

Bylaws of the Springfield Food Co-op

Last Revised: 6/19/13

Article I Membership

Section 1.1 - Eligibility. Membership in the Co-op shall be open to any individual or organization who wishes to patronize and support the Co-op and abide by these bylaws. Organizational members must be nonprofit groups or be organized on a cooperative basis. Any individual or organization becoming a member shall be provided a copy of these bylaws upon request.

Section 1.2 - Admission. An applicant will be admitted to membership upon submitting an application form and paying a minimum amount toward purchase of a membership share, each of which shall be in such form and amount as may be prescribed by the Board of Directors.

Section 1.3 - Responsibilities. Each member shall contribute to the capital needs of the Co-op through purchasing one \$85 membership voting share. Each member may also contribute to the operational needs of the Co-op through contributions of her or his labor or services to the extent determined by the Board of Directors. The Board may waive in whole or in part capital contributions.

Section 1.4 - Access to information. Members shall be provided reasonably adequate and timely information, as to the organizational and financial affairs of the Co-op. Members shall be provided access to financial information of the Co-op for a proper purpose and at a reasonable time.

Section 1.5 - Settlement of disputes. In any dispute between the Co-op and any of its members or former members which relates to normal membership transactions and which cannot be resolved through informal negotiations, it shall be the policy of the Co-op to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually agreeable settlement. Members are encouraged to cooperate in this process.

Section 1.6 - Termination. Membership may be terminated voluntarily by a member at any time upon notice to the Co-op. Membership may be terminated for cause, including willful violation of these bylaws, by the Board of Directors after a fair hearing at which the member is given the opportunity to speak and present evidence in her or his behalf. Upon termination of membership for any reason, all rights and interests in the Co-op shall cease except for any rights to redemption of capital under Article VI of these bylaws.

Article II Meetings of Members

Section 2.1 - Annual meeting. An annual meeting of members shall be held within the first calendar quarter of each fiscal year, whenever practicable, and at a place convenient to members. The time and place of the meeting shall be determined by the Board of Directors. The purposes of the meeting shall be to hear reports on the operations and finances of the Co-op, to elect directors and to conduct such other business as may properly come before the meeting.

Section 2.2 - Special meetings. Special meetings of members may be called by the Board of Directors. A special meeting shall be called within eight weeks of receipt of petitions of not less than ten percent of the members of the Co-op which specifically state the appropriate business to be brought before the meeting.

Section 2.3 - Notice. Written notice of the time and place of any meeting of members, together with a statement of the purposes of such meeting, shall be sent to each member not less than fourteen days before the date of the meeting. Notice shall be electronically sent, if possible, except that notice shall be sent by U.S. postal service or its equivalent to any member that has elected to receive notice of member meetings by mail.

Section 2.4 - Quorum. The presence of twenty members or ten percent of all members, whichever is lesser, shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of members.

Section 2.5 - Voting. Each member shall have one vote on all matters submitted to a vote of members. Proxy voting shall not be permitted. Voting by absentee ballot may be authorized by the Board of Directors provided the issues for decision are fully stated in the notice of the meeting. All issues shall be decided by a majority of members voting 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.

Section 2.6 - Issues submitted by members. Notices of a meeting of members shall include any appropriate issues submitted by petition of not less than two percent of members. Petitions must be received at the office of the Co-op not less than one month before the date of the meeting.

Article III Board of Directors

Section 3.1 - Powers and duties. Except as to matters reserved to membership by law or by these bylaws, the business and affairs of the Co-op shall be directed and controlled in the interests of members by the Board of Directors (sometimes referred to in these bylaws as "the Board"). The powers and duties of the Board shall include, but not be limited to, engaging a general manager and monitoring and evaluating her or his performance, overseeing the operations of the Co-op, ensuring fiscal controls, ensuring good conditions of employment and assuring that the purposes and aims of the Co-op are properly carried out.

Section 3.2 - Number and qualifications. The Board shall, whenever possible, consist of nine persons but shall in all cases consist of at least five persons. All directors must be members of the Co-op.

Section 3.3 - Nomination. Candidates for director positions shall be nominated by the Board or may also be nominated by petitions signed by a minimum of ten members of the Co-op. Members desiring to run for election as directors should notify the Board not less than one month before the date of the annual meeting.

Section 3.4 - Election. All directors shall be elected by plurality vote at the annual membership

meeting. Directors shall normally be elected to serve for terms of three years or until election of their successors. However, the terms of directors shall be so staggered that approximately one-third shall expire in each year. Directors may serve for no longer than nine consecutive years. However, they may be reelected to the Board after an absence of one year.

