

Article I: Organization

Section 1.1: Name

The name of the organization is Swift Waters Artisans' Cooperative, Inc. (sometimes referred to in these bylaws as the "co-op").

Section 1.2: Purposes

The purposes of the Swift Waters Artisans' Cooperative are to:

- (a) Provide a cooperatively operated facility from which its members can sell their original hand crafted products and artwork, and offer workshops at a reasonable cost;
- (b) Create an environment that promotes a sense of community for members and consumers;
- (c) Support and encourage local and regional artisans whenever possible;
- (d) Provide education and information concerning artistic creativity and cooperative enterprise;
- (e) Serve as a center for artisan oriented activities which enrich the life of the community; and
- (f) Contribute to the revival of Willimantic.

Section 1.3: Cooperative Principles

Swift Waters Artisans' Cooperative shall be operated in accordance with cooperative principles, including the following:

- (a) Open and voluntary membership without artificial restriction or arbitrary discrimination;
- (b) Democratic governance with equal voting rights among members and opportunity for participation in important decisions affecting the co-op;
- (c) Autonomy and independence of the co-op as a self-help organization controlled by its members;
- (d) Education of members and the general public in the principles of cooperation;
- (e) Cooperation with other cooperative organizations; and
- (f) Participation in activities that contribute to the sustainable development of the community.

Article II: Membership

Section 2.1: Admission

Membership in the Co-op shall be voluntary and open to any person who is in accord with its purposes and is willing to accept the responsibilities of membership.

Membership is limited to artisan producers.

Applicants will be admitted to membership upon submitting required information; agreeing to the responsibilities of membership as established by the Board and approved by the Membership; and paying, or agreeing to pay in installments, the required fees established by the Board and approved by the Membership.

In case of doubtful eligibility, membership shall be subject to approval by the Board of Directors.

Section 2.2: Member Rights

Each member shall be entitled to sell their handcrafted products and offer artisan workshops through the co-op on terms generally available to members, to participate in the benefits, programs and services available to all members, to participate in the operation and governance of the co-op as set forth in these by-laws and to receive a copy of these by-laws.

All issues involving major policies, fundamental changes and financial rights and interests of members shall be decided or approved by members.

Each member shall be issued a Certificate of Membership. Membership in the Cooperative is non-transferable. Any attempt by a member to transfer, sell or assign membership or a Membership Certificate shall be void.

Section 2.3: Member Obligations

Members shall sign a membership agreement and contribute a percentage of their sales to defray the cost of operating the co-op.

Members shall obey the bylaws, rules and policies of the co-op and perform all member obligations as may be promulgated from time to time.

Members shall perform the agreed upon hours of labor per month towards the operation of the co-op. In lieu of labor, the Board may establish alternative ways to contribute to the co-op.

Section 2.4: Delinquency

A member who becomes delinquent in meeting his or her member responsibilities or financial obligations to the co-op, as determined by the Board of Directors, shall be placed into inactive status or terminated at the sole discretion of the Board. A member so placed may attain good standing upon making written application to the Board and concurrently resuming regular payments and/or satisfying all other membership obligations, and paying a reinstatement fee, if any, as determined by the Board. Reference in these bylaws to the rights and entitlements of members shall be understood to refer only to members in good standing.

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 upon arrangement in the company of the treasurer or another individual designated by the treasurer.

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, shall be referred to binding arbitration under the rules of the American Arbitration Association in lieu of litigation with an impartial mediator, agreed upon by both parties. Arbitration shall be conducted in the same state and county as the location of the co-op store unless the parties agree otherwise. Each party shall pay its own costs, but this shall not prevent the arbitrator from awarding costs as part of the settlement. The finding of the arbitrator may be submitted to any court of competent jurisdiction for enforcement.

Section 2.7: Termination

Membership may be terminated voluntarily by a member at any time upon written notice to the Board of Directors. Membership may be terminated for cause by the Board of Directors provided that the member is given not less than seven (7) days prior notice and the opportunity to respond to the charges in person or in writing. Upon termination of membership for any reason, all rights and interests of the terminated member in the co-op shall cease. Members whose membership is terminated must retrieve their products within 30 days of their termination date and settle all obligations due to the co-op before removing their products. All sums due to such terminated member will be mailed within 30 days after removal of their products. The co-op may deduct sums owed to the co-op from the funds due to the terminating member if these obligations have not been paid as described in this section. The terminating member shall be deemed to have authorized such deduction, subject to the right of the terminating member to dispute any such deduction for good cause.

