



**Penobscot Shores**  
Life with a view

## **Penobscot Shores Association**

### **Document #4**

(a Maine corporation operating as a housing cooperative)

## **BYLAWS**

### **ARTICLE I**

#### **General Provisions**

Section 1.1 Name. The name of this corporation is PENOBSCOT SHORES ASSOCIATION ("the Cooperative").

Section 1.2 Principal Office. The principal office and place of business of the Cooperative shall be at such place in the County of Waldo as the Board of Directors shall from time to time determine.

Section 1.3 Seal. The seal of the Cooperative shall be circular in form with the word "Maine" and the year of its incorporation engraved on its face, provided that the Cooperative may use a wafer seal generally or in respect of any particular document or instrument.

Section 1.4 Governing Law. These bylaws shall be subject to the statutory and common laws of the State of Maine as may be applicable to corporations organized under the Maine Business Corporations Act, Title 13-A M.R.S.A. §§ 101 et. seq., as the same may be amended from time to time.

Section 1.5 Corporate Powers. The Cooperative shall have all of the powers and authorities described, enumerated or otherwise referred to in the Maine Business Corporations Act, which shall be consistent with, or ancillary to, the Cooperative's operation as a housing cooperative.

Section 1.6 Definitions. As used in these bylaws, the following terms shall have the following meanings:

"Ground Lease" means the lease entered into by the Cooperative giving it use of the Land on which the Project is located.

"Land" means the 20.8 acre parcel on which Penobscot Shores is located.

"Landlord" means Waldo County Healthcare Management Company in its capacity as owner of the Land on which Penobscot Shores is located, or any successor owner of the Land which leases the Land to the Cooperative for its use.

"Manager" means Waldo County Healthcare Management Company or any successor professional manager engaged by the Cooperative to manage the Cooperative's day to day affairs.

"Monthly Fees" means the fees charged to the Cooperative's stockholders as established from time to time by the Board of Directors to cover the occupancy, maintenance and service costs associated with Penobscot Shores.

"Penobscot Shores" means the retirement community owned by the Cooperative located in Belfast, Maine.

"Residency Agreement" means the agreement pursuant to which a stockholder is entitled to exclusive occupancy of a Unit at Penobscot Shores.

"Unit" or "Cooperative Unit" means a residential unit at Penobscot Shores.

Section 1.7 Section Headings. The headings of Articles and Sections in these bylaws are for convenience only, and shall not be taken into account in construing these bylaws.

## ARTICLE II

### Annual Meetings of Stockholders

Section 2.1 Place. The annual meeting of stockholders shall be held at the principal office of the Cooperative

Section 2.2 Purposes. At the annual meeting, the stockholders shall elect directors as provided in these bylaws and transact such other business as may be brought before the meeting.

Section 2.3 Date. The annual meeting of stockholders shall be held on the second Monday in January in each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, at Noon. If for any reason such annual meeting is not held on the date specified herein, the stockholders, in lieu thereof, may elect directors and transact such other business as may be brought before the meeting at a special meeting called as provided by Sections 3.2 and 3.3 or by unanimous written consent as provided by Section 4.4.

Section 2.4 Notice. Unless waived in the manner prescribed by law, written notice of the annual meeting stating the place, day, hour and purposes thereof, shall be delivered not less than 7 days nor more than 50 days before the date of the meeting, either personally, by facsimile or by mail, or in any other manner prescribed by law for annual meetings of stockholders.

## ARTICLE III

### Special Meetings of Stockholders

Section 3.1 Place and Date. Special meetings of stockholders for any purpose or purposes may be held at such time and place, as shall be stated in the notice of the meeting.

Section 3.2 Call. Special meetings of the stockholders, for any purpose or purposes may be called by the President, the Secretary, the Chairperson of the Board of Directors, a majority of the Board of Directors or by stockholders holding not fewer than 10% of the shares entitled to vote at such meetings. In addition, upon transfer of 30 shares of the Cooperative's stock to persons other than Manager or its affiliates, a special meeting

of the stockholders shall be called and held within 60 days for the purpose of electing new or additional directors as provided in Section 5.4.

