

**AMENDED & RESTATED BYLAWS  
OF  
JUST LOCAL FOOD COOPERATIVE**

Adopted \_\_\_\_\_, 2015

**Article 1. Organization**

1.1 Name. The name of this association shall be Just Local Food Cooperative (the “**Cooperative**”)

1.2 Organization and Purpose. The Cooperative shall operate on a cooperative basis for the mutual benefit of its Owners for the purposes for which the Cooperative is formed as stated in Cooperative’s Articles of Organization (the “**Articles**”).

**Article 2. Ownership; Stock**

2.1 Eligibility; Nondiscrimination. Ownership in the Cooperative shall be open to any individual who is in accord with its purposes and is willing to accept the responsibilities of Ownership. Ownership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility.

2.2 Owner Register. The Cooperative shall maintain a membership register at its principal office or by a duly appointed agent of the Cooperative setting forth the name, address, and membership interest of each Owner, and it shall be modified from time to time to reflect the admission of new Owners and the resignation or termination of Owners.

2.3 Ownership Classes. The Board is authorized to establish classes of Owners or series within classes of Owners at the discretion of the Board of Directors from time to time by written resolution, and such resolution shall fix the qualification and privileges of each Owner class or series. The Cooperative currently has one class of Owners comprised of customer patrons of the Cooperative (“**Customer Owners**”).

2.4 Capital Stock. The Cooperative shall have (i) one class of common membership stock (“**Ownership Stock**”) to be issued to its Customer Owners; (ii) one class of preferred equity stock designated “**Class C Stock**” as described in the Articles; and (iii) such other classes or series of preferred equity stock, created and designated by the Cooperative’s Board of Directors (the “**Board**”) in accordance with Section 4.1. All preferred stock created and issued by the Cooperative (including shares of Class C Stock) shall be subject to the following terms and any other consistent terms the Board establishes in connection with creation and issuance thereof:

(a) shares of preferred stock may be issued to anyone who shall have been approved by the Board;

(b) dividends on preferred stock shall not exceed amounts allowed by law, and (i) may be paid only when the net income of the Cooperative for its previous fiscal year is sufficient, and (ii) shall not be cumulative, but shall instead be “when, as and if declared dividends”; and

(c) shares of preferred stock shall not entitle the holder thereof to any vote in any affairs of the Cooperative;

*provided, however,* that, in the event of any inconsistency with the foregoing and any binding contractual provisions applicable to the issued and outstanding Class C Stock, the Cooperative shall comply such binding provisions applicable with respect to Class C Stock until such provisions expire or are no longer applicable.

2.5 Admission of Owners. Individuals who patronize the Cooperative under conditions established by the Board may, upon approval by the Board, become patron owners of the Cooperative (“**Owners**”) by (a) submitting an application, (b) purchasing one and only one share of Ownership Stock in an amount and on such terms as determined by the Board from time to time; and (c) meeting other ownership criteria or requirements established from time to time by the Board. Ownership Stock shall be uncertificated, unless otherwise provided by the Board. Each transaction between the Cooperative and each Owner shall be subject to and shall include as a part of its terms the provisions of the Articles and these Bylaws, whether or not the same be expressly referred to in said transaction. In admitting Owners to the Cooperative, the Board may delegate authority to accept membership applications to a committee or to management of the Cooperative with such limits on authority as the Board may determine.

2.6 Rights. Owners have the right to elect the Cooperative’s Board, to attend meetings of the Board, to receive notice of and attend Ownership meetings, to petition as described in these Bylaws and to approve amendments to these Bylaws. Each Owner shall have one vote and no more on all matters submitted to Owners. Each Owner shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the Owners and at all meetings of the Owners at which a quorum is present, all questions shall be decided by a vote of a majority of the Owners present in person or voting by absentee ballot. The rights of Owners shall be understood to apply only to active Owners in good standing. All rights and responsibilities of Owners are subject to the Bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative.