Section 2.8: Membership Certificate

Upon approval of his/her application for membership and payment of the Membership Fee, each member shall be issued a Membership Certificate as evidence of membership. In the alternative, Membership Certificates may be issued in book-entry form. Each Membership Certificate shall recite on its face that the holder thereof shall be entitled to only one vote. Membership Certificates are not transferable. Membership Certificates shall be held only by members, and shall not be transferred except by action of the Cooperative. The books and records of the Cooperative shall be the sole and exclusive record for determining member status in the

Cooperative and the ownership of any Member Certificate. The Cooperative shall maintain an ongoing list of those holding Membership Certificates.

Section 2.9: Membership Fees

All applicants for membership shall pay a non-refundable one-time membership fee in such sum as may be established by the members from time to time at the time of application. From time to time the members may, by majority vote at a regular or special meeting of members, adjust the amount of the membership fee as is deemed appropriate for the benefit of the Cooperative.

Section 2.10: Annual Member Dues

From time to time the members may, by majority vote at a regular or special meeting of members, determine the need for and assess annual member dues in an amount deemed appropriate for the benefit of the Cooperative. Members shall be obligated to pay annual member dues promptly when due.

Article III: Meetings of members

Section 3.1: Annual Meeting

An annual meeting of members shall be held on the third Monday in October at a time and place to be fixed by the Board of Directors. The purposes of the meeting shall be to review the annual report, hear reports on the operations and finances of the Co-op, elect directors and to conduct such other business as may properly come before the meeting.

Section 3.2: Quarterly Meetings

Quarterly meetings of members shall be held for the purposes of hearing reports on the operations and finances of the Co-op and conducting such other business as may properly come before the meeting. These meetings shall be held on the third Monday of January, April, and July.

Section 3.3: Special Meetings

Special meetings of members may be called by the Board of Directors or upon receipt of a petition signed by 25% of the members, which states the business to be brought before the meeting.

Section 3.4: Notice

Written notice of the time and place of any meeting of members, together with a statement of the purpose of such meeting, shall be mailed or e-mailed to each member not less than 10 nor more than 30 days before the date of the meeting. No business shall be transacted at a special meeting other than that specified in the notice of such special meeting. The failure of any member to receive notice shall not invalidate any action that may be taken by the members at the meeting.

Section 3.5: Quorum

Twenty five percent of the number of members, whether present in person or represented by mail ballot, shall constitute a quorum necessary for the transaction of business at any annual, quarterly or special meeting of the members

Section 3.6: Decision making

Each member shall have only one vote on each matter submitted to members for a vote. Unless required by law or otherwise in these bylaws, the affirmative vote of a majority of members at a meeting at which a quorum is present shall determine the decision of the members on any matter. Members shall strive to reach consensus on all issues whenever possible. If after diligent effort, in the opinion of the President, a consensus cannot be reached on a particular issue, the President may call for a vote be taken. The election of directors shall be by plurality vote.

The Board of Directors may authorize voting by voice vote, written ballot or by mail or e-mail ballot in conjunction with a meeting of members through procedures that are designed to assure fairness of the process, secrecy of ballots and convenience to members. In such event, the notice

of the meeting shall include a ballot and a full description of the issue or text to be voted upon. Votes cast by ballot shall be counted together with votes cast in person at the meeting.

Section 3.7: Order of business

In the absence of a different agenda determined by the Board, the order of business at the annual meeting of the members, and so far as practicable at all other meetings of the members shall be:

- (1) Registering of members present
- (2) Reading and disposing of all unapproved minutes
- (3) Reports by committees
- (4) Unfinished business
- (5) Election of directors
- (6) New business
- (7) Adjournment

Meetings of members, Board of Directors and all committees shall be governed by Robert's Rules of Order, as these rules may be changed or amended thereafter from time to time.

Article IV: Board of Directors

Section 4.1: Powers and duties

Except as to matters reserved to members by law or by these by-laws, 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 by-laws as "the Board"). The powers and duties of the Board shall include, but not be limited to, overseeing the operations of the co-op, establishing budgets and fiscal controls, creating operational and management policies in the best interests of the co-op, engaging store workers and monitoring and evaluating their performance, and assuring that the purposes of the co-op are properly carried out.