Section 3.3 Notice. Unless waived in the manner prescribed by law, written notice of a special meeting stating the place, day and hour thereof and the purpose or purposes for which the meeting is called, shall be delivered not fewer than 7 days nor more than 50 days before the date of the meeting, either personally, by facsimile, mail, or at the direction of the officers or persons calling the meeting.

## ARTICLE IV

### Quorum and Voting of Shares

Section 4.1 Quorum. Except as otherwise provided by law, the holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice (except as otherwise provided by law) other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. The stockholders present at a duly called or held meeting at which a quorum was once present may continue to do business at the meeting or at any adjournment thereof, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 4.2 Voting Rights; Proxies. Each outstanding share of stock shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. If more than one person is the record owner of any share of stock, there shall nevertheless be only one vote per share and such persons shall be required to vote their interests in the same manner in order for the stock to be voted. A stockholder may vote either in person or by proxy executed in the manner prescribed by law. A proxy purporting to have been executed by or on behalf of a person or persons owning shares of the Cooperative's stock, shall be deemed valid unless challenged at or prior to its exercise. A proxy given with respect to any share held in the name of two or more persons shall be valid if executed by one of them unless at or prior to the exercise of the proxy, the Cooperative receives a specific written notice of protest from any record owner of such share.

Section 4.3 Required Vote. Except as required by law or by the Articles of Incorporation or these bylaws, the holders of a majority of the stock entitled to vote shall decide any matter to be voted upon by the stockholders. The consent of Waldo County Healthcare Management Company in its capacity as the Manager and the vote of the owners of not less than 75% of the outstanding stock of the Cooperative shall be required for the following actions:

- (a) Cessation of, or substantial change in, the operation of Penobscot Shores as a retirement community, or termination of all, or a substantial portion, of the core services described in the Residency Agreements.
- (b) Amendment to the stockholder eligibility criteria set forth in the bylaws.
- (c) Termination of Waldo County Healthcare Management Company as the Manager.
- (d) Amendment to the method of electing directors or the removal of any director nominated by the

Manager.

(e) Termination of the Manager's rights to act as exclusive sales agent for the sale of Cooperative stock or any reduction in the stock transfer fee payable to the Manager for such services.

(f) Any encumbrance, pledge, hypothecation, sale, transfer or other disposition of all or substantially all the assets of the Cooperative, except in connection with the construction or renovation of the facilities which comprise Penobscot Shores where the mortgage holder has entered into a non disturbance agreement protecting the occupancy rights of non defaulting shareholders of Penobscot Shores.

(g) Amendment to the Articles of Incorporation.

(h) Approval of a consolidation or merger involving the Cooperative.

Section 4.4 Action by Unanimous Written Consent. Any action required or permitted by law to be taken at a meeting of stockholders may be taken without a meeting if written consents, setting forth the action taken or to be taken, at least 7 days before the intended effective date of such action, are signed by the holders of all outstanding shares entitled to vote on such action and are filed with the Clerk or Secretary of the Cooperative as part of the corporate records. Such written consents may contain statements in the form of, and in any case shall have the same effect as, unanimous vote or votes of the stockholders and may be stated as such in any certificate or document required or permitted to be filed with the Secretary of State of Maine, and in any certificate or document prepared or certified by any officer of the Cooperative for any purpose.

## **ARTICLE V**

### **Directors**

Section 5.1 Powers. The Board of Directors shall manage and control the business, property and affairs of the Cooperative. In the management and control of the business, property and affairs of the Cooperative, the Board of Directors is hereby vested with all of the powers and authority of the Cooperative itself, so far as not inconsistent with law, the Articles of Incorporation or these bylaws.

Section 5.2 Specific Powers. Subject to Section 5.1, the directors shall have, the specific power to:

(a) Determine the financial and other residency criteria for an individual to become a stockholder in the Cooperative and for a person to occupy a residential unit at Penobscot Shores.

(b) Contract, in the name of the Cooperative, for professional management of Penobscot Shores and for ongoing operational and maintenance services and personnel.

(c) Adopt operating and capital budgets for the Cooperative and oversee the Cooperative's financial affairs.

(d) Establish the amount of all Monthly Fees and any assessments under all Residency Agreements.

(e) Oversee the activities of the Manager in connection with the transfer and resale of stock of the Cooperative.

