

# **BYLAWS**

## **Orcas Food Cooperative**

Adopted 1/14/2014

### **ARTICLE I – NAME, LOCATION AND PURPOSE**

**Section 1. Name.** The name of the cooperative is Orcas Food Cooperative, hereinafter referred to as The Co-op.

**Section 2. Location.** The location of the principal office of The Co-op is Eastsound, Washington.

**Section 3. Purpose.** The purpose of The Co-op is to increase local food production and enhance Orcas Island's community food network by selling high-quality local and organic, non-GMO food and household goods at the lowest feasible cost, and by educating customers and connecting them to helpful resources.

### **ARTICLE II – MEMBERSHIP**

**Section 1. Eligibility.** All persons age eighteen (18) or older are eligible to be Members of The Co-op.

**Section 2. Initial Membership.** Membership may be obtained by making a written or online application and a one-time refundable Equity Investment in an amount set by the Board of Directors. Membership shall be reflected by assignment of a membership number.

**Section 3. Active Membership.** Membership shall be maintained and deemed current during each calendar month in which the Member shall (1) have paid the minimum Equity Investment, (2) be current with financial obligations to The Co-op, and (3) have provided The Co-op with a current postal or email address. If a Member is not current at any time, he/she shall be deemed an Inactive Member, without the rights of Membership, until such time as he/she has re-established the requirements of Active Membership.

**Section 4. Transfer.** Membership may be transferred in accordance with the process set forth by the Board of Directors. Unless membership is transferred within six months after the death of a Member, membership shall terminate and the deceased Member's Equity Investment shall revert solely to The Co-op.

**Section 5. Membership Rights.** Active Members shall have the right to: (1) vote to select the Board of Directors and to vote on each issue presented for voting at Membership meetings; (2) be eligible to be elected to serve on the Board of Directors; (3) petition for

the recall of any Director or all of the Directors; (4) be appointed to serve on committees chartered by the Board; and (5) participate in such membership pricing and/or ordering plans as may be in existence from time to time.

The Active Member may designate one Authorized Domestic Partner and dependents, in accordance with The Co-op's policies. Authorized Domestic Partners and dependents shall be entitled to the pricing and/or ordering plans as may be in existence from time to time, but shall not be entitled to governance rights.

**Section 6. Voting.** Each Active Member on the date a vote is cast, shall be entitled to one vote. An Active Member may designate in writing one Authorized Domestic Partner to vote in his or her place on matters other than amending these bylaws, if the Active Member is unable to vote. Proxy voting of any other kind shall not be permitted.

**Section 7. Limit of Liability.** Members shall not be liable for the debts of The Co-op.

**Section 8. Withdrawal.** An Active Member may withdraw from The Co-op by notifying the Treasurer of The Co-op in writing. Only an Active Member may withdraw or otherwise control the membership interests. A withdrawing member may request return of their Initial Equity Investment and Additional Equity Investment, if there is one, as provided in Article VII. Such request shall be in writing.

### **ARTICLE III – MEMBERSHIP MEETINGS / VOTING**

**Section 1. Annual Meeting.** There shall be an Annual Meeting of the Membership.

**Section 2. Special Meeting.** Special Membership Meetings may be called at any time by the written request of the President of the Board or by written request of 20% of the Active Members provided that the request specifies the purpose(s) of the meeting, and follows the requirements for notice under this Article.

**Section 3. Notice.** Notice of meetings and an agenda of topics to be covered shall be posted in the store at least thirty (30) days before the meeting, and advertised at least thirty (30) days in advance in any electronic or paper newsletter or announcement that has been made generally available to the Membership. Notice for Special Meetings and an agenda of the topics to be covered shall be posted at least three (3) days before the meeting.

**Section 4. Quorum.** A quorum of the Membership for voting shall be 25% of Active Members, as determined on the first day of the month in which the meeting is held. The obligation to hold an Annual Meeting shall be fulfilled even though a quorum is not present if the Annual Meeting is held after notice is provided as stated in this Article.

**Section 5. Decision Making.** Decisions by the Membership, other than the election of the Board of Directors, a quorum having been established, shall be accomplished by a

two-thirds (2/3) majority of those Members voting. Each Active Member shall be entitled to one vote upon each matter submitted to a vote.

**Section 6. Balloting.** Official ballots will be issued. Ballots will be received in an official ballot box in the store or by electronic or postal mail during a thirty (30) day period prior to and ending five minutes before the start of the meeting where the issue is to be decided.

