

**BYLAWS
OF
TRI-CITIES FOOD CO-OP**

**A Cooperative Organized Under
Washington Statutes, Miscellaneous and Mutual Corporations Act,
Chapter RCW 24.06 or any successor statute**

**ARTICLE I:
ORGANIZATION**

- 1.1 **Name.** The name of the organization shall be Tri-Cities Food Co-Op (the “Cooperative”).
- 1.2 **Ownership and Purpose.** The Cooperative shall be owned by its members and shall operate in accord with the International Cooperative Alliance’s Statement on the Cooperative Identity for the mutual benefit of its members (the “members”).

The purposes for which the cooperative is formed are:

To enable residents in the state of Washington an opportunity to provide themselves with wholesome, organic, local food and products, produced and distributed in a manner that is healthy and sustainable;

To empower residents and communities to educate themselves related to food and food systems;

To engage in the business of buying and selling goods and services as a retailer according to consumer cooperative and financially sound principles; and

To engage in all such activities as are incidental or conducive to attainment of the purposes of the Cooperative or any of them, and to exercise all powers now or hereinafter permitted by the State of Washington for corporations formed under the Miscellaneous and Mutual Corporations Act, Chapter RCW 24.06 or any successor statute.

**ARTICLE II:
MEMBERSHIP**

The Cooperative is authorized to admit as members individuals, firms, partnerships, limited liability companies, associations, corporations, and/or any other person or legal entity, regardless of race, nationality, political opinion, sex, gender, sexual preference, age, or religious belief. The Board of Directors (the “Board”) may from time-to-time establish additional qualifications and requirements for membership.

- 2.1 **Eligibility.** Membership in the Cooperative shall be open to any individual or legal entity who is in accord with its purposes and is willing to accept the responsibilities of membership after payment of any applicable membership fees and dues as established by the Board.
- 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 payment of any membership or other, applicable fees in such amounts and on such terms found in the membership guidelines, as may be determined by the Board of Directors from time-to-time. A legal entity applying for membership must provide the name and address of the entity's authorized agent.

2.4 **Rights.** Members have the right to elect the Cooperative's Board, to purchase goods offered by the Cooperative, 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 apply only to active members in good standing. All rights and responsibilities of members 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.** Members shall: (a) regularly pay all membership and other applicable fees in a timely manner, when due; (b) keep the Cooperative informed of any changes in the member's name or current address; (c) shall abide by these bylaws and the policies and decisions of the Cooperative and the Board. A member who upholds these responsibilities shall be considered an "active member" in good standing.

2.6 **Termination of Membership.** A member 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 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, breach of any contract with the Cooperative. If a member voluntarily or involuntarily terminates membership in the cooperative, then any accrued patronage, retained patronage, membership fees, cash calls, or other paid equity other than shares of stock shall be forfeited by the members to the cooperative to the extent allowed by law. Any such sums shall be placed in an unallocated reserve or disposed of as directed by the Board of Directors.

2.7 **Dissenting Member.** Any member who becomes a dissenting member pursuant to RCW 24.06.250 or any successor statute shall after termination, be entitled to the lesser of all member equity paid in by such member or the fair value of such member's membership, less any amount owed the CO-OP by that member.

2.8 **Unclaimed Equity.** If a member voluntarily or involuntarily terminates membership in the Cooperative, and fails to inform the Cooperative of the member's current mailing address, then the equity and patronage dividend amount allocated to that member will be retained by the cooperative or donated to a non-profit to the extent authorized by state law.

2.9 **Household Privileges.** Membership rights are individual to the person who applies and in whose name the requisite fees and capital contributions are paid. The purchasing rights of a member may be shared with other members of her or his household.

2.10 **Non-Transferability.** Membership rights and member equity shall not be transferable in any manner, including by succession.

ARTICLE III: MEMBER MEETINGS AND DECISION MAKING

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 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 shall call a special meeting if presented with a written petition stating from members for a proper purpose and signed by 15% of active members. Notice of special meetings shall be issued to members. 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 **Notice of meetings.** Notice of the date, time, place, and purpose of each meeting of the membership shall be provided by the Cooperative primarily by electronic mail (email) to members, and additionally by inclusion in the Cooperative's newsletter and by posting in a conspicuous place at the Cooperative. Such notice shall be sent or posted at least fifteen (15) days prior to a regular meeting and at least ten (10) days prior to a special meeting. Members are responsible for maintaining a current email address on file with the Cooperative.

3.4 **Voting.** Voting on all matters that members are entitled to vote upon will be accomplished through paper or electronic ballots, or both, as authorized by the Board. 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 shall not be allowed. Each active member in good standing shall have the right to cast one vote.

3.5 **Quorum.** At any meeting of the members, or for any vote of the members, at least 5% of the total number of active members in good standing or 100 active members in good standing, whichever is less, shall constitute a quorum for conducting business.

