

# **Bylaws**

**Co-opportunity Consumers  
Cooperative, Inc.**

## **ARTICLE 1 IDENTITY**

1.1 Name The name of the Cooperative shall be "Co-opportunity Consumers Cooperative, Incorporated" and referred to in these Bylaws as the "Cooperative".

1.2 Office and Place of Business The principal office and place of business of the Cooperative shall be located in the County of Los Angeles, California. The Cooperative may have additional offices and places of business as determined by the Board of Directors.

## **ARTICLE 2 DEFINITIONS**

2.1 Member Shall mean any person who has complied with and been accepted into the Cooperative pursuant to Article 4 of these Bylaws. "Member" shall include consumer members and business members.

2.2 Consumer Member shall mean a natural person whose primary purchases from the Cooperative are for personal or household consumption and may include such other natural person in the household of a consumer member as provided in these Bylaws or by the Administrative Code.

2.3 Business Member shall mean (1) a member which is a partnership, cooperative, trust, organization, association or other entity, or (2) a natural person whose primary purchases from the Cooperative are not for personal or household consumption.

2.4 Member in Good Standing shall refer to any member, as defined in section 2.1, above, who:

2.4.1 is current with his or her membership share obligation

2.4.2 is not in default of debt owed to the Cooperative,

2.4.3 is not suspended

2.4.4 is not in violation of the Articles of Incorporation, Bylaws and the Administrative Code.

2.5 Household shall mean persons who live, buy or eat jointly in one dwelling. A single dwelling may contain more than one such household. A household may not consist of persons from more than one dwelling.

2.6 Person shall mean individuals (human beings) and associations, companies, domestic or foreign corporations, estates, joint stock companies, joint ventures, partnerships, government or political subdivisions, agencies or instrumentality's of a government, organizations, trusts, cooperatives and other entities. "Natural person" shall mean individuals (human beings) only.

2.7 Written notice shall mean notice deposited in a United States mail receptacle with first class postage fully prepaid addressed to the member's address as it appears on the books of the Cooperative.

Personal delivery of written notice shall also satisfy this requirement. Written notice shall be deemed given when mailed as above or personally delivered. If the United States Postal Service returns any such notice marked that it is unable to deliver the notice to the member at such address, the written notice remains effective and all future notices shall be deemed given without further mailing if the notices remain available for the member upon written demand at the principal office of the Cooperative for a period of one year from the date of giving such notices to the other members or until the member changes the member's address on the Cooperative books.

2.8 Approval by Members shall mean approval or ratification by the affirmative vote of a majority of the quorum of members in good standing required for such action or by written ballot pursuant to Section 6.9 of these Bylaws.

2.9 Board shall mean the Board of Directors of the Cooperative.

2.10 Directors-elect shall mean Directors who have been duly elected but who have not taken office.

2.11 Gender All reference to the masculine gender in these Bylaws shall include the feminine and neuter.

2.12 Law shall mean the California Corporations Code, Consumer Cooperative Corporation Law, beginning with Section 12200, all amendments thereto; and all other applicable statutes, case law and regulations under the laws of the State of California and the United States.

### **ARTICLE 3 PURPOSES AND POWERS**

3.1 Purposes The purposes of the Cooperative shall be to function as a cooperative corporation having such lawful purposes as are permitted under applicable law and this corporation's Articles of Incorporation. Such purposes shall include but not be limited to:

3.1.1 The conduct of a financially viable business dealing in articles of common use, primarily for the benefit of the members of the Cooperative.

3.1.2 The advancement of the cooperative movement as a viable system of business in our society.

3.1.3 The promotion of the cooperative ideal through research and educational activities.

3.1.4 Association with other cooperatives for the purpose of mutual benefit.

3.1.5 The conduct of such other services and activities as will serve the economic, educational, recreational, and cultural welfare of the members of the cooperative.

3.2 Powers In order to achieve its purposes, the Cooperative shall have the power and authority to exercise all rights and privileges pursuant to applicable laws and this corporation's Articles of Incorporation and shall include, but not be limited to, the powers below:

3.2.1 To buy, store, distribute, sell, process and produce for its members those commodities which the Cooperative may deem appropriate to achieve its purposes.

3.2.2 To acquire, lease, mortgage, sell and convey, real estate or other real or personal property.

3.2.3 To operate and maintain business establishments including but not limited to retail and/or wholesale stores or warehouses which may sell the Cooperative's goods and services to members and non-members.

3.2.4 To purchase, hold, sell, assign, convey or transfer the shares of other Cooperatives.

#### **ARTICLE 4 MEMBERSHIPS**

4.1 Eligibility Any natural person, 18 years or older, irrespective of sex, race, nationality, political opinion, religious belief, sexual preference, physical or mental handicap, is eligible to become a member of the Cooperative. Any partnership, cooperative, trust, organization, association or other entity, as referenced in Section 2.6 of these Bylaws, duly organized and existing, is eligible to become a business member of the Cooperative. Persons are not eligible for membership in the Cooperative if:

4.1.1 they have been previously expelled from the Cooperative;

4.1.2 they have engaged in conduct inimical or harmful to the Cooperative or its members.

