

BYLAWS

THE FOOD CO-OP

ARTICLE I: ORGANIZATION

- 1.1 **Name.** The name of the organization shall be The Food Co-op (henceforth the “Co-op”).
- 1.2 **Ownership and Purpose.** The Co-op shall be owned by its members and shall operate in accordance with its Mission and Values Statements for the mutual benefit of its members (henceforth “member-owners”).

ARTICLE II: MEMBERSHIP

- 2.1 **Eligibility.** Membership in the Co-op shall be open to any individual resident of the State of Washington or a foreign country who is in accord with its purposes and is willing and able to accept the responsibilities of membership.
- 2.2 **Nondiscrimination.** Membership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility.
- 2.3 **Admission.** Any eligible person may be admitted to membership upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Directors (henceforth the “Board”).
- 2.4 **Rights.** Member-owners have the right to elect the Board, to attend meetings of the Board other than executive sessions, to receive notice of and attend membership meetings, and to petition for removal of a Board member as described in these bylaws. Each member-owner shall have one vote and no more on all matters submitted to member-owners. The rights of member-owners shall apply only to active member-owners in good standing. All rights and responsibilities of member-owners are subject to applicable state law, these bylaws as they may be amended from time to time, and to policies and decisions of the Co-op or the Board adopted in accordance with the bylaws.
- 2.5 **Responsibilities.** Member-owners shall keep current in equity investments due to the Co-op, shall keep the Co-op informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Co-op or the Board adopted in accordance with these bylaws. Member-owners shall also patronize the Co-op; in order to be eligible to vote on any matter before the membership, a member-owner must have patronized the Co-op in the twelve (12) months prior. A member-owner who upholds these responsibilities is considered an active member-owner in good standing.
- 2.6 **Termination of Membership.** A member-owner may terminate his or her membership voluntarily at any time by written notice to the Co-op. Membership may be terminated involuntarily by a two-thirds’ (2/3rds’) vote of the Board for cause after the member-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 intentional or repeated violation of any provision of the Co-op’s bylaws or policies, actions that will impede the Co-op from accomplishing its purposes, actions or threats that adversely affect the interests of the Co-op or its member-owners, willful obstruction of any lawful purpose or activity of the Co-op, breach of any contract with the Co-op, or failure to patronize the business for more than five (5) years.

- 2.7 **Return of Equity.** Equity shall be returned upon termination of membership in the Co-op in accordance with the terms set forth in the Articles of Incorporation.
- 2.8 **Unclaimed Equity.** If a member-owner voluntarily or involuntarily terminates membership in the Co-op, and fails to inform the Co-op of his or her mailing address, then the equity and patronage dividend amount allocated to that member-owner will be retained by the Co-op or donated to a non-profit to the extent authorized by state law.
- 2.9 **Transferability.** Membership rights and member equity may only be transferred upon such terms as have been approved by the Board of Directors and laid out in procedure.

ARTICLE III: MEMBER MEETINGS AND DECISION MAKING

- 3.1 **Annual Meeting.** A membership 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 hear reports on governance, operations and finances, to review issues that vitally affect the Co-op, and to transact such other business as may properly come before the meeting.
- 3.2 **Special Meetings.** The Board may call special meetings of the membership and should do so whenever a member-owner vote is to be held to begin the voting process. The Board shall call such a special meeting if presented with a written petition stating a proper purpose (requested removal of a board member) signed by 15% of active member-owners. Notice of special meetings shall be issued to member-owners. In the case of a petition, notice of the special meeting will be issued within ten (10) days after a presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting.
- 3.3 **Notice of Meetings.** Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Co-op and communicated to member-owners by mail or e-mail not less than fifteen (15) days prior to the date of the meeting.
- 3.4 **Voting.** Voting on all matters that member-owners are entitled to vote upon will be accomplished through paper or electronic ballots, or both, as authorized by the Board. Unless otherwise specified in these bylaws, notice of the vote shall be posted in a conspicuous place at the Co-op and communicated by written notice delivered to member-owners' postal or electronic address not less than fifteen (15) days prior to the end of the election period. Unless otherwise stated in the Articles of Incorporation, or these Bylaws, or as required by law, all questions shall be decided by a vote of a majority of the member-owners voting thereon. Proxy voting is not allowed.
- 3.5 **Quorum.** At any meeting of the member-owners, or for any vote of the member-owners, a quorum necessary for decision-making shall be five percent (5%) of the total number of active member-owners.

ARTICLE IV: BOARD OF DIRECTORS

- 4.1 **Powers and Duties.** The Board shall be composed of not less than five or more than nine Directors. Except for matters for which member-owner voting is required, the Board shall have full power to govern the Co-op, including, but not limited to, hiring management, establishing compensation, if any, for the Board, assuring that the mission of the Co-op is articulated and carried out, and adopting policies of the Co-op and making decisions for the Co-op in accordance with these bylaws.