(f) Establish all values for shares of the Cooperative's stock in the case of transfers, redemption's and

resales of stock of the Cooperative.

(g) Adopt, modify, amend and revoke, from time to time, such rules and regulations for the management, functioning and operation of the Cooperative and its business.

(h) Contract, in the name of the Cooperative, for professional accounting, audit and legal services with respect to the financial and operational affairs of the Cooperative.

(i) Purchase, in the name of the Cooperative, such policies of insurance covering the Cooperative's property and general liability, as the directors may deem prudent.

(j) Procure policies of insurance in such amounts as the directors may reasonably determine, covering the Cooperative's directors and officers from claims and actions for negligence or other errors and omissions arising from their activities on behalf of the Cooperative.

Section 5.3 The number of directors shall be set by the stockholders annually, at their annual meeting for the ensuing year, and shall be not less than three nor more than fifteen.

Section 5.4 Election; Qualifications. Until 30 shares of the Cooperative's stock has been sold to persons other than the Manager or its affiliates, all directors shall be elected from a slate proposed by the Manager. At all times thereafter, at least a majority of the directors, who do not need to be stockholders of the Cooperative, must be elected by the stockholders from a slate of nominees proposed by Manager. The remaining directors who must be stockholders of the Cooperative of Penobscot Shores shall be elected by the stockholders from a slate proposed by the Cooperative's Nominating Committee To give effect to the foregoing, within sixty days after 30 shares of the Cooperative's stock have been sold to persons unrelated to the Manager, the Board of **Directors shall call a special meeting of the stockholders for the purpose of electing new directors.** Directors need not be residents of the State of Maine or stockholders of the Cooperative. Voting may be by written ballot.

Section 5.5 Terms. The directors shall be elected at the annual meeting of the stockholders, and each director elected shall serve until the next succeeding annual meeting and until such director's successor shall have been elected and qualified or until such director's earlier resignation, removal from office, death, or incapacity. A director may serve any number of successive terms.

Section 5.6 Chairperson. The directors, at their option, may elect a director to serve at their will as Chairperson of the Board of Directors and to preside at meetings of the directors in lieu of the President.

Section 5.7 Vacancies, Resignation and Removal. Any vacancy in the Board of Directors, including newly created directorships created by an increase in the number of directors, shall be filled by the remaining directors at an annual or special meeting of the directors to be held not more than 30 days after the vacancy occurs. Any vacancy created by the death, incapacity, resignation or removal of a director who was nominated for election by Manager must be filled by the directors from a slate proposed by the Manager. Any Director elected to fill a vacancy shall be elected for the unexpired term of the predecessor. Any director may resign office by delivering a written resignation to the President or Secretary. Directors may be removed from office in the manner prescribed by law.

Section 5.8 Compensation. The Board of Directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish

reasonable compensation of all directors for services to the Cooperative as directors, officers or otherwise. Subject to ratification by a majority of the stockholders

## ARTICLE VI

### Meetings of the Board of Directors

Section 6.1 Annual Meeting. The first meeting of each newly elected Board of Directors shall be designated as the annual meeting of the directors and shall be held as soon as reasonably practicable, but no later than 14 days after the annual meeting of the stockholders.

Section 6.2 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall from time to time be fixed by the Board. Unless otherwise specified by the Board, no notice of regular meetings shall be necessary.

Section 6.3 Special Meetings. Special meetings of the Board of Directors may be called by the President, the Secretary or any other person or persons authorized by law to call such meetings.

Section 6.4 Notice of meetings of the Board of Directors annual, regular and special, except as waived in the manner prescribed by law, shall be given by mail, hand delivery, or facsimile delivery to a director's usual place of business or residence at **least 7 days before** the day of the meetings shall be sufficient notice thereof. Notice delivered in hand or by facsimile delivery to a director's usual or last known place of business or residence at least 24 hours before the time of the meeting shall be sufficient notice thereof. The time, place and purpose or purposes of a meeting of the Board of Directors, shall be specified in the notice thereof.

Section 6.5 Attendance as Waiver of Notice. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose, stated at the meeting, of objecting to the transaction of any business because the meeting is not lawfully called, noticed or convened.

