

## Bylaws of South Mountain Company, Inc.

<p>I. Corporate Affairs ..... 1</p> <ul style="list-style-type: none"> <li>1. Name</li> <li>2. Registered Office</li> <li>3. Fiscal Year</li> <li>4. Execution of Instruments</li> <li>5. Corporate Records</li> <li>6. Articles of Organization</li> <li>7. Purposes</li> </ul> <p>II. Owners ..... 2</p> <ul style="list-style-type: none"> <li>1. Definitions</li> <li>2. Owner Organization</li> <li>3. Owner Eligibility</li> <li>4. One Class of Stock</li> <li>5. Ownership Shares and Ownership Fee</li> <li>6. Transfer Restrictions</li> <li>7. Ownership Termination</li> <li>8. Certificates for Ownership Shares</li> </ul> <p>III. Internal Capital Accounts ..... 4</p> <ul style="list-style-type: none"> <li>1. Internal Capital Accounts - Definitions</li> <li>2. Individual Capital Accounts, Collective Account, and Ownership Fee</li> <li>3. Net Income, Allocations, and Distributions</li> <li>4. Equity Redemptions</li> </ul> <p>IV. Owner Meetings ..... 6</p> <ul style="list-style-type: none"> <li>1. Annual Meeting</li> <li>2. Regular Meetings</li> <li>3. Special Meetings</li> <li>4. Notice of Meetings</li> <li>5. Quorum</li> <li>6. Voting and Proxies</li> <li>7. Action at a Meeting</li> <li>8. Action Without Meeting</li> <li>9. Meeting by Telephone</li> </ul>	<p>V. Board of Directors ..... 7</p> <ul style="list-style-type: none"> <li>1. Powers</li> <li>2. Election and Size</li> <li>3. Vacancies</li> <li>4. Tenure</li> <li>5. Compensation</li> <li>6. Removal</li> <li>7. Meetings</li> <li>8. Notice of Meetings</li> <li>9. Quorum</li> <li>10. Voting and Proxies</li> <li>11. Action at a Meeting</li> <li>12. Action Without Meeting</li> <li>13. Meeting by Telephone</li> </ul> <p>VI. Officers and Management ..... 8</p> <ul style="list-style-type: none"> <li>1. Elected Officers</li> <li>2. Tenure</li> <li>3. Compensation</li> <li>4. Removal</li> <li>5. Vacancies</li> <li>6. President</li> <li>7. Vice President</li> <li>8. Treasurer</li> <li>9. Clerk</li> <li>10. Benefit Director</li> <li>11. Management and Other Committees</li> </ul> <p>VII. Indemnification and Insurance ..... 10</p> <ul style="list-style-type: none"> <li>1. Indemnification</li> <li>2. Insurance</li> </ul> <p>VIII. Amendments ..... 10</p> <ul style="list-style-type: none"> <li>1. By Owners</li> <li>2. By Directors</li> </ul> <p>IX. Operating Policies .. ..... 10</p> <p>X. Construction ..... 11</p>
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# Bylaws of South Mountain Company, Inc.

As Amended Through June 27, 2016

## ARTICLE I CORPORATE AFFAIRS

1. **NAME.** The name of the corporation is SOUTH MOUNTAIN COMPANY, INC. (hereinafter referred to as the "Corporation").

2. **REGISTERED OFFICE.** The location and mailing address of the Corporation's registered and principal office is 15 Red Arrow Road, PO Box 1260, West Tisbury, MA 02575.

3. **FISCAL YEAR.** The fiscal year of the Corporation shall end on the last day of April in each year.

4. **EXECUTION OF INSTRUMENTS.** All deeds, leases, transfers, contracts, bonds, notes and other obligations authorized to be executed on behalf of the Corporation shall be signed by the President or the Treasurer except as the Directors may otherwise determine.

5. **CORPORATE RECORDS.** Copies of corporate records, including the Articles and Bylaws, records of meetings, and stock and transfer records containing the names of all Members, shall be kept by the Clerk at the principal office of the Corporation. These records shall be available to Members for inspection at reasonable times.

6. **ARTICLES OF ORGANIZATION.** In the event of any inconsistency between the Articles of Organization and these Bylaws, the provisions of the Articles of Organization shall be controlling. All references in these Bylaws to the Articles or Articles of Organization shall mean the Articles of Organization of the Corporation as amended from time to time.

