

Bylaws of Abundance Cooperative Market, Inc.

Passed by Board of Directors: September 10, 2015

Approved by Member-Owners: October 11, 2015

Article I: Organization

- 1.1 **Name.** The name of the organization shall be Abundance Cooperative market, Inc. (referred to in these bylaws as “the Cooperative or “the Co-op”).
- 1.2 **Ownership and Purpose.** The Co-op shall be owned by its member- owners and shall operate for the mutual benefit of its member-owners. The purpose of the Co-op is to operate a retail food store on a cooperative basis.

Article II: Member-Ownership

- 2.1 **Eligibility.** Member-ownership in the Co-op shall be open to any natural person who is in accord with its purposes and is willing to accept the responsibilities of member-ownership.
- 2.2 **Nondiscrimination.** Member-ownership shall 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 member-ownership upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Directors (referred in these bylaws as “the Board”). The Board may also award shares in compensation for services to the Co-op, and may authorize a work-for-share arrangement in which applicants become owners of a share after completion of a prescribed number of hours worked for the Co-op. Questions of eligibility shall be determined by the Board.
- 2.4 **Rights.** Member-Owners have the right to elect the Co-op’s Board of Directors (the “Board”), to attend meetings of the Board, to receive notice of and attend owner-member meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. The rights of member-owners shall be understood to apply only to active member-owners in good standing. All rights and responsibilities of member-owners are subject to these bylaws as they may be amended from time to time, and to policies and decisions of the Co-op or the Board.
- 2.5 **Responsibilities.** Member-Owners shall keep current in equity investments due to the Co-op, shall keep the Co-op informed of any changes in name or current address (including email address), and shall abide by these bylaws and the policies and decisions of the Co-op or the Board. A member-owner who upholds these responsibilities is considered an active member-owner in good standing.

- 2.6 **Nontransferability.** Member-ownership rights and interests may not be transferred except under unusual circumstances with the express approval of the Board.
- 2.7 **Termination of Member-Ownership.** A member-owner may terminate her or his member-ownership voluntarily at any time by written notice the Co-op. Member-ownership may be terminated involuntarily by Board for cause after the member-owner is provided fair notice of the reasons for the termination and has the 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 to the Co-op or its member-owners, willfully obstruction of any lawful purpose or activity of the Co-op, or breach of any contract with the Co-op, or the death of the member-owner.
- 2.7.1 **Termination Due to Whereabouts Unknown.** If the Co-op has lost contact with a member-owner and has no records of purchases by that member-owner for a period of three years, and reasonable attempts to contact the member-owner have been unsuccessful, the person shall be removed from member-ownership on the records of the Co-op and the share placed on inactive status. A fee may be charged for reactivation.
- 2.7.2 **Termination Due to the Death of a Member-Owner.** When a member-owner dies, her/his share becomes the property of the estate of the deceased. Since shares are not transferable to another person, the member-ownership termination procedures outlines in Paragraph 2.7 above will be followed. Such termination of member-ownership will be commenced by notice upon the executor of the estate.
- 2.8 **Return of Equity.** Equity shall be returned upon termination of member-ownership in the Co-op, under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary.
- 2.9 **Unclaimed Property.** If a member-owner voluntarily or involuntarily terminates ownership in the Co-op, and fails to inform the Co-op of any new mailing address with 30 days of such termination, then the equity and patronage dividend amount allocated to that member-owner will be forfeited to the Co-op.
- 2.10 **Access to Information.** Member-owners shall be provided reasonably accurate and timely information to the organization and financial affairs of the Co-op. Member-owners shall be provided reasonable access to the books and records of the Co-op or information contained in such records for a proper purpose that is reasonably related to their interests as member-owners.

Article III: Member-Owner Meetings

- 3.1 **Annual Meeting.** An Annual Meeting of member-owners shall be held each year at a time and place determined by the Board. The purpose of such meeting shall be to hear reports on operations and finances, to review issues that vitally affect the Co-op, and to transact such other business as may properly come before the meeting.
- 3.2 **Special Meetings.** Special meetings of the member-owners may be called by the Board, either by decision of the Board or in response to a written petition of 5% of the active

member-owners in good standing. 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 shall be conducted at that special meeting except that specified in the notice of meeting.