4.2 Becoming a Member A person may become a member by completing the steps listed in this section.

4.2.1 Written application for membership shall be made in person on a membership form, accompanied by a non-refundable application fee. This form and fee shall be determined by the Board of Directors. This form shall include, but not be limited to, a statement whereby the applicant agrees to:

4.2.1(a) comply with and be bound by the terms and conditions relating to membership contained in the Articles of Incorporation, the Bylaws and amendments thereto, the Administrative Code and rules and regulations enacted by the Board of Directors;

4.2.1.(b) purchase eight Class A shares in the Cooperative which shall be known as "Membership Shares". At least one Class A share shall be purchased at the time of making application for membership. Class A shares shall be purchased within a time period to be determined by the Board of Directors, and not to exceed eight years from the date of application. A minimum of one Class A share per year shall be purchased until all eight Class A shares have been purchased. If before all eight Class A shares have been purchased, a member fails to make the minimum annual share purchase, the membership shall become inactive. Said membership can be reactivated if the member purchases the minimum annual share, plus a reactivation fee within 3 years of the date the membership becomes inactive.

4.2.2 Applications for membership shall be reviewed by General Manager or his/her representative. If accepted, in writing, the applicant shall become a member, entitled to all the rights and privileges of membership. If not accepted, the applicant shall be entitled to a refund of any amounts paid for membership shares, less the application fee.

#### 4.3 Membership and Investment Shares

4.3.1 The Cooperative is authorized to issue two classes of shares: Class A Membership shares and Class B Investment shares.

4.3.2 Class A shares are membership shares. The Cooperative is authorized to issue 100,000 Class A shares. Each member must purchase eight Class A shares. No member can purchase more than eight Class A shares.

4.3.3 The valuation of Class A shares shall be determined by the Board of Directors. Class A shares are voting shares. Members in good standing shall be entitled to one vote as provided in these Bylaws.

4.3.4 Class B shares are Investment shares. The Cooperative is authorized to issue one Million (1,000,000) Class B shares. The value of the Class B shares is to be determined by the Board of Directors. Only members in good standing who have purchased at least one Class A share can purchase Class B shares.

4.3.5 The valuation of Class B shares shall be determined by the Board of Directors. Class B shares constitute preferred, non-voting shares. Holders of Class B shares may be entitled to a dividend as determined by the Board of Directors in its sole discretion. In the event of dissolution or bankruptcy of the Cooperative, Class B shares shall have preference over Class A shares.

4.3.6 The Board of Directors may provide incentives to attract the voluntary purchase of Class B shares.

4.3.7 There shall be maintained at the principal office of the Cooperative, a complete share register of the names and the latest addresses of all Class A and Class B members and the dates of issuance and cancellation of each share. Access to this share register is protected by law.

4.4 Transfers Members' interests in the Cooperative, and any certificates that may evidence such interests, are non-transferable.

4.5 Membership Responsibility and Restrictions

4.5.1 A member shall purchase all required Class A shares.

4.5.2 A member in good standing shall vote on matters submitted to the membership by written ballot.

4.5.3 A member shall promptly pay any fee or debt incurred to the Cooperative.

4.5.4 A member shall comply with the Administrative Code and all rules and regulations of the Board which further the purposes of the Cooperative and are in conformance with the Bylaws as determined by the Board.

4.5.5 A member shall notify the Cooperative of any change in mailing address within 14 days of such change.

4.6 Membership Rights and Privileges

4.6.1 A Member in good standing shall, subject to these Bylaws, be entitled to:

4.6.1.(A) vote at membership meetings or by written ballot;

4.6.1.(B) apply to the Board or its representative for service on any member committee;

4.6.1.(C) run for the office of Director per Article 8 of these Bylaws;

4.6.1.(D) purchase goods and services at membership prices, on such terms as set forth in the Administrative code.

4.6.2 In the event that membership in the Cooperative is recorded in the names of two or more persons, in the name of an organization, a family or in joint membership, such as husband and wife, each membership is entitled to only one vote, regardless of the number of individuals which comprise the membership.

#### 4.7 Requirements for good standing

4.7.1 A member shall not be in good standing if the member fails:

4.7.1.(a) To comply with the requirements of a member in good standing as defined in Section 2.4 of these Bylaws.

4.7.2 Unless otherwise provided by these Bylaws, a member shall return to good standing when the member remedies the failures described in section 4.7.1. above.

4.8 Record Date Record date shall be the date set by the Board by which the members in good standing shall be entitled to exercise their rights for any lawful purpose. In the absence of the Board setting a record date, the record date shall be as provided by law.

