

## Article I: Organization

- 1.1 **Name.** The name of the organization shall be Free Range Food Co-op (henceforth “the Cooperative”).
- 1.2 **Ownership and Purpose.** The Cooperative shall be owned by its members and shall operate for the mutual benefit of its members.

The Cooperative shall establish relationships with farmers and producers to provide increased access to local, regional, sustainable and environmentally conscious foods and goods through the development of a member-owned food cooperative.

The Cooperative shall put into practice and use as the foundation of decision-making, the democratic values, ethics and principles known internationally as the Seven Principles of Cooperation.

The Cooperative shall work to educate members, managers, employees, board members, and the community at large about the nature and benefits of cooperation as well as to work the for the sustainable development of the community through policies approved by it’s members.

The Cooperative shall work to promote environmental stewardship and serve as a model for sustainability within the area.

## Article II: Membership

- 2.1 **Eligibility.** Membership in the Cooperative shall be open to any individual who is in accord with its 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 **Information.** Each new member shall receive a copy of the Bylaws of the association. If this document is available electronically, or on the Cooperative’s website, that will satisfy this requirement.
- 2.4 **Application and Stock Purchase Requirement.** Application for membership shall be made in writing on a form provided by the association either electronically, or in paper form. A prospective member must sign a stock purchase agreement for one (1) share of Class A Stock with a par value of Twenty-five Dollars (\$25.00) plus three shares of Class B Stock with a par value of Twenty-five Dollars (\$25.00). The Class A (voting) share is granted when the total membership fee of One Hundred Dollars (\$100.00) is paid.
- 2.5 **Rights.** Any person may apply, or such membership may be held by a household. If a membership is held by a household with more than one adult, only the person listed on the application shall hold the membership voting rights. If more than one adult in a household wishes to hold a membership with voting rights, then those adults must purchase a separate membership as laid out in article 2.4 of these bylaws. Cooperatives,

firms and nonprofit organizations holding membership shall designate a person to vote for the membership. If a membership is held by a firm or organization, that membership does not entitle a designee from that firm or organization to run for the board of the Cooperative. Only a person who holds an individual membership may run for a board position.

Members have the right to elect the Cooperative's Board, to attend meetings of the Board, to receive notice of and attend membership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. Each member shall have one (1) vote and no more on all matters submitted to members. The rights of members shall be understood to apply only to active members in good standing. All rights and responsibilities of members are subject to the bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.

- 2.6 **Responsibilities.** Members shall keep current in equity investments due to the Cooperative, shall keep the Cooperative informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. A member who upholds these responsibilities is considered an active member in good standing.
- 2.7 **Termination of Membership.** A member may terminate his or her membership voluntarily at any time by written notice to the Cooperative. Membership may be terminated involuntarily by the Board for cause after the member is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing. Cause may include intentional or repeated violation of any provision of the Cooperative's bylaws or policies, actions that will impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative or its members, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.
- 2.8 **Return of Equity.** Equity shall be returned upon termination of membership in the Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary.
- 2.9 **Unclaimed Property.** If a member voluntary or involuntarily terminates membership in the cooperative, and fails to inform the cooperative of his or her mailing address, then the equity and patronage dividend amount allocated to that member will be forfeited by the member to the cooperative.
- 2.10 **Non transferability:** Membership rights and member equity may not be transferred in any manner.

### **Article III: Member Meetings**

- 3.1 **Annual Meeting.** A membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on operations and finances, to review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the meeting.

- 3.2 **Special Meetings.** Special meetings of the membership may be called by the Board, either by decision of the Board or in response to a written petition of 5% of the active members. Notice of special meetings shall be issued to members. In the case of a petition, notice of the special meeting will be issued within ten (10) days after a presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting. Decisions made at any special meeting are advisory only.
- 3.3 **Notice of meetings.** Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Cooperative and communicated to members not less than two (2) weeks prior to the date of the meeting. For meetings that take place before The Cooperative has a permanent location, then notice will be made either in writing by postal mail, through email, or through other dependable electronic means. The Cooperative will conduct due diligence to notify all active members.
- 3.4 **Voting.** Voting shall be accomplished through methods and means established by the Board. Notice of the vote shall be posted in a conspicuous place at the Cooperative and communicated to members not less than four (4) weeks prior to the end of the election period. If voting takes place before The Cooperative has a permanent location, then notice will be made either in writing by postal mail, through email, or through other dependable electronic means. The Cooperative will conduct due diligence to notify all active members. Unless otherwise stated in the Articles of Incorporation, or these bylaws, or required by law, all questions shall be decided by a vote of a majority of the members voting thereon. Proxy voting is not allowed.
- 3.5 **Quorum.** At any meeting of the members, or for any vote of the members, a quorum necessary for decision-making shall be 10% of the total number of members or except that when the number of members shall exceed five hundred, fifty members present shall constitute a quorum.