- 3.3 **Time and Place.** The date, time and place of all meetings of member-owners shall be determined by the Board, or in the event the Board fails to act, by the Board Secretary. Meetings shall be held at times and places convenient to member-owners.
- 3.4 **Record Dates.** Unless otherwise determined by the Board, only persons who are member-owners at the close of business on the business day thirty (30) days prior to the date of distribution of notices shall be entitled to notice of any meeting of the member-owners.
- 3.5 **Notice of meetings.** Notice of the date, time, place and purpose of every Annual Meeting and Special Meeting of the member-owners shall be posted in a conspicuous place at the Co-op and communicated to member-owners at the email address on file with the Co-op (unless the member-owner has directed the Co-op in writing to send notices to a specific U.S. Mail address) not less than twenty (20) nor more than forty-five (45) days prior to the date of the meeting.
- 3.6 **Voting.** At all meetings of member-owners, each member-owner shall have one and only one vote on each issue submitted to a vote of member-owners. Unless otherwise required by law, or by these bylaws, issues shall be decided by a 2/3 majority of votes cast, except for the election of Directors.
- 3.7 **Quorum.** At any meeting of the member-owners, or for any vote of the member-owners (unless otherwise stipulated in these bylaws), a quorum necessary for decision-making shall be 5% of the total number of member-owners or thrice the number of directors, whichever is less.
- 3.8 **Issues submitted by Member-Owners.** Member-owners may submit items for the agenda of the Annual Meeting to the Secretary of the Board by email, U.S. Mail, or in writing in person not more than seventy-five (75) days nor less than forty-five (45) days before the target date of the Annual Meeting. The Board shall provide notice of the target date of the Annual Meeting and notice of the deadline for member-owner submitted agenda items not more than one-hundred-and-five (105) days, nor less than seventy-five (75) days prior to the target date of the Annual Meeting. The Board shall be required to include on the finalized Annual Meeting agenda all member-owner submitted agenda items proposed by 5% of the member-owners.

Article IV: Board of Directors

- 4.1 **Powers and Duties.** Except for matters for which owner-member voting is required, the business and affairs of the Co-op shall be directed and overseen by the Board of Directors. The powers and duties of the Board shall include, but not be limited to overseeing the operations and finances of the Co-op and planning with respect to such function, overseeing compliance with applicable laws and regulations, engaging one or

more managers and monitoring and evaluating their performance, maintaining communications with member-owners and staff, maintaining good community relations, securing good conditions of employment, and assuring that the purposes of the Co-op are properly carried out.

- 4.2 Number and Qualifications.** The Board of Directors shall be composed of no less than five (5) and no more than eleven (11) Directors elected from among member-owners of the Co-op. Paid employees and spouses or partners of paid employees may not serve as Directors. A person with an overriding conflict of interest with the Co-op shall not be qualified to serve as a Director.
- 4.3 Nominations, Elections and Terms.** Candidates for positions as Directors may be nominated by a committee selected by the Board or by petition signed and submitted to the Board at least forty-five (45) days before the date of the Annual Meeting, by at least twenty (20) member-owners. Directors shall serve a term of three (3) years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year.
- 4.4 Vacancies.** Any vacancy among Directors may be filled by appointment by the Board of Directors. The appointee shall serve until the next Annual Meeting, at which time the member-owners shall elect a Director to complete the pertinent term.
- 4.5 Removal.** The term of office of a Director may be terminated prior to its expiration in any of the following ways: (i) resignation by a Director upon notice to the Co-op; (ii) automatically upon termination of member-ownership in the Co-op; (iii) by action at a meeting of member-owners whenever the best interests of the Co-op would thereby be served; and for cause by the Board. The Co-op will follow the process for removing a Director in accordance with Section 63 of the New York Cooperative Corporations Law regarding filing charges against a Director. A Director who is absent from three (3) consecutive Board meetings, unless excused by the President, shall be presumed to have resigned.
- 4.6 Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board.
- 4.7 Officers.** The Board shall designate officers according to the requirements of state law and as necessary for the effective conduct of Board business.
- 4.8 Indemnification.** The Co-op shall indemnify and reimburse each present, past, and future Director for any claim or liability (including expenses and attorney fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director. Such indemnification shall be made only if it is determined by the Board that the Director acts in good faith in the reasonable belief that her/his action was in the best interests of the Co-op, or as otherwise allowed by law.
- 4.9 Committees.** The Board may appoint special and standing committees to advise the Board or to exercise such authority as the Board may designate. Such committees shall include at least one Director. All such committees shall be the subject at all times to the direction and control of the Board.