### **ARTICLE 5 TERMINATION OF MEMBERSHIP**

5.1 Voluntary Withdrawal A member may resign from the Cooperative and terminate his or her membership by filing a written notice of resignation with the General Manager or his/her representative. The resignation shall become effective immediately without any action on the part of the Cooperative. Class A membership shares shall be repurchased by the Cooperative at the original purchase price, provided such payment will not, in the opinion of the Board, cause the Cooperative to be unable to meet its liabilities. The Cooperative shall have no obligation to repurchase the Class B investment shares of a resigning member, but may purchase such shares at any time at the discretion of the Board provided such purchase will not, in the opinion of the Board cause the Cooperative to be unable to meet its liabilities. Upon resignation, the member shall no longer be entitled to the rights, privileges or benefits of the membership of the Cooperative. Voluntary withdrawal hereunder shall not affect the Cooperative's right to expel a member for reasons existing prior to the resignation of such member.

5.2 Death or Dissolution A membership terminates upon the death of a member.

5.3 Termination of Membership for Inactivity The Board, or its representative, may, after at least twenty days written notice, terminate the membership of any member who has been under suspension or who has not been in good standing for three consecutive years. The written notice of termination shall state the reasons for termination and the effective date. A member shall have the opportunity to be heard regarding his membership termination, at least five days before the effective date of such termination in an oral or written form to be determined by the Board. Any such hearing shall be before the Board or such other person(s) authorized to decide that such termination shall not take place. A person whose membership has been terminated pursuant

to this section shall not be entitled to have his shares repurchased by the Cooperative.

#### 5.4 Expulsion and Suspension

5.4.1 The Board may, after a hearing and notice as provided in this section, suspend or expel any member upon finding that such member has engaged in conduct inimical or harmful to the Cooperative or its members.

5.4.2 The Board shall provide no less than twenty days prior written notice of such suspension or expulsion. The written notice shall state the reason for the suspension or expulsion and the effective date.

5.4.3 At least five days before the effective date of such suspension or expulsion, a member shall have opportunity to be heard regarding his suspension or expulsion, in an oral or written form to be determined by the Board. The form for being heard, as determined by the Board, shall be included in the notice provided pursuant to section 5.4.2 above. Any such hearing shall be before the Board or such other person authorized to decide that suspension or expulsion shall not take place.

5.4.4 Any member who has been suspended or expelled pursuant to this section shall not be entitled to his Class A or Class B shares repurchased or redeemed, and the Cooperative shall have no obligation to repurchase the shares of a suspended or expelled member.

### **ARTICLE 6 MEMBERSHIP MEETINGS AND ACTIONS**

6.1 Place of Meetings All meetings of the membership shall be held within the County of Los Angeles, at a place determined by the Board of Directors.

6.2 Annual Meetings A regular meeting of the members shall be held annually on the third Sunday in October.

#### 6.3 Special Meetings

6.3.1 A special meeting of members may be called by the President for any lawful purpose upon vote by a majority of the Board. In addition, a special meeting of members for any lawful purpose may be called by five percent (5%) or more of the members in good standing.

6.3.2 The Board's resolution or member's written request for a special meeting must specify the purpose of the special meeting and only that business shall be transacted at such a meeting.

#### 6.4 Notice of Meetings

6.4.1 It shall be the duty of the Board Secretary to insure that written notice of all membership meetings be given not less than ten and not more than ninety days before such meeting. This notice must be provided to each member in good standing.

6.4.2 The written notice shall state the place, date, time of the meeting, and a brief statement of the purpose of the meeting and description of the business to be transacted at the meeting.

6.4.3 Where Directors are to be elected at the meeting, the ballot shall be included in the official notice.

#### 6.5 Quorum

6.5.1 A quorum in any meeting of members is at least twenty percent (20%) of all of the members in good standing. Any bylaw amendment to increase the quorum may be adopted only by approval of the members in good standing. If a quorum is present, the affirmative vote of the majority of the members in good standing, represented in person or by ballot at the meeting and entitled to vote shall be the act of the members, unless the vote of a greater number is required by law, the Articles of Incorporation, or these Bylaws.

6.5.2 There shall be no quorum requirement at the annual meeting to conduct any business which does not require the vote of the members.

#### 6.6 Agenda

6.6.1 The agenda for membership meetings shall be determined by the Board except as provided in Section 6.3 of these Bylaws.

6.6.2 Requests by members to include any issue in the annual meeting notice to be voted upon by the Membership must be presented to the Board in writing no later than September 1, prior to the Annual Meeting. The written request must describe the issue in reasonable detail and be signed by at least fifty members in good standing. If approved by a majority of Directors, such issue shall be included in the notice, sent to all members in good standing, and included on the agenda.

