

# By-laws of the Onion River Cooperative, Inc.

(duly adopted by member vote August 2000)

## Article I: Organization

1.1 Name. The name of the organization shall be Onion River Cooperative. (Hereinafter “the cooperative.”)

1.2 Purposes. The cooperative is organized for the following purposes:

To provide food and other useful goods and services at the lowest possible cost;  
to encourage patterns of food production and distribution which are healthful, ecologically sound and non-exploitative;  
to provide educational materials and services concerning nutrition, agricultural and food marketing practices and the world food situation; to encourage cooperative and grass roots forms of organization; and to serve as a center for activities and services in keeping with the above purposes and which otherwise enrich the life of the community.

1.3 Ownership and Governance. The cooperative shall be owned by its members and shall operate for the primary and mutual benefit of its members as patrons of its goods and services. The business of the cooperative shall be governed by its board of directors selected by and accountable to its assembly of members. The assembly of members shall retain all powers required by law or by these by-laws.

1.4 Fiscal Year. The fiscal year of the cooperative shall begin the first day of July in each year and end on the last day of June in the following year, or as determined by the board of directors.

## Article II: Membership

2.1 Eligibility. Membership in the cooperative shall be voluntary and open to any person, group, or household who is in agreement with the purposes of the cooperative and is willing to accept the responsibilities of membership.

2.2 Admission. An eligible person or group may be admitted to membership upon submitting an application and subscribing to purchase one or more common shares, as established by the board of directors. Membership may, at the option of the applicant, be designated in the name of the household in which case each adult in the household shall be considered a member of the cooperative and required to subscribe to purchase shares. No person shall be restricted or be discriminated against on account of age, color, creed, disability, gender, national origin, race, religion, sex, sexual preference, veterans status, or other arbitrary basis. A copy of these by-laws will be made available to each applicant.

2.3 Capitalization Shares. In order to assist the cooperative in meeting its needs for capital funds, members may be required to pay fair shares in an amount on a monthly or other periodic basis as determined by the board of directors subject to the formal approval of the assembly of members. Required payments may be exempted in whole or in part for reason of financial hardship.

2.4 Return of Capitalization Shares. Capitalization shares may be returned when they are determined by the board of directors to be no longer necessary for the reasonable or prospective capital needs of the cooperative. In such case, payment shall be first applied to the outstanding amounts of the oldest fiscal year on a pro-rata basis among all member payments for that fiscal

year. Capitalization shares shall be returned no later than upon termination of membership in the cooperative upon terms as determined by the board of directors and shall be subject at all times to offset against amounts otherwise due and payable to the cooperative. Capitalization shares not claimed within one year of termination of membership (as described in 2.7) shall be subject to forfeiture.

2.5 Work Option. In order to assist the cooperative in meeting its operational needs, members may contribute labor or services to the cooperative and thereby be entitled to receive discounts on purchases to an extent proposed by the board of directors and subject to approval by membership referendum.

2.6 Member Rights. Members have the right to elect the directors of the cooperative, attend meetings of the board of directors, receive notice of membership meetings, vote in referenda submitted to the membership, and amend these by-laws. Each member shall have one voice or vote and no more on all matters submitted to the membership. Members other than individual persons (e.g., clubs) may be represented by a single officer, director or other authorized agent. In the case of elections and referenda, members may participate by written ballot available at the principal offices of the cooperative, or by mailed ballot as provided to each member by the cooperative.

2.7 Termination of Membership. A member may terminate his or her membership voluntarily at any time by notice to the cooperative. A member who remains delinquent in financial obligation for more than one (1) year or who fails to patronize the cooperative for ten (10) consecutive years shall, upon notice by the cooperative, be considered to have voluntarily terminated membership. Any reinstatement after the termination shall be conditioned upon repayment of any returned capitalization shares.

### Article III: Member Meetings and Referenda

3.1 REGULAR MEETINGS. Members shall meet as an assembly twice yearly at a date, time and place determined by the board of directors. The purpose of such meetings shall be to receive a report on the finances and operations of the cooperative including especially matters related to policies and directions of the cooperative, and to be a general informational, educational and discussion forum. Decisions on all issues at assembly meetings shall be advisory only. One meeting per year shall also be considered an annual meeting for the purposes of preparing an annual report for submission to the Secretary of State. Child care will be provided at all regular meetings.

