



BYLAWS OF EASTSIDE FOOD COOPERATIVE

*Last revised by owner vote
on October 13, 2020*

ARTICLE I: ORGANIZATION

1.1 Name. The name of the organization shall be Eastside Food Cooperative (henceforth “the Cooperative”).

1.2 Ownership and Purpose. The Cooperative shall be owned by its members and shall operate for the mutual benefit of its members. The purpose of the Cooperative shall be to engage, on a cooperative basis, in a mercantile and marketing business to supply and furnish to its members and patrons such goods and services as the members may require and to otherwise engage in any lawful activity connected with or related to its purposes.

ARTICLE II: MEMBERSHIP

2.1 Eligibility. Membership in the Cooperative shall be open to any individual or legal entity that is in accord with its purposes and is willing to accept the responsibilities of membership.

2.2 Nondiscrimination. Membership 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 membership upon submitting an application and investing equity in an amount and on such terms as determined by the Board. A legal entity may be admitted to membership upon submitting an application, investing equity in an amount and on such terms as determined by the Board, and identifying a person who is authorized to exercise the rights of membership. The board may determine to reject an application in writing within 30 days of the date it received the application. If rejected, the applicant shall be entitled to a refund of any amounts paid for Membership and shares.

2.4 Rights. Members 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 shall have one vote and no more on all matters submitted to members. The rights of members shall be understood to apply only to members in good standing. All rights and responsibilities of members are subject to the bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board. In the case of food cooperatives that purchase memberships, the Cooperative may enter into an agreement to mutually benefit members of both cooperatives.

2.5 Responsibilities. Members shall keep current in equity investments due to the Cooperative, and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. A member that

upholds these responsibilities is considered to be in good standing. Any member that has patronized the co-op within the last 12 months will be considered an active member. A membership owned by a legal entity must identify a person authorized to exercise the rights of membership. Members shall keep the Cooperative informed of any changes in name or current address,

2.6 Termination of Membership. A member may terminate membership voluntarily at any time by written notice to the Cooperative. 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 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 members, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.

2.7 Return of Equity. Equity shall be returned upon termination of membership in the Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary.

2.8 Forfeited Equity. If a member voluntarily or involuntarily terminates membership in the cooperative, and fails to inform the cooperative of a new mailing address within one year of termination, then the equity and patronage dividend amount allocated to that member will be forfeited by the member to the Cooperative. A member's right to such forfeited equity held by the Cooperative is extinguished when the Cooperative disburses the equity to a tax-exempt organization if: (i) the Cooperative mails notice that payment is available to the last known address of the member shown on the records of the Cooperative; or (ii) if the address is unknown, the Cooperative publishes notice in its official publication.

2.9 Non transferability. Membership rights and member equity may not be transferred in any manner.

ARTICLE III: MEMBER MEETINGS

3.1 Annual Meeting. A membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on 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 Notice of meetings. Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Cooperative and communicated to members not less than four (4) weeks prior to the date of the meeting. The secretary shall give notice of regular members' meetings by: (1) publication in a legal newspaper published in the county of the principal place of business of the Cooperative; (2) publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among members; or (3) mailing the regular members' meeting notice to each member personally at the person's last known post office address, which for a member cooperative means notice mailed to the secretary of the cooperative.

3.3 Special Meetings. Special meetings of the membership may be called by the Board, either by a majority vote of the Board or in response to a written petition submitted to the president of the Board by at least 20% of the active members. Notice of special meetings shall be issued to members by one of the three methods described in 3.2 above. In the case of a members' petition, notice of the special meeting will be issued within ten (10) days after the presentation of the petition to the president of the Board and the

special members' meeting will be held within 30 days after the date of the presentation of the members' petition. No business shall be conducted at that special meeting except that specified in the notice of meeting.

3.4 Voting. Voting shall be accomplished through methods and means established by the Board. Notice of the vote shall be posted in a conspicuous place at the Cooperative and communicated to members not less than four (4) weeks prior to the end of the voting period by one of the three methods described in 3.2 above. Unless otherwise stated in the articles of incorporation, or these bylaws, or required by law, all questions shall be decided by a vote of a majority of the members voting thereon. Proxy voting is not allowed.

3.5 Quorum. At any meeting of the members, or for any vote of the members, a quorum necessary for decision-making shall be 200 members.

3.6 Certification of Meeting Notice. After giving notice of a special or regular members' meeting, the secretary shall execute a certificate containing: (1) a correct copy of the mailed or published notice; (2) the date of mailing or publishing the notice; and (3) a statement that the special or regular members' meeting notices were mailed or published as prescribed by Minnesota Cooperative Statute section 308A.611, subdivision 5, or 308A.615, subdivision 2.

ARTICLE IV: BOARD OF DIRECTORS

4.1 Powers and Duties. The Board shall be composed of nine Directors, elected from among individual members of the Cooperative. Except for matters for which member voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, hiring management and evaluating its performance, and assuring that the mission of the Cooperative is carried out.

