

Bylaws of ReSOURCE A Nonprofit Community Enterprise

Approved Thursday, February 19, 2004, Revised September 2009

Article 1. Name, Location and Purpose

Section 1.01 Name

The name of the Corporation is ReSOURCE A Nonprofit Community Enterprise, Inc. (“the corporation”).

Section 1.02 Registered Office

The principal office of the corporation is located at 266 Pine Street, Burlington, Chittenden County, Vermont. Should the address of this office change, the Board of Directors will specify, through a bylaw amendment, the new registered office of the Corporation.

Section 1.03 Purpose

This is a public benefit corporation. The purpose of this corporation is to reduce the amount of reusable and repairable household items dumped in landfills, give people who are homeless and others in transition valuable job skills, and alleviate the effects of poverty by making vital household goods available to the poor. This corporation is organized solely and exclusively for charitable purposes, and the corporation shall not carry on any activity not permitted to be carried out by a corporation exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Article 2. Members

Section 2.01 No members

This corporation will have no members. Any action which would require approval of members if the corporation had them can be approved by the Board of Directors.

Article 3. Board of Directors

Section 3.01 Powers

The Board of Directors (collectively referred to as “the Board”) will exercise all of the corporation’s powers, directly or through authorized agents. The Board is subject to the law, and the Articles of Incorporation and these Bylaws. By resolution, the Directors may designate committees of members of the Board for any purpose. The Board may establish an Executive Committee, consisting of at least three members which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors, except as otherwise provided by law.

Section 3.02 Number of Directors

The Board of Directors shall consist of not less than three and not more than fifteen Directors.

Section 3.03 Manner of Election

The Board shall elect all Directors. Nominations will be made by the Board of Directors. Elections will be held at regular board meetings as deemed appropriate by the Board of Directors. Each nominee will be considered independently and must be approved by two-thirds of the Board Members present at the meeting and a majority of the full Board. If there are more nominees than open seats, each board member may cast one vote for each open seat. Cumulative voting will not be allowed. The candidate receiving the highest number of votes will be elected Director, providing that their election is consistent with these Bylaws.

Section 3.04 Term

Board members are elected for a three-year term and may be re-elected for a second three-year term. Normally Board Members are expected to step down at the end of their second consecutive term for at least a year. However, the Board by a 2/3 majority may reelect Board Members who have been particularly active and involved to three or more consecutive terms.

Section 3.05 Vacancies

There is a vacancy on the Board when:

- a) the number of authorized Directors increases; or
- b) a Director dies, resigns, or is removed.

Section 3.06 Resignation.

A Director may resign at any time by delivering a written notice to the Secretary of the Corporation. No Director may resign if the corporation would then be left without a Director in charge of its affairs, unless she or he gives notice to the Attorney General.

Section 3.07 Removal.

The Board may remove a Director without cause by the affirmative vote of two-thirds of the Directors then in office. The Directors may declare a Director's seat vacant by a simple majority vote of the Directors then in office if the Director:

- has been declared of unsound mind by a court
- has been convicted of a felony
- has been found by a court to have breached any duty under Vermont law or
- has missed two successive Board meetings.

No reduction of the authorized number of Directors will remove any Director before the expiration of the Director's term.

Section 3.08 Filling Vacancies.

A majority of the Directors then in office can fill a vacancy with a person nominated by the Board.

Section 3.09 Pay

Directors will not be paid for their services as Directors. The corporation may reimburse Directors for actual and necessary expenses incurred in the performance of their duties so long as the Board either approves a particular expense or adopts a resolution providing for reimbursement. Directors may not be paid for services unless the pay is reasonable.

Section 3.10 "Interested Directors"

No matter what other provisions of these Bylaws say, no more than 49% of the number of persons serving on the Board may be "interested persons." An "interested persons" is either:

- A person the corporation is now paying for services rendered within the last 12 months, whether as an officer, other employee, independent contractor, or otherwise (excluding any reasonable expenses reimbursed to a Director as Director) or
- Any brother, sister, ancestor, descendant, spouse, brother-in-law, daughter-in-law, mother-in-law, father-in-law, or "significant other" of a person the corporation is now paying.

