

YPSILANTI FOOD COOPERATIVE BYLAWS

1. ORGANIZATION AND DEFINITIONS

1.1. The Ypsilanti Food Cooperative, known hereafter in these bylaws as “the co-op,” is a consumer cooperative, incorporated under Chapter 11 of the Michigan Nonprofit Corporation Act.

1.2. “The Board” refers to the Ypsilanti Food Cooperative Board of Directors throughout these bylaws. “Director” refers to an individual serving as a member of the Ypsilanti Food Cooperative Board of Directors.

1.3 The policies the board adopts or approves are contained in the Ypsilanti Food Cooperative Policy Register available to member-owners on request and on the co-op’s website. Where a specific policy is referenced in these bylaws, the name will be in quotes.

2. PURPOSE AND PHILOSOPHY

2.1. The purpose of the co-op is to provide its member owners and the community with food, goods, and services with consideration of source, quality, and price, and with the general goal of enhancing the quality of life.

2.2. The co-op strives to educate the member owners and the community with respect to cooperative principles, nutrition, the use and preparation of foods, and the political and ecological impact of consumer goods.

2.3. The co-op views itself as part of a larger social and political movement directed toward creating a society which holds the welfare of all human beings as an important principle. We feel solidarity with other people, other groups, and especially with other cooperatives that are equally committed to providing people with the knowledge and resources necessary to control their own lives.

3. MEMBER OWNERSHIP

3.1. Any individual adult (age 21 years old or older) who does not have an interest in an alcohol license or is not involved in law enforcement, who supports the principles of cooperation and whose activities are not contrary to those principles may become a member owner of the co-op, irrespective of race, creed, sex, handicap, or social or political beliefs.

3.2. To become a member owner of the co-op a person shall:

a) pay to the co-op the nontransferable, non-redeemable (administrative) fee determined by the Board;

- b) fill out a membership card that includes the applicant's name, address, telephone number, email address, whether he or she is willing to contribute volunteer time to the co-op, including any special skills he or she may be able to contribute;
- c) agree to participate in good faith with a neutral dispute resolution body, as described later, in the event of any disagreement with the co-op
- d) shall open and maintain with the co-op a Member Capital Account (fair share), the amount and collection method to be determined by the Board;
- e) patronize the co-op.

3.3. The term member and member owner are used interchangeably in this document. A member owner must be in good standing to enjoy the benefits of membership in the co-op.

3.4. Member owners of the co-op are entitled to a discount on purchases at the co-op or receive a patronage rebate. The amount of this discount or rebate shall be determined by the Board.

3.5. Member owners of the co-op who do volunteer work for the co-op may earn an extra discount on purchases at the co-op. The amount of the discount shall be determined by the Board and will be explained further in the co-op's Policies.

3.6. Each member owner of the co-op is entitled to one vote on all matters submitted to the members for a vote.

3.7. Any individual who: a) is under 21 years of age, or b) has an interest in another alcohol license, or c) is involved in law enforcement, may not become a member owner. These individuals may become associate members. Associate members have the same responsibilities and privileges as member owners but are not entitled to a vote.

3.8. Any society or organization not in opposition to the purposes of this co-op may, on the approval of the Board, be admitted to membership as an Associate Member. The legal entity applying for the membership must name a single individual as an authorized representative. The terms established by the Board for any such admission must address all the issues included in Bylaws 3.1 through 3.6.

3.9. Member owners, either individual or organizational, or other consumers may be limited on the quantity of merchandise purchased, at the discretion of the manager.

3.10. Every member owner shall notify the co-op, within a reasonable time and in writing, of any changes in status that would reflect a change in any information recorded on his or her membership card. Failure of a member owner to supply the co-op with a current correct address constitutes a waiver of the member's notice of meeting rights.

3.11. In the event of a disagreement arising within the co-op, a neutral dispute resolution body may be formed to try to resolve the disagreement. The neutral dispute resolution body shall be composed of a maximum of three individuals who are approved by both parties in the dispute. These individuals may be member owners or nonmembers, but not officers, directors, or employees of the co-op.

3.12. The voluntary withdrawal of a member owner requires a written notice to the manager and must include a current mailing address. His or her membership will be immediately terminated on receipt of the termination notice. The current book value of his or her Member Capital Account will be refunded within one year of the notice, unless the Board deems it necessary for the health of the co-op to extend the refund period. The current book value of the Member Capital Account shall be defined as the lesser of the member's Member Capital Account or of the member's pro-rata share of the equity section of the co-op's next quarterly balance sheet. The member owner's pro-rata share shall be determined according to the ratio each member owner's Member Capital Account bears to total Member Capital.