## **ARTICLE IV – SELECTION OF DIRECTORS**

**Section 1. Qualifications.** Directors shall be Active Members of The Co-op. A member of the household of an Active Member may be eligible, but prior to being seated on the Board said individual must become an Active Member.

**Section 2. Number.** The Board of Directors shall consist of not less than five nor more than nine persons. A Board Member may be a paid employee of The Co-op; however, no more than one Board Member may be a Co-op paid employee at any given time.

**Section 3. Candidates.** Candidates shall submit a written notice of intent to the Secretary at least forty-five (45) days prior to the Annual Meeting in order to appear on the official ballot.

**Section 4. Election.** Those candidates receiving the most votes shall fill the open positions with the provision that if there is a staff candidate, the staff candidate receiving the most votes will fill the staff position. Runoffs are required in the event of ties.

**Section 5. Installation.** Those persons elected to the Board shall be installed at the first Board meeting following their election and shall hold office until their successors are installed.

**Section 6. Term.** The standard term of office shall be three years. Directors shall serve no more than three consecutive terms. After a period of not less than one year, a former Director shall be eligible for re-election to the Board.

**Section 7. Removal.** Any Board Member may be removed by a minimum 2/3 vote of the full Board at any regular meeting, provided that ten (10) days written notice has been provided to the full Board prior to the meeting. Any Director who has been charged in writing with malfeasance or misconduct regarding Co-op business must be allowed to reply to such charges at an open Special Meeting of the Board and Membership. In such instances any Director may be removed from office, in accordance with RCW 23.86.087, by a majority of Members voting by secret ballot.

**Section 8. Vacancies.** Any vacancy on the Board may be filled by a unanimous vote of the full Board of Directors. Appointees to the Board may serve only until the next election and may not be reappointed without first serving as an elected Board member.

**Section 9. Initial Board.** The initial Board of Directors shall be the individuals listed in the Articles of Incorporation, with terms as designated therein. Initial Board Members need not stand for election until their term expires.

## **ARTICLE V – BOARD OF DIRECTORS**

**Section 1. Meetings.** The Board shall hold regular meetings, generally monthly, and shall post notice of meeting dates, times and location on The Co-op's website a minimum of twenty-four (24) hours prior to a meeting. Special meetings of the Board may be called by the President when deemed necessary, or by written request of a quorum of the Board. Meetings shall be open to Active Members.

**Section 2. Quorum.** A quorum of the Board shall be a simple majority of the current number of Board members.

**Section 3. Decision Making.** The Board shall strive to reach consensus. A vote shall pass if a quorum is present and two-thirds (2/3) of the Board members present vote in the affirmative.

**Section 4. Action without Meeting.** Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if the Directors unanimously consent to the action in writing or by an electronic transmission (including electronic mail) that has sufficient information to identify the decision to be considered and the decision rendered by the Director. Any consent given under this Section shall be affirmed during the subsequent meeting of the Directors.

**Section 4. Responsibilities.** The Board of Directors shall represent the Membership by governing the business affairs of The Co-op. The Board shall: (1) establish governing policies; (2) adopt budgets and monitor financial performance in order to assure the financial health and long-term viability of The Co-op; (3) define the scope of employment, hire, set performance objectives, evaluate, and hold the General Manager accountable; and (4) ensure performance by monitoring compliance with its policies and goals.

**Section 5. Prudence.** Directors shall be responsible for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of The Co-op and with the care that an ordinarily prudent person in a like position would use under similar circumstances.

**Section 6. Conflict of Interest.** Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Each Director shall recuse him or her self from voting on any matter or transaction that comes before the Board in which the Director has a conflict.

**Section 7. Termination.** At the expiration of the term of office, by termination or otherwise, or upon resignation, any member of the Board shall turn over to the President

or the President's designee all money, keys, property, papers, records, books, digital passwords and other pertinent resources of The Co-op that may be in his/her possession.

**ARTICLE VI – OFFICERS**

**Section 1. Election.** At its first meeting following an election of Directors, and following the installation of new Directors, the Board, by the affirmative vote of at least 2/3 of the full Board, shall elect from among its members a President, a Vice President, and a Secretary. The Board shall also elect a Treasurer with expertise in financial matters, who need not be a member of the Board of Directors, but shall be held to the same confidentiality and conflict of interest standards as an elected Director. The Board may appoint such additional officers as it deems appropriate. Officers shall hold office until their successors are installed, unless they are unable to fulfill their obligations.

**Section 2. The President** shall endeavor to preside at all meetings of the Board of Directors. The President shall establish whatever committees may be required from time to time to accomplish the work of The Co-op, and shall appoint the chairperson of each such committee. The President shall be an ex-officio member of all committees, and shall see to it that all committee chairpersons report to him/her and to the Board.