Article V: Meetings of the Board of Directors

- 5.1 Meetings.** The Board shall hold regular and special meetings at such time and place as it shall determine, and all Directors shall be notified in writing of said meeting at least ten (10) days in advance. A Director may waive this requirement on an individual basis. The time and place of all Board meetings shall be posted in a conspicuous place at the principal offices of the Co-op not more than one (1) day after calling of the meeting. Meetings shall 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 Co-op's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential.
- 5.2 Action Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken by written action affirmed by all of the Directors. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action.
- 5.3 Quorum.** A majority of the current Directors shall constitute a quorum and no decisions will be made without a quorum.
- 5.4 Electronic Communication.** Any Director may take part in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Any Director participating by such means shall be considered present and shall be included in quorum.
- 5.5 Open Meetings.** Meetings of the Board and all committees shall be open to member-owners. Upon the vote of one-third (1/3) of the Directors or at the sole discretion of the President a session of a meeting may be closed only as to issues of a particularly sensitive nature. Such closed session shall be for purposes of discussion only and no decisions shall be made in closed session. Member-owners may otherwise be excluded from Board meetings for cause.
- 5.6 Decision Making.** Decisions at meetings of the Board shall be by consensus. If, in the opinion of two-thirds (2/3) majority of Directors present, diligent efforts have failed to produce consensus and the issue requires immediate action, then such issue may be decided by a vote, with positive votes from a majority of Directors present sufficient to pass the resolution.
- 5.7 Member-Owner Resolution Process.** The Board must consider resolutions brought by member-owners upon receipt of a petition signed by at least five per cent (5%) of the active member-owners in good standing and including the printed name and address of each signer. Such petitions shall state the business to be brought before a Board meeting to be held within twenty-one (21) days of receipt of the petition by the Co-op. Notice of the Board meeting to hear the member-owner resolution shall be sent to each member-owner's email address on file with the Co-op and be posted in a conspicuous place in the Co-op's store at least seven (7) days before the date of the Board meeting, and shall state the business of the member-owners' petition. Member-owner petitioners shall designate

a spokesperson to present the petitioners' request/resolution before the Board. At said Board meeting:

1. The Board may decide to grant the request in the member-owner petition in which case no further action is required.
2. After discussion of the petition at said Board meeting the member-owner petitioners spokesperson may decide to withdraw the petition in which case no further action is require.
3. At the discretion of the petitioners' spokesperson, the petition may be amended at the time of the Board meeting.
4. If after discussion of the petition at said Board meeting, the request in the petition has not been granted by the Board, either in all or in part, to the satisfaction of the petitioners' spokesperson, the petitioners may request a special member-owner meeting to address the issue stated in the petition. The Board shall set the time, date, and location of the member-owner meeting to be held between twenty (20) and forty-five (45) days after said Board meeting, and give notice of the meeting and its purpose to all member-owners by email at the address on file with the Co-op.
5. If no spokesperson for the petitioners attends the Board meeting, the Board may act on the petition's resolution /request at its discretion.

Article VI: Officers

- 6.1 Designation and Qualifications.** The principal officers of the Co-op shall consist of President, Vice-President, Secretary and Treasurer or Secretary-Treasurer. The Board may designate other officers or assistant officers. All officers shall be Directors.
- 6.2 Election, Terms and Removal.** Officers shall be elected by the Board at its first meeting following the Annual Meeting of member-owners. Officers shall serve for terms of one year or until the election of their successors. Officers may be removed and replaced by the Board at any time whenever the best interests of the Co-op would be served thereby.
 - 6.2.1 Duties.** In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board, officers shall have the following duties and such additional duties as are determined by the Board:
 1. The president shall preside at all member-owner and Board of Director meetings, ensure the orderly conduct of all meetings, coordinate the activities of the Board, and maintain effective communication with the General Manager.
 2. The Vice President shall perform the duties of the President in her/his absence or disability and assist the president in the performance of her/his duties and, as requested, assist other officers in the performance of their duties.
 3. The Secretary shall ensure the recording and keeping of adequate minutes of all meetings of the Board and member-owners, oversee the issuance of notices required under these bylaws, and authenticate records of the Co-op.