- 4.2 **Eligibility.** Directors must be member-owners of the Co-op in good standing. A person with a conflict of interest so continuing and pervasive that he or she is unable to effectively fulfill the responsibilities of a director with the Co-op shall not be qualified to serve as a director. This includes any staff member reporting directly to the General Manager. Only a single director position may be filled by a staff member at any one time.
- 4.3 **Terms and Elections.** Elections shall occur annually, in a manner prescribed by the Board. Directors shall serve a term of one (1) to 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 serve more than three consecutive terms, and three years must pass before a past director may run for re-election after having served three consecutive terms. A past director may serve as an emeritus member for one of those three years, however.
- 4.4 **Vacancies.** Any vacancy among Directors may be filled by unanimous appointment by the Board. A Director so appointed shall be appointed until the end of the pertinent term.
- 4.5 **Removal.** As outlined in the Articles of Incorporation, a Director may be removed by either decision of two-thirds (2/3) of the remaining Directors for conduct contrary to the Co-op, a conflict of interest so continuing and pervasive that he or she is unable to effectively fulfill the responsibilities of a director, or a failure to follow Board policies, or they may be removed by decision of two-thirds (2/3) of active member-owners in accordance with the petition and voting provisions of these Bylaws.
- 4.6 **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 five (5) days in advance, unless the Board agrees to a shorter notice. Attendance at any meeting constitutes waiver of notice of that meeting. The Board will provide ten (10) days' notice of all board meetings to member-owners. Meetings shall be open to all member-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 Co-op's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential.
- 4.7 **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.
- 4.8 **Quorum.** A majority of the current Directors shall constitute a quorum and no decisions shall be made without a quorum.
- 4.9 **Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest. Directors having such a conflict shall absent themselves from discussion and decision of any related matter under consideration by the Board unless otherwise determined by the Board. Directors may not do business with the Co-op except in the same manner as other member-owners generally do business with the Co-op or under other conditions that are procedurally defined to avoid preferential treatment.
- 4.10 **Officers.** The officers of the Co-op shall consist of a president, a vice president, a secretary, and a treasurer, each of whom shall be elected or appointed annually by the Board. The board may elect a past member of the board into any office except the presidency. Any two offices may be held by a single person at the same time, except in the case of the person serving as president, who can hold only that office.

- 4.11 **Indemnification.** The Co-op shall indemnify and reimburse each present, past and future Director and officer 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 or officer, to the full extent allowed by law, except to the extent the Director or officer acted in bad faith or for acts or omissions that involve intentional misconduct or a knowing violation of law by the Director or officer, or that involve a transaction from which the Director or officer will personally receive a benefit in money, property, or services to which the Director or officer is not legally entitled.

ARTICLE V: PATRONAGE DIVIDENDS

- 5.1 **Allocations to Member-owners.** The Co-op shall allocate and distribute to member-owners the net profit from business done with them in such a manner as to qualify them as patronage dividends consistent with Co-op principles, the Articles of Incorporation, 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 Member-owners.** By obtaining or retaining membership in the Co-op, each member-owner consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the Co-op. Each member-owner also agrees that if his or her patronage dividend is not cashed within one (1) year of the date on which it was issued by the Co-op, the Co-op shall have the right, at the discretion of the Board, to revert such patronage dividend to the Co-op or to make a contribution of such patronage dividend in the name of that member-owner to support other organizations aligned with the Co-op's purpose in a manner as may be directed by the Board from time to time.

ARTICLE VI: CAPITAL

- 6.1 **Member Investment.** The active membership shall determine the need for additional member investment by a secret ballot at the store for twenty-five (25) business days following a general membership meeting at which the change is proposed.
- 6.2 **Loans.** No loans aggregating more than the Co-op's net worth may be taken by the Board unless authorized by a two-thirds (2/3) majority of the active membership voting in a secret ballot at the store for a period of twenty-five (25) business days following a general membership meeting explaining the loan proposal.

ARTICLE VII: DISSOLUTION AND LIQUIDATION

- 7.1 **Asset Distribution.** The Co-op may be dissolved or liquidated upon a decision of the Board and a two-thirds (2/3) vote of the member-owners who participate in the vote. Upon dissolution of the Co-op, its assets shall be distributed in accordance with the Articles of Incorporation and applicable state and federal laws.

ARTICLE VIII: BYLAWS

- 8.1 **Amendments.** Except for the provisions of Article VI, these bylaws may be altered, amended or repealed by the affirmative vote of two-thirds (2/3) of the full Board of Directors at any regular or special meeting thereof, provided written notice of the proposed amendment is given at least ten (10) days in advance of the meeting to each Director and posted at that place where minutes and related matters are ordinarily posted in the store. Alteration, amendment or repeal of Article VI may be authorized by membership vote only, as specified in that Article.