

BYLAWS OF GOOD FOODS CO-OP

Article I: Organization

- 1.1 **Name.** The name of the organization shall be Good Foods Co-op (henceforth “the Cooperative”).
- 1.2 **Ownership and Purpose.** The Cooperative shall be owned by its owners and shall operate for the mutual benefit of its owners.
- 1.3 **Governance.** The Board of Directors (henceforth “the Board”), which shall be selected by and accountable to the owners, shall be solely responsible for the business operations of the Cooperative. The assembly of owners shall retain all powers required by law or as otherwise set forth in these bylaws.

Article II: Ownership

- 2.1 **Eligibility.** Ownership in the Cooperative shall be open to any individual who is in accord with its purposes and is willing to accept the responsibilities of ownership.
- 2.2 **Nondiscrimination.** Ownership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility.
- 2.3 **Admission.** Any eligible person maybe admitted to ownership of the Cooperative upon submitting an application and investing equity in an amount and on such terms as determined by the Board.
- 2.4 **Rights.** The ultimate control of the Cooperative shall be vested in the owners. Owners have the right to elect the Cooperative’s Board, to attend meetings of the Board, to receive notice of and attend ownership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. Each owner shall have one vote and no more on all matters submitted to owners. As the Cooperative needs further capital, owners may opt to purchase any number of non-voting preferred shares on such terms as determined by the Board. The rights of owners shall be understood to apply only to owners in good standing. All rights and responsibilities of owners are subject to the bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.
- 2.5 **Responsibilities.** Owners shall keep current in equity assessments due to the Cooperative, shall keep the Cooperative informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. An owner who upholds these responsibilities is considered an owner in good standing.
- 2.6 **Termination of Ownership.** An owner may terminate her or his ownership voluntarily at any time by written notice to the Cooperative. Ownership may be terminated involuntarily by the Board for cause after the owner is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing. Cause may include, but shall not be limited to, intentional or repeated violation of any provision of the Cooperative’s bylaws or policies, actions that will impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative or its owners, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.
- 2.7 **Return of Equity.** Equity shall be returned upon termination of ownership in the Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary for the reasonable or prospective capital needs of the Cooperative.
- 2.8 **Non transferability.** Ownership rights and owner equity may not be transferred in any manner.

Article III: Owner Meetings

- 3.1 **Annual Meeting.** An ownership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to elect Directors, to hear reports on operations and finances, to review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the meeting.
- 3.2 **Special Meetings.** Special meetings of the ownership may be called by the Board, either by decision of the Board or in response to a written petition of 5% of the owners stating the specific business to be brought before the meeting.. Notice of special meetings shall be issued to owners in writing at least ten (10) days prior to the meeting. In the case of a petition, notice of

- the special meeting will be issued in writing within ten (10) days after a presentation of the petition to the Board and at least ten (10) prior to the meeting taking place. No business shall be conducted at that special meeting except that specified in the notice of meeting. Decisions made at any special meeting called by owner petition are advisory only.
- 3.3 **Notice of meetings.** In addition to mailing written notice of each meeting of the ownership to each owner, notice of the date, time, place and purpose of each meeting of the ownership shall be posted in a conspicuous place at the Cooperative and communicated to owners not less than four (4) weeks prior to the date of the meeting.
- 3.4 **Voting.** Voting by owners in good standing shall be accomplished through methods and means to be established by the Board from time to time. Notice of the vote shall be posted in a conspicuous place at the Cooperative and communicated to owners not less than four (4) weeks prior to the end of the election period. Unless otherwise stated in the articles of incorporation, or these bylaws, or required by law, all questions shall be decided by a vote of a majority of the owners voting thereon. Proxy voting is not allowed.
- 3.5 **Quorum.** At any meeting of the owners, or for any vote of the owners, a quorum necessary for decision-making shall be 2% of the total number of owners.