**Section 3. The Vice President** shall perform the duties of the President in his/her absence or if a vacancy in the office occurs, and shall undertake such other responsibilities as the President may assign.

**Section 4. The Secretary** shall be custodian of Corporate Records. The Corporate Records shall include copies of all important records, legal documents, financial statements, minutes of meetings of the Board of Directors and membership, and any other pertinent documents relating to The Co-op. The Corporate Records shall be kept at The Co-op office and in an online file system accessible to all members of the Board of Directors.

**Section 5. The Treasurer** shall provide financial counsel to the board to ensure the integrity of financial accounts. The Treasurer may execute contracts and agreements approved by the Board of Directors, but may not be the sole signatory on behalf of The Co-op.

**ARTICLE VII – EQUITY**

**Section 1. Initial Equity Investment.** Each Member shall make an Equity Investment, the amount and payment terms thereof to be fixed by the Board of Directors as it determines necessary to maintain The Co-op and to carry out the purposes of The Co-op. Equity Investments do not bear interest.

**Section 2. Additional Equity Investment.** If the Board of Directors determines the need for additional member investment, the board shall make a proposal to the Membership at an Annual or Special Meeting. The decision to secure additional member

investments shall require a 2/3 majority of those Members voting. The vote shall be conducted for 30 business days following a general membership meeting at which the change is proposed.

**Section 3. Redemption.** Equity Investments made by a Member shall be redeemed in the order of request, no sooner than ninety (90) days after joining The Co-op, and no later than ninety (90) days after he/she has requested redemption in writing in connection with a written withdrawal from membership. The amount redeemed shall be limited to the consideration paid to or retained by The Coop for Member's equity interest, or the fair value of such equity interest, whichever is less.

**Section 4. Member Debt.** Debts that a Member has incurred to The Co-op may be charged against the Member's Equity Investment if the debt is older than ninety (90) days. All debts to The Co-op must be paid before an Equity Investment withdrawal may be made.

## **ARTICLE VIII – PATRONAGE REFUNDS**

**Section 1. Reserves.** The Co-op shall operate for the purposes defined in Article I, Section 3 and for the mutual benefit of its Members, as nearly as possible at cost, provided that reasonable reserves, as determined by the Board of Directors, may be set aside and accumulated for the purpose of meeting the operating and capital needs of The Co-op and for such other purposes as the Board of Directors may determine are in the best interest of The Co-op.

**Section 2. Patronage Refunds.** After all expenses and expenditures of The Co-op have been paid and reasonable reserves set aside, the net margins earned by The Co-op from Member patronage shall be allocated to the equity account of each Member. Within eight and one-half months after the end of each fiscal year, at least twenty percent (20%) of the amount allocated to the equity account of each Member shall be distributed to the Members in cash, or as credit toward Member purchases from The Co-op, or through another appropriate rebate mechanism, as determined by the Board of Directors.

## **ARTICLE IX – AMENDMENTS**

**Section 1.** These bylaws may be altered, amended or repealed by the affirmative vote of two-thirds (2/3) of the Board of Directors and the affirmative vote of two-thirds (2/3) of those Members voting, a quorum having been established.

**Section 2.** Balloting will be done in the store, or by postal or electronic mail during the month prior to the Annual Meeting and ending five minutes before the start of the meeting, provided that proper notice of the meeting, as specified in Article III, has set forth fully and clearly the proposed alteration, amendment or repeal.

## **ARTICLE X – DISSOLUTION**

**Section 1.** In the event of dissolution, obligations of The Co-op shall be discharged in the following order: (1) debts; (2) Equity Investments of Active Members, excluding board members and staff, who have properly requested a return of their investment at least ninety (90) days prior to the date of dissolution. The amount allocated to each Member shall be limited to the consideration paid to or retained by The Coop for Member's equity interest, or the fair value of such equity interest, whichever is less.

**Section 2.** Any surplus following the above provisions shall be given to remaining Active Members in equal payments.

## **ARTICLE XI – INDEMNIFICATION**

**Section 1.** The Co-op shall indemnify and hold harmless each person who serves or has served as a Director or Officer from and against any and all claims and liabilities for action alleged to have been taken or omitted by him/her as such Director or Officer, and for all legal and other expenses reasonably incurred by him/her in connection with any such claim or liability, to the fullest extent permitted by law.

**Section 2.** The Co-op, its directors, officers, employees and agents shall be fully protected in taking any action or making any payment under this article, or refusing to do so, in reliance on advice from counsel.