

BYLAWS
Friends & Farmers Cooperative

Article I: Organization

- 1.1 **Name.** The name of the organization shall be “Friends & Farmers Cooperative” (“the Cooperative”).
- 1.2 **Purpose.** The Cooperative shall be owned and governed by its members, and shall provide members and non-members with access to fairly priced, nutritious food and programs that support healthy food choices. Food and non-food products provided to Cooperative customers will be locally and sustainably produced to the extent possible with the intention of strengthening the local economy, especially local farmers and food producers.

Article II: Membership

- 2.1 **Eligibility.** Membership in the Cooperative shall be open to any interested person who is in accord with Friends and Farmers Cooperative’s purposes and is willing 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 **Membership.** The Cooperative shall be organized on a membership basis. Membership is established by an applicant: submitting an application for membership to the Board of Directors (“Board”) or its delegate; paying of the relevant membership fee; and complying with any other requirements contained in policies established by the Board. The Board shall have the power to establish multiple classes of membership with different membership fees, voting rights, and any other rights or requirements the Board deems necessary. Members’ contributions shall be recorded in the books, and shall be evidence of membership.
- 2.4 **Rights & Responsibilities.** The rights of members shall only apply to active members in good standing. A member who upholds these responsibilities is considered an active member in good standing. All rights and responsibilities of members are subject to the Bylaws. Each member is entitled to one vote. Members have the right to:
 1. Elect the Cooperative’s Board;
 2. Receive notice of and attend membership meetings;
 3. Attend meetings of the Board consistent with these Bylaws;
 4. Petition as described in these Bylaws;
 5. Approve amendments to these Bylaws; and
 6. Any other rights the Board creates.

Members are responsible for:

1. Keeping current in equity investments due to the Cooperative;

2. Keeping the Cooperative informed of any changes in name, current postal address, and current electronic mail address; and
 3. Abiding by these Bylaws, and the policies and decisions of the Cooperative.
- 2.5 **Withdrawal of Membership.** A member may withdraw his or her membership voluntarily at any time by giving thirty (30) days written notice to the Secretary.
- 2.6 **Termination of Membership.** The Board may vote to terminate a member's Membership for cause. After a vote to terminate, the Board shall notify the member within five (5) days. The Member shall have thirty (30) days from the date of notification to respond or the termination is final. The termination is not final if the member responds in writing to the Secretary of the Board. If the member chooses to respond, the Board must hold a meeting within sixty (60) days from the date of the response. At the meeting the Board shall hear the member, in person or in writing, and then vote to affirm or overturn the termination. If the Board affirms the termination, the termination is final. Cause may include:
1. Intentional or repeated violation of any provision of the Cooperative's Bylaws or policies;
 2. Actions that will impede the Cooperative from accomplishing its purposes;
 3. Actions or threats that adversely affect the interests of the Cooperative or its members;
 4. Willful obstruction of any lawful purpose or activity of the Cooperative; or
 5. Breach of any contract with the Cooperative.
- 2.7 **Return of Equity.** The Board has discretion whether to return a member's equity upon withdrawal or termination of membership in the Cooperative, and may include conditions to return of equity, to the extent allowable by law. The Board may only return a member's equity when the Board has determined that the equity is no longer necessary for the reasonable or prospective capital needs of the Cooperative.
- 2.8 **Unclaimed Property.** If a member has not made a purchase at the Cooperative for a one (1) year period, and the Board requests a response from the member via postal or electronic mail to which the member does not respond for a period of three (3) months, then the member shall be deemed to have voluntarily withdrawn from membership, and forfeits his or her claim to Cooperative property.
- 2.9 **Non transferability.** Membership rights and member equity may not be transferred in any manner, unless authorized by the Board.

Article III: Member Meetings

- 3.1 **Annual Meeting.** A membership meeting shall be held annually at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on operations and finances, to review and discuss issues that vitally affect the Cooperative, to elect Directors, to approve amendments to the Bylaws, and to transact such other business as may properly come before the meeting. The meetings' agenda shall include a member comment period.

- 3.2 **Special Meetings.** Special meetings of the membership shall be called by the Board, either by decision of the Board, or in response to a written petition of 10 percent (10%) of the active members or ten (10) members, whichever is greater. Special meetings called by petition shall be held within thirty (30) days of the Board receiving the petition, unless there is a scheduled meeting of the membership within forty-five (45) days of receipt of the petition. A petition's subject matter shall be discussed at the meeting of the membership.
- 3.3 **Notice of Meetings.** The Secretary shall give notice of the date, time, place and purpose of each meeting of the membership. Notice shall be satisfied by either postal or electronic mail at the most recent address provided by the member, or by whatever other method the Board deems sufficient. Notice for the annual meeting shall be given to members at least four (4) weeks prior to the date of the meeting. The Board shall give notice for special meetings to members no less than ten (10) days prior to the date of the meeting. The time and place of all member meetings shall be posted in a conspicuous place at the principal offices of the Cooperative not more than five (5) day after calling of the meeting.
- 3.4 **Voting.** The Board shall establish the methods and means for voting. Unless otherwise stated in these Bylaws, or required by law, all questions put to the members shall be decided by a vote of a majority of the members voting. Proxy voting is not allowed unless explicitly allowed by the Board.
- 3.5 **Quorum.** At any meeting of the members, or for any vote of the members, a quorum necessary for decision-making shall be the greater of ten percent (10%) of the total number of active members or twenty-five (25) members, if that many members exist.