6.6.3 Only items placed on the agenda and for which notice was sent, may be voted on at a membership meeting.

6.7 Members' Forum The function of the Members Forum is to provide a meeting amongst members to discuss any issue and to make recommendations to the Board. Members present are responsible for

providing written minutes of the Members' Forum to the Board and making such minutes available to the membership.

6.7.1 A Members' Forum shall be called by the Vice President upon receipt of a petition signed by at least fifty members in good standing. The Forum shall be held upon the date specified in the petition or upon another date with the consent of a majority of the petitioners. Notice of the Forum shall be posted conspicuously in the store at least (7) seven days before the Forum. The Vice President or a Board designated representative shall preside over the Forum.

6.8 Referendum A referendum is a member initiated advisory action to the Board. It is structured as a progression of member actions designed to empower the majority and also assure that positions held are dealt with responsibly and appropriately by the Board. It provides for member input to the Board, which the Board must consider.

6.8.1 Procedure

6.8.1(a) A referendum is initiated by written petition to the Board signed by ten percent (10%) of the members in good standing.

6.8.1(b) The Board shall, within thirty days consider the recommendation specified in the petition.

6.8.1(c) If the petitioned recommendation is not adopted by the Board, the Secretary shall cause a membership questionnaire to be sent to the members in good standing.

6.8.1(d) The membership questionnaire shall be designed by the Board to assure that the Board receives clear sense of membership's position on the issue presented in the referendum petition. Members receive a clear indication of the Board's position and membership expresses a range of options from which the Board can derive appropriate responses. To minimize expense and to facilitate efficiency the Board may include in such questionnaire other issues about which it wishes member input.

6.8.1(e) The Board shall post the response of membership in the store and include it in the appropriate newsletter issue(s).

6.8.1(f) Within thirty days of the return date of the questionnaire, the Board shall review the members response to consider options and shall post the action taken as per Section 6.8.1.(e) above. The Board shall also report on its referendum actions in the Annual Report to members.

6.8.2 In the event that a referendum topic is reintroduced within one year after membership has expressed a position counter to the recommendation, the members initiating such referendum shall bear all the cost and expenses of the new referendum action.

## 6.9 Written Ballots

6.9.1 Prior to any annual or special meeting of members, the Board may authorize distribution of a written ballot to every member entitled to vote at the meeting. The ballot shall (1) set forth the proposed action to be taken at the meeting, (2) provide an opportunity to specify approval or disapproval of the proposed action, and (3) state that the ballot will be counted if received by the Cooperative on or before the time of the meeting unless revoked in person, at the meeting, by the member. If ballots are so distributed with respect to a meeting, the number of members voting at the meeting by un-revoked written ballots shall be deemed present for purposes of determining the existence of a quorum, but only with respect to the proposed action referred to in the ballots.

6.9.2 Subject to this bylaw section, any acts which may be taken at any annual or special meeting of members may be taken without a meeting if the Cooperative mails a written ballot to every member entitled to vote on the matter. The ballot must (1) state the proposed action, (2) provide an opportunity to specify approval or disapproval of the proposal and (3) provide a reasonable time no longer than thirty days from mailing within which to return the ballot to the Cooperative. A Written ballot under this subsection (without meeting) may not be revoked after it is cast.

6.9.3 Approval by written ballot is valid only when the number of votes cast within the time period specified by the Board equals or exceeds the quorum required to be present at a meeting authorizing the action.

6.9.4 Directors may be elected by written ballot under this Bylaw section if on the ballot to elect Directors a member marks "withhold" or a similar indications the ballot shall not be voted for the election of a Director, but shall be counted for purposes of a quorum. A member marking his ballot "withhold" shall be credited as having voted under Section 4.5.2 of these Bylaws.

6.9.5 The secretary shall cause a vote to be taken by written ballot upon any action or recommendation proposed in writing by twenty percent (20%) of the members in good standing of the Cooperative.

6.10 Absentee Ballots At any meeting of the members in good standings the written vote of an absent member in good standing, signed by him or her shall be received and counted, provided he or she shall have been previously notified, in writing, of the exact motion, resolution or nomination upon which such vote is taken and a copy of the motion shall have been forwarded with and attached by him or her to the written vote.

6.11 Proxies There shall be no voting by proxy.

## **ARTICLE 7 ESCHEAT**

7.1 The Cooperative shall have all rights and powers to effectuate the transfer of ownership to the Cooperative of the otherwise escheated proprietary interests of the members pursuant to Section 12446 of the California Corporation Code, and amendments thereto.

## **ARTICLE 8 DIRECTORS**

8.1 Powers of the Board of Directors Subject to applicable law, the Articles of Incorporation and these Bylaws, the activities and affairs of the Cooperative shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors. The Board shall establish a Policy Register, which shall describe organizational ends to achieve, and an Administrative Code, which shall include procedures for actions and directives outlined in the law and these Bylaws.