3.2 SPECIAL MEETINGS. Special meetings of the assembly of members may be called by action of the assembly of members, upon written petition of at least twenty-five (25) members, or by the board of directors. Child care will be provided at all special meetings

3.3 Notice. Notice of the date, time, place and proposed agenda of each meeting of the assembly of members shall be posted in a conspicuous place in the principal office of the cooperative at least one month prior to the date of the meeting. Any meeting called in part to consider amendments to the articles of incorporation, merger or consolidation, dissolution or sale, exchange or other transfer of all or substantially all of the assets of the cooperative or other major changes to the organization or operations of the cooperative shall require written notice mailed or delivered to each member not less than twenty days before the date of the meeting. Notices issued in good faith and with reasonable diligence to addresses of members as they appear in the records of the cooperative shall be considered sufficient notice.

3.4 Referenda. Issues for decision by the membership may be placed on the ballot in any of the following ways: a) by action of the board of directors; b) by action of the assembly of members at a meeting; c) by written petition signed by twenty-five (25) or more members which is submitted to the principal office of the cooperative. Decisions on all such issues shall be binding except where the existence of compelling information not previously available appears, in which case the issue shall be

resubmitted to the membership at the next balloting period. In all other cases the same issue cannot be reintroduced for six months after it has been balloted.

3.5 Balloting Period. The balloting period is the three-week period during which ballots are available and during which they must be returned.

3.6 Decision-Making. The membership shall decide all major policy changes, including relocation or moving of the principle offices or retail outlet of the cooperative, or changes in membership rights, responsibilities, or requirements. These decisions shall be decided by the referendum process with a simple majority vote being decisive. Board of Director's recommendations on major policy changes shall be presented at regular or special meetings of the assembly of members. In all cases, a majority shall mean the majority of ballots cast. In the case of changes to the articles of incorporation, merge or consolidation, dissolution or sale, exchange of transfer of all or substantially all of the assets of the cooperative, a special meeting must be called to discuss the issue at hand, and whereafter balloting shall decide the issue by a 2/3 majority of ballots cast. Balloting shall occur as in 3.5. The board of directors and any committees shall endeavor to decide all issues by consensus through reconciling differing points of views based upon the purposes of the cooperative. Any issue decided by consensus shall be deemed to be inclusive of a vote in any percentage required by law. If after diligent efforts a consensus cannot be reached and a majority decide a decision must be made, then a majority shall decide the issue. Upon resolution of the issue, decision-making shall revert to consensus.

## Article IV: Board of Directors

4.1 Powers and Duties. The board of directors shall be composed of nine directors, elected from among members of the cooperative. The powers and duties of the board shall include, but not be limited to, hiring management and evaluating its performance, approving budgets and fiscal controls, ensuring fair and equitable conditions of employment, leadership in the realm of long range policy, and assuring that the purposes of the Coop as determined by its membership are carried out.

4.2 Election and Tenure. Elections shall be held annually and shall be supervised by a committee appointed by the board of directors. Candidates may be nominated by this committee or by a member submitting his or her own statement of candidacy to this committee prior to a deadline set by the board of directors. Directors shall be elected for a term of three (3) years and shall be elected to staggered terms so that approximately one-third (1/3) of the board is elected each year. No more than 2 directors can be employees of the cooperative.

4.3 Terms Limited. No board member shall serve more than two consecutive terms.

4.4 Meeting and Notice. The board of directors shall meet at least monthly. Notice of all meetings shall be provided to each director by mail, telephone or personal notification at least ten days prior thereto or by action of the board in fixing the next meeting. All meetings shall be open to members of the cooperative. 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 the calling of the meeting.

4.5 Quorum and Decision Making. At all meetings of directors a quorum shall consist of a majority of directors. Binding decisions cannot be made unless a quorum of directors is present.

4.6 Action Without a Meeting. Any action required to be taken or which may be taken at a meeting of the board of directors may be taken without a meeting if consent in writing, setting forth the action to be taken, is signed by all available directors, but in no case fewer than seven directors.

4.7 Removal and Vacancies. A director who fails to attend three consecutive meetings of the board of directors will automatically cease to be a director unless the board of directors votes to reinstate. A director may be removed at any time by

referendum of members. Vacancies among directors occurring between annual election shall be filled by appointment of the board of directors until the next election referendum.

4.8 Committees. The board of directors, or membership by referendum, may designate one or more committees including but not limited to committees on finance, membership, personnel, space and facilities, and nominating, to advise the board and members and to exercise such authority as the board or members shall designate. Such committees shall consist of members of the cooperative and shall, to the extent practical, be drawn from nominations submitted by the assembly of members.

