenna much like a television antenna.
2. The RBC installer will make a penetration through one wall or soffit and bring the wire from the outdoor unit to the RBC indoor unit. The indoor unit will be plugged into the AC outlet and connected to your router, which should be within five feet of the indoor unit location.
3. The installer will verify the connection on your computer, or if there are unresolved problems with your computer, on his or her laptop.
4. A standard installation is limited to three hours; labor time beyond that will be billed at \$50/hr.
5. A standard installation does not include installations high in a tree, on a roof, or other difficult locations. There will be an additional charge for non-standard installations.
6. RBC's installers are not responsible for digging trenches or providing conduit for service lines, unless specifically contracted and invoiced.
7. Subscribers may be asked, or volunteer, to help with the installation. This generally leads to more timely installations; however, the contracted installation fee will not be waived unless there are special circumstances which are spelled out by contract or invoice.

## What do I need for the Co-op to connect me?

1. You will need at least one modern computer. This can be a Windows PC, a Mac, or even a Linux machine, but the newer your computer is, the better it will handle the needs of today's graphically intense Internet. We recommend Mac OSX and Windows 2000 or later with current updates.
2. An Ethernet card (NIC, or network interface card) for each computer.
3. A hardware router, which will be connected between your computer(s) and the RBC indoor unit.
4. A properly grounded AC outlet near the computer or router to be connected.

## What if I don't have a NIC or a router?

The installer who does your installation will have a supply of these for sale. These will be sold at cost with charges for labor. If you buy any of this in advance, we recommend shopping around, comparing prices and functionality at sites like [amazon.com](http://amazon.com), [newegg.com](http://newegg.com), [zipzoomfly.com](http://zipzoomfly.com), [bensbargains.net](http://bensbargains.net), or [pricewatch.com](http://pricewatch.com). For purchasing, though we don't endorse individual vendors, it's a good idea to stick with major brands such as Linksys and NetGear.

(cont.)

Particularly with Windows PCs, it will save a great deal of time and aggravation if you have your operating system fully updated and cleaned of adware and malware. If you're not sure how, or are unable, to do this, the technicians listed should be able to help you with that, too.

Finally, to be fully protected from the line surges and dips in Ripton electric power, it makes sense to use a UPS device, such as those offered by APC or TrippLite. These devices "clean up the power" delivered to your hardware, protecting you from power dips as well as surges and provide some battery power to allow you time to shut down in the event of a power outage. At the very least, protect all of your hardware with good surge protectors.

# Safe Computing Guidelines



The following guidelines for safe computing are recommended best practices. They are intended to assist you in using our broadband service and the internet in general safely and effectively. We recommend these practices, precautions, and habits to minimize the chance that your computer(s) and data will be harmed by malicious users, natural disasters, or hardware failure.

- Keep your operating system up to date. If you use Windows, Macintosh, or others, install the most current version possible. Newer operating systems are smarter about defending your machine, and tend to get better support.
- Use anti-virus software and keep it up to date.
- Keep your software up to date. As far as possible, run current versions of word processors, Web browsers, etc. Newer versions of programs tend to have better protection against attacks.
- Be careful with passwords. First, never give them out. Second, pick one that is impossible to guess but easy to remember. Your name, a child's or pet's name, the word "password" and common words and phrases like 'letmein' or '123456' are bad choices.,
- Back up your important data regularly. Copy it to a floppy disk, a CD or DVD, another hard drive, another computer, or a server somewhere else. It's good to make a habit of backing up regularly (like once per week), or having a computer program do it automatically when you are not using it.
- Don't open email attachments from people you don't know. For example, some can look like computer programs (the filename ends in ".exe"). Those are very common attacks and should be deleted unread. If someone you do know sends an attachment, and it looks odd, email the person to check (some attack programs are able to pretend to look like other people, or hijack other peoples' email).
- Watch out for "phishing." Those are emails which pretend to be from legitimate, well-known institutions (banks, PayPal, eBay), but actually direct your replies to other sites. Do not reply to them; instead, delete them at once.
- Use a firewall program. This is different from a hardware firewall, such as a router, which is required to use the Service. A firewall program provides additional security and control over your computer.



