

BYLAWS

Middlebury Natural Foods Cooperative

Article I: Organization

- 1.1 **Name.** The name of the organization will be the Middlebury Natural Foods Cooperative (henceforth the “Cooperative”).
- 1.2 **Ownership and Purpose.** The Cooperative will be owned by its members. The objectives of the Cooperative are to provide a democratic, member-owned cooperative organization; to provide healthy foods and other useful goods and services; to encourage patterns of production and consumption that are ecologically sound and healthful; and to serve as a center for activities, education and services consistent with these objectives.

Article II: Membership

- 2.1 **Eligibility.** Membership in the Cooperative will 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 will be open without regard to any characteristic that does not directly pertain to a person’s eligibility.
- 2.3 **Admission.** Any eligible person may be admitted to membership upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Directors (henceforth the “Board”).
- 2.4 **Rights.** Member-owners 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-owner has one vote and no more on all matters submitted to member-owners. The rights of member-owners will apply only to active member-owners in good standing. All rights and responsibilities of member-owners are subject to applicable state law, the bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.
- 2.5 **Responsibilities.** Member-owners will keep current in equity investments due to the Cooperative, will keep the Cooperative informed of any changes in name or current address, and will abide by these bylaws and the policies and decisions of the Cooperative or the Board. Member-owners will also patronize the Cooperative. A member-owner who upholds these responsibilities is considered an active member in good standing.
- 2.6 **Termination of Membership.** A member-owner 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-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 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 member-owners, willful obstruction of any lawful purpose or activity of the Cooperative, breach of any contract with the Cooperative, or failure to patronize the business for more than three (3) years.
- 2.7 **Return of Equity.** Equity may be returned upon termination of membership in the Cooperative, under terms determined by the Board, and provided that the Board has determined that the equity is no longer needed by the Cooperative.
- 2.8 **Unclaimed Equity.** If a member-owner voluntarily 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-owner will be retained by the Cooperative or donated to a non-profit to the extent authorized by state law.

2.9 **Transferability.** Transferability of shares by member-owners is under the authority of the Board of Directors.

Article III: Member-Owner Meetings and Decision Making

- 3.1 **Annual Meeting.** A membership meeting will be held each year at a time and place to be determined by the Board. The purpose of such meetings will be to hear reports on governance, 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.** The Board may call special meetings of the membership. The Board will call a special meeting if presented with a written petition stating a proper purpose and signed by five percent (5%) of the total number of member-owners or 200 member-owners, whichever is less. Notice of special meetings will be issued to member-owners. 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 will be conducted at that special meeting except that specified in the notice of meeting.
- 3.3 **Notice of meetings.** Notice of the date, time, place and purpose of each meeting of the membership will be posted in a conspicuous place at the Cooperative and communicated to members not less than fifteen (15) days prior to the date of the meeting.
- 3.4 **Voting.** Voting on all matters that member-owners are entitled to vote upon will be accomplished through paper or electronic ballots, or both, as authorized by the Board. Unless otherwise specified in these bylaws, notice of the vote will be posted in a conspicuous place at the Cooperative and communicated by written notice delivered to member-owners' postal or electronic address not less than fifteen (15) days prior to the end of the voting period. Unless otherwise stated in the articles of incorporation, or these bylaws, or required by law, all questions will be decided by a vote of a majority of the member-owners voting thereon. Proxy voting is not allowed.
- 3.5 **Quorum.** At any meeting of the member-owners, or for any vote of the members, a quorum necessary for decision-making will be five percent (5%) of the total number of member-owners or 200 member- owners, whichever is less.

ARTICLE IV: Board of Directors

- 4.1 **Powers and Duties.** The Board will be composed of eleven (11) Directors. The Board will have full power to govern the Cooperative and assure that its mission is articulated and carried out except for matters for which the member-owner voting is required.
- 4.2 **Eligibility.** Directors must be member-owners of the Cooperative in good standing. Employees and spouses or family members of employees may not serve as a Director. A person with a conflict of interest so on-going and pervasive that he or she is unable to effectively fulfill the responsibilities of a director with the Cooperative ~~may~~ not serve as a Director.
- 4.3 **Terms and Elections.** Elections will occur annually, in a manner prescribed by the Board. Directors will serve a term of three (3) years and will serve staggered terms. In the event of a tie vote for Director, there will be a runoff election.
- 4.4 **Vacancies.** Any vacancy among Directors may be filled by a majority vote of the remaining Directors. A Director so elected will serve until the end of the pertinent term.
- 4.5 **Removal.** A Director may be removed by decision of two-thirds (2/3) of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies. A Director may be removed by

decision of the member-owners in accordance with the petition and voting provisions of these bylaws.

- 4.6 **Board Meetings.** The Board will hold regular and special meetings at such time and place as it will determine, and all Directors will be notified in writing of said meeting at least five (5) days in advance, unless the Board agrees to a shorter notice. The Board will provide reasonable notice of all Board meetings to member-owners. Attendance at any meeting constitutes waiver of notice of that meeting. Meetings will be open to all member-owners 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 of Directors may be taken without a meeting if a written consent to the action is given by all Directors and filed with the minutes of the meetings.
- 4.8 **Quorum.** A majority of current Directors will constitute a quorum for the transaction of business at any meeting of the Board of Directors. Decisions of the Board of Directors shall be made by majority vote of Directors present.
- 4.9 **Conflicts of Interest.** Directors will be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board, and such interest will be made a matter of record in the minutes of the meeting. Directors having such an interest will be permitted to make a statement with regard to the matter and shall then be required to leave the meeting room. A transaction in which a director has an interest will be prohibited unless the transaction is fair to the Cooperative and is approved by no less than a two-thirds majority of all disinterested directors.
- 4.10 **Officers.** The Board will elect officers as necessary for the effective conduct of Board business, consistent with any requirements of state law.
- 4.11 **Indemnification.** The Cooperative will indemnify and reimburse each present, past and future Director or Officer 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 or Officer, to the full extent allowed by law, except to the extent the Director or Officer acted in bad faith.

ARTICLE V: Patronage Dividends

- 5.1 **Allocations to member-owners.** The Cooperative will allocate and distribute to member-owners 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 will determine when and how such allocations and distributions will be made.
- 5.2 **Consent of member-owners.** By obtaining or retaining membership in the Cooperative, each member-owner 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. Each member-owner also agrees that if his or her patronage dividend is not cashed within ninety (90) days of the date on which it was issued by the Cooperative, the Cooperative will have the right to make a contribution in the name of that member to support other organizations aligned with the Cooperative's purpose in a manner as may be directed by the Board from time to time.

ARTICLE VI: Dissolution and Liquidation

- 6.1 **Asset Distribution.** The Cooperative may be dissolved or liquidated upon a decision of the Board and a two-thirds (2/3) vote of the member-owners who participate in the vote. Upon dissolution of the Cooperative, its assets will 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, will be paid on a pro rata basis; (iii) by distributing any remaining assets in a way that furthers the Cooperative's mission, as determined by the Board.

ARTICLE VII: Bylaws

- 7.1 **Amendments.** These bylaws may be amended or repealed in whole or in part by a two-thirds (2/3) vote of the member-owners 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 the total number of member-owners or 200 of active member-owners, whichever is less. The proposed amendment will be publicized to the membership not less than four (4) weeks prior to the voting process, which will be held at a time and in a manner determined by the Board.