Section 6.6 Quorum and Vote Required. A majority of the directors then in office shall constitute a quorum for the transaction of business unless a greater number is required by law or these bylaws. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or these bylaws.

Section 6.7 Meetings by Conference Telephone. Any one or more directors may participate in a meeting of the Board of Directors or any committee thereof by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time and participation by such means shall constitute presence in person at such meeting.

Section 6.8 Action by Unanimous Written Consent. Any action required or permitted to be taken at a meeting of the directors, or of a committee of the directors, may be taken without a meeting if all of the directors, or all of the members of the committee, as the case may be, sign written consents setting forth the action taken or to be taken, at any time before or after the intended effective date of such action. Such consents shall be filed with the minutes of directors' meetings or committee meetings, as the case may be, and shall have, and may be stated by any officer of the Cooperative to have, the same effect as a unanimous vote or resolution of the Board of Directors. Any such action taken by unanimous written consents may, but need not be, set forth in such consents in the form of resolutions or votes.

## ARTICLE VII

### Committees

#### A. Committees of the Board of Directors

Section A. 7.1 Executive Committee. The Board of Directors, by majority vote of the full Board of Directors may appoint from its members an Executive Committee consisting of two or more directors to serve at its pleasure and to the extent permitted by applicable law, may delegate to such Executive Committee all the authority of the Board of Directors, except that the Executive Committee shall have no authority to replace directors, to elect officers, or to enter into any transaction or activity which it knows to be contrary to the wishes of the Board of Directors.

Section A. 7.2 General. The Board of Directors may also appoint from their number, or from among such other persons as the Board may see fit, such committees as the Board may determine, which shall in each case have such powers and duties as shall from time to time be prescribed by the Board. The President shall be a voting member ex officio of each committee appointed by the Board of Directors.

Section A. 7.3 Rules; Record of Proceedings. Each Committee may prescribe rules, procedures for to call and conduct its meetings. Each Committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors and the President when required.

#### B. Standing Committees of the Cooperative

Section B.7.1 The Established Committees and Their Functions (Meetings are open to all residents and suggestions and feedback are welcome)

- |                       |   |
|-----------------------|---|
| Activities Committee: | To plan activities, programs, and special events for Penobscot Shores Residents.<br>To plan special trips and adventure journeys.   |
| Budget Committee:     | To prepare, in conjunction with other committees and the Manager, and subject to the approval of the Board of Directors, a detailed plan of the monetary application for the next fiscal year. The committee can request that any item on the monthly financial statement or trial balance that is above or below the budget figure for that month be explained by management at the next resident meeting. |
| Building and Grounds: | To consider such matters as continuing development of the grounds, maintenance of buildings and grounds, external appurtenances to buildings, gardening projects, and other items pertinent to overall quality and improvement.   |
| Dining Committee:     | By means of suggestions, observations, and questions to be helpful to the Chef in the maintenance of high standards of excellence.  |
| Library Committee:    | To select appropriate donated materials for the library. To select fiction according to author and non-fiction according to subject matter. To arrange for book distribution using sign-up sheets. Periodicals and newspapers may be borrowed without sign-up.  |
| Wellness Committee:   | To discuss such matters as health and wellness issues, the exercise program, outside speakers, access to health information, and concerns relevant to the health  |

and well-being of Penobscot Shores Residents.

C. Other Committees of the Cooperative

Section C.7.1 Nominating Committee: At the regular November meeting of the Residents of Penobscot Shores the stockholders of the Cooperative shall choose a three member Nominating Committee which will select its own Chairperson, and which will prepare a proposed slate of nominees for the positions of minority directors. At the regular December meeting of the Residents the Committee shall submit the proposed slate of nominees for acceptance or rejection by the stockholders present. Nominations may be made from the floor at this meeting provided that the nominees to be proposed have indicated acceptance if so nominated.

Section C.7.2 Other Ad Hoc Committees as Needed.

## ARTICLE VIII

### Officers

Section 8.1 Officers; Qualifications. The officers of the Cooperative shall consist of a President, a Treasurer, a Secretary, a Clerk, and such other officers as the Board of Directors may appoint, including, without limitation, one or more Vice Presidents, Assistant Secretaries, and Assistant Treasurers. The officers of the Cooperative need not be members of the Board of Directors. The Clerk of the Cooperative must be a resident of Maine.