# Terms and Conditions of Service



This Agreement describes the terms and conditions between you (“You” or “Subscriber”) and the Ripton Broadband Cooperative (“RBC”, the “Co-op,” “Us” or “We”) applicable to Ripton wireless Internet service. Please read this Agreement carefully since it contains important contract rights and obligations between you and RBC, as well as important limitations on those rights. If you would like to contact us, you may write to us at Ripton Broadband Cooperative, P.O. Box 212, Ripton, VT 05766 or by e-mail at [info@ripton-coop.net](mailto:info@ripton-coop.net).

**1. Service Provided.** RBC is a provider of wireless Internet access utilizing high-frequency radio waves (the “Service”), as further described in this paragraph of this Agreement.

**1.1 Internet Access.** The Service consists of access to the Internet in accordance with the terms and conditions set forth in paragraph 5, below. Three levels of service are available: home, small office/home office (“SOHO”), and Business & Institutional.

**1.2 Equipment.** The Service consists of certain equipment provided by the Co-op to enable access to the Internet (the “Co-op Equipment”) and the right to use such Equipment to access the Internet. The Equipment shall remain at all times the property of the Co-op. The Service does not include the computer equipment necessary to use the Internet, such as personal computers, routers, hubs, or similar hardware (the “User Equipment”).

**1.3 Installation.** The Service requires the exterior installation of an antenna and the interior installation of a transceiver. The transceiver requires electrical power. The Service also requires a hardware-based firewall, generally a residential-grade router, as well as a computer capable of communicating with the Internet. You must provide both of these items.

**1.4 Software.** The Service does not require or include any special software. You must, however, have the software necessary to use the Internet, such as a web browser, e-mail reader, and similar programs. Such software is your responsibility. You also must keep your operating system software updated with the latest updates available for the operating system that you use.

**1.5 Customer Support.** The Service provides customer support, prioritized by the level of service purchased, and covering both the Installation and operation of the Service and the support required to use the Service effectively.

**2. Co-op Membership.**

**2.1 Eligibility for Membership.** Co-op members must be adults aged 18 years or older. Membership is limited to natural persons. Members may purchase the Service for personal use or use by members of their family, or their businesses. Businesses cannot be Co-op members.

**2.2 Obtaining Membership.** All Co-op members must purchase two (2) shares of the Co-op. Each share costs \$100. The Co-op may elect to subsidize the purchase or one or more shares for members who demonstrate financial need.

**2.3 Term and Renewal.** We will provide the Service for a term of 1 year from the date upon which service commences at the location at which you have requested Internet access (whether or not you have installed the necessary User Equipment to utilize the Service), unless a longer period is indicated in a rider attached to this contract. All subscribers with fully paid accounts will be automatically renewed at the same service level for 1 year, unless written notification is received by the Co-op to change service levels or terminate service. The cost of the renewed subscription will be adjusted to reflect the prevailing service level price on the renewal date.

**3. Cancellation of Service.** You may cancel your service by contacting us in writing or by e-mail at the addresses listed above 30 days in advance, if you can demonstrate that your service facility, whether residence, business, or school is moving from the service area. We will terminate your service within 10 days of the date indicated in your request. If the foregoing condition is not met, you are responsible for the payment for the remainder of your contract period, usually one year. Upon termination, your membership in the Co-op will be terminated in accordance with the By-Laws of the Co-op.

**4. Billing and Payment.**

**4.1** A Service Contract shall be signed before installation is scheduled.

**4.2** Upon completion of installation the subscriber will be billed for the installation and service. Service will be turned on after membership and installation fees have been paid, and after subscriber has elected one of two service payment options.

**4.3** Payment for Service may be made in one of two ways:

a. Prepayment for a year's worth of Service may be made by check.

b. Service payments may be made monthly by automatic electronic funds transfer from subscriber's bank or other financial institution. This payment option requires that the subscriber fill out and sign the ACH information in the Service Contract, and furnish a Voided check.

**4.4** Service may be terminated if subscriber is 30 or more days in arrears. One notification of termination will be made at least 5 business days prior to such action. Service will not be turned on again until all overdue amounts have been paid, along with a 1.5% per month service charge. Recurring late payments may result in suspension of membership.

**4.5** From time to time rates for service may be changed as the Board deems necessary. When rates are changed each affected subscriber will be notified by letter or Email at least 30 days prior to the date the new rate takes effect.

**5. Terms and Conditions of Service.** The following terms and conditions of Service govern your use of the Service. These terms and conditions are imposed because the Service is a shared Internet connection used by many people, and your use or misuse of the Service may prevent others from using it.