Section 3.5 - Contracts for profit. During her or his term of office, a director shall not be a party to any contract for profit with the Co-op differing in any way from the business relations accorded each member or upon terms differing from those generally current among members.

Section 3.6 - 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. Directors having such an interest may not participate in the decision of the matter.

Section 3.7 - Committees. The Board may designate one or more standing committees to advise the Board and to exercise such authority as the Board shall designate. Such committees shall consist only of members of the Co-op and shall ideally include at least one director.

Section 3.8 - Termination. The term of office of a director may be terminated prior to its expiration in any of the following ways:

- (1) voluntarily by a director upon notice to the Co-op;
- (2) automatically upon termination of membership in the Co-op;
- (3) involuntarily, with or without cause, by action of a membership meeting; and
- (4) involuntarily for cause by a two-thirds vote of the Board after a fair hearing at which the director is given the opportunity to speak and present evidence, provided that such person is accorded the right of appeal at a membership meeting. The decision of the Board referred to members will stand until annulled or modified by the members.

A director who fails to attend two consecutive meetings of the Board without notification shall be considered to have resigned.

Section 3.9 - Vacancies. Any vacancy among directors occurring between annual meetings may be filled by the Board of Directors for the time remaining until the next membership meeting.

Article IV Meetings of the Board

Section 4.1 - Meetings. A regular meeting of the Board of Directors shall be held, without any other notice, immediately after the annual meeting of members. The Board may determine the times and places of additional regular meetings. Special meetings shall be called upon request of at least three directors. A meeting of the Board shall be held not less than ten times per year. Meetings of the Board of Directors or of any committee shall be open to all members of the Co-op except when the Board of Directors enters executive session pursuant to Section 4.7 of these bylaws.

Section 4.2 - Notice. Meetings called by the Board shall require no further notice than the decision of the Board. All other meetings shall require written or oral notice to all directors.

Written notices shall be delivered not less than ten days before the date of the meeting, and oral notices in person or by telephone shall be given not less than three days before the date of the meeting. Notices of meetings of the Board shall also be posted in a timely manner and in a conspicuous place on the Co-op premises.

Section 4.3 - Quorum and voting. The presence in person of a majority of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board. Decisions of the Board shall be made by a majority vote of directors present.

Section 4.4 – Meetings by telephone and electronic communications. The Board may conduct its business via telephone conference or other means of communication, so long as all directors can simultaneously communicate with each other during the meeting. Participation by such means shall constitute presence in person at a meeting of the Board.

Section 4.5 - 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 a written consent to the action is signed by all directors and filed with the minutes of meetings.

Section 4.6 - Referendum. At the request of three or more directors, a decision of the Board shall be referred to a meeting of members. A decision referred to members will stand until annulled or modified by members. Modification by members shall not impair rights previously acquired by third parties.

Section 4.7 – Executive Session. In the case of any Springfield Co-op Board of Directors meeting, there must be a vote taken in open session in favor of the motion to enter executive session. The motion to enter executive session shall indicate the nature of the business of the executive session and no other business may be considered in that particular executive session. The Board may meet in executive session to conduct business concerning legal, personnel, or other matters of a sensitive nature and shall be open only to directors and such other persons as the Board may expressly allow. Any action voted upon during executive session must be included in the minutes of that Board meeting.

Article V Officers

Section 5.1 - Designation. The officers of the Co-op shall consist of President, Vice President, Treasurer, Secretary, and such other officers or assistant officers as may be determined by the Board. The offices of Treasurer and Secretary may be held by the same person. All officers shall be directors.

Section 5.2 - Election, term and removal. Officers shall be elected by the Board of Directors. Officers shall serve for terms of one year or until election of their successors. Officers may be removed at any time, with or without cause, by the Board.

Section 5.3 - Duties. Officers shall have the following duties and such additional duties as is determined by the Board:

- (a) The President shall preside at all Board and membership meetings, shall present a report to the annual membership meeting on the organizational affairs of the Co-op and shall, as authorized by the Board, sign formal documents on behalf of the Co-op;
- (b) The Vice President shall perform the duties of the President in her or his absence and shall, as requested, assist the President in the performance of her or his duties;
- (c) The Board shall monitor the financial affairs of the Co-op and the filing of all required reports and returns. The Treasurer shall assist the Board in these duties, and shall present a report to the annual membership meeting on the financial affairs of the Co-op and shall, as authorized by the Board, sign formal documents on behalf of the Co-op; and
- (d) The Secretary shall oversee the issuance of required notices and the keeping of minutes of all Board and membership meetings and shall, as authorized by the Board to sign or attest to formal documents on behalf of the Co-op

Article VI Capital Stock

Section 6.1 - Authorized stock Stock which the Co-op shall have authority to issue or reissue is two thousand shares of common stock, called membership shares, with a par value of eighty-five dollars per share and fifty thousand shares of preferred stock with a par value of five dollars per share.