4. The Treasurer shall ensure the maintenance of financial records and the filing of all required reports and returns, and shall present a financial report at the Annual Meeting of member-owners.

Article VII: Fiscal Matters

- 7.1 **Fiscal Year.** The fiscal year of the Co-op shall be July 1 to June 30 of the following year.
- 7.2 **Annual Financial Report.** The operations of the Co-op for each fiscal year shall be reviewed by an experienced bookkeeper or accountant who is not a regular employee of the Co-op in preparation for the annual tax return. The annual tax return data shall be presented at the Annual Meeting of member-owners.
- 7.3 **Bonding.** The Co-op shall be covered for employee theft by adequate insurance or bond. The cost shall be paid by the Co-op.

Article VIII: Capital Stock

- 8.1 **Issuance and Terms.** To evidence funds provided by member-owners, the Co-op shall issue its common stock. Common shares may be issued only to persons eligible for and admitted to member-ownership in the Co-op. Shares shall be issued only upon full payment of their purchaser or subscription price which shall not be less than the par value of the shares. Shares shall be entitled to no dividend or other monetary return on investment.
- 8.2 **Certificates.** Every holder of a fully paid share shall be entitled to receive a certificate evidencing such holding. All certificates shall be signed personally or by facsimile by the President and the Treasurer and shall be numbered and recorded in a stock register maintained by the Co-op. Each certificate shall contain a prominent notation that it is not transferable and that voting rights pertain only to member-ownership in the Co-op on the basis of one voice or vote per member-owner. The Co-op may issue a replacement certificate for any certificate alleged to have been lost, stolen or destroyed without requiring the giving of a bond or other security against related losses.
- 8.3 **Redemption.** Upon request following termination of member-ownership, common shares shall be redeemed when such payment would not impair the ability of the Co-op to meet its other obligations as they become due and the Board so authorizes redemption. Shares shall be redeemable at their carrying value on the books of the Co-op, less a reasonable processing fee, if any, as determined by the Board. Redemption proceeds shall be offset by amounts due and payable to the Co-op by the member-owner. Reapplications for member-ownership after full or partial redemption shall be subject to full repayment of redemption proceeds.

Article IX: Patronage Dividends

- 9.1 **Allocations.** To ensure that it will operate on a nonprofit basis relative to its transaction with member-owners, the Co-op shall allocate and distribute to its member-owners its

adjusted net savings from business done with them in the manner set forth in this Article. Member-owners shall retain the right to waive in whole or in part, by action at a meeting of member-owners, any patronage dividends to which they are entitled.

- 9.2 Adjusted Net Savings.** In determining amounts distributable to member-owners, the net savings of the Co-op derived from the excess or deficit of revenues over costs and expenses shall first be determined in accordance with generally accepted accounting principles. In arriving at adjusted net savings, such net savings shall be reduced by such amounts as are not allowable as a patronage dividend under federal tax laws and such reasonable reserves for necessary business purposes as is determined by the Board. In determining and allocating such adjusted net savings, the Co-op shall use a single allocation unit except to the extent that, subsequent to the adoption of these bylaws, it shall engage in any new and distinct line of business.
- 9.3 Patronage Records.** The Co-op may direct member-owners to retain, tabulate and remit receipts for all or selected purchases from the Co-op as a pre-condition to receipt of patronage dividends. In the alternative, the Co-op may provide its own electronic or other facilities to account for patronage transactions of member-owners.
- 9.4 Basis of Allocation.** Such adjusted net savings as is attributable to business done with member-owners shall be allocated to each member-owner in the proportion which her/his patronage bears to the total of all member-owner patronage during the fiscal year. Patronage shall be understood to mean goods and services purchased from the Co-op and shall be measured in terms of its dollar amount.
- 9.5 Distribution and Notice.** Patronage dividends shall be evidenced by written notices of allocation delivered to recipient member-owners within eight months and fifteen days following the close of the fiscal year. Written notices shall state the dollar amount of the allocation which constitutes a patronage dividend within the meaning of federal tax laws. All notices to member-owners, except those pursuant to section 9.9 below, shall be accompanied by in-store coupons in an amount determined by the Board which amount shall be at least twenty percent (20%) of the allocation. However, any member-owner desiring a check in lieu of a coupon may submit a request and receive a check within three (3) weeks of request. Any allocations of such nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other patrons.
- 9.6 Consent of Member-Owners.** By obtaining or retaining member-ownership in the Co-op, each member-owner shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any written notice of allocation in the taxable year in which such notice is received.
- 9.7 Retained Amounts.** Patronage dividends to member-owners that are not currently distributed by check shall be credited or charged to revolving capital accounts in the names of the recipient member-owners. Retained patronage dividends shall accrue no dividend or interest, and shall not be transferable or assignable except with the express consent of the Co-op. The Co-op shall have a first lien on retained patronage dividends for amounts otherwise due and payable to the Co-op by the member-owner. The Co-op may, at any time after such amounts remain due and payable for thirty (30) days, offset such amounts against retained patronage dividends to the extent such amounts may