**5.1 No Guarantee.** We make no guarantee, other than what is contained in this agreement. Although we will make every reasonable effort to install the Service promptly and ensure that the Service works as expected, we do not guarantee that the Service will function perfectly at all times or that it will function without interruption. Although we expect the Service to be available 99.9% of the time, the nature of Internet service and the weather and terrain in the Ripton area prevent us from offering such a guarantee. You hereby recognize that the service may be unavailable at times and that such unavailability is reasonable and expected.

**5.2 Reasonable Expectation of Shared Use.** You acknowledge that the Service is a shared service utilized by all subscribers. As such, it is each subscriber's responsibility to use the service in such a manner that permits all subscribers to have reasonable access in accordance with their service plans. That means, specifically, that file sharing and extended uploading or downloading are not permitted. This also means that, at peak demand, performance may be degraded, and we may ask that you perform

certain bandwidth-intensive tasks, such as backups to remote computers, at non-peak hours. In addition, the Co-op does not guarantee any level of minimum performance except for those users who purchase the Business Service Level Agreement.

**5.3 Installation.** Installation currently requires an antenna and a transceiver, which we provide, and certain hardware that you must obtain.

**5.3.1 Antenna.** We will determine an appropriate outside location on your property or place of business to install the antenna. We will try to accommodate your wishes as to antenna placement and location, but you recognize that the antenna must be located so that it receives an adequate signal and such location may result in the need for substantial interior wiring or may preclude the installation of the Service at your location.

**5.3.2 Transceiver.** We will also provide the necessary cabling from the antenna to the transceiver unit which must be located inside the building in which you request Service. We will install such cabling, which requires penetrating the exterior and interior walls of the place of Service. You will provide a source of electricity for the transceiver unit. Normally, we will drill a hole through one exterior wall and/or floor and run the necessary cabling through such holes. More extensive installations may incur additional charges, which we will discuss with you in advance of installation.

**5.3.3 Permission And Indemnification.** You must obtain any landlord or landowner permission for such installation in advance, and you agree to hold the Co-op harmless for any liability, fees, or charges that your landlord or landowner may impose for such installation.

**5.3.4 Interior Cabling.** You are responsible for cabling inside your place of Service from the transceiver to the point of access. We will assist you in determining the proper type of cable required.

**5.4 Required User Equipment.** You must provide a router or similar hardware firewall. We will assist you in determining the appropriate hardware and the Co-op may, from time to time, offer such hardware for purchase or rental for a fee.

**5.5 Interruption Or Temporary Disconnection Of Service.** We reserve the right to disconnect your Service temporarily in order to prevent you from abusing the Service or to protect the Service from damage. If we disconnect your service, we will attempt to inform you promptly of the disconnection and the reason therefore. We will not provide refunds for such interruptions of service except for Business & Institutional Service Level Agreement users.

**5.6 Maintenance.** Except in the case of emergency or at your request, we will perform maintenance upon the Service between the hours of 12:00 midnight and 7:00 a.m. The Service may not be available at such times. We will make every effort to inform you at least two business days in advance of any scheduled maintenance and the likely duration of such maintenance. Although unscheduled maintenance may occur at any time and without warning, we will attempt to inform you in advance and to minimize the inconvenience and downtime of such maintenance.

**5.7 Safe Computing.** You are responsible for ensuring that your computer is used safely and in a manner that does not violate these terms of service or prevent other users from using the Service (“Safe Computing”). If we disconnect your Service because your computer is being used maliciously or in a manner that disrupts the Service for others, you are responsible for correcting the problem on your hardware (although we may offer to assist you). For example, if your computer becomes infected with a virus and is used to send “spam” or to deny Internet service to others, you must correct that problem before we will reactivate your Service. We will not provide refunds for such interruptions of service. Safe Computing guidelines are set forth in Attachment C.

**5.8 Privacy.** We respect your privacy and will not monitor your use of the Service except in the following circumstances: (1) at your request (for example, to provide customer service or in connection with any filtering service you may request), (2) if we believe that such monitoring is necessary to resolve a

technical problem, (3) to determine if you are violating these terms or service and (4) to comply with the lawful order of a court or law enforcement agency.

We do not guarantee your privacy from third parties. As is true of any use of the Internet, third parties can eavesdrop on your use of the Service. You should practice safe computing at all times.

Like any Internet service provider, however, we keep logs and other records that indicate the use and operation of the computers that run the Service and which, therefore, contain information about the use of the Service that can be traced to each user of the Service. Such record keeping is necessary for us to ensure that the Service is functioning properly, to provide customer service, to ensure that the Service is not being misused, and to ensure that our network hardware is functioning properly.