The Board may delegate the management of the activities of the Cooperative to a General Manager: however, all activities, affairs and corporate powers are under the ultimate power of Board.

### 8.2 Composition of the Board of Directors and Term of Office

8.2.1 The Cooperative shall have a Board of Directors of nine members in good standing.

8.2.2 The term of office for Directors shall be three years.

### 8.3 Eligibility and Qualifications of Directors

8.3.1 Any natural person shall be eligible to serve as a Director who qualifies for candidacy and directorship as per these Bylaws, is and has been a member in good standing each of the nine months immediately prior to the last day of nominations, or is a member of a household in which at least one person has been a member in good standing in each of the nine months prior to the last day of nominations. A person shall be at least 21 years to be a candidate or serve as a Director.

8.3.2 The following persons are ineligible to be a Director: (a) an employee of the Cooperative, (b) a person discharged with cause from employment or removed as a director by the Cooperative, (c) the General Manager and/or a store manger of the Cooperative, and (d) if either a person or his employer is a supplier to or is in competition with the Cooperative.

8.3.3 Eligibility to serve as a Director as per these Bylaws shall be determined by the Board.

8.3.4 Only one person from a household or dwelling is eligible for candidacy or service on the Board as an officer of the Cooperative at any one time, regardless of the number of consumer memberships by individuals in a single household or dwelling.

8.3.5 Directors and Directors-elect, resigning from office, remain eligible for appointment, but shall not again be eligible for election by membership to the Board for twelve months following their date of resignation.

#### 8.4 Election of Directors

8.4.1 Three directors shall be elected each year.

8.4.2 Directors shall be elected by written ballot within six months prior to the annual meeting. Person elected become Directors Elect, and shall have such duties and responsibilities as set forth in these Bylaws. Terms of Directors so elected shall begin upon installation at the annual meeting of members.

#### 8.5 Filling of Vacancies and Resignations

8.5.1 The Board may, by majority at a noticed meeting, or by unanimous consent of all remaining Directors without a meeting, appoint Directors for the unexpired term of Directors who leave office for any reason. The nine month length of membership requirement may be reduced to sixty days when the appointee meets all other eligibility requirements as per Section 8.3 above.

8.5.2 Any director may resign from office at any time. Such resignation shall be made in writing and take effect from the time stated for resignation, or if none is stated, upon delivery to the President of the Board.

8.5.3 Should the number of directors fall to five or less in number for more than thirty consecutive days, the Board shall call a special meeting of members to elect Directors to fill vacant Directorships for the remainder of the unexpired terms. This shall be done within sixty days if no such election is already scheduled within ninety days.

#### 8.6 Removal of Directors

8.6.1 Directors elected by the membership at large may be removed from office with or without cause by majority vote of a quorum of thirty percent (30%) of members in good standing. A Board appointed Director may also be removed by majority vote of the Board.

8.6.2 A Director shall automatically be removed from office upon two absences from any board meeting within any calendar year unless expressly excused by the Board.

## 8.7 Board Meetings

8.7.1 The Board shall hold regular meetings at least quarterly in the State of California.

8.7.2 Written notice of regular Board Meetings shall be given Board members with seven days notice except where waived pursuant to law.

8.7.3 Minutes of regular and special Board meetings shall be posted in the store. Where practical the Board shall communicate a summary of meetings in the Newsletter and shall in the Annual Report to member report the number of its regular and special meetings.

8.7.4 Meetings of the Board may be called by an officer of the Board or any two Directors.

8.7.5 Special meetings of the Board may be held after four days notice to directors by first-class mail; after 48 hours notice if delivered personally, by telephone, telegraph or courier mail to each Director. The notice shall state the purpose of the meeting, and no other business shall be conducted without the unanimous consent of all Directors holding office.

8.7.6 Every act or decision done or made by a majority of the Board present at a meeting duly held at which a quorum is present is the accordant of the Board.

8.7.7 Directors-elect may attend meetings of the Board or its committees at the discretion of the Board, but shall have no right to vote on any matter.

8.7.8 Any action required or permitted to be taken by the Board may be taken without a meeting, its members of the Board shall individually or collectively consent in written to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent sent shall have the same force and effect as a unanimous vote of such Directors.

## 8.8 Committees

8.8.1 By affirmative vote of the majority of Directors then in office the Board may, by resolution, create standing or temporary committee of the Board from its own number consisting of two or more Directors. It may also create committees of members. Membership and service on Board created committees shall be by majority approval of the Directors in office.

8.8.2 The Nominating and Audit Committees shall be standing committees of the Board.

## 8.9 Compensation

8.9.1 Directors not serving as officers and Directors-Elect shall be compensated at the rate of \$100.00 per month.

8.9.2 Directors serving as officers, other than the President, shall be compensated at the rate of \$125.00 per month.

8.9.3 The President shall be compensated at the rate of \$250.00 per month for service as President

8.9.4 Directors shall also be entitled to receive as compensation for service on the Board, such forms and amounts of member incentives as are available to membership for voluntary service to the Cooperative.