Section 4.2: Classification, election and terms

The Board shall consist of not less than five or more than nine members with a President, Vice President, Treasurer and Secretary. All members of the Board must be members of the co-op. Board members shall be elected at the annual meeting upon majority vote. Terms of directors shall be 2 years. There shall be no limit to how many terms an individual can be elected to serve. Terms of directors shall be staggered so that no more than three positions are up for election in any one year.

Section 4.3: Nomination and Election of Directors

Not less than sixty (60) calendar days prior to the annual meeting, the Secretary shall call upon the members to nominate qualified candidates for any director elections. A member in good standing may nominate any other qualified member in good standing for election to the board of directors. Said nomination must be made in writing and submitted to the Secretary no later than thirty (30) calendar days prior to the annual meeting. If there are insufficient candidate nominations to conduct any election, the members may vote to suspend the nomination process in this bylaw and accept nominations from the floor at the annual meeting so that an election may be held.

Section 4.4: Standards of conduct

Directors are responsible at all times for discharging their duties in good faith in a manner which they reasonably believe to be in the best interests of the co-op and which such care as an ordinarily prudent person in a like position would use under similar circumstances. A Director shall disclose to the Board his/her conflict of interest, whether actual or potential, prior to discussion of any matter before the Board; and when required by vote of the Board, such conflicted director shall leave the Board meeting during the discussion and voting on such matter.

Section 4.5: Committees

The Board may designate standing or special committees and solicit committee members to advise the Board and to exercise such authority, as is deemed appropriate by the Board. Such

committees shall consist of at least a majority in number of members of the co-op and shall, whenever practical, include at least one director. Initial standing committees may include Marketing, Publicity, Fundraising, Finance, Daily Operations, Classes and Workshops and Maintenance.

Section 4.6: Bonds and Insurance

The Board of Directors may require the manager and all other officers, agents, and employees charged by the Cooperative with the responsibility for the custody of any of its funds or negotiable instruments to give an adequate bond. Such bonds, unless cash security is given, shall be furnished by a responsible bonding company and approved by the Board of Directors, and the cost thereof shall be paid by the Cooperative. The Board shall provide for adequate insurance of Cooperative property, or property in the possession of or stored by the Cooperative and not otherwise adequately insured, and, in addition, adequate insurance covering general liability, liability for injury and accidents to employees and the public, director and officer liability insurance and such other insurance as the Board shall deem necessary and prudent.

Section 4.7: Accounting System and Audits

The Board of Directors shall cause to be installed an accounting and records system which shall be adequate to meet the requirements of the business and shall require proper records to be kept of all business transactions.

The Board of Directors shall cause an audit or other review of the Cooperative's books and records to be performed annually, or at such other time interval as the Board may establish, by such person(s) as the Board shall vest with this responsibility. All findings shall be reported to the Board, which shall ensure that any required actions are promptly taken. A summary of these audit findings and any actions taken shall be reported to the members.

Section 4.8: Depository

The Board of Directors shall select one or more banks to act as depositories for the funds of the Cooperative, determine the manner of receiving, depositing, and disbursing the funds of the Cooperative, establish the form of checks, and authorize the person(s) by whom they shall be signed. The Board shall reserve the power to change at will such banks and the person(s) signing checks, and shall ensure that appropriate security procedures are established to safeguard access to depository funds.

Section 4.9: Termination

The term of office of director may be terminated prior to its expiration in any of the following ways: 1) voluntarily by a director upon notice to the Board; 2) automatically upon termination of membership in the co-op; 3) involuntarily, with cause, upon a 60% vote of the number of members at a duly called meeting of members, and after having had prior notice and the opportunity to speak and present evidence on his or her behalf to the membership; and 4) involuntarily for cause, by the Board after prior notice and 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 the next meeting of members and during the interim such person's directorship shall be considered to be terminated. A Director who fails to attend three consecutive Board meetings, unless excused by the Board, shall be presumed to have resigned.

Section 4.10: Vacancies

Any vacancy among directors occurring between regularly scheduled times for election of directors shall be filled temporarily by vote of the Board until the next annual meeting, and then by membership vote at the next annual meeting.

Article V: Officers

Section 5.1: Title, Election and Duties

The Board of Directors shall elect from among their number a President, Vice President, Treasurer and Secretary. No two offices may be held by the same person. The duties of each

officer shall be the duties prescribed by these Bylaws and those prescribed by the Board. Additional Board members will assist the officers as necessary.