**5.9 Internet Content And Filtering.** We will not restrict your access to, or filter the content of, the Internet, unless you request that we do so pursuant to the terms of a separate agreement. However, we will restrict access to certain ports and protocols to enforce the terms of this Agreement, for example, to prevent residential customers from running servers (see Attachment B). We may also, from time to time, limit traffic on specific ports or by specific protocols for security reasons, for example, in order to limit the spread of a virus over the Internet, or if it appears that your computer has been compromised.

**5.10 Illegality.** You may not use the Service to violate any laws, including (without limitation) copyright law, child pornography laws and anti-harassment laws. We reserve the right to suspend or terminate your service if we believe that you are using the Service to violate the law, or to comply with the lawful order of any court or law enforcement agency. Such suspension or termination shall be without recourse by you against us.

**5.11 Subscriber to be Responsible.** The Subscriber is responsible for the conduct of other users of the Subscriber's Service, whether for his or her household, business or school. Such responsibility includes ensuring that other individuals in the Subscriber's household or office are aware of these terms of service and that they do not misuse the Service. In addition, the Subscriber is responsible for Safe Computing and for taking reasonable steps to ensure that unauthorized persons do not use the Service.

**5.12 Use of The Service by Minors.** The primary account holder is responsible for supervising any minors who may use the service and for restricting their access to whatever content the primary account holder deems appropriate.

**5.13 Use of Co-op Equipment.** You will not use the Co-op Equipment for any purpose other than to use the Service. You acknowledge that such Co-op Equipment is the property of the Co-op and must be returned to the Co-op at the end of your Service. You will permit the Co-op to have access, at reasonable times and upon reasonable notice, to the Co-op Equipment to replace, maintain or remove such Co-op Equipment.

**5.14 Responsibility For Co-op Equipment.** We will promptly replace or repair any Co-op Equipment that is not in good working order, subject to the following conditions: you will take reasonable steps to secure the Co-op Equipment from damage, vandalism or theft; in the event that you damage the Co-op Equipment, we will provide you with new equipment but will require you to pay for the replacement and installation of the new equipment; if the Co-op Equipment is vandalized or stolen, through no fault of your own, we will provide you with new equipment but will require you to pay for the replacement and installation of the new equipment and also may require you to relocate the Co-op Equipment or to take other steps to minimize the possibility of future vandalism or theft of the Co-op Equipment.

**5.15 User Equipment.** You are responsible for obtaining and maintaining the necessary User Equipment to obtain Service.

**5.16 Terms Specific to Your Service Package.** These terms and conditions are supplemented by the terms and conditions applicable to the class of service you purchase, residential, small home and office ("SOHO"), or Business and Institutional, as set forth in Attachment B.

- 6. Amendment.** We reserve the right to change this agreement and, in particular, the terms and conditions of Service, at any time, in order to meet the demand for Service and/or to ensure that the Service remains available for everyone to use. If we make such changes, we will post them on our website, <http://www.ripton-coop.net>. We will not change the price of the Service without first providing a 30-day notice by Email or letter.
- 7. Right To Terminate Service.** RBC has the right to terminate your Service at any time. We will not terminate your service without notice except to protect the security of the Service or if you abuse the Service. We reserve the right to refuse to provide Service to anyone. If contracted and invoiced fees are more than 30 days overdue, RBC may terminate your Service. One (1) overdue notice will be sent at least 5 business days prior to Service termination.
- 8. Limitation of Liability.** Our liability to you is limited to the refund of your purchase price, the Co-op fees, and the removal of our equipment from the place of installation. We are not liable to you for damage to your computer or to your home or installation site unless such damage is directly caused by our negligence.
- 9. Force Majeur.** Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions, wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.
- 10. Nature of Relationship.** Our relationship with each other is an arms-length business relationship. No partnership, agency or other relationship is intended or created hereby.
- 11. Severability.** In the event that any portion of this agreement is deemed invalid, such invalid portion shall be severed from this agreement and the remainder shall continue in full force and effect.
- 12. Indemnification.** As a condition of using the Service, You agree to indemnify and hold Us harmless for any malicious or illegal acts that you commit using the Service.
- 13. Mediation.** If a dispute arises out of or relates to this contract or the alleged breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure.