8.9.5 The foregoing sums shall be payable monthly or quarterly to all Directors and Directors-Elect who continue to be active participants in the Board process in the judgement of the Board.

8.9.6 In its discretion the Board may increase the compensation provided in these Bylaws by a percentage not greater than the percentage increase in the applicable United States Department of Labor Consumer Price Index. The Board may select another index or standard providing a similar measure of increase in the cost of living with thirty days prior notice to membership by posting in the store and printing in the newsletter.

8.10 Indemnification The Cooperative shall have all rights and powers allowed by law and Corporations Code Section 12377, and amendments thereto, to indemnify, and advance expenses to, directors, officers and other agents, and shall indemnify, and advance expenses to present and former directors, officers and other agents to the full extent permissible thereunder.

## **ARTICLE 9 OFFICERS**

9.1 Designation Officers of this corporation shall be the President, Vice President, Secretary and Treasurer, or Director of Records and Director of Finance. The Board shall elect officers from among the directors except that the Secretary and Treasurer or Secretary/Treasurer need not be a Director. Where such officers are not directors the Board shall select or hire such officer(s) and elect from among the Directors a Director of Records and a Director of Finance respectively, to oversee such functions within the Board and to serve on the Executive Committee as Officers instead of the non-director officers.

9.2 Term of Office The term of each office shall be for one year or until election of successors. Any officer or agent elected or appointed by the Board may be removed at any time with or without cause by vote of the Board. Removal of such parties shall be without prejudice to

contractual rights of employment where such exist. No person shall serve more than two consecutive terms in any office.

9.3 Duties Each officer shall perform the duties incident to the particular office as prescribed by law and these bylaws, and such other duties as the Board may from time to time prescribe. Such duties shall include, but not be limited to, the following:

---

9.3.1 The President (Chief Governance Officer, CGO) ensures the integrity of the board's process and, secondarily, occasionally represents the board to outside parties.

9.3.1 (a) The CGO's job is to see that the board behaves consistently with its own rules and those legitimately imposed on it from outside the organization.

9.3.1 (b) The authority of the CGO consists in making decisions that fall within topics covered by board policies on Governance Process and Board-Management Delegation, with the exception of (a) employment, supervision, or termination of a GM and (b) The CGO has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. (c) areas where the Board specifically delegates portions of this authority to others. The CGO is authorized to use any reasonable interpretation of the provisions in these policies.

9.3.1 (c) The president has the following specific duties:

- A. The CGO is empowered to chair Board meetings.
- B. The CGO may delegate authority but remains accountable for its use.
- C. Ensure that other Board officers and Board members carry out their duties.
- D. Sign leases and contracts as approved by the Board.

---

9.3.2 The Vice-President's role is to help the Board maintain the relationship between the Board and the Member-owners.

9.3.2 (a) The Vice-President will ensure that the election and referenda process follows the Board's policies.

9.3.2 (b) The Vice-President will be the liaison between the Board and the GM only to ensure that all special events like Member Meetings are structured in a way that helps the Board do its work.

9.3.2 (c) In accordance with our bylaws, the Vice-President will perform the duties of the President in her/his absence.

---

9.3.3 The Secretary's role is to ensure the integrity of the Board's documents.

9.3.3 (a) The Secretary will ensure that all Board documents and filings are timely and accurate.

9.3.3 (b) The Secretary will act as the Board's liaison with the Board Administrator by a) assuring that directors and Board associates (General Manager, minute-takers, facilitator, etc) receive a complete meeting packet before each meeting; b) assuring that all meeting minutes are accurate and well-formatted; and c) assuring that all Board documents (electronic and paper) are safely archived for an appropriate length of time.

9.3.3 (c) The Secretary will assure that the policy register is updated to reflect changes approved by the Board of Directors, that policies are coherent and adhere to the Policy Governance model, and that the latest electronic and print version is distributed to the directors and GM.

9.3.3 (d) In the event that the Board Secretary is up for re-election, the Board President appoints another Director to certify the election.

9.3.3 (e) The authority of the Secretary is access to and control over Board documents, and the use of staff time not to exceed 300 hours per year.

9.3.3 (f) The Secretary will ensure the maintenance of an updated share register is kept, a copy of which shall be at the principal office or place of business of the Cooperative;

9.3.3 (g) ensure that all books, reports, statements, certificates, and other documents and records required by law to be kept or filed are, in fact, kept or filed; and

9.3.3 (h) act as Inspector of Elections as per law and as per Section 10.7 of these Bylaws.