Section 8.2 Terms; Election. The officers of the Cooperative shall be elected for such terms as the Board of Directors shall determine. The terms may be either fixed or indefinite, provided that if an officer is elected for a fixed term and the Board of Directors fails to elect a successor on or before the expiration of such term, the officer shall continue to serve until a successor is elected. The election of officers shall take place at the first meeting of the Board of Directors held after the annual meeting of the stockholders.

Section 8.3 Removal of Officers. Any officer elected or appointed by the Board of Directors may be removed without cause at any time by the Board of Directors. Any vacancy occurring in any office of the Cooperative may be filled by the Board of Directors at any regular or special meeting.

Section 8.4 Compensation of Officers. The salaries of all officers of the Cooperative shall be fixed by the Board of Directors, subject to ratification by a majority of the stockholders.

Section 8.5 President. The President shall be the chief executive officer of the Cooperative, shall have general charge and supervision of the affairs of the Cooperative, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall preside at all meetings of the stockholders and the Board of Directors, unless a Chairperson thereof has been named.

Section 8.6 Vice President. The Vice President, if any, or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors, shall, in the absence of or in the case of the disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 8.7 Secretary. Upon request of the Board of Directors, the Secretary shall attend meetings of the stockholders or Board of Directors and record all the proceedings of the stockholders or Board of Directors in a book kept for that purpose, and shall give notice of special meetings of the Board of Directors, and shall perform like duties for the executive committee. The Secretary shall perform such other duties as may be



prescribed by law or the Board of Directors, under whose supervision the Secretary shall be.

Section 8.8 Assistant Secretaries. The Assistant Secretary, or if there be more than one, the Assistant Secretaries, in the order determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 8.9 Treasurer. The Treasurer shall be the chief financial officer of the Cooperative and shall, subject to the direction of the directors, have general charge of the financial affairs of the Cooperative. The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Cooperative and shall deposit all monies and other valuable effects in the name and to the credit of the Cooperative in such depositories as may be designated by the Board of Directors. The Treasurer shall render to the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all the transactions of the Treasurer and of the financial condition of the Cooperative.

Section 8.10 Assistant Treasurers. The Assistant Treasurer, or, if there shall be more than one, the Assistant Treasurers, in the order determined by the Board of Directors, shall, in the absence of or in case of the disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 8.11 Clerk. The Clerk shall keep, in a book kept for such purpose, the records of ownership of the Cooperative's stock and of all stockholders' meetings, and shall perform such other ministerial duties as are prescribed by law. The Clerk may keep in a book kept for that purpose copies of all minutes and records of proceedings of the Board of Directors and the executive committee or these functions may be performed by the Secretary

## **ARTICLE IX**

### **Cooperative Units; Residency Agreements and Shareholder Eligibility**

Section 9.1 Units; Residency Agreements. Each residential unit owned from time to time by the Cooperative at Penobscot Shores and intended to be held in cooperative ownership shall be designated a Cooperative Unit. The Board of Directors shall adopt a form of Residency Agreement to be used by the Cooperative for the leasing of Cooperative Units to its stockholders. Each Residency Agreement shall require the stockholder to pay to the Cooperative such Monthly Fees and assessments as the Board of Directors shall establish from time to time relative to the Unit to be occupied by that stockholder. The Landlord retains the right, more fully set forth in the Ground Lease, to contribute capital in the form of additional Cooperative Units to the Cooperative in exchange for stock and may transfer other facilities to the Cooperative for such consideration as the Landlord and the Cooperative shall agree. The stockholders of such additional shares of stock shall have all the rights, privileges and responsibilities as all other stockholders with the same force and effect as if the Units were originally included in Penobscot Shores. Unless otherwise agreed by Landlord, the operation and maintenance of all additional Units and facilities transferred to the Cooperative shall be the responsibility of the Cooperative.