## Attachment A



# Bylaws of the Ripton Broadband Cooperative

## Article I Organization

Section 1.1 - **Name.** The name of the organization is Ripton Broadband Cooperative (referred to in these bylaws as “the Co-op.”)

Section 1.2 - **Purposes.** As more fully stated in its Articles of Incorporation, the purpose of the Co-op is to provide affordable high-speed internet access to all the residents of Ripton. The Co-op shall be operated on a cooperative and nonprofit basis.”

Section 1.3 - **Nondiscrimination.** The Co-op shall not discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, political affiliation, disability or other arbitrary basis.

Section 1.4 - **Principal office.** The principal office of the Co-op shall be located at 1192C Route 125, PO Box 212, Ripton, Vermont 05766.

## Article II Membership

**Section 2.1 - Admission.** Membership in the Co-op shall be voluntary and open to any individual, couple or household, or any cooperative or nonprofit organization, that resides within the service area of the Co-op, whose purpose in seeking membership is to facilitate access to the goods and services provided by the Co-op, and who is willing to accept the responsibilities of membership. Applicants will be admitted to membership upon submitting required information, executing a service contract, and purchasing or subscribing to purchase one or more common shares at a price that is in accordance with the current level of investment as determined by the Board of Directors, which may vary between individuals and organizations and/or in accordance with the level of usage of the Co-op’s services. An applicant other than an organization must inform the Co-op of any significant business usage to be made of the services provided by the Co-op. In case of doubtful eligibility, membership shall be subject to approval by the Board.

**Section 2.2 - Rights.** The ultimate control of the Co-op shall be vested in the members. Each member shall be entitled to utilize the services of the Co-op on terms generally available to members and to receive a copy of these bylaws. Members shall be entitled to participate in the governance of the Co-op as set forth in these bylaws. The Co-op shall endeavor to make the share purchase requirement and service fees affordable to people of limited financial means.

**Section 2.3 - Responsibilities.** Each member shall keep reasonably current in payment due the Co-op and shall notify the Co-op of any change to his or her name or address. A member who becomes delinquent in payment to an extent determined by the Board, or who fails to use the services of the Co-op for a period of time

determined by the Board, shall, no sooner than thirty days after delivery of written notification, be placed into inactive status. His or her participation rights shall then be suspended. A member in inactive status may attain good standing only upon full payment of all arrearages and/or upon resumption of subscription services.

**Section 2.4 - Fair use policy and Safe Computing Practices.** Subscribers acknowledge that the Service is a shared service. As such, Subscribers have a responsibility to use the service in such a manner as permits reasonable access in accordance with their service plans. That means, specifically, that file sharing and extended uploading or downloading are not permitted. This also means that, at peak demand, performance may be degraded, and we may ask that you perform certain tasks at non-peak hours. In addition, the Coop does not guarantee any level of minimum performance except for those users who purchase the Business Service Level Agreement. Subscribers further agree to follow to the best of their ability, the Safe Computing Guidelines attached to the Service Contract, including the use of anti-virus software, updated operating system software, and firewalls.

**Section 2.5 - 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 the books and records of the Co-op at all reasonable times and for any proper purpose.

**Section 2.6 - Settlement of disputes.** In any dispute between the Co-op and any of its members or former members which cannot be resolved through informal negotiation, 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 acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

**Section 2.7 - Nontransferability.** Membership rights and interests may be transferred only in the case of property transfers. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

**Section 2.8 - Termination.** Membership may be terminated voluntarily by a member at any time upon notice to the Co-op, subject to the provisions of the subscriber contract for service. Membership may be terminated involuntarily only for cause by the Board after the member is provided fair notice of the charges and an opportunity to respond in person or in writing. Upon termination of membership, all rights and interests in the Co-op shall cease except for rights to redemption of capital pursuant to Article VIII of these bylaws. Termination of membership shall not of itself extinguish, nor excuse nonperformance of, any contractual obligations of the member, except when the contract or Co-op policy so provides.

## **Article III Meetings of Members**

**Section 3.1 - Annual meeting.** An annual meeting of members shall be held within three months after the end of each fiscal year to review the operations of the Co-op, to elect directors and to conduct such other business as may properly come before the meeting.

**Section 3.2 - Special meetings.** Special meetings of members may be called by the Board and shall be called by the Secretary as soon as practicable upon receipt of petitions signed by ten percent of all members, such petitions stating the business to be brought before the meeting. Any business conducted at a special meeting other than that specified in the notice of the meeting shall be of an advisory nature only.