ARTICLE IV: Board of Directors

- 4.1 **Powers and Duties.** The Board shall be composed of nine Directors, elected from among owners of the Cooperative. Except for matters for which owner voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, hiring management, and evaluating its performance, establishing compensation, if any, for the Board, and assuring that the mission of the Cooperative is carried out.
- 4.2 **Terms and Elections.** Elections shall occur annually, in a manner prescribed by the Board. Directors shall serve a term of three (3) years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year. No Director may be elected for more than two (2) consecutive terms.
- 4.3 **Vacancies.** Any vacancy among Directors elected by the owners may be filled by appointment by the Board. A Director so appointed may be presented as a candidate for election at the next annual meeting of the owners.
- 4.4 **Removal.** A Director may be removed by decision of 2/3 of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies.
- 4.5 **Meetings.** The Board shall hold regular and special meetings at such time and place as it shall determine, and all Directors shall be notified in writing of said meeting at least ten (10) days in advance. The time and place of all meetings shall be posted in a conspicuous place at the principal offices of the Cooperative not more than one day after calling of the meeting. Meetings shall be open to all owners unless the Board decides to go into executive session regarding confidential or proprietary matters such as: labor relations or personnel issues; negotiation of a contract; discussion of strategic goals or business plans, the disclosure of which would adversely impact the Cooperative's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential. Such executive sessions shall be for purposes of discussion only. The Board may otherwise exclude owners from Board meetings only for cause. For the purposes of this provision, upon providing prior notice to the Board, Directors may attend meetings electronically, so long as they are able to fully hear and participate in the meeting discussion.
- 4.6 **Action without a Meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken by written action affirmed by all of the Directors. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action.
- 4.7 **Quorum.** A majority of the current Directors shall constitute a quorum and no decisions will be made without a quorum. Any Directors attending meetings electronically as described in Section 4.5 shall be considered in attendance for the purposes of determining quorum.
- 4.8 **Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board.
- 4.9 **Officers.** The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business. An employee of the Cooperative shall

- not be eligible to serve as a board officer.
- 4.10 **Indemnification.** The Cooperative shall indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorneys fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director. Such indemnification shall be made only if it is determined by the Board that the Director acted in good faith in the reasonable belief that his or her action was in the best interests of the Cooperative, or as otherwise allowed by law.

ARTICLE V: Patronage Rebates

- 5.1 **Allocations to Owners.** The Cooperative shall allocate and distribute to owners the net profit from business done with them in such a manner as to qualify them as patronage rebates consistent with cooperative principles, applicable state and federal laws and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made.
- 5.2 **Consent of Owners.** By obtaining or retaining ownership in the Cooperative, each owner consents to each of the following:
- i. To take into account, in the manner and to the extent required by federal and state tax law, any patronage rebate received from the Cooperative.
 - ii. That owner's patronage rebate will be payable by a voucher which can be redeemed at the Cooperative in any of the following ways: for cash equal to the amount of the patronage rebate; for a cash equivalent discount for goods purchased at the Cooperative; or as a charitable donation in the owner's name to the Cooperative or to a charitable organization to which the Cooperative's Board chooses to direct the funds.
 - iii. That if owner's rebate voucher is not cashed within 90 day of the date on which it was issued by the Cooperative, the Cooperative, in its sole discretion, shall have the right to make a contribution in the name of that owner to support a tax-exempt organization.
 - iv. That if owner's patronage rebate amounts to less than three dollars (\$3.00), notice will be provided to the owner of the amount of the rebate and the owner will have the option of either requesting a voucher for the amount of the rebate, to be redeemed as described above, or such owner may choose to have their rebate donated to a charitable organization, as determined by the Board; and that if an owner has not responded to such notice regarding the owner's rebate within 90 days of the date of such notice, the Cooperative shall have the right to make a charitable contribution in the name of that owner as indicated in this article 5.2.
- 5.3 **Forfeiture.** Any owner who voluntarily or involuntarily terminates ownership in the Cooperative shall inform the Cooperative with his or her mailing address in order to obtain the equity and patronage rebate amount allocated. If an owner voluntarily or involuntarily terminates ownership in the Cooperative, and fails to inform the Cooperative of his or her mailing address within one year of terminating ownership, then the equity and patronage rebate amount allocated to that owner will be forfeited by the owner to the Cooperative.

ARTICLE VI: Dissolution

- 6.1 **Asset Distribution:** The Cooperative may be dissolved upon a decision of the Board and a two-thirds (2/3) vote of the owners who participate in the vote. Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming any equity accounts which, if they cannot be paid in full, shall be paid in the order of the oldest outstanding amounts; (iii) by distributing any remaining assets in a way that furthers the Cooperative's mission, as determined by the Board.

ARTICLE VII: By-laws

- 7.1 **Amendments.** These by-laws may be amended or repealed in whole or in part by a majority of the owners who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least five percent (5%) of owners in good standing. The proposed amendment shall be publicized to the ownership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.