Section 6.2 - Issuance and terms.

- (a) Membership shares may be issued to any persons eligible for and admitted to membership in the Co-op, and no more than one such share shall be issued to any person. No share shall be issued until it has been fully paid for. All shares shall be non-assessable and shall not be transferable. Membership shares shall be entitled to no dividend or other monetary return on investment.
- (b) Preferred shares may be issued to members under terms and conditions determined by the Board of Directors. Dividends on preferred shares, if any, shall be determined by the Board and shall be consistent with the covenants of loans, grants or other restrictions.
- (c) The Co-op shall have a first lien on all shares to the extent of amounts due and payable to the Co-op by the holder.

Section 6.3 – Information to Shareholders. Every holder of fully paid shares shall be entitled to receive written confirmation evidencing such holding. Each shareholder shall be given written notice that Co-op shares are not transferable. Each holder of preferred stock shall be given written notice of the terms and conditions under which such stock is issued, including that such stock is nonvoting.

Section 6.4 - Redemption. Capital stock may be redeemed at the discretion of the Board. Capital stock shall be redeemable at no more than its carrying value on the books of the Co-op. No redemption shall be made when such payment would endanger the financial condition of the Co-op.

Section 6.5 - Unclaimed Property. When a member dies, the equity allocated to that member reverts to the cooperative. If a membership is voluntarily or involuntarily terminated pursuant to

Section 1.6, then the member shall have six months from the date of termination to request redemption of stock under Section 6.4. If no request for redemption is received by the cooperative within six months of termination, or if redemption is not approved by the Board, then the equity allocated to that member will be forfeited by the member to the cooperative.

Article VII Fiscal Matters

Section 7.1 - Fiscal year. The fiscal year of the Co-op shall begin on the first day of April in each year and end on the last day of March of the succeeding year.

Section 7.2 - Fiscal policies. The Co-op shall be operated according to sound business practices insofar as they are consistent with the purposes and aims of the Co-op. In lieu of distributing patronage dividends, the Co-op may use its net savings for its development needs and for the provision and extension of services to members.

Section 7.3 - Accountability. Financial statements of the Co-op shall be audited or reviewed by an accountant selected by the Board of Directors not less than once every five years.

Article VIII Indemnification

Section 8.1 - Rights. The Co-op shall, subject to the terms and conditions in this Article, indemnify or reimburse its directors and officers for all claims and liabilities, including those formerly holding such positions, against all liabilities and expenses, including reasonable attorneys' fees, to which they may be subject by reason of their positions with the Co-op or their services in its behalf.

Section 8.2 - Limitations. Indemnification shall be provided if the person or persons to be indemnified is successful on the merits in defense of the action or proceeding. Further, if the person or persons to be indemnified is unsuccessful on the merits in defense of the action or proceeding, indemnification shall be provided unless it is determined that the person or persons did not act in good faith or in the best interests of the Co-op, if such determination is not made in a legal proceeding related to the claim, it may be made by a quorum of directors who were not parties to the action or proceeding or by independent legal counsel selected by such quorum. If not made or able to be made by either, such determination shall be made by independent legal counsel selected by members. In any action or proceeding by or in the right of the Co-op, indemnification shall be provided only as to reasonable expenses and only if the person is not adjudged liable to the Co-op on such bases. Indemnification payments shall be made only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its other obligations as they become due.

Article IX Notice

Section 9.1 - Notice. Any notice required under these bylaws shall be deemed delivered when deposited in the United States mail with names and addresses as they appear in the records of the Co-op.

Section 9.2 - Waiver of notice. Any notice of a meeting required under these bylaws may be waived in writing at any time before or after the meeting for which notice is required. The attendance of any person at a meeting shall constitute a waiver of notice of the meeting except

where the person attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully convened.

Article X Bylaws

Section 10.1 - 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 of law without affecting the validity or enforceability of any other provision of these bylaws.

Section 10.2 - Amendment. These bylaws may be altered, amended or repealed only at an annual or special meeting of members. Notice of the proposed change or amendment of the bylaws shall be given in writing to all members at least fourteen days prior to the meeting. Notice may be electronically sent to any member who receives electronic notice under Section 2.3. In order to take effect, the proposed change must be approved by a two-thirds majority of ballots cast.