Section 5.2: Duties

Officers shall have the following duties and such additional duties as are determined by the Board:

- (a) The President shall be the Chief Executive Officer and shall coordinate the activities of the Board, shall present a report to the annual meeting on the organizational affairs of the co-op, shall facilitate, or designate a facilitator for, Board meetings and membership meetings, and shall, as authorized by the Board, sign all contracts, instruments and legal or other documents of all kinds on behalf of the co-op.
- (b) The Vice President shall perform the duties of the President in his or her absence and shall, as requested, assist the President in the performance of his or her duties.
- (c) The Treasurer shall have control of the financial affairs of the co-op and the filing of all required financial reports and returns, shall have charge and supervision of the financial records of the co-op, shall present a report to the annual meeting on the financial affairs of the co-op, shall share with the Secretary the maintenance of membership records, and shall, as authorized by the Board, sign all contracts, instruments and legal or other documents of all kinds on behalf of the co-op.
- (d) The Secretary shall share with the Treasurer the maintenance of membership records, issue Certificates of Membership, maintain lists of members and those authorized to vote, shall oversee the keeping of minutes of Board and member meetings, shall have general charge and supervision of the non-financial records of the co-op, and shall, as authorized by the Board, sign all contracts, instruments and legal or other documents of all kinds on behalf of the co-op.

Article VI: Meetings of the Board

Section 6.1: Meetings

The Board of Directors shall meet at such times and places as determined by the Board, but no less than ten times per year. Additional meetings shall be called upon request of at least three directors.

Section 6.2: Notice

Written notice of meetings of the Board may be delivered not less than seven days before the date of the meeting by mail or electronic mail, and oral notices in person or by telephone may 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 at the principal office of the co-op.

Section 6.3: Quorum

The presence in person of a majority of Board members shall constitute a quorum for the transaction of business at any meeting of the Board.

Section 6.4: Decision making

Each director shall have only one vote on each matter submitted for a vote. Unless required by law or otherwise in these bylaws, the affirmative vote of a majority of directors at a meeting at which a quorum is present shall determine the decision of the Board on any matter. Directors shall strive to reach consensus on all issues whenever possible. If after diligent effort, in the opinion of the President, a consensus cannot be reached on a particular issue, the President may call for a vote to be taken.

Section 6.5: 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 Board members and filed with the minutes of Board meetings.

Section 6.6: Referendum

At the request of a majority of Board members, 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.

Section 6.7: Open meetings

Meetings of the Board of Directors and of all committees shall be open to all members of the cooperative. Sessions of a Board of Directors meeting may be closed only as to issues of a particularly sensitive nature.

Article VII: Capital Plan and Assets

Section 7.1: Operation at Cost

The Cooperative shall at all times be operated on a cooperative, service-at-cost basis for the mutual benefit of its members. The Cooperative may accumulate only such capital, reserves and other financial assets as are determined by the Board to be necessary and prudent to the ongoing operation of the Cooperative's business. This Cooperative may conduct business with non-members.

Section 7.2: Capital Plan and Budget

The Board shall adopt an annual budget and shall monitor spending in accord with this budget on at least a quarterly basis. The Board shall also adopt a Capital Plan, which shall be reviewed at least annually thereafter, to establish and provide for the capital needs of the Cooperative. The Capital Plan shall establish a minimum capital amount, and the method and amount of equitable contribution(s) of capital by members. The minimum capital amount shall be established and maintained at a sum no less than the amount required to maintain the Cooperative store and any other facility or real property owned by the Cooperative. Each member shall contribute capital in such amount(s) as may be required by the Capital Plan, as it may be amended from time to time, when so notified by the Board. The Cooperative shall establish a capital account for each member and shall record each capital contribution by each member to such account. Capital shall be retired only at the discretion of the Board. If capital is accumulated in excess of the amount provided for in the Capital Plan, such excess may be returned to members on an equitable basis.

Section 7.3: Member Capital Accounts

The Cooperative shall establish a Member Capital Account for each member, and shall record each capital contribution by each Member to such account. The Cooperative may credit other payments and sums due to the Member to this account, as provided for in these bylaws. No dividends or interest shall be paid on Member Capital Accounts.