7. **PURPOSES.** The Corporation shall be a benefit corporation and is formed for the following purposes: (a) to provide architecture, engineering, building, and renewable energy services, and to do all things necessary, convenient or incidental to the foregoing; (b) to create general public benefits that strengthen our local community and economy and generally adhere to triple bottom line (people, planet, and profits) principles; and (c) to carry on any business or other activity which may be lawfully carried on by a corporation organized under the business corporation law of the Commonwealth of Massachusetts, whether or not related to those referred to above in this section.

## ARTICLE II OWNERS

1. **DEFINITIONS.** Members(s) and Membership shall hereinafter be referred to as Owner(s) and Ownership and shall have the meaning described in the Massachusetts General Laws, Chapter 157A, Section 2. Owners shall hold the common shares of the Corporation.

2. **OWNER ORGANIZATION.** The Corporation shall be controlled democratically by its Owners, designated in accordance with this Article. The Corporation shall operate on a cooperative basis with respect to its Owners, with a portion of earnings and losses allocated to Owners on the basis of patronage in accordance with Article III and with

voting by the Owners in accordance with Article IV. The Corporation may have non-Owner employees except as otherwise provided in section 3 of this Article II.

3. OWNER ELIGIBILITY. Owners of the Corporation shall be natural persons who: (a) are employed by the Corporation on a full or three-quarter time basis as defined in the Corporation's Operating Policies; (b) have been approved by the Board of Directors or its designees; and (c) have paid an Ownership fee in an amount determined by the Board of Directors and subsequently the amount of his or her individual capital account balance has not fallen below the then current Ownership fee. Except as otherwise determined by the Board, an employee will be accepted as an Owner after a trial period of five (5) years of employment and a minimum of six thousand (6,000) hours worked. The timing of such payment, and of commencing Ownership, shall be as follows: (1) after notification of acceptance and of the amount of the Ownership fee, the employee shall have three years to complete payment of the entire fee; (2) as soon as one-half or more of the fee is paid, but not before, the employee shall become an Owner with all the rights and privileges of Ownership; provided, however, that (3) if the entire fee is not paid within the three year period beginning with the date of the notification of acceptance, then, as of the third anniversary of such notification, the employee's Ownership shall be terminated and the amount to be received in redemption of the Ownership share shall be limited to the amount of the Ownership fee actually received from the employee by the Corporation.

4. ONE CLASS OF STOCK. The Corporation shall have one class of common stock. Shares of common stock shall be designated as "membership shares" as defined in section 6 of MGL chapter 157A, hereinafter referred to as "Ownership shares". Holders of said Ownership shares shall have the right to vote on all matters that require voting by stockholders pursuant to the law, the Articles, or the Bylaws of the Corporation. Ownership shares of common stock shall have such dividend and redemption rights as are defined in Article III of these Bylaws.

5. OWNERSHIP SHARES AND OWNERSHIP FEE. Ownership shares may be held only by Owners designated in accordance with section 3 of this Article II. Each Owner shall own one and only one Ownership share. The cost of an Ownership share shall be determined by the Board of Directors and shall be designated as the "Ownership fee."

6. TRANSFER RESTRICTIONS. No Ownership share can or shall be assigned, either voluntarily or involuntarily, or by operation of law; nor can any Ownership or Ownership rights, voting or property rights of an Owner in the Corporation be assigned, transferred, alienated, or encumbered in any manner or by any means whatsoever. Nothing in this paragraph shall prevent the transfer and/or repurchase of an Owner's share back to the Corporation.

7. OWNERSHIP TERMINATION. An Owner's Ownership shall be terminated and his or her Ownership share shall be redeemed by the Corporation for consideration determined in accordance with Article III upon any one or more of the following: (a) voluntary or involuntary termination of an Owner's employment by the Corporation, except for temporary layoffs or absences; (b) the Owner's nonpayment of the Ownership fee; (c) the amount of the Owner's individual capital account balance falls, through distributions, below the then current Ownership fee; (d) the Owner becomes less than a three-quarter time employee, as defined in the Corporation's Operating Policies. No Owner's Ownership may be terminated involuntarily without written notice and a right to a hearing before the Board of Directors or such other body as determined by the Owners.