3.13. Any member owner who has not patronized the co-op for a period of two years may have his or her membership terminated. Patronizing consists of shopping at the co-op or contributing to said member owner's Member Capital Account. The member owner will be sent written notice of the terminating membership, and the status of his or her Member Capital Account. If the member owner fails to respond to the notice before the next general membership meeting, his or her membership will be terminated. If the member owner fails to respond to the notice and claim his or her Member Capital refund within five years from the date of the notice, that member owner shall have no further rights to his or her Member Capital Account. Any of the forfeited Member's Capital may be added to the general funds of the co-op.

3.14. 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 co-op's bylaws or policies, actions that will impede the co-op from accomplishing its purposes, actions or threats that adversely affect the interests of the co-op or its members, willful obstruction of that lawful purpose or activity of the co-op, or breach of any contract with the co-op. All or a portion of the expelled member owner's Member Capital Account may be retained at the Board's discretion to cover damages or losses caused by the expelled member owner.

4. MEETINGS OF MEMBER OWNERS

4.1. An annual general membership meeting, open to all member owners, shall be held in May of each year at a time and place determined by the Board. The purposes of this meeting shall be to hear reports on the operations and finances of the co-op, to complete the election of directors to the Board, and to conduct such other business as may properly come before the meeting.

4.2. General membership meetings may be held during the year at a time and place determined by the Board.

4.3. Written notice of the annual and regular general membership meetings shall include date, time, place, and purposes and shall be posted on the co-op premises at least 15 days prior to the meeting and mailed or emailed to each member owner at least 10 days prior to the meeting.

4.4. A special general membership meeting may be called by either

(a) a petition signed by 10% of the membership or 50 member owners, whichever is smaller, or
(b) four or more members of the Board. The purpose of the meeting shall be clearly stated in the petition. The completed petition shall be presented to the Board, who shall certify the validity of the signatures on the petition and arrange a date, time, and place for the meeting. Only the business issues stated in the purpose of the meeting on the petition may be considered at the special meeting.

4.5. Written notice of a special general membership meeting shall include date, time, place, and purposes of the meeting and shall be given to each member owner in person or by mail or email not less than ten nor more than sixty days before the date of the meeting.

4.6. A quorum at any general membership meeting shall be 25% of the eligible voting membership or 25 members, whichever is smaller.

4.7. The Board may allow member owners to vote for directors at any general membership meeting, or by absentee ballots through in-store voting, mail ballots, or secure electronic voting.

4.8. The Board may allow member owners to vote by mail ballot or by referendum, except as listed in Bylaw 5.2 below.

4.9. Voting by proxy ballots shall not be permitted.

5. AMENDMENTS AND OTHER CORPORATE ACTIONS

5.1. These bylaws (except those listed in Bylaw 5.2 below) may be amended by a two-thirds majority vote of the Directors currently serving or by a majority vote of the eligible voting membership in attendance at any general membership meeting.

5.2. An amendment of the articles of incorporation; an amendment of these bylaws that alters member voting rights or member capital (such as Bylaws 3.3, 3.6, 3.7, and 3.9–3.13); or any corporate action resulting in merger or consolidation, in disposition of all or substantially all of the assets of the co-op, or in dissolution of the co-op:

a) shall be proposed by a two-thirds majority vote of the Board members currently serving or by 10% or more of the eligible member owners; and

b) shall be voted on at a special general membership meeting (if the proposal meets the requirements of Bylaw 4.4) or at any general membership meeting. Written notice of either type of meeting must meet the requirements of Bylaw 4.5; and

c) shall be adopted by a majority of the eligible voting member owners in attendance at the meeting.

5.3. Any amendment or corporate action listed in Bylaw

5.2 which is adopted by less than a majority of ALL member owners eligible to vote, is subject to a confirmation vote, if a petition of 15% or more of ALL member owners eligible to vote is presented to the Board prior to the sixtieth day after the adoption of the action. The confirmation vote must be held at a special general membership meeting, by mail ballot, or by referendum

within forty-five days of receipt of the petition. To confirm the amendment or corporate action, the affirmative vote must be a majority of the ballots cast by the eligible voting membership.

5.4. Any amendment of the articles of incorporation which is adopted by less than a majority of ALL member owners eligible to vote will be filed with the Corporation and Securities Bureau of the State of Michigan when the sixty days for presenting a petition has expired, or the amendment is confirmed.

6. BOARD OF DIRECTORS

6.1. The administration of the co-op shall be vested in a Board of Directors. The Board shall consist of seven persons elected by and accountable to the member owners. Except for matters for which member owner voting is required, the Board shall have full power to govern the Co-op, including, but not limited to, hiring a General Manager, establishing compensation, if any for the Directors, and assuring that the mission of the co-op is articulated and carried out. Where not otherwise designated, Board decisions are made by a simple majority of the Directors present.