Section 3.11 Conflict of Interest

Neither Board Members nor Employees of ReSOURCE shall place themselves in any position that is or appears to be a conflict of interest with the mission, programs, or activities of ReSOURCE.

A conflict of interest may exist when a Board Member or employee has authority or responsibility in some matter in which the Board Member or employee, or a member of the Board Member or employee's immediate family, has a substantial personal or financial interest that may inhibit or appear to inhibit the Board Member or employee's ability to act in the interests of ReSOURCE.

A Board Member or the Executive Director who has a definite or potential conflict of interest with his or her responsibilities and/or obligations to ReSOURCE shall disclose such conflict of interest to the full Board of Directors and recuse himself or herself from votes or actions on that issue. Other employees who have a definite or potential conflict of interest with his or her responsibilities and/or obligations to ReSOURCE shall disclose such conflict of interest to the Executive Director. **Annually the organization will ask Board and staff members to disclose potential conflicts of interest.**

Section 3.12 Place of Meetings

The Board may designate any meeting place it deems appropriate for any regular or special meeting.

Section 3.13 Regular Meetings

Regular Board meetings will take place at least quarterly. At each meeting the Board will set the time, date, and place for its next meeting.

Section 3.14 Annual Meeting

The Board will hold an annual meeting in November or December each year to organize, select officers, and transact other business, unless the Board determines otherwise. The first order of business at each annual meeting will be the election of officers who shall assume office following the meeting. Normally, the annual meeting will occur during a regular board meeting time. Otherwise, the date, time and place of such meeting shall be established by the Board.

Section 3.15 Special Meetings

The President of the Board or three Directors then in office can call a special meeting of the Board at any time for any reason.

Section 3.16 Meeting Notices

No notice is needed for regular Board meetings. For the annual meeting and special board meetings, the corporation will give either:

- a ten day written notice by first class mail; or
- 48 hours notice delivered personally, by telephone, or email.

If the notice is given by mail or telegram, it is considered delivered when deposited in the mail. It is the duty of each Director to make sure the Secretary has his or her current address and phone number. Notice of the meeting shall specify the place, date, and hour of the meeting.

Section 3.17 Quorum

A quorum is a majority of Directors. Except where these Bylaws indicate otherwise, the Board may not do any business at a meeting which lacks a quorum. When a Board meeting starts with a quorum but loses it after the meeting begins, the Board may continue to do business. However, a majority of a quorum must approve anything done after the quorum is lost.

Section 3.18 Waiver of Notice and Consent to Meetings

Actions taken at any Board meeting, however called or wherever held, are valid if:

- a quorum is present; or
- either before or after the meeting each absent Director signs a waiver of notice or a consent to holding the meeting or an approval of the meeting's minutes. All waivers, consents, and approvals will be filed with the corporate records.

Section 3.19 Meetings by Telephone or Other Electronic Means

Any meeting may be held by conference telephone or other electronic means, as long as all participating Directors can hear or communicate with each other at all times. One or more Directors can participate in any Board meeting in this way.

Section 3.20 Action by Unanimous Consent without Meetings

Any action which the Board is authorized to take may be taken without a meeting if all members of the Board consent in writing. The Secretary will file all consents with the Board minutes.

Section 3.21 Majority Action as Board Action

If a meeting is properly held and a quorum is present, every decision made by a majority is a decision of the Board, unless the Bylaws, Articles, or the law provide otherwise.

Section 3.22 Honorary Directors

The Board of Directors may elect any number of Honorary Directors at any regular meeting. An Honorary Director shall be entitled to attend all meetings of the Board, but shall not be entitled to vote on any matters submitted to the Board of Directors for a vote and shall not be a Director for any other purpose. Honorary Directors will be recognized for their financial and technical support of the corporation.

Section 3.23 Meeting Rules

The Board may adopt such rules and regulations for the conduct of their meetings and the management of the corporation as they deem proper, so long as such rules and regulations are not inconsistent with law or with these Bylaws.

Section 3.24 Voting By Proxy

Voting by proxy is not allowed.

Article 4. Officers

Section 4.01 Officers

The officers of this corporation will be a President, a Vice-President, a Secretary, and a Treasurer.