**Section 3.3 - Time and place.** The date, time and place of all meetings of members shall be determined by the Board or, in the event that the Board fails to so act, by the Secretary. Meetings shall be held at a time and place convenient to members.

**Section 3.4 - Record dates.** Unless otherwise determined by the Board, only persons who are members at the close of business on the tenth day immediately preceding the date of distribution of notices shall be entitled to notice of any meeting of members and to vote at such meeting.

**Section 3.5 - Notice.** Written notice of the time, place and purpose of any meeting of members shall be delivered by mail, including electronic mail, to each member not less than ten nor more than sixty days before the date of the meeting.

**Section 3.6 - Quorum.** The presence in person at the opening of the meeting of twenty percent of all members shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of members.

**Section 3.7 - Decision making.** Each membership shall have one and only one vote on each issue submitted to a vote of members irrespective of the number of shares held. A member who is unable to attend a meeting may vote by alternate provided that the designation is in writing and signed by the member. Otherwise, voting by proxy shall not be permitted. Unless a higher percentage is required by law or by these bylaws, decisions at meetings of members shall be made by plurality vote in the case of contested elections of directors or where more than two options on a single issue are presented, otherwise by majority vote of members present. Meetings shall be conducted in accordance with generally accepted rules of parliamentary procedure.

**Section 3.8 - Balloting.** The Board may authorize balloting by mail or by electronic means in connection with, or in lieu of, a meeting of members with respect to election of directors and other selected issues. Ballots, together with a brief statement of the qualifications of each candidate for available director positions or the text or a full description of any other issue for decision, shall be included in the notice of the meeting to which they relate. Quorum requirements shall be determined by adding together the number of persons voting at the meeting and the number of ballots returned. The results of balloting shall be reported to members as soon as practicable.

**Section 3.9 - Issues submitted by members.** Notices of a meeting of members shall include any proper issues submitted by petition of twenty percent of all members. Petitions must be received at the Co-op not less than thirty-five days before the date of the meeting at which they are to be presented to a vote of members.

## **Article IV Board of Directors**

**Section 4.1 - Powers and duties.** Except as to matters reserved to members by law or by these bylaws, the business and affairs of the Co-op shall be directed and overseen 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, overseeing the operations and finances of the Co-op and planning with respect to such functions, overseeing compliance with applicable laws and regulations, engaging a manager and monitoring and evaluating his or her performance, maintaining communications with members and staff, maintaining good community relations, securing good conditions of employment, and assuring that the purposes of the Co-op are properly carried out.

**Section 4.2 - Number and qualifications.** The Board shall consist of not less than five nor more than nine individuals. All directors shall be members and shall not have any overriding conflict of interest with the Co-op.

**Section 4.3 - Nominations, election and terms.** Directors may be nominated by a nominating committee or by petitions signed by at least ten percent of all members and submitted to an Officer of the Co-op at least seventy-five days before the date of the annual meeting. Directors shall be elected by members at the annual meeting. At the first annual meeting after adoption of these bylaws and periodically thereafter as may be nec-

essary, directors shall be elected for specific one or two year terms in order to assure that approximately one half of terms expire in each year. Candidates receiving the highest number of votes shall be given the longest available terms. At other times directors shall be elected for terms of two years. Directors shall hold office until their successors are elected or until their offices are terminated sooner in accordance with these bylaws.

**Section 4.4 - Compensation.** Directors may be provided reasonable compensation for expenses related to services rendered, provided such compensation is approved by the majority of the other Directors.

**Section 4.5 - Standards of conduct.** 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.

**Section 4.6 - Contracts for profit.** During her or his term of office, a director shall not be a party to a 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 4.7 - 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 or by a committee, and such interest shall be made a matter of record in the minutes of the meeting. Directors having such an interest may not participate in the decision of the matter nor in deliberations leading to such decision. A transaction in which a director has an interest may be approved only by a majority of directors who have no interest in the transaction and only if the material facts of the transaction and the interest are fully disclosed or known and the transaction is reasonably and in good faith believed to be fair to the Co-op.

**Section 4.8 - Indemnification.** In order to attract and retain qualified people to serve as directors and officers, the Co-op shall, subject to the provisions of its Articles of Incorporation, indemnify its directors and officers to the fullest extent permitted under the Vermont Nonprofit Corporation Act. Indemnification payments shall be made on a priority basis but 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. All such payments made shall be reported in writing to members with or before the notice of the next meeting of members.