ARTICLE IV: BOARD OF DIRECTORS

4.1 **Powers and Duties.** The Board shall be composed of no less than five, and no more than nine Directors. Except for matters for which members voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, hiring management, establishing compensation, if any, for the Executive management of the Cooperative, and assuring that the mission of the Cooperative is articulated and carried out.

4.2 **Eligibility.** Directors must be active members of the Cooperative in good standing. Spouses or domestic partners of Directors, Cooperative employees, and spouses or domestic partners of employees, may not serve as Directors. A person with a conflict of

interest which is determined by the Board to be so continuous and pervasive the person is unable to effectively fulfill the responsibilities of a director shall not be qualified to serve as a director.

- 4.3 **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. After one year off, a board member may be once again voted in by the membership.
- 4.4 **Vacancies.** Any vacancy among Directors may be filled by appointment by a majority vote of the Board. A Director so appointed shall serve until the end of the vacant director's unexpired term.
- 4.5 **Removal.** A Director may be removed by decision of 2/3 of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies. A Director may also be removed by decision of the members in accordance with the petition and voting provisions set forth in these bylaws. Directors who are absent from 2 consecutive meetings without excuse are subject to removal.
- 4.6 **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 the 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 members. Attendance at any meeting constitutes waiver of notice of that 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.
- 4.7 **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.
- 4.8 **Quorum.** A majority of the current Directors shall constitute a quorum and no decisions shall be made without a quorum.
- 4.9 **Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest. Directors having such a conflict shall absent themselves from discussion and decision of any related matter under consideration by the Board unless otherwise determined by the Board. Directors may not do business with the Cooperative except in the same manner as other members generally do business with the Cooperative or under other conditions that are procedurally defined to avoid preferential treatment.
- 4.10 **Officers.** The officers of the Cooperative shall include a Chair, a Vice-Chair, a Secretary, and a Treasurer. The officers shall be appointed annually by the Board of Directors at the first meeting of the Directors each year. The Chair shall preside at all meetings of the Board of Directors and the membership, and the Vice Chair shall preside in the absence of the Chair. Each officer shall have all of the duties and responsibilities customary to his or her

respective office, together with such other duties and responsibilities as the Board may from time-to-time direct.

4.11 **Indemnification.** The Cooperative shall, to the extent allowed by law, indemnify and reimburse each present, past and future Director 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 or having been a Director, excepting claims or liabilities arising out of the individual's misfeasance or malfeasance in office, or arising out of any violation of local, state or federal law.

ARTICLE V: PATRONAGE DIVIDENDS

5.1 **Allocations to Members.** The Cooperative shall allocate and distribute to members at least once per calendar year 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. Each member also agrees that if his or her patronage dividend is not cashed within 90 days of the date on which it was issued by the Cooperative, the Board of Directors shall have the right to make a contribution of the dividend to any organization as the Board may from time-to-time determine, provided the organization is aligned with the Cooperative's purpose and has qualified as a tax exempt organization under federal law. Any such contribution shall be made in the name of the member who was entitled to receive the dividend.

ARTICLE VI: CAPITAL STOCK

The Board of Directors may issue non-voting, non-transferable capital stock, with a dividend rate at the time of issuance not to exceed 8%, the Board may authorize payment of dividends as a specified portion of any distributions of surplus. Stock shall be issued without par value subject to the following terms and conditions:

6.1 Purchase of the stock shall constitute an agreement by the purchaser to sell back to the Cooperative the stock for the same consideration in dollars as was originally paid for it. The Board may enter into agreements with the purchasers of stock regarding the timing of purchase and redemption of the stock. There shall be no preemptive rights resulting from ownership of stock.

6.2 The membership may at any time prohibit the Board from further issuing of stock, but may not otherwise interfere with the sale or redemption of stock by the Board.

6.3 Stock may be sold only to members of the Cooperative residing within the boundaries of the State of Washington.

- 6.4 The Cooperative may issue up to 100,000 shares of stock.
- 6.5 In matters covered under Section 24.06.120 RCW, shareholding members shall receive no additional voting power other than their membership vote, provided they shall be allowed to vote, even if their membership is not "active" as defined in Section 2.5, above.
- 6.6 Application forms for the purchase of stock shall include in writing the provisions of this Article, and the provisions of Article IX DISSOLUTION, or the reasonable equivalent thereof. Signature of the purchaser on the application form shall constitute agreement to all provisions stated therein. Stock certificates shall have the word "Non-transferable" printed prominently on the face thereof, along with the sale/redemption price and dividend rate.

ARTICLE VII: DISSOLUTION AND LIQUIDATION

- 7.1 **Asset Distribution.** The Cooperative may be dissolved or liquidated upon a decision of the Board and a two-thirds (2/3) vote of the members who participate in the vote. Upon dissolution of the Cooperative, its assets shall 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, shall be paid on a pro rata basis; (iii) by distributing any remaining assets to the work of a local, tax exempt nonprofit agency or cooperative, in a way that furthers the Cooperative's mission, as determined by the Board.

ARTICLE VIII: AMENDMENT

- 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 fifteen percent (15%) 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.