

Ypsilanti Food Coop

The purpose of our bylaw revisions are to:

- a) Assure that we are in agreement with the laws we are incorporated under;
- b) Have a legal mechanism for doing patronage dividends;
- c) Have a legal mechanism for doing capital fund raising;
- d) To have bylaws that we can understand!

RESTATED BYLAWS OF YPSILANTI FOOD COOPERATIVE

All prior Bylaws of Ypsilanti Food Cooperative are hereby completely amended and restated this ____ day of _____, 2021, as follows:

1. ORGANIZATION AND DEFINITIONS

1.1 Ypsilanti Food Co-op is subject to the Michigan Nonprofit Corporation Act, as amended (P.A. 162 of 1982; M.C.L.A. 450.2101 et seq.). YFC is organized under the Consumer Cooperative Act, which is Chapter 11 of the Michigan Nonprofit Corporation Act, as amended.

1.2. "the Board" refers to the Ypsilanti Food Cooperative Board of Directors throughout these bylaws. "Director" refers to an individual serving on the Ypsilanti Food Cooperative Board of Directors.

1.3 The Board may adopt policies that it deems necessary or advisable, and they are contained in the Ypsilanti Food Cooperative Policy Register. Member- owners may inspect the policies upon request. 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. The co-op feels 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-OWNERS

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 apply to become a voting Member-owner of the co-op,

irrespective of race, color, creed, gender, gender expression, sexual orientation, age, marital status, military status, disability handicap, national origin or social or political beliefs.

3.2. To become a voting Member-owner of the co-op, an individual shall:

a) pay to the co-op a one-time, non-redeemable administrative fee in an amount determined by the Board;

b) fill out a Member-owner card that includes the applicant's name, address, telephone number, email address, and identifying whether they are willing to contribute volunteer time to the co-op, including any special skills they 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) open and maintain with the co-op a Member-owner Capital Account, the amount, collection method and redemption method to be determined by the Board;

e) satisfy other membership criteria that the Board establishes from time-to-time; and

f) patronize the co-op.

3.3. 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 voting Member-owner, but may become an associate Member-owner. Associate Member-owners in good standing have the same responsibilities and privileges as voting Member-owners in good standing, except they are not entitled to a vote on any and all matters submitted to the voting Member-owners for a vote. Any society, business or organization not in opposition to the purposes of this co-op may, on the approval of the Board, be admitted to Member-ownership as an associate Member-owner on terms established by the Board. The legal entity applying for the Member-ownership must name a single individual as an authorized representative.

Unless otherwise specified, Member-owners refers to voting Member-owners and associate Member-owners.

3.4. A Member-owner must be in good standing to enjoy the benefits of Member-ownership in the co-op. In order to be considered to be in good standing, a Member-owner must maintain their Member-owner Capital Account (fairshare), inform the co-op of any change in their status that would impact their Member-ownership, and patronize the co-op on a regular basis. By applying for Membership, each Member-owner agrees to abide by these Bylaws and by regulations and policies established by the Board of Directors from time to time.

3.5. Member-owners of the co-op who are in good standing may be entitled to a discount on purchases at the co-op and/or may receive a patronage dividend. The amount of this discount or dividend shall be determined by the Board.

3.6. Member-owners of the co-op who are in good standing may participate in various activities and committee work as volunteers.

3.7. Member-owners of the co-op who are in good standing are entitled to one vote on all matters submitted to the voting Member-owners for a vote.

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

3.9. 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 in their Member file.

3.10. Member-ownership may be terminated voluntarily by a Member-owner at any time upon notice to the co-op. A Member-owner will be deemed to have resigned from the co-op if mailings by the co-op to such Member-owner are returned as "undeliverable," "addressee unknown," "not forwardable," or with a similar designation. The Board may terminate the membership of a Member-owner if the Member: (i) fails to patronize the co-op to an extent and within a specific period of time as determined by the Board, or (ii) is delinquent in maintaining their Member Capital Account.

3.11. In addition to Section 3.10, Member-ownership may be terminated involuntarily by the Board for cause after the Member-owner is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing. Cause may include, but is not limited to, violation of any provision of the co-op's bylaws or policies, actions that impede the co-op from accomplishing its purposes, actions or threats that adversely affect the interests of the co-op or its Member-owners, willful obstruction of the lawful purpose or activity of the co-op, or breach of any contract with the co-op. All or a portion of a terminated Member-owner's Capital Account may be retained at the Board's discretion to cover damages or losses caused by the Member-owner.

3.12. 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, associate Member-owners or non Member-owners, but not officers, directors, or employees of the co-op.