8. CERTIFICATES FOR OWNERSHIP SHARES. Each Owner is entitled to a certificate representing his or her Ownership share in such form as prescribed by the Board of Directors. The certificate shall be signed by the President and by the Treasurer. Each Ownership share shall set forth conspicuously on the face or back of the certificate the full text of the restrictions prescribed herein. In case of the loss, destruction, or mutilation of an Ownership certificate, a duplicate certificate may be issued in its place, upon such terms as the Board of Directors may prescribe.

ARTICLE III  
INTERNAL CAPITAL ACCOUNTS

1. INTERNAL CAPITAL ACCOUNTS - DEFINITIONS. The Corporation shall have a system of internal capital accounts to reflect its net worth. The following definitions shall apply to terms used herein.

- (a) The net worth is the difference between the assets and liabilities on the corporate books.
- (b) The internal capital accounts consist of the individual capital accounts and the collective account.
- (c) An individual capital account is maintained for each Owner, and it records the part of the net worth allocated to each Owner as a valuation of his or her equity in the Corporation. The collective account is the portion of the net worth that is not allocated to any individual capital account and is not to be distributed during the lifetime of the Corporation.
- (d) The total net income is the net income for the fiscal year computed for purposes of the federal income tax. The total net income, positive or negative, is divided into the collective net income and the individual net income.
- (e) The individual net income is a fraction of the total net income, determined as follows: a fraction the numerator of which is the Owners' patronage and the denominator is the Owners' patronage plus the non-Owner's patronage multiplied by a fraction the numerator of which is the average hourly rate of Owners and the denominator is the average hourly rate of non-Owners. The total net income is multiplied by this fraction to determine the individual net income. The individual net income is allocated to each Owner's capital account based on individual Owner patronage to total Owners' patronage.
- (f) The collective net income is the total net income less the individual net income and applicable taxes.
- (g) The patronage of an Owner or non-Owner is the total number of hours worked for the Corporation during the fiscal year. The Owners' patronage is the total number of hours worked by Owners during the fiscal year, and the non-Owners' patronage is the total number of hours worked by non-Owners during the fiscal year.
- (h) The patronage allocation is the positive amount of net income that is allocated, in proportion to patronage, to the Owners' individual capital accounts and/or to the Owners as patronage dividends. The negative patronage allocation is the negative amount allocated from current losses to the individual capital accounts of the Owners in proportion to their current labor patronage.
- (i) The individual capital account statement is an accounting statement issued to each Owner at the end of each fiscal year which details all the changes in the Owner's individual capital account for that fiscal year.
- (j) The termination distribution refers to the distribution of cash and/or notes of indebtedness to an ex-Owner or an ex-Owner's estate which is triggered by Ownership termination or retirement.
- (k) The dissolution distribution refers to a distribution, if any, of cash or other property to Owners, previous Owners, or their heirs, following the sale, liquidation, or dissolution of the Corporation.

2. INDIVIDUAL CAPITAL ACCOUNTS, COLLECTIVE ACCOUNT, AND OWNERSHIP FEE. Each Owner shall have an individual capital account that records a portion of the Corporation's net worth. Each Owner shall pay to the Corporation in cash an initial Ownership fee in an amount determined from time to time by the Board of Directors. The Ownership fee shall be credited to the Owner's individual capital account.

- (a) The balance in the individual capital account results from and is increased by: (1) the initial Ownership fee, and (2) the amount of any patronage allocation of income. The balance is decreased by: (1) the application of negative patronage allocations, (2) any corporate taxes or other charges against individual net income, (3) the payment to an Owner of a patronage dividend, or (4) redemption of the Ownership share in cash or notes of indebtedness.
- (b) The balance in the collective account results from and is increased by: (1) the collective net income for the fiscal year, and (2) any gifts or grants to the Corporation which are not to be allocated to the individual capital accounts. The balance in the collective account is decreased by (1) negative collective allocations, or (2) any corporate taxes or other charges against collective income.

3. NET INCOME, ALLOCATIONS, AND DISTRIBUTIONS. Total net income for each fiscal year shall be allocated and/or distributed as follows.