exceed accumulated payments for shares. Such offset may not be effected by the member-owner or by anyone acting in the right of the member-owner.

- 9.8 Redemption.** Retained patronage dividends shall be redeemed when determined by the Board to be no longer needed for capital purposes of the Co-op. They shall then be redeemed only in the order of the oldest outstanding amounts and only on a ratable basis among amounts for each fiscal year. Retained patronage dividends of particular member-owners may be redeemed at the discretion of the Board upon the death of the member-owner or under other compelling circumstances. Retained patronage dividends shall be redeemed at their carrying value on the books of the Co-op or their net book value, whichever is lesser.
- 9.9 Allocation of Net Loss.** In the event the Co-op shall incur a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated member-owner's equity. If the net loss exceeds such amounts, or in any event if the Board so determines, the amount of such loss may be either carried forward to offset adjusted net savings of subsequent fiscal years or allocated to member-owners in the same manner as for adjusted net savings except that such allocation shall not exceed the total of invested capital. Any such allocated net loss shall be charged first against retained patronage dividends of prior fiscal years and then against patronage dividend allocations of subsequent fiscal years. Allocated net losses which are not so offset may be charged against the carrying value of shares only upon termination of member-ownership. Allocated net losses shall not otherwise be assessed to or collected from member-owners.

Article X: Indemnification and Insurance

- 10.1 Indemnification.** This Co-op shall indemnify each director, officer, manager, employee or agent of this Co-op, and any person serving at its request as a director, officer, manager, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorney fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by her/him to the fullest extent to which such person may be indemnified under the laws of the State of New York then in effect.
- 10.2 Insurance.** This Co-op shall have the power to the extent permitted by the State of New York to purchase and maintain insurance on behalf of any person who is or was a director, officer, manager, employee or agent of this Co-op, or who is or was a director, officer, manager, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against her/him and incurred by her/him in any such capacity.

Article XI: Notice

- 11.1 Notice.** Any notice to member-owners of member-owner meetings required under these bylaws shall be deemed delivered when sent to the member-owner email address on file with the Co-op, unless the member-owner has directed the Co-op in writing to send notices to a specific U.S. Mail address which notice shall be deemed delivered when deposited in the U.S. Mail, postage paid, with name and address as they appear in the records of the Co-op.

11.2 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 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 XII: Interpretation and Amendment of Bylaws

- 12.1 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.
- 12.2 Amendment.** These bylaws may be amended by the Board provided that such action is reported to the member-owners at the time of the notice of the Annual Meeting and approved by a vote of the member-owners. Member-owners may vote from the time of the notice to and including the Annual Meeting. Such member-owner vote is subject to the notice, voting and quorum requirements of Article 3 of these bylaws. If the amendments are not approved by the member-owners, such amendments shall cease to be in effect. These bylaws may also be amended by member-owner initiative, provided that such proposed amendment is stated or fully described in the notice of the Annual Meeting or in such notice of the meeting at which action is to be taken. Amendments so initiated by member-owners are subject to the notice, voting and quorum requirements of Article 3 of these bylaws.