3.13. In the case of a member-owner's death, the estate or designated shopper may request a refund or a transfer of the member-owner's Member Capital Account. They must show documentation that the member-owner is deceased, and fill out a form requesting the refund, transfer or donation of the account to the co-op.

4. MEETINGS OF MEMBER-OWNERS

4.1. An annual general Member-ownership 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 Member-ownership.

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

4.3. Written notice of the annual and other general Member-ownership 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, emailed, or personally delivered to each Member-owner and associate Member-owner at least 10 days prior to the meeting but not more than 60 days prior to the meeting. Attendance of a Member-owner at a meeting constitutes a waiver of notice of the meeting, except where the

Member-owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.4. A special general Member-ownership meeting may be called by a petition signed by 10% of the Member-owners, or by two-thirds of the Board. The purpose of the special general Member-ownership 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 petition may be considered at a special general Member-ownership meeting.

4.5. Written notice of a special general Member-ownership 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 Member-ownership meeting or for any vote of the Member-owners shall be 10% of the eligible voting Member-ownership or 50 voting Member-owner, whichever is smaller.

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

4.8. The Board may allow voting Member-owners to vote on other issues at any general Member-owner meeting, or by absentee ballots through in-store voting, mail ballots, or secure electronic voting, except on those issues listed in Bylaw 5.2 below.

4.9. Voting by proxy ballots shall not be permitted.

4.10 Any action required or permitted by law to be taken at any meeting of the Member-owners may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken, is signed by the minimum number of voting Member-owners that would be necessary to authorize or take action at a meeting at which all voting Member-owners were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those Member-owners who have not consented in writing.

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 Member-owners in attendance at any duly called Member-ownership meeting.

5.2. An amendment of the articles of incorporation, an amendment of these bylaws that alters Member-owner voting rights or Member-owner capital, 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 members of the Board or by 25% or more of the eligible Member-owner; and

b) shall be voted on at a duly called Member-ownership meeting; 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 Member-ownership 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 Member-ownership.

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, assuring that the mission of the co-op is articulated and carried out, borrowing money and incurring liabilities and other obligations, including the issuance of non-voting investment certificates and similar instruments.

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 Member-ownership meeting in accordance with established procedures.

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

a) Be a voting 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 Member-ownership 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, or be willing to learn, basic accounting principles and the financial structure of the co-op and be willing to attend and participate in educational sessions throughout their Board term, in order to better understand the role and responsibility of a Director;

e) Be committed to attend regular and special Board meetings, and General Membership and Special Membership 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; and

g) Be in agreement to following the process of Policy Governance.

6.4. No person employed by the co-op shall serve on the Board. 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 for a Board position. Employees who were terminated for cause may not serve on the board.

6.5. Directors elected by the voting Member-owners shall serve two-year terms, with the majority of terms expiring in even-numbered years, and the remaining terms expiring in odd-numbered years.

6.6. 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 its policies and procedures.

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

6.8. A Director who has consistently failed to follow "C5: Director's Code of Conduct" of the YFC Policy Governance policy may be removed from the Board by a two-thirds vote of the remaining Directors.

6.9. A Director may be removed for cause by a majority vote of eligible voting Member-owners present at any general Member-ownership 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 Member-ownership 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 impede the co-op from accomplishing its purposes, actions or threats that adversely affect the interests of the co-op or its Member-owners, willful obstruction of the lawful purpose or activity of the co-op, or breach of any contract with the co-op.

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

6.11. 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. Where not otherwise designated, Board decisions are made by a simple majority of the Directors present.

7.3. Board meetings shall be open to the member-owners 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, contract negotiations, real estate matters, discussion of strategic goals or business plans, the disclosure of which could adversely impact the co-op's position in the marketplace, and/or discussion of a matter that may, by law or contract, be considered confidential. Currently serving Directors should attend executive sessions, and 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 a majority of 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. FISCAL POLICIES

8.1. In furnishing goods and services to Member-owners and associate Member-owners, the co-op will operate so that all Member-owners will, through their patronage or through redeemable or non-redeemable initial or periodic Member-ownership fees, or otherwise, furnish Member-owner capital to the co-op. The co-op must annually account on a patronage basis to its Member-owners for the excess of (a) all amounts received from patronage-source business, over (b) corporate reserves (which may be established by the Board for any business purposes or contingencies, including capital reserves), operating costs, and other expenses properly chargeable against the type of goods or services furnished ("Net Operating Profits"). Amounts in excess of reserves, operating costs and expenses are received by the co-op with the understanding that they are provided as capital.

8.2. Net Operating Profits may be distributed annually to Member-owners as patronage dividends, in proportion to their patronage-source business during the fiscal year (January 1 through December 31) for which the refunds are declared.