2.7 Responsibilities. Owners shall keep current in equity investments due to the Cooperative, shall keep the Cooperative informed of any changes in name or current address, and shall abide by these Bylaws and the policies and decisions of the Cooperative or the Board. An Owner who upholds these responsibilities is considered an active Owner in good standing.

2.8 Termination by the Owner.

(a) An Owner may terminate his or her Ownership voluntarily at any time by written notice to the Cooperative.

(b) Upon resignation, an Owner shall be entitled to receive a sum equal to the Owner’s equity contribution and any net profits allocated to the Owner for the period prior to and including the effective date of resignation; *provided, however,* this sum shall be paid when and in such amounts as the Board determines in its discretion (without interest or carrying charge). Upon resignation, the membership of the resigned Owner in the Cooperative shall cease and terminate, and the resigned Owner shall only be entitled

to the payments provided above and any amounts as they are or become payable under any previously issued patronage equity.

(c) The resignation of an Owner shall not result in termination of such Owner's contracts with or commitments to the Cooperative, except as otherwise provided in such contracts or consented to by the Cooperative in writing.

#### 2.9 Termination by the Cooperative.

(a) Ownership may be terminated by the Board for cause after the 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 these 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 Owners, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative

(b) Upon the occurrence of an event described in Section 2.9(a), written notice of expulsion shall be given to the violating Owner. Upon receipt of notice, the violating Owner shall be considered expelled, and shall have no further rights as an Owner of the Cooperative, except to receive a sum equal to the Owner's equity contribution, and any net profits allocated to the Owner for the current year adjusted to and including the effective date of termination; *provided, however*, this sum may, at the discretion of the Board of Directors, be paid to the terminated Owner in installments over a period of not more than five years (without interest or carrying charge). Upon termination, the membership of the terminated Owner in the Cooperative shall cease and terminate, and the resigned Owner shall only be entitled to the payments provided above.

(c) The resignation of an Owner shall not result in termination of such Owner's contracts with or commitments to the Cooperative, except as otherwise provided in such contracts or consented to by the Cooperative in writing.

#### 2.10 Consequences of Ineligibility of an Owner.

(a) If an Owner becomes ineligible for membership in the Cooperative, the Board shall have the right, at its option, (i) to redeem the Owner's equity at an amount equal to its stated value; or (ii) to convert the equity into a nonvoting certificate of interest or other nonvoting equity credit at an amount equal to its stated value.

(b) Upon such redemption or conversion, such ineligible holder of equity shall (i) cease to be an Owner of the Cooperative and (ii) cease to have voting rights in the Cooperative.

(c) If the Cooperative exercises its right to convert such Owner's equity into a nonvoting certificate of interest or other nonvoting equity credit, the Cooperative shall have no obligation to redeem such nonvoting equity interest, nor shall the holder of such interest have any right to demand the redemption thereof.

(d) The termination of membership or other action taken by the Cooperative with respect to an Owner or the Owner's equity shall not modify the obligations and liabilities of any holder thereof to the Cooperative under any contract between the holder and the Cooperative, nor impair the rights of the Cooperative under such contracts.

2.11 Non transferability. Ownership rights and Owner equity may not be transferred in any manner without the prior written approval of the Board.

2.12 Withdrawal of Capital. No Owner shall have the right to withdraw, or require the Cooperative to redeem, any part of its ownership equity, patronage equity or equity allocations prior to the dissolution of the Cooperative except as provided in these Bylaws. No Owner shall have the right to receive any interest on its patronage contributions or equity allocations, as the case may be, or to receive any property other than cash in return for its patronage contribution or equity allocations. Each Owner expressly waives the right (if any) to bring an action for partition of any property in which the Cooperative may have an interest.

### **Article 3. Owner Meetings**

3.1 Annual Meeting. An Ownership 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 Special Meetings. Special meetings of the Ownership may be called by the Board, either by decision of the Board or in response to a written petition of 5% of the active Owners. Notice of special meetings shall be issued to 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 shall be conducted at that special meeting except that specified in the notice of meeting. Decisions made at any special meeting are advisory only.

3.3 Notice of Meetings. