

**BYLAWS OF -  
COOK COUNTY WHOLE FOODS COOPERATIVE**

Effective November 26, 2009

**ARTICLE I  
OWNERSHIP**

**Section 1. Ownership.** Any person, household, firm, cooperative, nonprofit corporation or other corporation may become an owner of the cooperative, subject to approval by the Board of Directors and pursuant to terms established by the Board of Directors. The cooperative shall not discriminate on the basis of social or political grounds, race, creed, age, gender, handicap, sexual preference or marital status. There shall be one class of owner in the cooperative, and each owner shall have one vote. Corporate or household ownerships shall designate one person to vote on their behalf. Owners shall be the members of the cooperative within the meaning of Chapter 308A of Minnesota Statutes.

**Section 2. Purchase of Stock.** Each owner shall purchase at least one (1) share of Class A stock upon joining the cooperative, and shall thereafter purchase at least one (1) share annually until the owner owns a total of ten (10) shares of Class A stock.

**Section 3. Termination of Ownership.** Ownership may be terminated in one of the following ways: (a) voluntarily by an owner upon written notice to the cooperative; (b) for cause, including but not limited to willful violations of the Bylaws, by action of the Board of Directors; or (c) by failure to pay required equity contributions for Class A stock as described in Section 2.

**Section 4. Actions Upon Termination.** When an owner is terminated, the cooperative shall either: (a) purchase the Class A stock of the owner by tendering to the owner, or to the owner's heirs or successors, the par value or the book value of the owner's Class A stock, whichever is less, together with any cash portion of a patronage dividend due or unpaid, less any indebtedness due the cooperative; or (b) purchase the Class A stock of the owner by tendering to the owner, or to the owner's heirs or successors, Class B stock, together with any cash portion of a patronage dividend due or unpaid, less any indebtedness due the cooperative. Regardless of the reasons for termination, repurchase of the cooperative's stock from a terminated owner shall be subject to the same terms and limitations governing all stock repurchases, including availability of replacement capital and the discretion of the Board of Directors to determine terms of repurchase. The Board of Directors may establish additional conditions and terms for repurchase of owners' shares of stock, provided such conditions and terms apply to all owners equitably. Upon termination of ownership, the owner shall thereafter have no voting rights in the cooperative.

**Section 5. Restrictions on Withdrawals and Transfers of Ownership.** Upon an owner's withdrawal from ownership of the cooperative, the stock of the owner can be transferred only to the cooperative and only upon approval of the Board of Directors. The stock of the cooperative is not transferable under any other circumstances.

**ARTICLE II  
ANNUAL MEETING**

**Section 1. Purpose of Annual Meeting.** The annual meeting of the owners shall be held for the purpose of:

- a. electing Directors
- b. financial reporting
- c. conducting such business as proposed by the owners.

**Section 2. Notice and Conduct of Meeting.** The annual meeting shall be held in October of each year.

- a. The Board of Directors shall call the annual meeting.
- b. The Board shall notify the owners of the meeting by mailed notice or in the cooperative's newsletter at least two (2) weeks prior to the meeting date. In addition the notice of the meeting shall be posted in the store at least two (2) weeks prior to the date of the meeting.
- c. Ten percent (10%) of the owners shall constitute a quorum, except that when membership exceeds 500 owners, 50 owners shall constitute a quorum.

**Section 3. Election of Directors.** Directors shall be elected by a quorum of the owners and by a plurality of the votes cast. Ballots shall be sent to each owner's last known address, not less than two (2) weeks prior to the annual meeting. Owners may submit their ballots in person at the annual meeting, by mail prior to the annual meeting or by delivering the ballots to the store prior to the annual meeting and not by proxy. If a quorum of the owners has not voted as of the date of the annual meeting the Board shall send out new mail ballots and call for another vote.

**Section 4. Robert's Rules of Order.** All owners meetings shall be governed by Robert's Rules of Order.

### **ARTICLE III SPECIAL MEETINGS**

**Section 1. Call of Special Meeting.** Special meetings of the owners may be called by the Board of Directors or by a petition signed by twenty percent (20%) of the owners.

**Section 2. Notice of Special Meeting.** Notice to all owners shall be provided as described in Article II, Section 2 and shall include the items to be considered at the special meeting. No business shall be considered at a special meeting except as mentioned in the notice of the meeting. Ten percent of the voting owners shall constitute a quorum, except that when the number of owners exceeds 500, 50 owners shall constitute a quorum.

**Section 3. Robert's Rules of Order.** All special meetings shall be governed by Robert's Rules of Order.

### **ARTICLE IV BOARD OF DIRECTORS**

**Section 1. Governance.** The cooperative shall be governed by its Board of Directors, consisting of seven (7) Directors. The Board may perform such acts and adopt such rules, regulations and resolutions not inconsistent with the Articles of Incorporation or these Bylaws, as it may deem proper for the conduct of its meetings and the governance of the cooperative.

#### **Section 2. Duties.**

- a. The Board of Directors shall hire a General Manager who shall be responsible for the day to day operation of the cooperative, including the hiring of additional paid staff.
- b. The Board of Directors shall form any committees deemed necessary and will have one or more Board member representatives on all standing committees.
- c. The Board of Directors shall provide vision and monitor the operation of the cooperative by communicating with the owners and the General Manager.

**Section 3. Election and Term.** Directors shall be elected at the annual meeting for three (3) year terms and shall hold office until their successors shall be elected or appointed and qualified. The terms of office of the Directors shall be so arranged that as nearly as possible the terms of office of an equal number shall expire each year. If any Director ceases to be an owner, the office of such Director shall then be automatically vacated. Terms shall begin in January following the annual meeting. A Director may serve a maximum of three (3) three-year terms, which may be extended by one (1) year upon the vote of the Board.

**Section 4. Officers.** The Board of Directors shall elect at its January meeting following the annual meeting, a President, Vice-President and Secretary. The President, Vice-President and Secretary shall be Directors. These officers shall serve for one year. An officer may be removed from office by a majority vote of the Board of Directors, with or without cause. In such cases the Board shall elect a new officer to serve until the next annual meeting.

**Section 5. Resignation; Removal.** Any Director of the cooperative may resign at any time by giving oral or written notice to the Secretary. Such resignation shall take effect as of the date of receipt of such notice, or at any later date specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective. Any Director may be removed with cause by a majority vote at a Board meeting at which a quorum is present, or by a majority vote at an owners meeting at which a quorum is present.

**Section 6. Successors.** If the office of any Director becomes vacant by reason of death, resignation, disqualification, removal from office, or otherwise, the remaining Directors may choose a successor who shall hold office for the unexpired term of the departed Director; except that, if a Director is removed by the owners at a meeting, a replacement Director shall be elected by the owners at that same meeting.

**Section 7. Meetings.** The Board of Directors may hold meetings, both regular and special, either within or without the State of Minnesota at such time and place as a majority of the Directors may from time to time appoint. Regular meetings of the Board of Directors may be held without notice and at such time and place as shall from time to time be determined by the Board. Board meetings are open to the owners, except that the Board may close a meeting or portion of a meeting to discuss personnel matters or certain other matters requiring confidentiality.

**Section 8. Special Meetings.** Special meetings of the Board may be called by the President on three (3) days notice to each Director, either personally given, or given by mail or phone or email; special meetings shall be called by the President or Secretary in like manner and with like notice on the request of two (2) Directors. Every such notice shall state the time and place of such meeting and no business other than that stated in the notice shall be transacted at said meeting without the unanimous consent of all Directors.

**Section 9. Conduct of Meetings.** All meetings of the Board of Directors shall be moderated by the President or in his/her absence the Vice President. In the absence of the Secretary any person appointed by the President shall act as Secretary.

**Section 10. Quorum.** At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business and the ac□

## ARTICLE V CAPITAL STOCK

**Section 1. Certificates or Proof of Ownership.** The signed, completed owner application form, or a copy thereof, validated to indicate receipt of the initial purchase of one (1) share of Class A stock, shall serve in lieu of a certificate for Class A stock. Purchases of the requisite additional nine (9) shares of Class A stock shall be recorded on the books of the cooperative when payment therefor is received. Class B stock received as patronage dividends shall be evidenced by written notice of allocation mailed to the owners. Certificates evidencing Class C stock shall contain the name of the owner who owns the stock and the ownership number assigned to that owner, and shall bear the signature of the President and Secretary. The cooperative shall retain the right to terminate all owners as provided in these Bylaws and to purchase or recall all stock of the cooperative. Redemption of capital stock by the cooperative is subject to any indebtedness owed to the cooperative by the owner.

**Section 2. Classes and Issuance.** To further the cooperative character of the cooperative and provide a means by which its owners will finance its activities, the cooperative is authorized to issue Class B stock, Class C stock, or any other media as determined by the Board of Directors and as permitted by law. Funds and credits arising from the issue of such stock or other media may be used for creating a revolving fund for the purpose of creating working capital to meet the cooperative's financing needs. Whenever the cooperative determines that all of its funds are not necessary for the proper financing of its operations, the Board of Directors may choose to retire Class B or Class C stock, or liquidate any other media previously issued.