8.3. Patronage dividends may be distributed in cash, qualified or non-qualified written notices of allocation, non-voting certificates of equity, merchandise credits, other property, or any combination of the above. The Board will annually determine the manner of making patronage dividends and any related matters.

8.4. The co-op is not required to make a patronage dividend payment of less than a de minimus amount as established by the Board. The patronage dividend may be made entirely in cash, or merchandise credit, but with the option to receive it in cash.

8.5. Within 8-1/2 months after close of each fiscal year, the co-op must provide each Member-owner a qualified or non-qualified written notice of allocation (as defined in 26 USC §1388), disclosing the amount of capital credited to their capital account.

Allocated patronage dividends not claimed within 5 years will have relinquished their allocated share to the coop's general funds as a donation.

8.6. By applying for Member-ownership, each Member-owner consents and agrees to take into account, in the manner, at the times, and to the extent required by federal and state law (including without limitation 26 USC §1385), any patronage or other allocation received from the co-op, including without limitation the amount of any patronage made in written notices of allocation (as defined in 26 USC §1388).

8.7. The co-op's books and records will clearly reflect the amount of capital furnished by each Member-owner, and the credit of that capital to the Member-owner's Capital Account.

Member-owner Capital Accounts may be transferred only with the consent of the Board and transfers will not be binding until recorded in the records of the co-op. A non-refundable administrative fee may be charged to the new Member-owner.

The co-op may, when and to the extent declared by the Board, pay dividends on Member-owner capital in an amount not to exceed 8% per year.

8.8. The co-op may redeem capital allocated to Member-owner accounts in whole or in part, if the Board determines that the financial condition of the co-op would not be impaired by doing so. Capital will be redeemed ratably in the order issued, as determined by the Board, consistent with the co-op's intended federal tax status. No Member-owner has a legal or equitable right to payment for their capital other than through such a redemption or as expressly provided otherwise in these Bylaws.

8.9. The Board, in its sole discretion, may redeem capital credited to any Member-owner's account before the applicable order of retirement in paragraph 8.8, above, if the Board determines that the financial condition of the co-op would not be impaired by doing so and the Board and the Member-owner agree on the terms of redemption, which may include a discounted value for their share.

8.10. An operating loss may be apportioned among the Member-owners during the year of loss so that the loss will, to the extent practicable, be borne by those Member-owners with respect to the loss year on an equitable basis, including charging the loss against allocated reserves, unallocated reserves, or the capital accounts of said Member-owners. The Board may, in its discretion, direct that all or part of any loss be carried forward or back so long as any carryforward or carryback will not place an inequitable burden upon past or future Member-owners.

8.11. If, in any fiscal year, the co-op incurs a loss other than an operating loss, the Board will have full authority to prescribe the basis on which capital furnished by Member-owners may be reduced or such loss is to be otherwise equitably apportioned among the Member-owners.

8.12. The co-op's non-patronage income is its gross income derived from all sources that do not qualify as patronage income, less all expenses attributable to the production of that income and the co-op's income taxes attributable to that income. Non-patronage income will be treated as taxable income to the Co-op and added to the Co-op's unallocated retained earnings.

8.13. Except as otherwise provided by law, the Board may classify the disposition of capital assets as either patronage or non-patronage transactions. The Board may make that determination on a case-by-case basis, considering the nature of the assets, the co-op's records, applicable law, and any other relevant factors. Further, the Board may classify certain transactions (such as the sale of designated goods and services) as non-patronage source transactions.

8.14. All policies and rules concerning credit, including but not limited to credit limits, past due accounts receivable, and all other matters incidental or related thereto, shall be as established by the Board from time to time.

8.15. Subject to compliance with applicable state and federal securities laws, in addition to Member-owner capital described in this Article and Member-owner loans, the co-op may offer to Member-owners or to non-Member-owners any form of nonvoting investment certificate or bond that bear interest or dividends, at such times, on such terms and subject to such requirements as established by the Board.

9. Indemnification

9.1. The co-op shall indemnify, to the extent and in the manner permitted by Act 162, Public Acts of 1982 (the "Act") any person who is or was a Director, Member-owner, or Officer of the co-op for expenses (including attorney's fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit, or proceeding, if such arose by reason of the person being a Director, Member-owner, or Officer. The co-op may purchase and maintain insurance on behalf of all Directors, Member-owners, and Officers which insures against any such liability to the extent available and to the extent permitted by the Act.

10. DISSOLUTION

10.1. Upon dissolution, the assets of the co-op shall be distributed in the manner prescribed in Section 1183 of the Act.