4.2 Terms and Elections. Elections shall occur annually, in a manner prescribed by the Board. 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. No Director may serve more than three (3) consecutive terms. No more than two (2) members of the Board of Directors shall be paid employees of the Cooperative.

4.3 Vacancies. A vacancy among Directors elected by the members may be filled by appointment by the Board. A director so appointed will serve until the next regular scheduled election. In case of removal by action of the members, the members shall fill the vacancy of such director by special election. A director so elected will serve the remainder of the vacated term.

4.4 Termination: The term of office of a director may be terminated prior to its expiration in any of the following ways: (1) Voluntarily by a director upon notice to the Cooperative; (2) Automatically upon termination of ownership in the Cooperative; (3) For cause at any annual or special meeting of the members by a majority vote whenever the best interests of the Cooperative would thereby be served; or (4) For cause at any regular or special meeting of the board of directors by a 2/3 vote of the remaining directors. No director shall be removed from office under clause (3) or (4) unless the director has been informed of the meeting at which the matter is to be considered at least ten (10) days before such meeting. Such notice shall be by certified mail addressed to the director at the director's last known address, and the director shall be entitled to be heard at such meeting. Examples of cause include, but are not limited to, the following: violation of the law regarding cooperatives; violation of the Cooperative's by-laws or policies, including code of conduct; failure to mitigate conflicts of interest; theft; harassment of others; discriminatory behavior.

4.5 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. The time and place of all meetings shall be posted in a conspicuous place at the principal offices of the Cooperative not more than one day after calling of the meeting. Meetings shall be open to all members 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.

4.6 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.

4.7 Quorum. A majority of the current Directors shall constitute a quorum and no decisions will be made without a quorum.

4.8 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.

4.9 Officers. The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business.

4.10 Compensation and reimbursement. Compensation of the Board of Directors shall be determined by the members of the association at any regular or special meeting called for that purpose. Officers and directors may, at the discretion of the Board, also be entitled to reimbursement for actual expenses incurred in attending board meetings or other business of the association. Such expense claims shall be approved by a majority of the Board. Compensation and/or reimbursement to directors shall not constitute payments to them as employees.

4.11 Indemnification. The Cooperative shall indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorney's 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 acted in good faith in the reasonable belief that the action was in the best interests of the Cooperative, or as otherwise allowed by law.

ARTICLE V: PATRONAGE DIVIDENDS

5.1 Allocations to members. The Cooperative shall allocate and distribute to members 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 shall determine when and how such allocations and distributions will be made.

5.2 Consent of members. By obtaining or retaining membership in the Cooperative, each member 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.

ARTICLE VI: CAPITAL STOCK

6.1. Certificates or proof of membership. Membership cards shall be issued in lieu of certificates for Class A stock when the initial required stock is fully paid for and the membership application has been received. Class B stock received as patronage dividends shall be evidenced by written notice of allocation mailed to the members. Certificates evidencing other types of stock shall contain the name of the individual or legal entity that owns the stock, the membership number assigned to that member, and shall bear the signature of the president and the secretary. The Cooperative retains the right to terminate all memberships as provided in the bylaws and to purchase or recall all stock. Redemption of capital stock by the Cooperative is subject to any indebtedness owing the Cooperative by the stockholder.

6.2. Classes and issue. In order to further the cooperative character of this Cooperative and provide a means whereby its current and active members will finance the Cooperative, this Cooperative is authorized to issue Class B stock, equity reserve or capital interest certificates, or any other media as determined by the Board of Directors and as permitted by the law under which this Cooperative is organized. Funds and credits arising from the issue of such stock, certificates or other media may be used for creating a revolving fund for the purpose of building up an account of 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 the operations of the Cooperative, the Board of Directors may choose to retire Class B, or Class C, or Class D stock, liquidate equity or capital reserves or any other media previously issued.

6.3. Redemption. At its discretion, the Board of Directors may authorize redemption of Class B, C or D stock upon request. Redemptions under this section are subject to additional guidelines adopted by the Board of Directors.

6.4. Order of payment upon dissolution or liquidation. Upon dissolution or liquidation of the Cooperative the debts and liabilities of the Cooperative shall first be paid according to their respective priorities. Stockholders or other holders of equity or capital reserve credits 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 order of preference stated in the Articles of Incorporation. Any additional property remaining after stockholders and other equity holders have been paid should be distributed to another association doing business on a cooperative basis or a nonprofit organization exempt from taxes, as shall be determined by the Board.

ARTICLE VII: DISSOLUTION

7.1 Asset Distribution. The Cooperative may be dissolved upon a decision of the Board and a two-thirds (2/3) vote of the members who participate in the vote. Upon dissolution of the Cooperative, its assets shall be distributed in the manner set forth in Section 6.4 above and the Cooperative's Articles of Incorporation.

ARTICLE VIII: BYLAWS

8.1 Amendments. These bylaws may be amended or repealed in whole or in part by a majority of the members 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 active members. The proposed amendment shall be publicized to the membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.