**Section 4.9 - Committees.** The Board may appoint special or standing committees to advise the Board or to exercise such authority as the Board shall designate. Committees shall include at least one director, and shall operate as far as may be practicable under procedures applicable to the Board. A committee exercising authority of the Board shall not operate to relieve the Board of its oversight responsibilities.

**Section 4.10 - Termination.** 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 notice to the Co-op; (ii) automatically upon termination of membership in the Co-op; (iii) by action at a meeting of members whenever the best interests of the Co-op would thereby be served; and (iv) for cause by the Board after the director is provided fair notice of the charges and an opportunity to respond in person or in writing. A director who is absent from three consecutive Board meetings, unless excused by the Board for good cause, shall be presumed to have resigned.

**Section 4.11 - Vacancies.** Any vacancy among directors occurring between annual meetings shall be filled by the Board until the next annual meeting of members.

## **Article V**

### **Meetings of the Board**

**Section 5.1 - Meetings.** The Board of Directors may determine the times and places of its regular meetings. Special meetings may be called by the President and shall be called by the Secretary upon request of any three directors. Meetings of the Board shall be held no less frequently than twice in each fiscal year.

**Section 5.2 - Notice.** Regular meetings shall require no notice other than the resolution of the Board, it being the responsibility of absent directors to inquire as to the time of further scheduled meetings. Special meetings shall require written or oral notice to all directors. Written notice shall be delivered at least five days before the date of the meeting and oral notices shall be given in person or by telephone or computer at least forty-eight hours before the time of the meeting.

**Section 5.3 - 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.

**Section 5.4 - Quorum.** The presence in person of a majority of directors who are not personally interested in the subject before the Board shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.

**Section 5.5 - Decision making.** Decisions at meetings of the Board shall be made by consensus, attempting to reconcile differing points of view based upon the purposes and best interests of the Co-op. Any decision made by consensus shall be deemed to be inclusive of a vote in any required percentage. If, in the opinion of a two-thirds majority of directors present, diligent efforts have failed to produce a consensus and the issue requires immediate action, then such issue may be decided by a two-thirds majority vote.

**Section 5.6 - Telephone conferences.** A meeting of the Board may be conducted by means of a telephone conference or other communications equipment whereby all persons participating can hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting. Telephone conferences shall not be used for the purpose of excluding members.

**Section 5.7 - Action without a meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting only if a written consent to the action is signed by all directors and filed with the minutes of meetings.

**Section 5.8 - Open meetings.** Meetings of the Board and all committees shall be open to members. Sessions of a meeting may be closed only as to personnel matters and other issues of a particularly sensitive nature. Such closed session shall be for purposes of discussion only and no decisions shall be made in closed session. Members may otherwise be excluded only for cause.

## Article VI Officers

**Section 6.1 - Designation and qualifications.** The principal officers of the Co-op shall consist of President, Vice President, Secretary and Treasurer. The Board may designate other officers or assistant officers. The offices of President and Secretary shall not be held by the same person. The principal officers shall be directors.

**Section 6.2 - Election, terms and removal.** Officers shall be elected by the Board at its first meeting following the annual meeting of members. Officers shall serve for terms of one year or until election of their successors. Officers may be removed and replaced by the Board at any time whenever the best interests of the Co-op would thereby be served.

**Section 6.3 - Duties.** In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board, officers shall have the following duties and such additional duties as are determined by the Board:

- (a) The President shall be responsible for assuring the orderly conduct of all meetings, coordinating the activities of the Board, and presenting an annual report to members in accordance with section 9.3 of these bylaws;

- (b) The Vice President shall be responsible for performing the duties of the President in his or her absence or disability and, as requested, assisting other officers in the performance of their duties;
- (c) The Secretary shall be responsible for the recording and keeping of adequate minutes of all meetings of the Board and of members, assuring the safe-keeping of corporate records, issuing notices required under these bylaws, and authenticating records of the Co-op; and
- (d) The Treasurer shall oversee the keeping of books and records and the filing of required reports and returns, and shall present financial reports on a periodic basis as determined by the Board.

## **Article VII Capital Stock**

**Section 7.1 - Issuance and terms.** To evidence capital funds provided by members, the Co-op shall issue its common stock. Common shares may be issued only to persons eligible for and admitted to membership in the Co-op. Shares shall be entitled to no dividend or other monetary return on investment.