(a) Positive Patronage Allocations. If the individual net income is positive, then the Corporation shall allocate the patronage allocation to (1) qualified patronage dividends described in Internal Revenue Code §1388(a), (2) qualified written notices of allocation described in Internal Revenue Code §1388(c), and/or (3) nonqualified written notices of allocation described in Internal Revenue Code §1388(d). For each fiscal year, the Board of Directors shall determine what percentage of the patronage allocation shall be qualified patronage dividends, qualified written notices of allocation and/or nonqualified written notices of allocation. The same percentages shall be applied to each Owner's patronage allocation. Amounts allocated to Owners but not paid shall be credited to the individual capital accounts of the Owners as net worth of the Corporation and may be used for any and all corporate purposes. Qualified written notices of allocation shall be redeemed by the Corporation pursuant to the terms provided in the notice. Nonqualified written notices of allocation may be redeemed from time to time at the discretion of the Board. Redemption of part or all of the amount of an Owner's nonqualified written notices of allocation in the event of special need may be made upon request from time to time pursuant to rules adopted from time to time by all of the Owners, provided that any such rules shall apply generally to all of the Owners.

(b) Negative Patronage Allocations. The individual capital account of each Owner shall be debited with the fraction of the total negative patronage allocation equal to the ratio of his or her Owner patronage to the total Owners' patronage for the fiscal year. The collective capital account shall be debited with the remainder of the total negative patronage allocation for that fiscal year. The Corporation shall have the right, for tax purposes, to carry back or carry forward net operating losses to past or future years in accordance with applicable provisions of the Internal Revenue Code.

(c) Individual Capital Account Statements. At the end of each fiscal year, after completion of all the internal account changes which related to that fiscal year, each Owner shall be issued an individual capital account statement. This statement shall include the previous balance in the Owner's account, the positive or negative patronage allocations to the account, the redemptions or distributions from the account, and the resulting current balance in the Owner's account.

(d) Consent to Include Qualified Allocations in Taxable Income. Each person who applies for and is accepted to Ownership in this cooperative corporation and each Owner of this cooperative corporation on the effective date of this bylaw who continues as an Owner after such date shall, by such act alone, consent that the amount of any distributions with respect to his or her patronage during a taxable year which are made in qualified written notices of allocation (as defined in Internal Revenue Code §1388(c)), and which are received by him or her from the Corporation, will be included in taxable income by him or her at the stated dollar amounts in the manner provided in Internal Revenue Code §1385(a) in the taxable year in which such written notices of allocation are received.

(e) Collective Net Income. Collective net income, reduced by corporate taxes and other charges properly allocable to that income, shall be added to the collective account. The collective account may be used for any and all corporate purposes.

#### 4. EQUITY REDEMPTIONS.

(a) Termination Distributions to Owners. Upon voluntary or involuntary termination of an Owner's employment by the Corporation, except for temporary layoffs or absences, his or her Ownership share shall automatically be deemed to have been transferred and returned to the Corporation in return for the consideration specified herein. The account balance in the terminating Owner's internal capital account shall be fixed after the adjustments at the end of that fiscal year, and the account shall be closed to any further patronage allocations. After the year-end adjustments, if the account has a positive balance, then that balance shall be paid to the ex-Owner in consideration for the Ownership share in some combination of cash and promissory notes and under such terms as the Board of Directors shall deem appropriate. After the year-end adjustments, if there is a zero or negative balance in

the person's individual capital account, then the Ownership share shall be returned to the Corporation for no consideration.

(b) Dissolution Distributions. On the sale of all the assets, liquidation, or dissolution of the Corporation, any residual assets left after the payment of all debts shall be distributed as follows: (1) first to the current Owners in an amount equal to the balances in their internal accounts or, if said residual assets are insufficient, then on a pro rata basis in proportion to the relative balances in their internal accounts; (2) second, any assets remaining thereafter shall be distributed in proportion to total lifetime patronage to all the previous and current Owners, or to their heirs, in accordance with this section; except that no distribution need be made to any person who fails to acknowledge, in a timely manner, receipt of notice of liquidation. Any amounts unclaimed after sufficient notice shall be distributed in proportion to patronage to all previous and current Owners who acknowledge receipt of notice of liquidation.

(c) Distributions to Owners Over Age 62. An Owner who has passed his or her 62<sup>nd</sup> birthday may request payment of his or her individual capital account, which payment shall then proceed pursuant to the established schedule then governing equity redemption pursuant to Article III, section 4(a), and such Owner may at his or her option continue as an Owner so long as he or she is eligible under Article II, section 3, as amended from time to time.