Section 4.02 Executive Committee

The President, Vice-President, Secretary and Treasurer will form the Executive Committee. The Board may delegate certain specific responsibilities to the Executive Committee consistent with the law, these Bylaws, and the Articles of Incorporation.

Section 4.03 Other Officers

The Board may elect other officers if and when deemed appropriate. The Board will decide on the terms, authority, and duties of these officers.

Section 4.04 Qualifications, Election, Terms

Any person may be an officer of this corporation. The same person may hold two offices except that the positions of President and Secretary may not be held by the same person. The Board of Directors will elect its officers at its annual meeting or whenever necessary. An officer elected to fill an unexpired term will serve only until the term expires. Officers may succeed themselves.

Section 4.05 Removal and Resignations

The Board of Directors may remove any officer at any time with or without cause. Any officer may resign at any time by giving written notice to the President.

Section 4.06 Vacancies

When any office of the corporation becomes vacant, the Board will elect a replacement to fill the unexpired term. The President may temporarily fill a vacancy in an office (except that of Secretary) until the Board fills the vacancy, or the President may appoint someone to temporarily fill a vacancy until the Board fills the same.

Section 4.07 Duties of the President

Subject to the control of the Board of Directors, the President will supervise, direct and control the business of the corporation. The President is responsible for coordinating the work of the Board, providing leadership for the Board, and serves as the main communication linkage between the Board and staff. The President will chair meetings of the Board and Executive Committee.

Section 4.08 Duties of the Vice President

The Board may appoint one or more Vice Presidents as it deems necessary. During the incapacity of the President, the Vice President shall perform the duties of the President and in this capacity will have all of the powers and be subject to all of the responsibilities of the office of the President.

Section 4.09 Duties of the Secretary

The Secretary will keep complete records of the corporation, including (without limitation):

- The articles of Incorporation
- The Bylaws
- The minutes of all meetings and
- All waivers, consents and approvals

The Secretary will keep the records at the corporation's principal office and will see that all notices are properly given. The Secretary will do everything which the office requires, and anything required by law, the Articles, or the Bylaws.

Section 4.10 Duties of the Treasurer

The Treasurer will oversee the keeping of the corporation's books and ensure that the organization maintains proper financial controls and procedures.

Article 5. Contracts, Loans, Checks and Deposits

Section 5.01 Deposit of Funds.

All funds of the Corporation not otherwise employed shall be deposited in such banks or trust companies or with such bankers or other depositories as the Board of Directors from time to time may determine.

Section 5.02 Checks, Drafts or Orders

All checks, drafts, endorsements, notes and evidences of indebtedness of the Corporation shall be signed by such officer or officers or agent or agents of the Corporation and in such manner as the Board of Directors from time to time may determine.

Section 5.03 Contracts.

No contract exceeding \$1,000 may be entered into on behalf of the Corporation unless and except as authorized by the Board of Directors. The Board may delegate authority to enter into contracts exceeding \$1,000 to the Executive Committee provided that the Executive Committee report all such contracts to the Board at the next regular Board meeting.

Article 6. Compensation of and contracts with Directors; Purchase, Sale, Mortgage or Lease of real Property.

Section 6.01 Compensation

Any employee of the Corporation is authorized to receive reasonable compensation from the Corporation for services rendered to the Corporation when authorized by the Board of Directors, and only when so authorized; provided, however, that no Director may receive compensation for acting as a Director except as reimbursement for reasonable expenses incurred in fulfilling responsibilities as a Director.

Section 6.02 Contracts with Directors

No Director of the Corporation shall be interested, directly or indirectly, in any contract relating to the operations conducted by it, nor in any contract for furnishing services or supplies to it, unless such contract shall be authorized by the Board of Directors and unless the fact of such interest shall have been disclosed or known to the Board of Directors at the meeting at which such contract is so authorized.

Section 6.03 Required Vote for Purchase, Sale, Mortgage or Lease of Corporation's Real Property

No purchase, sale, mortgage or lease of real property owned by the Corporation shall be made by the Corporation except upon the affirmative vote of a majority of the Directors then in office.

Article 7. Indemnification

Section 7.01 Directors' Liability

Directors are not personally liable for corporation's debts, or other obligations, except as otherwise provided by law.