Section 9.2 Eligibility. The stockholders of the Cooperative shall consist of persons who own stock in the Cooperative, have signed Residency Agreements and who meet the financial and other residency criteria established from time to time by the Board of Directors, except that the Manager and its affiliates need not satisfy the foregoing criteria, and, except further, that with the prior approval of the Manager a person who

intends to assign his/her occupancy rights to a permitted subtenant in accordance with the Residency Agreement may purchase stock of the Cooperative.

The Board of Directors may delegate the enforcement and implementation of the Cooperative's stockholder eligibility criteria to the Manager.

Persons eligible to reside in Cooperative Units are those persons who are able to meet the requirements of tenancy as stated in the Residency Agreement.

**Section 9.3 Permitted Subtenants.** With the prior consent of the Manager, a stockholder may assign the occupancy rights to his/her Unit to a person who satisfies and continues to satisfy the occupancy standards established from time to time by the Board (a "permitted subtenant"). Any person who has been approved as a permitted subtenant of a stockholder in accordance with the Residency Agreement shall execute and deliver to the Cooperative a sublease in such form as the Manager shall approve. The Manager may sublet any unit owned by it at any time.

**Section 9.4 Required Transfers or Termination of Subtenancy.** In the event a stockholder, who is the sole stockholder residing in a unit, dies or permanently transfers from Penobscot Shores to another facility, then upon such transfer, the stockholder shall be deemed to have offered for sale all shares owned by the stockholder in accordance with the procedures set forth in Article XI of these Bylaws. In the event the occupancy right of a permitted subtenant terminates, for any reason, and the resulting vacated unit is not reoccupied within six (6) months of such termination by another permitted subtenant or by the stockholder authorized to reside in the unit, who must at the time meet the occupancy eligibility criteria of the Corporation, the stockholder shall either (a) obtain the Manager's consent to the continued vacancy of the unit and continue payment to the Corporation of the Monthly Fees allocable to the unit or (b) be deemed to have offered for sale all the stockholder's shares in the Corporation in accordance with the procedures set forth in Article XI of these Bylaws.

## **ARTICLE X**

### **Capital Stock**

Section 10.1 Capital Stock. The Board of Directors shall have the sole authority to issue or reserve for issue the Cooperative's capital stock which may be authorized from time to time, and shall issue one share of the Cooperative's stock to the Manager for each completed cooperative unit conveyed by it to the Cooperative from time to time. Pursuant to instructions of the Manager as the exclusive sales agent for the Cooperative's stock, the directors shall authorize the Clerk to effect the issuance of stock certificates to purchasers of shares of the Cooperative's stock.

Section 10.2 Certificates of Stock. Each stockholder shall be entitled to a certificate certifying the number of the shares held by that stockholder which shall be one (1) share for each cooperative unit. Such certificates shall be signed by the President or a Vice President and by the Clerk, except that facsimiles of such signatures may be utilized to the extent permitted by law. Each certificate issued by this Cooperative for shares of stock at a time when such shares are subject to any restriction on transfer, pursuant to the Articles of Incorporation, these bylaws, or any agreement to which the Cooperative is a party, shall have the restriction noted conspicuously on the certificate.

Section 10.3 Pledges. Simultaneously upon purchase of stock in the Cooperative, each purchasing stockholder, other than the Manager, shall enter into a Residency Agreement with the Cooperative providing that the stockholder's share in the Cooperative be pledged to the Cooperative as security for the payment of all fees and other charges from time to time arising under the Residency Agreement, including but not limited to, the stock transfer fee due to the Manager.

Section 10.4 Replacement of Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock issued by the Cooperative, a duplicate certificate may be issued in place thereof, upon such terms as the directors may prescribe.

## **ARTICLE XI**

### **Transfers of Stock**

Section 11.1 Required Transfers upon the termination of a Residency Agreement applicable to any Cooperative Unit, the owner(s) of the share allocable to that unit shall be deemed to have offered for sale such share. In addition, an owner of a share of stock in the Cooperative may voluntarily offer the share for sale at any time. In either case, the transfer and sale of the share shall be made in accordance with the procedures set forth in this Article XI.