9.3.3 (i) The Secretary will certify by her/his signature the results of voting in all elections and referenda put to the membership of the Co-op.

---

9.3.4 The Treasurer's role is to help ensure that the Board creates and follows good policy relating to the financial condition of the cooperative and the Board itself.

9.3.4 (a) The Treasurer will create and monitor the Board's (not the co-op's) budget in accordance with policy G7.

9.3.4 (b) The Treasurer will chair any committee charged with researching financial policies, or with hiring an auditor.

9.3.4 (c) assure that the financial books, reports, Statements, certificates and other documents and records required by law to be kept or filed are, in fact, properly kept and filed;

## **ARTICLE 10 NOMINATIONS AND ELECTIONS OF DIRECTORS**

10.1 Nominating Committee The Board President, subject to the approval of the Board, shall appoint a Nominating Committee comprised of three members in good standing. It shall be the responsibility of the Nominating Committee to propose persons for nomination to the Board and to establish additional criteria by which persons are considered for nomination. The Nominating Committee shall consider for nomination all persons submitting petitions in accordance with the provision of Section 10.2 and such other persons as the Nominating Committee deems appropriate and who fall within the nominating criteria established by the Nominating Committee.

10.2 Self Nomination Any eligible persons who desire to be placed on the ballot for election as a Director may also do so by submitting a written petition signed by at least fifty members in good standing to be received by the Nominating Committee on or before a date set by the Nominating Committee.

10.3 Nominations The Nominating Committee shall each year, on or before a pre-election Board meeting, submit at least three proposed nominations to the Board and from those proposed, the Board shall nominate at least three but no more than five persons. Petitioners under Section 10.2 above who were not nominated by the Board shall also be placed upon the ballot provided that the number of such petitioners shall not be greater than the number of candidates nominated by the Board. In the event there are more petitioners than there are persons nominated by the Board, the petitioners to be placed on the ballot shall be determined by lot in accordance with procedures established by the Nominating Committee so that the number of petitioners on the ballot will be equal to the number of persons nominated by the Board.

10.4 Unsuccessful Candidates An unsuccessful candidate will not be placed on the ballot for more than two out of five successive elections.

### 10.5 Ballots

10.5.1 Not less than ten nor more than fifty days prior to the election, the secretary shall caused to be mailed to each member in good standing, a ballot listing the nominees for election to the Board of Directors.

10.5.2 The Nominating Committee shall prepare a biographical sketch of each candidate which shall be included on the ballot. The ballot shall also include information furnished by all candidates in support of their respective candidacies provided that the Nominating Committee shall have the right and responsibility to establish the format and length of such information and to delete from or add additional comments to any information in order to correct any portion which is inaccurate or misleading in the determination of the Nominating Committee. The Nominating Committee shall also have the right and

responsibility to submit additional information to members regarding the nominating and election procedure.

10.5.3. The directors shall be elected by a plurality vote.

10.5.4 In order for ballots to be counted, they must be received by the Cooperative on or before the return date set forth on the ballot which date shall be established by the Nominating Committee. When applicable this date should allow adequate time for counting of ballots and certification of election before the annual meeting if the election is to end at that time.

10.6 Votes Members in good standing have the right to cast as many votes as there are directorships open for election on the Board; but may not cast more than one vote for any one nominee. The Directors elected shall be those nominees receiving the highest number of votes. In event of a tie vote the outcome shall be determined by lot, which form and procedure shall be determined by the Board or its designee and supervised by the Board Secretary or the Board's designee.

10.7 Election Results The Secretary or the Board's designee, at the discretion of the Board, shall act as election referee and shall be responsible for establishing a procedure for mailing, receiving, and counting the ballots in such manner as the Secretary deems reasonable and appropriate to maintain the integrity of the balloting process. The Secretary shall certify the results of the election, determine if drawing of lots is to be held, and in all cases immediately advise the Board and all candidates of the results of the balloting, post the results and report the results of the balloting at the annual meeting of the membership.

10.7.1 In a year when the Board Secretary is nominated for election, the Board shall appoint an Inspector of Election to fulfill the Secretary's legal election responsibilities for that election.

## **ARTICLE 11 MANAGEMENT**

11.1 Manager There shall be either a General Manager or managers and management shall serve at the pleasure of the Board.

11.2 Manager's Duties The General Manager is the Board's only link to operational achievement and conduct; therefore, all staff authority and accountability is to the General Manager. The Board's sole official connection to the operational organization, its achievements, and its conduct will be through the General Manager. The Board will instruct the General Manager through written policies that prescribe the organizational ends to be achieved and describe organizational situations and actions to be avoided, allowing the General Manager to use any reasonable interpretation of these policies. The General Manager shall not cause or allow any organizational practice, activity, decision, or circumstance that is unlawful, imprudent, unethical or inconsistent with cooperative principles and values.