## Article V: Officers

5.1 Designation. The officers of the cooperative shall consist of president, vice president, secretary, treasurer and such other officers or assistant officers as may be determined by the board of directors.

5.2 Election and Term. All officers shall be selected annually by the board of directors from among their number to serve for terms of one year or until the selection of their successors if later.

5.3 Duties. Officers shall have the following powers and duties together with such other powers and duties as may be determined by the board of directors: a) the president shall arrange for facilitation at all meetings of the assembly of members or the board of directors, b) the vice president shall oversee membership records and perform the duties of the president in his or her absence, c) the secretary shall oversee the recording and publishing of minutes of all meeting and serve all required notices, and d) the treasurer shall oversee the financial affairs of the cooperative and the filing of required reports and returns.

5.4 Removal. Any officer may be removed by the board of directors whenever in its judgment the best interests of the cooperative will be served thereby. (This does not mean removal from the board of directors.)

## Article VI: Conflicts of Interest and Indemnification

6.1 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 of directors. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the board.

6.2 Indemnification of Directors and Officers. So as to induce the directors and officers of the cooperative to serve as such and as partial consideration for such services, the cooperative shall indemnify and reimburse each present and future director and 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 or by reason of his or her acts or omissions as a director or officer. Such indemnification shall be made only if it is determined by the board of directors that the director or officer acted in good faith in the reasonable belief that his or her action was in the best interests of the cooperative and that such indemnification is in the best interests of the cooperative. The foregoing shall not be exclusive of any other rights to which directors and officers may be lawfully entitled.

## Article VII: Return of Net Earnings

7.1 Allocation of Net Earnings. In order to assure that the cooperative will operate on a not for profit basis relative to its transactions with members and to encourage member participation and commitment on a long-term basis, the cooperative

shall allocate and distribute proportionally among its members its net earnings for each fiscal year. Net earnings determined in accordance with generally accepted accounting principles shall be reduced by reasonable appropriations for capital needs of the cooperative and for contingent losses and expenses as determined by the board of directors and shall be further reduced by earnings attributable to nonmember patronage. Net earnings, as so adjusted, shall be allocated among members of the cooperative in the proportion which their individual patronage as members bears to the total of all member patronage during the fiscal year.

7.2 Distribution and Issuance of Notice. Patronage allocations for each fiscal year shall be evidenced by written notices stating the dollar amount of such allocations and the portion thereof which constitutes a patronage dividend which shall be delivered to each member within eight months and fifteen days following the close of each fiscal year. Each such notice shall be accompanied by a check issued in the name of the cooperative for an amount determined by the board of directors which shall be at least 20 percent of such allocation.

7.3 Consent of Members. By obtaining or retaining membership in the cooperative after the adoption of these by-laws, a member shall thereby consent to take into account in the manner provided in 26 U.S.C. §1385(a) the stated dollar amount of any written notice of allocation in the taxable year in which such notice is received. Such notice shall further include a statement of the continued effectiveness of this by-law provision and of its significance.

7.4 Retained Allocation. The portion of patronage dividend not paid in cash at the time of issuance of written notice of allocation shall be credited to revolving capital accounts in the name of each recipient member. Allocations so retained shall be understood to have the same status as though they had been paid to members in cash in pursuance of a legal obligation to do so and members had then furnished corresponding amounts for capital of the cooperative. Such retained allocations may be held with or without interest as may be determined by the board of directors. They shall be subordinated to all indebtedness of the cooperative and shall be retired only at the discretion of the board of directors and only in the order of the oldest outstanding credits on a pro-rata basis but in no case later than the date of dissolution of the cooperative. Retained allocations shall be subject at all times to set off against other amounts, however arising, which may be due and payable to the cooperative. Notwithstanding any provision of these by-laws, the board of directors satisfaction of any outstanding credits to compromise or settle a dispute or to facilitate settling of an estimate in probate or bankruptcy or to secure a similar purpose.

## Article VIII: Amendments of By-laws

8.1 Amendments. These by-laws may be amended or repealed in whole or in part by a simple majority of ballots cast providing that the substance of the proposed amendments is posted in a conspicuous place in the principle office of the cooperative at least one (1) month prior to the balloting process. Proposed amendments can be submitted to the membership by action of the board of directors, or by written petition signed by fifty (50) or more members which is submitted to the principle office of the cooperative.