**Section 3. Order of Payment Upon Dissolution or Liquidation.** Upon dissolution or liquidation of this cooperative, the debts and liabilities of the cooperative shall first be paid according to their respective priorities. Stockholders or other holders of equity or other media issued by the Board of Directors shall then be paid the par value of their shares or credits with payment made in the following order of preference: holders of Class C, then Class B, and finally Class A stock. Any additional property remaining after owners and other equity holders have been paid shall be distributed to another association doing business on a cooperative basis or a nonprofit org□

## ARTICLE VI FINANCES

### Section 1. Definitions.

- a. "Gross sales" shall be the total amount of annual sales before any discounts are subtracted.
- b. "Gross receipts" shall be all annual proceeds from the sale of goods and services to owners and non-owners and all other sums received.
- c. "Annual net earnings" shall be the amount remaining after reducing the gross receipts by all expenses incurred in generating the gross receipts, including, but not limited to, marketing expense, costs of goods or services sold, taxes, depreciation, and all other necessary expenses.

## **Section 2. Owner Patronage Refunds.**

- a. The percentage of the gross sales attributable to owners shall be used to calculate the amount of annual net earnings attributable to owner patronage.
- b. The annual net earnings from owner patronage may be distributed to owner patrons after the end of a fiscal year in proportion to the amount of business done by them with the cooperative during said fiscal year, subject to the deductions and exemptions provided for in section 3.b. of this Article. The distributions shall be in the form of cash and/or Class B stock. The distributions will be made in such a manner as to reduce the cooperative's tax liabilities under current tax laws.
- c. Any owner receiving a patronage distribution consents to include that distribution as personal income, if applicable under current tax laws.

## **Section 3. Reserve Funds .**

- a. All owner equity contributions and owner patronage refunds in the form of equity allocations will be placed into the cooperative's Equity Reserve Fund. The Equity Reserve Fund is the sum total of all owner equity accounts.
- b. The Board of Directors may annually set aside any or all annual net earnings from non-owner patronage and non-patronage sources as additions to the Capital Reserve Fund. In addition, the Board of Directors may also place into the Capital Reserve Fund any or all annual net earnings attributable to owner patrons who are unidentified or who do not consent to include patronage distributions as personal income, if such inclusion is required by current tax laws. Funds donated to the cooperative may also be placed into the Capital Reserve Fund.
- c. The Equity Reserve Fund and the Capital Reserve Fund shall be used primarily for capital purchases, but assets of the Capital Reserve Fund may be borrowed to pay debts during times when expenses exceed income.

## **Section 4. Equity Refunds.**

- a. After the Equity Reserve Fund, in the judgment of the Board of Directors, reaches an adequate amount, any excess reserves will be refunded to the owners. This may be accomplished by declaring a maximum limit on the equity owned per owner. Owners who have more than the declared maximum amount in their equity accounts will receive cash refunds.
- b. When an owner's interest is terminated, the owner's accumulated equity account balance will be refunded, upon written request, usually within ninety (90) days of such request, subject to the provisions of Article I, Section 4 of these Bylaws.
- c. If a terminating owner has not requested an equity refund within two (2) years of the date of termination, that owner shall thereby have indicated that the owner donates all funds in that owner's equity account to the cooperative, and those funds shall at that time become a donation to the cooperative's Capital Reserve Fund. This provision shall also apply to any owner nonperformance under Article I, Section 2 of these Bylaws. During this two (2) year period any such nonperforming owner may resume purchase of Class A stock without loss of his or her previously accumulated Class A stock.
- d. The cooperative shall publicize this Equity Refund policy to owners at least once each calendar year through the newsletter or other means.

## **Section 5. Losses.**

The Board may credit all or any part of the Capital Reserve Fund of the cooperative, and may apply all or any part of the net earnings, to losses incurred.

## **ARTICLE VII INDEMNIFICATION**

The cooperative shall indemnify each person who is or has been a director, officer, agent or employee of the cooperative against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him or her as a result of actions in his or her official capacity which were performed in good faith on behalf of the cooperative. The cooperative may purchase insurance to cover such indemnification.

**ARTICLE VIII  
AMENDMENTS**

**Section 1. Procedure for Amendment.**

a. These Bylaws may be amended at any owner meeting at which a quorum of the owners is present, by a majority of the votes cast. Proposed amendments may be submitted by any owner, must be presented to the Board, and the proposed amendments and a voting ballot shall be included with the meeting notice. Ballots will be sent to each owner's last known address, not less than two (2) weeks prior to the meeting. Owners may submit their ballots in person at the meeting, by mail prior to the meeting, or by delivering the ballots to the store prior to the meeting.

b. If a quorum of the owners has not voted as of the date of the meeting, the Board shall send out new mail ballots and call for another vote.

**Section 2. Effective Date.** Bylaw amendments shall take effect thirty (30) days after approval, unless a different date is specified in the amendment or the amendment is repealed prior to that date.

**ARTICLE IX  
PAYMENTS AND OBLIGATIONS**

All checks, contracts, agreements and notes of the cooperative shall be signed by such officer or officers or such other person as the Board designates.