

South Philly Food Co-op Bylaws

Article1: Definitions

- 1.1. Household.** A group of persons (including children) residing at the same address who live together as a unit.
- 1.2. Membership.** A single membership shall consist of a household unit consisting of at least one person who is at least eighteen (18) years old or a legally emancipated minor. Membership entitles the holding Household to all benefits of the co-op, such as reduced prices on items sold by the co-op, a right to vote in board elections and matters submitted to the membership for vote, and opportunity to serve on the Board of Directors. Membership also subjects the Household to all responsibilities of membership, including but not limited to abiding by the co-op's code of conduct.
- 1.3. Shareholding Member.** The person who applies for membership on behalf of a Household, has the power to vote on behalf of the Household's investment in the co- op, and who functions as the point of contact for the co-op.
- 1.4. Board of Directors.** The governing body of South Philadelphia Food Co-op, as described in these bylaws.
- 1.5. Written Ballot.** A vote submitted in writing in person, or via electronic ballot as authorized by and in accordance with procedure established by the Board of Directors.

Article2: Organization

- 2.1. Name.** The name of the organization is South Philly Food Co-op (referred to in these bylaws as "SPFC").
- 2.2. Purpose.** The purpose of SPFC is to provide its members an alternative option to purchase food and other products. SPFC shall be operated on a cooperative basis for the benefit of its members and the community.
- 2.3. Objectives.** The objectives of SPFC are to provide a democratic, member-owned cooperative organization; to provide healthy foods and other useful goods and services at an affordable cost; to encourage patterns of production and consumption that are ecologically sound and healthful; and to serve as a center for activities, education and services consistent with these objectives.

Article3: Membership

- 3.1. Admission.** In accord with SPFC's purpose and objectives, membership in SPFC shall be open to any person. Applicants shall be admitted to membership upon paying or agreeing to pay the financial obligations set forth below.
- 3.2. Household Memberships.** An individual must be at least eighteen (18) years old

or a legally emancipated minor to apply for membership for his or her household. The person who applies for membership shall be the Shareholding Member and main contact for all SPFC correspondence. Each Household shall receive up to three (3) membership cards. Each member Household is limited to one (1) vote where voting is applicable.

- 3.3. Membership Requirements.** SPFC members shall consist only of those Households which have met the following requirements:
- At least one member of the Household is 18 years of age (or a legally emancipated minor);
 - Payment in full of the membership investment amount (initially set at two hundred dollars but subject to change in accord with these bylaws) or prompt payments toward the full amount of the membership investment in accordance with a payment plan approved by the Board;
 - Satisfaction of any other requirements as may be established by the Board or defined in these bylaws.
- 3.4. Non-discrimination.** Under no circumstances shall anyone be refused membership or any benefit thereof on account of race, color, national origin, gender, religion, disability, or sexual orientation.
- 3.5. Records.** SPFC shall maintain records showing the names, addresses, phone numbers, email addresses, investment record and beneficiary for each membership, including all persons in a Household. These records are for the use of SPFC in official business only, and no member's personal information shall be shared with any third party without the express consent of the member.
- 3.6. Voluntary Termination of Membership.** A Shareholding Member may, at any time, terminate membership by submitting to the Secretary of the Board a written statement stating that the Shareholding Member wishes to terminate his or her membership. The member's investment shall, upon written request, be returned to the Shareholding Member subject to these bylaws and reasonable terms adopted by the Board.
- 3.7. Dissolution of a Household.** Upon the dissolution of a household, the Shareholding Member will retain the membership and its benefits and obligations.
- 3.8. Member Death.** Upon the death of a Shareholding Member, the membership shall be transferred to the designated beneficiary, whom the Shareholding Member shall designate at the time membership is created, and which the Shareholding Member may change at any time according to policies established by the Board.
- 3.9. Transfer of Membership.** Membership rights and interests may not be

transferred except to SPFC. Following termination of a membership, SPFC will, upon request of the Shareholding Member, transfer the value of a membership to another person provided that the person so designated complies with all other responsibilities of membership as described by these bylaws and otherwise prescribed by the Board.

- 3.10. Suspension or Expulsion.** The Board may revoke any membership for failure to meet financial obligations or for disturbances to the general welfare of the co-op or its members, subject to a reasonable opportunity for the member to respond to the allegations against him or her.
- 3.11. Settlement of disputes.** In any dispute between SPFC and any of its members or former members which cannot be resolved through informal negotiations, it shall be the policy of SPFC to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. As to any dispute subject to this section, no recourse may be taken to judicial proceedings until the aggrieved party has submitted the matter to mediation and pursued its resolution in good faith.