**Section 7.2 - Payment for shares.** Shares shall be issued only upon full payment of their purchase or subscription price which shall not be less than the par value of the shares. Shares shall be subject to assessment for the reasonable capital needs of the Co-op, provided that the purchase price plus such assessments does not exceed the current level of investment required of new members, and provided that such assessment is approved at a meeting of members. Promissory notes of members may be accepted by the Co-op as full or partial payment for shares. In such case, the Co-op shall hold the shares as security for the payment of the note. Until such notes are paid in full, the corresponding shares, to the extent of unpaid balances, shall be carried on the books of the Co-op and upon all financial statements made by the Co-op as “capital stock issued for notes,” and the notes shall be carried on such books and statements as “notes given for capital stock.”

**Section 7.3 - Redemption.** Upon request following termination of membership, common shares shall be redeemed when replacement capital is provided by other members. Shares shall be redeemable at the lesser of their carrying value on the books of the Co-op or their net book value, less a reasonable processing fee, if any, as determined by the Board. Redemption proceeds shall be subject to offset by amounts due and payable to the Co-op by the member. No redemption shall be made when such payment would impair the ability of the Co-op to meet its other obligations as they become due. Reapplications for membership after full or partial redemption shall be subject to full repayment of redemption proceeds.

## **Article VIII Patronage Dividends**

**Section 8.1 - Distribution of net savings.** The realized net savings of the Co-op, to the extent attributable to the patronage of members, shall be received and held by the Co-op for and as the property of its members, the basis of each member's interest therein being as set forth in this article. Such net savings shall be allocated and distributed among members as patronage dividends in proportion to their patronage and in such a manner as to constitute patronage dividends within the meaning of federal income tax law. In determining and allocating such adjusted net savings, the Co-op shall use a single allocation unit except to the extent that, subsequent to the adoption of these by-laws, it shall engage in any new and distinct line of business.

**Section 8.2 - Exceptions.** Net savings may be reduced by such reasonable reserves for necessary business purposes as is determined by the Board. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they

are not then or later distributed to other members. Members shall retain the right to waive in whole or in part, by action at a meeting of members, any patronage dividends to which they may be entitled.

**Section 8.3 - Consent of members.** By obtaining or retaining membership in the Co-op, each member shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

**Section 8.4 - Retained amounts.** A portion of patronage dividends may be retained for the reasonable capital needs of the Co-op. Such retained amounts shall be credited to revolving capital accounts in the names of recipient members, shall accrue no monetary return on investment, and shall not be transferable. They shall be redeemed when determined by the Board to be no longer needed for capital 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. Retained amounts may also be redeemed under compelling circumstances as determined by the Board. Retained amounts shall be subject at all times to being offset by amounts otherwise due and payable to the Co-op.

## **Article IX Fiscal Matters**

**Section 9.1 - Fiscal year.** The fiscal year of the Co-op shall begin on the first day of January in each year and end on the last day of December.

**Section 9.2 - Annual report.** The Co-op shall prepare and submit at its annual meeting an annual report containing the name of the Co-op, its principal place of business, a general statement of its business operations during the fiscal year, the amount of capital stock paid in during the year, the number of members at the end of the year, the total expenses of operation, and the amount of its assets and liabilities.

## **Article X Interpretation and Amendment of Bylaws**

**Section 10.1 - 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.

**Section 10.2 - Amendment.** These bylaws may be amended or repealed only at a meeting of members, provided that the proposed amendments are stated or fully described in the notice of the meeting at which the amendments are to be adopted.

## **Appendix: Explanation of Patronage Dividend Consent Provision**

The Internal Revenue Code generally requires each person receiving a patronage dividend to include the amount of such distribution in his or her gross income in the taxable year in which it is received. Under bylaw section 8.3, mere acceptance or retention of membership in the Co-op constitutes a consent to such inclusion in taxable income, including the portion of the patronage dividend that is retained by the Co-op for its capital needs.

The Co-op has been advised by legal counsel, however, that the general rule for inclusion in income of patronage dividends is subject to an exception that is applicable to consumer cooperatives. Under that exception, a patronage dividend is not required to be included in gross income if the member's purchases from the Co-op are related to "personal, living or family items." The patronage dividend would be taxable to a member only if his or her purchases related to the operation of a trade or business or other income-producing activities. Thus, the consent provision is of significance only to members whose purchases are for business or income-producing purposes.