ARTICLE IV: Board of Directors

- 4.1 **Powers and Duties.** The Board of Directors ("the Board") shall be composed of nine (9) Directors. The Board shall have full power to govern the Cooperative, including, but not limited to hiring management and evaluating its performance, and assuring that the purpose of the Cooperative is carried out. The Board shall take minutes at their meetings, and note dissents from decisions of the Board in the minutes. The Board shall have the power to create and delegate power to committees. Committees may include non-Board members, but shall be headed by Board members. Unless otherwise stated in these Bylaws, or required by law, all decisions shall be made by a vote of a majority of the Board voting.
- 4.2 **Officers of the Board.** The Board shall choose Officers of the Board. The Officers shall consist of a President, Secretary, Treasurer, and any other positions the Board deems necessary.
- 4.3 **Terms and Elections.** The group of incorporators who attend the first corporate meeting shall choose the initial Board. The incorporators shall choose the initial Board by a majority of the incorporators present. The initial Board will serve until membership in the Cooperative reaches two-hundred and fifty (250) members. At the first annual meeting of members after Cooperative membership reaches two-hundred and fifty (250)

members, the members shall elect a new Board. At this meeting the members shall elect three (3) Directors to serve a one (1) year term, three (3) Directors to serve a two (2) year term, and three (3) Directors to serve a three (3) year term. Thereafter, the members shall elect three (3) Board members annually in a manner prescribed by the Board, and Directors 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 (3) consecutive terms.

- 4.4 **Vacancies.** Any vacancy among Directors may be filled by appointment by the Board. A Director so appointed shall serve until the next annual members meeting, and shall be eligible to run for election to the Board for the remainder of the vacated term at that election.
- 4.5 **Removal.** A Director may be removed by a decision of two-thirds (2/3) of the remaining disinterested Directors for any of the following reasons:
1. Conduct contrary to the Cooperative;
 2. Failure to follow Board policies; or
 3. Conviction of a felony.

A disinterested Director is a Director who has no immediate family ties with the other Director, and who would receive no personal economic benefit from the decision to remove the other Director.

- 4.6 **Meetings.** The Board shall hold four (4) regular meetings each year at such time and place as it shall determine, but shall hold a meeting at least once every four (4) months. The President or three Directors can call a Board Meeting. The Secretary shall notify all Directors of a meeting at least ten (10) days in advance. Notice shall be satisfied by either postal or electronic mail at the most recent address provided by the member, or by whatever other method the Board deems sufficient. The time and place of all open Board meetings shall be posted in a conspicuous place at the principal offices of the Cooperative not more than five (5) day after calling of the meeting. Meetings shall be open to all members unless the Board decides to go into a closed session regarding confidential matters including but not limited to: labor relations or personnel issues; negotiation of contracts; discussion of strategic goals or business plans, the disclosure of which would adversely impact the Cooperative's position in the marketplace; or discussion of a matter that may 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 will be made without a quorum.
- 4.9 **Conflicts of Interest.** Directors shall disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such a conflict may participate in the discussion of the matter but may not vote unless otherwise determined by the Board. No employee of the Cooperative may serve on the Board.

- 4.10 **Cooperative Officers.** The Board will designate Officers according to the requirements of law and as necessary for the effective conduct of business.
- 4.11 **Indemnification.** The Cooperative 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. Such indemnification shall be made only if it is determined by the Board that the Director or officer 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 Dividends

- 5.1 **Allocations to Members.** The Cooperative may reinvest net profit from the business back into the Cooperative. The Cooperative may allocate or distribute patronage dividends to members when 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 Members.** By obtaining or retaining membership in the Cooperative, each member 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 Cooperative. Obtaining or retaining membership in the Cooperative shall, by such act alone, consent that the amount of any distributions with respect to the member's patronage, which are made in written notices of allocation (as defined in 26 U.S.C. § 1388) and which are received by the member from the cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. § 1385(a) in the taxable year in which such written notices of allocation are received by him.

ARTICLE VI: Dissolution

- 6.1 **Dissolution.** The Cooperative may be dissolved upon a decision of the Board and a two-thirds (2/3) vote of the members who participate in the vote.
- 6.2 **Asset Distribution.** Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order:
1. Paying or making provision for payment of all liabilities and expenses of liquidation;
 2. Paying back membership fees to members which, if they cannot be paid in full, shall be paid in the order of membership date, from earliest to most recent; then
 3. Distributing any remaining assets to another cooperative or cooperative development organization as determined by the Board.

ARTICLE VII: Books and Records

- 7.1 **Books and Records.** All financial books and record shall be open to the membership. To examine the books and records, a member shall provide written notice to the Secretary, and shall be granted access by the Secretary during normal business hours. The books and records shall be kept at the registered office.
- 7.2 **Audits.** The Board shall hire a qualified professional to conduct an annual audit.

ARTICLE VIII: Bylaws

- 8.1 **Amendments.** An amendment may be proposed by decision of the Board or by a petition signed by the greater of 10 percent (10%) of active members or ten (10) members. The proposed amendment shall be publicized to the membership in the notice of the meeting. These Bylaws may be amended or repealed in whole or in part by a majority of the members who participate in the vote.