Article 4: Meetings of the Membership

- 4.1. General Membership.** Regular meetings of the general membership shall be held semiannually, once in October and once in May at a date, time and place to be determined by the Board. Membership may be required as a condition of attendance at the meeting.
- 4.2. Special Meetings.** Special meetings of the Members may be called by the Board of Directors, or by a petition signed by at least one-tenth of the Shareholding Members in good standing, stating the purpose of the requested meeting and delivered to the Board. Such petition shall specify what business shall be conducted at the meeting, and business at the special meeting shall be limited to the subject matter described in the petition.
- 4.3. Notice.** Electronic notice (or physical letter if requested by member) of each meeting of the Members, setting forth the date, time, place and nature of the business of the meeting, shall be sent to each Shareholding Member at the Shareholding Member's last known email address (or physical address), not less than twenty (20) days before the date of the meeting. Notice of each meeting shall also be posted prominently on the SPFC's website at least twenty (20) days before each meeting. For physical letters, such notice shall be deemed delivered if deposited in the United States mail with at least third-class postage affixed and addressed to the latest address provided by the Shareholding Member. The notice shall also be conspicuously posted at the SPFC's physical location. It is the

responsibility of the Shareholding Member to maintain current contact information with the SPFC.

- 4.4. Agenda.** The agenda for each regular meeting of the members shall be set forth in the notice of meeting, and no business other than that set forth in the notice shall be transacted at the meeting. The agenda of regular meetings shall be set by the Board. Any Shareholding member may request that an item be placed on the agenda of a regular meeting by submitting to the Secretary a petition of ten (10) Shareholding Members, which shall be delivered to the Board within sixty (60) days for the issue to be publicized in the notice of the regular meeting sent to Members. The Board may elect to include or not include the item in the agenda, at the Board's discretion.
- 4.5. Voting Rights of Members.** Each Shareholding Member in good standing shall have one and only one vote upon any single matter. The Shareholding Member may designate a member of his or her Household to vote in his or her place. Voting on all matters that Shareholding Members are entitled to vote upon will be accomplished through a paper ballot or, if the member consents, by electronic ballots, as authorized by the Board of Directors. A member who agrees to vote by electronic means in an election is not bound to vote by electronic means in a future election. The Secretary shall maintain and prepare an accurate and up-to-date list of member households in good standing and furnish the Board with the list before each regular and special meeting of the membership.
- 4.6. Quorum.** The presence in person or by written ballots of ten percent of SPFC Shareholding Members, or fifty Shareholding Members, whichever is lesser, shall be necessary and sufficient to constitute a quorum for the purpose of conducting business at any regular or special meeting of the membership.
- 4.7. Decision making.** Each Shareholding Member shall have one vote in all matters submitted to a vote of the members. Proxy voting shall not be permitted, but the Shareholding Member may designate a member of his or her Household to vote in his or her place. All issues shall be decided by a majority of Shareholding Members who are present and voting or represented by written ballots, subject to quorum, except where a higher percentage is required by law or by these bylaws. Decisions on issues which are not included in the notice of the meeting shall be of an advisory nature only.
- 4.8. Membership Referenda.** The membership may countermand a decision by the Board or require Board action on any issue through referenda. To be considered for vote, support for a referendum must be signed by 10% of the membership and submitted to the Secretary at least sixty (60) days before a regular membership

meeting or sixty (60) days before a special meeting called for that purpose. All referenda adhering to these terms shall be placed on the agenda for vote, and may pass by a simple majority vote of the members, except where otherwise required by law or these bylaws.

Article 5: Board of Directors

- 5.1. Powers and duties.** The business and affairs of SPFC shall be directed in the interest of the members by a Board of Directors (referred to in these by-laws as “the Board,” and comprised of individual “Directors”). The powers and duties of the Board shall include directing and overseeing of the management of SPFC, establishing written policies and procedures and ensuring that the purposes, objectives and policies of SPFC are properly carried out.
- 5.2. Availability of Policies and Procedures.** The policies and procedures established by the Board shall be made freely available to the membership. The policies and procedures shall be available for download on the SPFC’s website, and members in good standing may obtain a printed copy of the policies and procedures by requesting in writing a copy from the Secretary of the Board.
- 5.3. Number and Qualifications.** The Board of Directors shall consist of a minimum of nine (9) and a maximum of thirteen (13) persons. To be qualified as a Director, a person shall be at least eighteen (18) years of age, shall be a member of a shareholding Household of the co-op in good standing at the time of the election, not be the general manager of the co-op, and not be associated with interests adverse to SPFC, as determined by the Board. The Board shall be empowered to make additional rules and regulations defining further necessary qualifications for Board service as it sees fit, including, but not limited to, a requirement of prior service experience for the SPFC. The Board may also, in its sole discretion, create (and/or eliminate, once created) at-large Board positions not subject to the requirements of this section.
- 5.4. Elections.** The election of the Board of Directors shall take place at the Spring Meeting of the membership. All voting for Directors shall be by written ballot. Notice of the election, including the names of the candidates, the Board positions being filled, and an absentee ballot shall be made available to all Shareholding Members at least thirty (30) days before the meeting at which the election will occur. A candidate for the Board of Directors must be a member of the co-op in good standing and must submit an application form. Applications must be submitted to the secretary or his or her designee, as approved by the Board, sixty (60) days prior to the Spring Meeting of the membership. Board member