#### ARTICLE IV OWNER MEETINGS

1. ANNUAL MEETING. The annual meeting of the Owners shall be held on the first Tuesday in April. The location of the annual meeting shall be fixed by the Board of Directors or by the President. The annual meeting shall be held for the purpose of electing the Board of Directors, and for any other lawful purposes specified by the President or by the Directors or by at least 30% of the Owners. If the annual meeting is omitted on the day specified herein, a special meeting may be held in its place and any business transacted shall have the same effect as if transacted at the annual meeting.

2. REGULAR MEETINGS. Regular meetings of the Owners may be held without call or formal notice at such places and at such times as the President or a majority of the Owners may from time to time determine, provided that each Owner shall be given notice of the determination.

3. SPECIAL MEETINGS. Special meetings of the Owners may be called for any lawful purpose at any time by the Board or by the President, and shall be called by an officer upon written application of 30% of the Owners.

4. NOTICE OF MEETINGS. A written notice of each annual or special meeting stating the time, place, and purpose shall be given by the Clerk or by the officer calling the meeting, at least seven (7) days before the meeting, to each Owner either in person, by leaving the notice at the Owner's usual workplace, or by mailing it to the Owner's address as shown on the records of the Corporation. Notice need not be given to an Owner who signs a written waiver of notice before or after the meeting, or to any Owner who attends the meeting without protesting the lack of notice.

5. QUORUM. At any meeting of the Owners, a majority of the Owners then in office shall constitute a quorum.

6. VOTING AND PROXIES. Each Owner at the time of the meeting is entitled to one and only one vote on any matter requiring Owner voting. An Owner may authorize, by means of a written or electronic proxy, another Owner to vote on his or her behalf at a meeting. A proxy shall be signed, dated not more than seven (7) days before the meeting, and filed with the Clerk before the meeting at which the proxy is intended for use. A proxy holder shall have a general power to vote on any matter unless otherwise limited by the proxy.

7. ACTION AT A MEETING. The President or other designee of the Board of Directors, shall preside at Owner meetings. When a quorum is present at a meeting, seventy-five percent (75%) of the Owners present and entitled to vote may take any action on behalf of the Owners, unless a larger number is required by law, by the Articles, by these Bylaws, or by a prior decision of the Owners.

8. ACTION WITHOUT MEETING. Any action to be taken by the Owners may be taken without a meeting if: (a) each Owner entitled to vote on the matter receives actual notice of the proposed action, or, if not, an officer of the Corporation makes a thorough and reasonable attempt to contact such Owner and no response is received for seven (7) days; (b) a quorum of Owners cast votes via written or electronic means; and (c) at least seventy-five percent (75%) of those Owners voting consent to the action. Each written or electronic vote shall be filed with the records of the Corporation and shall be treated for all purposes as a vote at a meeting.

9. MEETING BY TELEPHONE. One or more Owners may participate in a meeting by means of a conference telephone or similar communications equipment which permits all those participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

## ARTICLE V BOARD OF DIRECTORS

1. POWERS. The Board of Directors may exercise all the powers of the Corporation, including the power to issue stock, except as otherwise provided by law, by the Articles, or by these Bylaws.

(a) In discharging duties, and in determining what is in the best interests of the Corporation and its Owners, a Director shall not be required to regard any interest, or the interests of any particular group affected by such action, as a dominant or controlling interest or factor. A Director shall consider such factors as the Director deems relevant for the exercise of his or her powers provided for herein, including, but not limited to: the short-term and long-term prospects and interests of the Corporation and its Owners; the social, economic, legal, environmental, or other effects of any action on the current and retired employees, the suppliers and customers of the Corporation or its subsidiaries, and the communities and society in which the Corporation or its subsidiaries operate (collectively, with the Owners, hereinafter known as the "Stakeholders"); and the effect of the Corporation's operations on society and the economy of the state, the region, and the nation.

(b) Nothing in this Article express or implied, is intended to create or shall create or grant any right in or for any person or any cause of action by or for any person.

(c) Notwithstanding the foregoing, any Director is entitled to rely upon Article V, section 1(a) as set forth above in enforcing his or her rights hereunder, and under state law and such reliance shall not, absent another breach, be construed as a breach of a Director's fiduciary duty of care, even in the context of a change in control transaction where, as a result of weighing other Stakeholders' interests, a Director determines to accept an offer, between two competing offers, with a lower price per share.