Section 7.4: Capital Contributions

Each member of the Cooperative shall provide capital in such amount(s) as shall be established by the board of directors from time to time according to the Base Capital Plan adopted by the Board. Capital requirements of members shall be determined equitably and based on the volume or value of units of products and services purchased from the Cooperative or based on such other equitable method as is established in the Capital Plan. Such amounts shall be allocated to the member's capital account. Patronage refunds may be credited to members' capital accounts, when the Board so directs.

Section 7.5: Records and Documentation

The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member.

Section 7.6: Lien for Sums Owed

The Cooperative shall have a first priority lien on each member's capital account and any other assets held for the member by the Cooperative for any sums owed to the Cooperative by such member. The Board may authorize the Cooperative to set off any amount owed by the member

against such assets at any time after it is due and remains unpaid. Any debt to the Cooperative shall be satisfied first before retiring any sums from a member's capital account or other member asset.

Article VIII: Distribution of Assets, Dissolution and Liability

Section 8.1: Generally

The Cooperative shall reimburse directors for all reasonable expenses incurred in carrying out their duties and responsibilities under policies established by the Board. The Cooperative shall not financially compensate directors.

No loans shall be contracted on behalf of the Cooperative and no evidence of indebtedness or pledge or mortgage of Cooperative property shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 8.2: Dissolution

A two-thirds vote of the number of members of the Cooperative shall be required to dissolve the Cooperative. In the event of the liquidation, dissolution or winding up of the affairs of the Cooperative, whether voluntary or involuntary, after paying or providing for the payment of all debts as provided by law, each member will be entitled to receive an amount in cash equal to each of the following in this order: a) the payment of any unpaid sums in their capital account; b) the return of the amount paid for their Membership Fee, not to include any annual membership dues or other fees; and c) the return of any capital contributions actually made. All of the remaining balance of the assets of the Cooperative will be distributed among members on an equitable basis based on the value of business done with the Cooperative during the ten fiscal years immediately preceding dissolution, as shown by the books and records of the Cooperative, or by such other equitable method as the Board may determine at that time.

Section 8.3: Liability

Any member of the cooperative shall be immune from civil liability for damage or injury resulting from any act or omission made in the exercise of that person's policy or decision-making responsibilities if such person was acting in good faith and within the scope of his or her official duties and functions, unless such damage or injury was caused by the reckless, willful or wanton misconduct of such person. In addition to the immunity from civil liability provided for in Section 52-557m and pursuant to Section 33-1026 of the Revised Non-stock Corporation Act of the State of Connecticut, the personal liability of the directors or other members for monetary damages for breach of duty is limited to an amount that is not more than the compensation received by the individual for serving the organization during the year of the violation if such breach did not (A) involve a knowing and culpable violation of law by the individual, (B) enable the individual or an associate to receive an improper personal economic gain, (C) show a lack of good faith and a conscious disregard for the duty of the individual to the organization under circumstances in which the individual was aware that his or her conduct or omission created an unjustifiable risk of serious injury to the organization, or (D) constitute a sustained and unexcused pattern of inattention that amounted to an abdication of the individual's duty to the organization.

Article IX: Fiscal Year

The fiscal year of this Cooperative shall commence on the first day of July and end on the last day of June.

Article X: Interpretation and Amendment of By-laws

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 by-laws.

Section 10.2: Amendment

These bylaws may be amended or replaced only by a majority vote of the members at an annual or special meeting of members at which a quorum is present, and provided that the section(s) to be amended and the proposed amendment(s) are fully stated in the notice of the meeting at which the amendments are to be adopted.

Article III: Meeting of members

Section 3.2: Quarterly Meetings

Quarterly meetings of members shall be held for the purpose of hearing reports on the operations and finances of the Co-op and conducting such other business as may properly come before the meeting. These meetings shall be held on the third Monday of January, April and July.

Is Amended As Follows:

Article III: Meeting of members

Section 3.2: Quarterly Meetings

Quarterly meetings of members shall be held for the purpose of hearing reports on the operations and finances of the Co-op and conducting such other business as may properly come before the meeting. These meetings shall be held on a rotating schedule beginning with the third Monday in January, the third Tuesday in April, the third Wednesday in July, the third Thursday in October and beginning with the third Friday in January of the following year and continuing on the same rotation schedule. Any meeting maybe changed if necessary at the discretion of the Board of Directors.