6.2. A nomination/election committee shall be appointed annually by the Board to recruit nominees for the Board, to review their qualifications, and to conduct the election at the annual general membership meeting in accordance with established procedures.

6.3. Other nominations from the floor for the Board shall be permitted at the annual general membership meeting.

6.4. To qualify, each nominee to the Board shall:

- a) Be a member owner of the co-op in good standing according to Article 3 of these By-laws.
- b) Support the principles of consumer cooperation and the role of consumer cooperatives as alternative economic, political, and social institutions, which may be shown by the nominee participating in general membership meetings, volunteering in the store or on co-op committees, and shopping at the co-op on a regular basis.
- c) Fill out a nominee questionnaire, answering questions about participation in the co-op and intent as a Director.
- d) Understand basic accounting principles and the financial structure of the co-op and be willing to attend and participate in educational sessions throughout his or her Board term, in order to better understand the role and responsibility of a Director.
- e) Be committed to attend regular and special Board meetings as deemed necessary by the Board.
- f) Be committed to attend special events of the co-op as well as local, regional, state and national cooperative conferences and workshops.

6.5. No person employed by the co-op as a staff member shall serve on the Board. Employees and spouses or domestic partners of employees may not serve as Directors. A person with a conflict of interest so continuing and pervasive that they are unable to effectively fulfill the responsibilities of a director with the co-op shall not be qualified to serve as a director. Previous

employees must wait one year from their termination to run. Employees who were terminated for cause or are not eligible for rehire, may not run for the board.

6.6. Directors elected by the membership shall serve two year terms, with three terms expiring in odd-numbered years and four terms expiring in even-numbered years, except where a seat to be filled was vacated early.

6.7. The officers of the Board shall include a president, vice president, secretary, and treasurer. The Board shall elect the officers for one year terms no later than the second Board meeting after the annual election. The duties of the Board officers are as the Board designates in their policies and procedures.

6.8. Voluntary resignation of a director shall be effective upon receipt of notice by the Board secretary.

6.9. A Director who has consistently failed to follow "C5: Director's Code of Conduct" can be removed from the board by a 2/3 vote of the remaining Directors.

6.10. A Director may be removed for cause by a majority vote of eligible members present at any general membership meeting. Said Director must be given at least ten days written notice stating the specific charges and an opportunity to answer such charges at the general membership meeting at which the vote is to be taken. The motion to remove shall be included in the notice of the meeting. Cause may include intentional or repeated violation of any provision of the co-op's bylaws or policies, actions that will impede the co-op from accomplishing its purposes, actions or threats that adversely affect the interests of the co-op or its members, willful obstruction of that lawful purpose or activity of the co-op, or breach of any contract with the co-op.

6.11. A vacancy in the Board may be filled by the affirmative vote of the remaining directors until the next general membership meeting. A director so appointed shall serve only until the next board election, at which time the member-owners will elect a director to fulfill the remainder of the pertinent term.

6.12 Conflicts of Interest. Directors shall be under an obligation to disclose their actual or potential conflicts of interest. Directors having such a conflict shall absent themselves from discussion and decision of any related matter under consideration by the Board unless otherwise determined by the Board.

7. MEETINGS OF THE BOARD OF DIRECTORS

7.1. Regular Board meeting time and place shall be determined by the Board and arranged by the Board at the previous regular Board meeting.

7.2. A majority of serving Directors constitutes a quorum. No official business shall be conducted without a quorum and no proxy voting will be permitted at Board meetings.

7.3. Board meetings shall be open to the general membership to observe and participate in except when an executive session is called.

7.4. Executive sessions shall be called with the consensus of the Board when confidential or proprietary matters are discussed, such as: labor relations or personnel issues; negotiation of a contract; real estate matters; 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. Only currently serving Directors should attend, but others may be invited by the Board to attend.

7.5. The General Manager shall attend Board meetings.

7.6. Emergency decisions made outside of regularly scheduled meetings may be made by consensus of the majority of the Directors, either verbally or in writing. A reasonable attempt to contact all Directors must be documented. Any emergency decision must be ratified at the next regular Board Meeting.

8. DISSOLUTION

8.1. Upon dissolution, the assets of the co-op shall be distributed in the following manner and order:

a) By paying or providing for payment of its debts and expenses. b) By redeeming member capital by paying to each member in cash or other property the lesser of the member's Member Capital Account or the member's pro-rata share of total member capital of the co-op determined according to the ratio each member's Member Capital Account bears to total member capital. c) The membership shall name a non-profit organization or organizations to receive any surplus left after all obligations have been paid.

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