2. ELECTION AND SIZE. The Owners shall elect the Directors and determine the number of Directors, the minimum number of Directors being at least three, with one being an independent Benefit Director. One or more Directors may be elected at any meeting of the Owners. A Director need not be an Owner. The current roster of Directors shall be published in the Operating Policies of the Corporation.

3. VACANCIES. Any vacancy in the Board of Directors may be filled by a decision of the Owners or the Directors then in office. In the event of a vacancy in the Board of Directors, the remaining Directors may exercise the powers of the full Board until the vacancy is filled except as otherwise provided by law.

4. TENURE. Except as otherwise provided by law, by the Articles, or by these Bylaws, Directors shall hold office for a term determined by the Owners and thereafter until their successors are elected. Any Director may resign by delivering his or her written resignation to any officer or to a meeting of the Board of Directors.

5. COMPENSATION. Directors may receive compensation for their expenses and/or time if requested and upon approval by the Owners.

6. REMOVAL. A Director may at any time be removed from office by a decision of the Owners.

7. MEETINGS. Regular meetings of the Board of Directors may be held at such places and times as the Board may from time to time determine. Special meetings of the Board of Directors may be called at any time by the President, and shall be called by the Clerk at the request of three or more of the Directors.

8. NOTICE OF MEETINGS. Notice of the time, place, and purposes of any meeting of the Board of Directors shall be given to each Director by the President or the Clerk. Notice shall be given to each Director in person or by telephone or by electronic communication not less than seven (7) days before the meeting. Notice need not be given to any Director who signs a written waiver of notice before or after the meeting or to any Director who attends the meeting without protesting the lack of notice.

9. QUORUM. At any meeting of the Board of Directors, a majority of the Directors then in office shall constitute a quorum.

10.VOTING AND PROXIES. Each Director of record at the time of a meeting of the Board of Directors is entitled to one and only one vote on any matter requiring voting. A Director may authorize, by means of a written or electronic proxy, another Director to vote on his or her behalf at a meeting. A proxy shall be signed, dated not more than seven (7) days before the meeting, and filed with the Clerk before the meeting at which the proxy is intended for use. A proxy holder shall have a general power to vote on any matter unless otherwise limited by the proxy.

11.ACTION AT A MEETING. When a quorum is present at a meeting, seventy-five percent (75%) of the Directors present may take any action on behalf of the Board of Directors, unless a larger number is required by law, by the Articles, by these Bylaws, or by a prior decision of the Board of Directors.

12. ACTION WITHOUT MEETING. Any action to be taken by the Directors may be taken without a meeting if (a) each Director entitled to vote on the matter receives actual notice of the proposed action, or, if not, an officer of the Corporation makes a thorough and reasonable attempt to contact such Director and no response is received for seven (7) days; (b) a quorum of Directors cast votes via written or electronic means; and (c) at least seventy-five percent (75%) of those Directors voting consent to the action. Each written or electronic vote shall be filed with the records of the Corporation and shall be treated for all purposes as a vote at a meeting.

13.MEETING BY TELEPHONE. One or more Directors may participate in a meeting by means of a conference telephone or similar communications equipment which permits all those participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.



ARTICLE VI  
OFFICERS AND MANAGEMENT

1. ELECTED OFFICERS. A President, Vice President, Treasurer, and Clerk shall be elected by the Board of Directors. Other officers may be established and elected by the Board of Directors at its discretion. The current roster of officers shall be published in the Operating Policies of the Corporation. In its election of officers, the Board of Directors shall be bound by any provisions with respect to officer positions in employment agreements executed by the Corporation. Any two or more offices may be held by the same person.

2. TENURE. Except as otherwise provided by law, by the Articles, by these Bylaws, or by a contract between the Corporation and the officer, an officer shall hold office until his or her successor is elected. Any officer may resign by delivering to any Director his or her written resignation, effective upon receipt or at some later time specified.

3. COMPENSATION. Officers may receive compensation for their services, the amount and manner of which is within the discretion of the Board of Directors.

4. REMOVAL. The Board of Directors may remove any officers with or without cause, subject to the provisions of any employment agreements then in effect.

5. VACANCIES. If any office becomes vacant for any reason, the Board of Directors may elect a successor or successors.

6. PRESIDENT. The President shall be the chief executive officer and general manager of the Corporation and shall, subject to the direction of the Board of Directors, have general supervision of the business of the Corporation. The President shall have such other duties and powers as the Board shall determine from time to time. The President has the power to enter into contracts in the name of the Corporation, and such contracts shall be binding on the Corporation and not subject to reversal by the Owners. The President shall be ex officio a member of all the standing committees and otherwise shall have the general powers and duties of management usually vested in the office of President of a corporation.