Section 11.2 Valuation of Shares. The Board of Directors shall cause a valuation of each share of stock owned by a person other than the Manager to be made annually. Said valuations shall serve as a guideline for pricing the unit. Shareholders may not ask higher than 115% of the appraised value, nor lower than 85% of the appraised value. The valuation of shares shall be based upon: (i) the size and location of the Unit, (ii) the physical improvements in the Unit, if any, (iii) the then most recent sales price for such unit and other Units; and (iv) such other factors as the Board of Directors deems appropriate including, but not limited to the ability of the Cooperative to maintain Penobscot Shores as an independent living retirement community, promote ready transferability of the Units, and avoid excessive vacancies in the Units. Any stockholder shall have the

right to periodically submit information to the Board of Directors for it to take into account when it next establishes a valuation for the stockholder's Unit. The Unit valuation determined by the Board of Directors shall reflect its estimated fair market value but may not in all cases reflect the very highest amount that a particular buyer might pay under certain circumstances. Any stockholder who disagrees with the price fixed for his or her stock shall be allowed a reasonable opportunity to present additional facts, which the stockholder deems relevant to a price determination. Based on that information the Board may, but shall not be obligated to, reconsider its price determination. All Unit valuation determinations of the Board of Directors shall be final.

**Section 11.3 Exclusive Sales Agent.** The Manager shall be solely responsible for handling sales and transfers of stock in the Cooperative and for the sale, assignment or termination of Residency Agreements. The Manager shall maintain a waiting list of persons desiring to become stockholders of the Cooperative and may further prescribe such policies and procedures as may be necessary in connection with such sales and transfers.

**Section 11.4 Stock Transfer Fee.** A stock transfer fee (the "stock transfer fee") in an amount equal to the lesser of (i) 8% of the total gross sale price of a stockholder's stock in the Cooperative, or (ii) 1% of the total gross sales price of the stockholder's stock in the Cooperative multiplied by the number of months the stockholder has owned the stock, shall be paid to the Manager by any stockholder whose stock in the Cooperative is sold, provided, however, that in lieu of a stock transfer fee a stockholder who remains a stockholder of the Cooperative by reason of moving from one Unit to another unit shall pay the Manager the cost of refurbishing the sold Unit. No stock transfer fee shall be paid in the event of a transfer by the Manager.

**Section 11.5 Eligibility.** The transfer of shares of the capital stock of the Cooperative may be made only to those persons who are approved by the Manager as being eligible as stockholders of the Cooperative.

**Section 11.6 Transfer; Records.** Shares of stock of the Cooperative may be transferred on the books of the Cooperative by the registered holder thereof, or by his or her attorney thereunto duly authorized by power of attorney, and on surrender of the certificate or certificates for such shares properly endorsed. The person in whose name shares stand on the books of the Cooperative shall be deemed by the Cooperative to be the owner thereof for all purposes.

**Section 11.7 Other Provisions.** Nothing in this Article XI shall in any way limit or restrict the right of the owners of shares of this Cooperative to pledge the same as security; provided, however, that any pledge of shares of this Cooperative shall be subject to the provisions of these bylaws.

## **ARTICLE XII**

### **Voting Shares of Other Corporations**

**Section 12.1 Voting Shares of Other Corporations.** The President, Treasurer, Secretary of this Cooperative, in that order, shall have authority to vote shares of other corporations standing in the name of this Cooperative, and the President, Treasurer, or Secretary is authorized to execute in the name and on behalf of this Cooperative proxies appointing any one or more of the officers first above named, in the order above named, as the proxy holders of this Cooperative.

## **ARTICLE XIII**

### **Corporate Records**

Section 13.1 Stock Records. The Cooperative shall keep at its registered office, or principal place of business, in Maine, a record of its stockholders, giving the name and address of each stockholder, and the number and class of the shares held by each and showing the dates on which such shares were issued and/or transferred.

Section 13.2 Other Corporate Records. The Cooperative shall keep at such location as the Board of Directors shall designate accurate books and records of account, written minutes of the proceedings of its stockholders, Board of Directors, committees of directors, and other or additional records, statements, lists, and information as may be required by law.