positions will be filled according to those who receive the most votes for vacant positions. In the event of a tie, there shall be a run-off election conducted by Special Meeting of the Members.

- 5.5. Terms.** Each Director shall be elected for a term of two (2) years. Directors' terms shall commence July 1 and terminate June 30. Service on the Board of Directors shall be limited to three (3) consecutive two-year terms. A fourth consecutive two- year term may be served with permission of seven Directors (exclusive of the vote of the candidate). Following a two-year term of non-service on the Board, a former Director may run for a Director position again.
- 5.6. Special provision made for first Board of Directors.** For the purpose of staggering Board terms, half of the Directors elected to the first Board (rounded up, if an odd number of Directors are elected) will serve for a term of two years, and the remainder will serve a term of one year, to be determined at random after the Board of Directors is elected.
- 5.7. Conflicts 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, and such interest shall be made a matter of record in the minutes of the meeting. Directors having such an interest shall be permitted to make a statement with regard to the matter and shall then be required to leave the meeting room. A transaction in which a Director has an interest shall be prohibited unless the transaction is fair to the Co-op and is approved by no less than a two-thirds majority of all disinterested directors.
- 5.8. Termination.** The term of office of a Director may be terminated in any of the following ways:
- Voluntarily by a Director upon notice to SPFC;
 - Automatically, should the Director's membership lapse or be terminated;
 - With or without cause by the a two-thirds vote of the membership at a regular or special meeting (at which meeting the membership shall elect a new Director to fill the vacancy); or
 - For cause (including, but not limited to, failure to attend two consecutive Board meetings) by the Board of Directors upon the affirmative vote of no less than seven directors after the director is provided fair notice of the charges and an opportunity to respond in person or in writing.
- 5.9. Vacancies.** Any vacancy among Directors occurring between annual meetings may be filled at the President of the Board's discretion for the balance of the unexpired term.
- 5.10. Indemnification.** In order to attract and retain qualified people to serve in

positions of responsibility, SPFC shall indemnify its directors and officers to the fullest extent permitted under the law, except that indemnification shall not be required if the person has been successful otherwise than on the merits in defense of any action, suit, claim or proceeding. Indemnification payments shall be made on a priority basis but only in such increments and at such times as will not jeopardize the ability of SPFC to maintain normal business operations. All such payments made shall be reported in writing to the membership with or before the notice of the next regular or special meeting of the membership.

Article6: Meetings of the Board of Directors

- 6.1. Convening.** Meetings of the Board of Directors shall be held on a monthly basis with other committee meetings as determined by the Board.
- 6.2. Quorum and decision making.** Half of all sitting Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. Decisions of the Board of Directors shall be made by majority vote of directors present unless otherwise provided in these bylaws. In the event of a tie, the action shall not pass.
- 6.3. Action without a meeting.** Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if (i) a written consent to the action is given by all Directors, or (ii) made by electronic vote by a majority of Directors. Any such written consent or electronic vote of the Board of Directors must be filed with the minutes of the meetings.
- 6.4. Referendum.** On request of any four Directors, a decision of the Board of Directors shall be referred to a meeting of the membership for approval. The decision of the Board shall otherwise stand unless and until modified by the membership.

Article7: Officers

- 7.1. Positions.** The officers of SPFC shall consist of a President, Vice President, Treasurer, and Secretary and such other officers and assistant officers as determined by the Board of Directors. All officers shall be Directors.
- 7.2. Selection and term.** Each officer shall be selected annually by the Board of Directors by simple majority vote to serve for a term of one year or until selection of his or her successor. In the event that no one Director receives a majority of votes for a given office, the top two vote-getters will engage in a run off. Officers shall be elected at the first Board meeting following the election of Directors at

the spring regular meeting. Officers may be removed at any time, with or without cause, by the Board of Directors, subject to a vote of no less than 2/3 of Directors present and voting.

7.3. Qualifications. To be qualified to serve as an officer of the Board, a person must have served at least one (1) year as a Director, except for the first Board of Directors elected, in which instance a person must have served at least six months on the Steering, Legal/Finance or Outreach Committees in existence prior to incorporation of the SPFC. Employees of the Co-op shall not be eligible to be officers of the Board.