7. VICE PRESIDENT. The Vice President may act in place of the President in the President's absence. The President may specify in writing the time period that he or she expects to be absent and the particular matters upon which the Vice President may act during that absence. In addition, if any Owner believes that the President is temporarily absent and that an action should be taken, the matter may be called to the attention of the Board of Directors and the Board may then authorize the Vice President to act. The Vice President shall also perform such other duties as may be assigned to him or her from time to time by the Board of Directors or by the President. In the event of the President's permanent absence due to death, resignation, firing, or any other reason, the Vice President shall become the interim President until such time as the Board of Directors has selected a permanent replacement.

8. TREASURER. Subject to the supervision of the Board of Directors, the Treasurer shall have: (1) general charge of the finances and custody of the funds of the Corporation, (2) power to endorse for deposit or collection all notes, checks, drafts, and other obligations or payments to the Corporation and to accept drafts on behalf of the Corporation, and (3) shall cause to be kept accurate books of account, which shall be the property of the Corporation. If required by the Board of Directors, the Treasurer shall give bond for the faithful performance of duty.

9. CLERK. The Clerk (also known as the "Secretary") shall be a resident of the state of Massachusetts. The Clerk shall keep at the principal office of the Corporation those documents described in section 5 of Article I, and shall have such other duties and powers as determined by the Board of Directors.

10. BENEFIT DIRECTOR. A Benefit Director shall be elected by the Board of Directors. The Benefit Director shall be independent, meaning that he or she shall not be an officer or an employee of the Corporation. The Benefit Director shall have, in addition to the powers, rights, duties, and immunities of the other Directors, the powers, rights, duties, and immunities provided in Massachusetts General Laws, Chapter 156E, Section 11, including the duty to prepare an annual report evaluating the Corporation's operation as a benefit corporation.

11. MANAGEMENT AND OTHER COMMITTEES. Subject to law and the provisions of the Articles and these Bylaws, the Board of Directors may appoint a management committee and such other committees as may be necessary from time to time, consisting of such number of its members and having such powers as it may designate. Such committees shall hold office at the pleasure of the Board.

## ARTICLE VII INDEMNIFICATION AND INSURANCE

1. INDEMNIFICATION. The Corporation shall indemnify each of its Directors and officers against all liabilities and expenses reasonably incurred or paid by him or her in connection with the defense or disposition of any action, suit, or other proceeding in which he or she may be involved, while in office or thereafter, by reason of his or her having been such a Director or officer; except with respect to any matter as to which he or she shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in the best interests of the Corporation. The right of indemnification herein provided for shall be in addition to any other right which any such person may have or obtain, shall continue as to any such person who has ceased to be a Director or officer, and shall inure to the benefit of the heirs of any such person.

2. INSURANCE. The Corporation may purchase insurance to cover any liability or expense reasonably incurred by Owners, officers, or Directors by reason of their having been Owners, officers, or Directors.

## ARTICLE VIII AMENDMENTS

1. BY OWNERS. The Owners shall have the power to make, amend, or repeal these Bylaws or the Articles of Organization by consensus or by a vote of at least seventy-five percent (75%) of the outstanding Owners of record.

2. BY DIRECTORS. The Board of Directors shall not have the power to make, amend, or repeal these Bylaws or the Articles of Organization.

## ARTICLE IX OPERATING POLICIES

Written rules to be known as Operating Policies, separate from these Bylaws, may be established by the Owners or by the Board of Directors. These Operating Policies may be added to, amended, or repealed by a decision of the Owners or the Board of Directors. The Operating Policies shall be binding on all Owners and Directors, unless inconsistent with the law, the Articles, or these Bylaws. A current copy of the Operating Policies shall be maintained by the Clerk, and a copy shall be available to any Owner requesting a copy.

ARTICLE X  
CONSTRUCTION

These Bylaws, the Articles of Organization, and any Operating Policies shall be construed, interpreted and applied consistent with the requirements of Subchapter T of the Internal Revenue Code so that the Corporation shall operate on a cooperative basis pursuant to §1381 (a) (2) of the Code.

*These Bylaws contain all amendments adopted through June 27, 2016.*