Section 7.02 Indemnification

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that she/he is or was or has agreed to become a Director or officer of the Corporation, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party or is threatened to be made a party to such an action, suit or proceeding by reason of the fact that she/he is or was or has agreed to become an employee or agent of the Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by her/him or on her/his behalf in connection with such action, suit or proceeding and any appeal therefrom, if she/he acted in good faith and in a manner she/he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe her/his conduct was unlawful; except that in the case of an action or suit by or in the right of the Corporation to procure a judgment in its favor (1) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in

a manner which she/he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 7.03 Successful Defense.

To the extent that a Director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01 of this Article 7 or in defense of any claim, issue or matter therein, she/he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 7.04 Determination that Indemnification is Proper

Any indemnification of a Director or officer of the Corporation under Section 7.01 of this Article 7 (unless ordered by a court) shall be made by the Corporation unless a determination is made that indemnification of the Director or officer is not proper in the circumstances because she/he has not met the applicable standard of conduct set forth in Section 7.01. Any indemnification of any employee or agent of the Corporation under Section 7.01 (unless ordered by a court) may be made by the Corporation upon a determination that indemnification of the employee or agent is proper in the circumstances because she/he has met the applicable standard of conduct set forth in Section 7.01. Any such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.

Section 7.05 Advance Payment of Expenses.

Unless the Board of Directors otherwise determines in a specific case, expenses incurred by a Director or officer in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the Director or officer to repay such amount if it shall ultimately be determined that she/he is not entitled to be indemnified by the Corporation as authorized in this Article 7. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate. The Board of Directors may authorize the Corporation's legal counsel to represent such Director, officer, employee or agent in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

Section 7.06 Survival; Preservation of Other Rights.

The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each Director, officer, employee and agent who serves in any such capacity at any time while these provisions as well as the relevant provisions of the Vermont Non-Profit Corporation Act are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit, or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a contract right may not be modified retroactively without the consent of such Director, officer, employee or agent. The indemnification provided by this Article 7 shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in other capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7.07 Severability.

If this Article 7 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Director or officer and may indemnify each employee or agent of the Corporation as to costs, charges and expenses (including attorneys' fees), judgment, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article 7 that shall not have been invalidated and to the fullest extent permitted by applicable law.

Article 8. Exempt Activities

Section 8.01 Exempt Activities

These Bylaws and any powers or authorizations contained herein shall be subject to the restrictions and prohibitions contained in the Certificate of Incorporation of the Corporation, and notwithstanding any other provisions of these Bylaws, no Director, employee or representative of the Corporation shall take any action or carry on any activity by

or on behalf of the Corporation not permitted to be taken or carried on by an organization which is exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, its amendments or the corresponding provisions of any subsequent law.

Article 9. Books and Records

Section 9.01 Maintenance

Corporate records (including all minutes, books, and records of account, and organizational documents) will be kept at the corporation's principal office in Vermont. All written communications to board members, minutes, financial records, Board resolutions, and annual reports shall be kept for at least three years.

Article 10. Fiscal Year

Section 10.01 Fiscal Year

The fiscal year of the Corporation shall be the calendar year from January 1 to December 31.

Article 11. Dissolution; Amendments

Section 11.01 Dissolution

In the event of voluntary dissolution of the Corporation pursuant to the laws of the State of Vermont or in the event of dissolution due to such other circumstances as are permitted or required by law, the funds and assets of the Corporation then belonging to it shall, in accordance with the law, be applied to the payment of the liabilities of the Corporation and thereafter distributed to the free and voluntary aid and assistance of activities, agencies, and institutions which are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholders or individuals, no part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office, and which are qualified 501(c)(3) organizations under the Internal Revenue Code, as amended.

Section 11.02 Amendments

All Articles and Bylaws of the Corporation shall be subject to amendment or repeal, and new Bylaws and amendments to the Articles of Incorporation may be made by the Board of Directors, at any annual or regular meeting, provided that the notice or waiver of notice of such meeting shall have specified or summarized the proposed amendment, repeal or new Bylaw. Any Bylaw change and Articles of Amendment requires an affirmative vote by two-thirds of the Directors then in office.