11.3 Reports The General Manager will supply written reports to the Board according to the monitoring schedule that is adopted each year as part of the Board's annual calendar.

11.4 Annual Review Systematic and rigorous monitoring of the General Manager's performance will be solely against the expected General Manager job outputs: organizational accomplishment of board policies on ends and organizational operation within the boundaries established in board policies on Executive Limitations.

## **ARTICLE 12 RECORDS, REPORTS AND RIGHTS OF INSPECTION**

12.1 Books and Records The Cooperative shall keep adequate and correct books and records of account, minutes of the proceedings of its Members, Board and committees of the Board, and record of its members with their names, addresses, and the number and type(s) of shares held by each member. The minutes shall be kept in written form and other books and records shall be kept in written form or in any other form capable of being converted into written form. A membership list is a corporate asset protected by law.

### 12.2 Annual Report

12.2.1 An annual report shall be prepared and presented at the annual membership meeting or no later than one hundred twenty days after the close of the Cooperative's fiscal year.

12.2.2 The Cooperative shall notify each member yearly of the member's right to receive the annual report. Such notification may be done, among other ways, by posting a visible notice in the Cooperative's store or by announcement at the annual membership meeting.

12.3 Inspection of Records The Board of Directors shall make its records available to membership as provided by law.

## **ARTICLE 13 PATRONAGE REBATES**

13.1 Distribution of net savings The realized net savings of the Cooperative, to the extent attributable to the patronage of members, shall be allocated and distributed among members in good standing in proportion to their patronage and in such a manner as to constitute patronage dividends within the meaning of federal income tax law. In determining and allocating such adjusted net savings, the Cooperative shall use a single allocation unit except to the extent that, subsequent to the adoption of these Bylaws, it shall engage in any new and distinct line of business or operate stores at two or more locations.

13.2 Exceptions Net savings may be reduced by such reasonable reserves for necessary business purposes as is determined by the Board. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other members. Members shall retain the right to waive in whole or in part, by action at a meeting of members, patronage rebates to which they may be entitled in one or more particular years without abrogating such rights as to future fiscal years.

13.3 Distribution and notice A portion of patronage rebates constituting not more than eighty percent of each allocation may be retained for the capital needs of the Cooperative, as determined by the Board. Distributions shall be accompanied by written notices of allocation delivered to recipient members within eight months and fifteen days following the close of the fiscal year.

13.4 Consent of members By obtaining or retaining membership in the Cooperative, each member shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

13.5 Retained amounts Amounts retained pursuant to section 13.3 above shall be credited to revolving capital accounts in the names of recipient members, shall accrue no monetary return on investment, and shall not be transferable. They shall be redeemed when determined by the Board to be no longer needed for capital purposes. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts. Retained amounts may also be redeemed under compelling circumstances as determined by the Board. Retained patronage rebates shall be redeemed at their carrying value on the books of the Cooperative or their net book value, whichever is lesser.

13.6 Allocation of net loss In the event the Cooperative shall incur a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated member equity. If the net loss exceeds such amounts, or in any event if the Board so determines, the amount of such loss may either be carried forward to offset adjusted net savings of subsequent fiscal years or allocated to members in the same manner as for adjusted net savings except that such allocation shall not exceed the total of invested capital. Any such allocated net loss shall be charged first against retained patronage rebates of prior fiscal years and then against patronage rebate allocations of subsequent fiscal years. Allocated net losses which are not so offset may be charged against the carrying value of shares only upon termination of membership. Allocated net losses shall not otherwise be assessed to or collected from members.

## **ARTICLE 14 AMENDMENTS TO BYLAWS**

14.1 Bylaws may be adopted, amended or repealed by the approval of members or by the affirmative vote of Directors equal to two-thirds of the total positions on the Board specified by these Bylaws, except where the approval of members is required for such adoption, amendment or repeal pursuant to these Bylaws, the Articles of Incorporation or law.

These Bylaws shall be effective as of the date of their approval by the members of the Cooperative. The Cooperative's prior Bylaws shall be and are hereby repealed in their entirety.

#### APPENDIX: EXPLANATION OF PATRONAGE

##### REBATE CONSENT PROVISION

The Internal Revenue Code generally requires each person receiving a patronage rebate to include the amount of such distribution in his or her gross income in the taxable year in which it is received. Under bylaw section 13.4, mere acceptance or retention of membership in the Cooperative constitutes consent to such inclusion in taxable income, including the portion of the patronage dividend that is retained by the Cooperative for its capital needs.

The Cooperative has been advised by legal counsel, however, that the general rule for inclusion in income of patronage dividends is subject to an exception that is applicable to consumer cooperatives. Under that exception, a patronage rebate is not required to be included in gross income if the member's purchases from the Cooperative are for "personal, living or family items." The patronage rebate would be taxable only if the member's purchases related to the operation of a trade or business or other income-producing activities.