#### **ARTICLE IV: Board of Directors**

- 4.1 **Powers and Duties.** The board shall be composed of at least five (5), but not more than nine (9) directors. Except for matters for which member voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, locating and securing an appropriate location for The Cooperative, hiring a qualified firm to carry out a feasibility and market study, hiring consultants, hiring management and evaluating its performance, and assuring that the mission and vision of the Cooperative is carried out.
- 4.2 **Terms and Elections.** Elections shall occur annually, in a manner prescribed by the Board. Directors shall serve a term of three (3) years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year. No Director may serve more than three (3) consecutive terms.
- 4.3 **Vacancies.** Any vacancy among Directors elected by the members may be filled by appointment by the Board. A Director so appointed shall complete the pertinent term.

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- 4.4 **Compensation and reimbursement.** No member of the Board of Directors shall be compensated. Officers and directors shall be entitled to reimbursement for actual expenses incurred in attending board meetings or other business of the association. Such expense claims shall be approved by a majority of the Board.
- 4.5 **Removal.** A Director may be removed by decision of 2/3 of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies. Failure of a director to attend two consecutive directors meetings or one-third of the directors meetings during a year, shall result in automatic removal from office unless a majority of the members of the Board of Directors votes to relax this rule in a particular situation. In case of removal, the members of the Board of Directors shall fill the vacancy for the unexpired term of such director by special election.
- 4.6 **Meetings.** The Board shall hold regular and special meetings at such time and place as it shall determine, and all Directors shall be notified in writing of said meeting at least ten (10) days in advance. The time and place of all meetings shall be posted in a conspicuous place at the principal offices of the Cooperative not more than one day after calling of the meeting. For meetings that take place before The Cooperative has a permanent location, then notice will be made either in writing by postal mail, through email, or through other dependable electronic means. The Cooperative will conduct due diligence to notify all active members. Meetings shall be open to all members unless the Board decides to go into executive session regarding confidential or proprietary matters such as: labor relations or personnel issues; negotiation of a contract; discussion of strategic goals or business plans, the disclosure of which would adversely impact the Cooperative's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential.
- 4.7 **Action without a Meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken by written action affirmed by all of the Directors. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action.
- 4.8 **Quorum.** A majority of the current Directors shall constitute a quorum and no decisions will be made without a quorum.
- 4.9 **Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the board. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board. No employee of the Cooperative may serve on the Board.
- No person shall be eligible to be a director if that person is determined to be in competition with, or is affiliated with any enterprise that is in competition with the Cooperative. If a majority of the board of directors of the cooperative finds at any time following a hearing that any director is so engaged or affiliated that person shall immediately cease to be a director.
- 4.10 **Officers.** The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business.

- 4.11 **Indemnification.** The Cooperative shall indemnify and reimburse each present, past and future Director 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. Such indemnification shall be made only if it is determined by the Board that the Director 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: Operations**

- 5.1 **Fiscal year.** The fiscal year of the Cooperative shall be set by the board of directors.

#### **ARTICLE VI: Patronage Dividends**

- 6.1 **Allocations to members.** The Cooperative shall allocate and distribute to members the net profit from business done with them in such a manner as to qualify them as patronage dividends 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.
- 6.2 **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.

#### **ARTICLE VII: Dissolution**

- 7.1 **Asset Distribution:** 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. Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming any equity accounts which, if they cannot be paid in full, shall be paid in the order of the oldest outstanding amounts; (iii) by distributing any remaining assets in a way that furthers the Cooperative's mission, as determined by the Board.

#### **ARTICLE VIII: By-laws**

- 8.1 **Amendments.** These by-laws may be amended or repealed in whole or in part by a majority of the members who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least five percent (5%) of active members. The proposed amendment shall be publicized to the membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.