Section 13.3 Inspection of Records. A stockholder, if entitled and after making proper demand to inspect the Cooperative's books and records of account, minutes of meetings and list of stockholders, shall inspect such records only during the usual and customary hours of business and in such manner as will not unduly interfere with the regular conduct of the business of the Cooperative. A stockholder may delegate such stockholder's right of inspection to a duly authorized agent who, upon demand of the Cooperative, shall be required to furnish written proof of authority prior to inspecting such records. No stockholder shall use or permit to be used or acquiesce in the use by others of any information so obtained for a purpose which is in the interest of a business or object other than the business of the Cooperative. The Cooperative may deny any stockholder or agent the right to inspect such records if the stockholder refuses to execute and furnish to the Cooperative an affidavit stating that the information obtained by such inspection will not be used for any purpose prohibited by these bylaws and that the stockholder has not within the 5 years preceding the date of the affidavit sold or offered for sale, any list of stockholders of the Cooperative or of any other corporation and that he has not aided or abetted any other person in obtaining any list of shareholders for such purpose.

## **ARTICLE XIV**

### **Indemnification**

Section 14.1 General Indemnification. The Cooperative shall, to the full extent of its power to do so provided by law, including without limitation Section 719 of Title 13-A of the Maine Revised Statutes Annotated, as amended, and laws supplemental thereto or amendatory thereof, indemnify any person who was or is a director or officer of the Cooperative or is or was serving at the request of the Cooperative as a director, officer, trustee, partner, fiduciary, employee or agent of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid actually and reasonably incurred by that person in the settlement of or in connection with any threatened, pending or completed civil, criminal, investigative or administrative suits, actions or proceedings to which that person is or was a party or is or was threatened to be made a party because of or in connection with that person's service to this Cooperative; provided, however, that no indemnification shall be provided to any person with respect to any matter as to which that person shall have been finally adjudicated not to have acted honestly or with reasonable belief that person's actions were in or not opposed to the best interests of the Cooperative or its stockholders, or, with respect to criminal proceedings, that such person is finally adjudicated to have committed a crime, an element of which is the reasonable cause to believe that that person's action was unlawful. Such indemnification shall be made in accordance with the procedures set forth in 13-A M.R.S.A. Section 719, as the same may be amended from time to time. Such indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any other bylaw, agreement or otherwise.

Section 14.2 Special Indemnification. Nothing contained in Section 14.1 shall prevent the Cooperative, by

action of its stockholders or by action of disinterested directors, from indemnifying any person, including without limitation a director, officer, fiduciary, employee or an agent of this Cooperative, in any particular case, if in the judgment of the Cooperative such indemnification should be made. Notwithstanding this section, however, the Cooperative shall not have the power to indemnify any person with respect to any claim, issue or matter asserted by or in the right of the Cooperative as to which that person is finally adjudicated to be liable to the Cooperative unless the court in which the action, suit or proceeding was brought shall determine that, in view of all the circumstances of the case, that person is fairly and reasonably entitled to indemnity for such amounts as the court shall deem reasonable.

Section 14.3 Expenses Paid in Advance. Any person eligible for indemnification under this Article XIV shall in all cases be entitled to payment in advance for expenses in accordance with the procedure set forth in 13-A M.R.S.A. Section 719 as the same may be amended from time to time.

Section 14.4 Scope. It is intended that this Article XIV be construed so as to maximize the indemnification of the persons covered hereby.

## **ARTICLE XV**

### **General Provisions**

Section 15.1 Fiscal Year. The fiscal year of the Cooperative shall be fixed by resolution of the Board of Directors.

Section 15.2 Execution of Documents. Unless the Board of Directors, the executive committee or the stockholders shall otherwise generally or in any specific instance provide: (a) any bill, note, check or negotiable instrument may be executed or endorsed in the name and on behalf of the Cooperative by the President or the Treasurer, acting singly and (b) any other instrument, documents, deeds, bills of sale or other writings of whatever nature shall be executed in the name and on behalf of the Cooperative by the President or the Treasurer, acting singly, and either officer may sell, acknowledge and deliver the same.

Section 15.3 Amendments. Subject to Section 4.3, the power to alter, amend or repeal these bylaws, and to adopt new bylaws, shall be vested exclusively in the stockholders of the Cooperative. A true copy.

Modifications accepted: September, 1999

Modifications accepted: October 04, 1999

Modifications accepted: October 02, 2000

Modifications accepted: October 07, 2002

Modifications accepted: November 04, 2009

Modifications accepted: March 1, 2017