7.4. Duties. Officers shall have the following duties and such additional duties as determined by the Board of Directors:

- the President shall preside at all meetings of the members and the Board of Directors, set the agenda at Board meetings, coordinate the activities of the Board, and shall, as authorized by the Board, sign formal documents on behalf of SPFC;
- the Vice President shall perform the duties of the President in his or her absence;
- the Treasurer shall oversee financial records, reporting of financial information and filing of required reports and returns, and shall, as authorized by the Board, sign formal documents on behalf of SPFC;
- the Secretary shall be responsible for the recording and keeping of adequate minutes of all meetings of the Board and of the membership, issuing notices required under these by-laws, authenticating records of SPFC, and shall, as authorized by the Board, sign or attest to formal documents on behalf of SPFC.

Article8: Member Shares

8.1. Issuance and terms. As evidence of capital funds provided by Shareholding Members, SPFC shall issue its common stock, called member shares, with a par value of two hundred dollars per share. Member shares may be issued only to persons eligible for and admitted to membership in SPFC once a Shareholding member has contributed his full investment amount in a lump sum or pursuant to a payment plan approved by the Board. No share shall be issued until it has been fully paid for by a Shareholding member in an amount that equals or exceeds its par value. The purchase price of member shares shall initially be two hundred dollars per share. The purchase price may be increased by the membership at a meeting called for that purpose by a simple majority vote. The purchase price may

also be increased by the Board only to the extent necessary to offset the effects of inflation. Shares shall be entitled to no dividend or other monetary return, although the Board may in its sole discretion elect to pay patronage refunds.

- 8.2. Certificates.** Upon full payment for a Household's membership share, a Shareholding Member shall be entitled to receive a certificate evidencing such holding. All certificates shall be signed and numbered consecutively. Each certificate shall contain a prominent notation that it is not transferable except pursuant to these bylaws and that voting rights pertain only to membership in SPFC on the basis of one vote per Shareholding Member. SPFC may issue a replacement certificate for any certificate alleged to have been lost, stolen or destroyed.
- 8.3. Redemption.** Upon request following termination of membership, a member share may be redeemed within ninety (90) days after an equivalent amount of funds has been provided by a new or existing member. The Board may impose a reasonable processing fee. Redemption of member shares shall be subject to being offset by amounts otherwise owed to SPFC by the redeeming Shareholding member.

Article9: Fiscal Affairs

- 9.1. Fiscal year.** The fiscal year of SPFC shall begin on the first day of April in each year and end on the last day of March in the succeeding year unless otherwise determined by the Board.
- 9.2. Fiscal policies.** SPFC shall be operated according to sound business practices insofar as they are consistent with its purpose and objectives.
- 9.3. Fiscal statements.** SPFC shall prepare financial statements for each fiscal year which fairly present its financial position, results of operations, changes in financial position and related disclosures in conformity with generally accepted accounting principles applied on a consistent basis. The Board of Directors shall, whenever practicable, arrange for such financial statement to be reviewed or audited by an independent public accountant.
- 9.4. Raising Capital and Obtaining Financing.** The Board shall be empowered to raise capital for SPFC in any manner not inconsistent with these bylaws, including but not limited to seeking member loans, holding fundraisers, and obtaining bank loans.
- 9.5. Access to information.** Shareholding members shall be provided reasonably adequate and timely information as to the operational and financial affairs of SPFC. A Shareholding member shall, upon request, be provided any other information concerning the operational and financial affairs of SPFC that is

necessitated by, and directly related to, a proper purpose, subject to such reasonable restrictions or conditions as are determined by the Board to be necessary to protect confidential or sensitive information.

Article10: Dissolution

10.1. Dissolution. Upon dissolution of SPFC, its assets shall be distributed in the following manner and order:

- First, all liabilities and expenses of liquidation shall be paid.
- Second, if assets remain, all member shares shall be redeemed in accordance with the terms of these bylaws. If such shares cannot be paid in full, they shall be redeemed on a pro rata basis among all outstanding amounts.
- Third, if assets remain, they shall be distributed equally among current Shareholding members or otherwise as determined by the membership at a meeting called for that purpose.

Article11: Severability

11.1. Severability. In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule by law without affecting the validity or enforceability of any other provision of these bylaws.

Article12: Amendment of Bylaws

12.1. Amendment. These by-laws may be amended or repealed by a two-thirds vote of (i) Shareholding Members present and voting at a meeting, and (ii) Shareholding Members voting via electronic ballot (if made available) in accordance with a procedure established by the Board of Directors, and provided that the proposed amendment is described in the notice of the meeting at which the amendment is to be adopted.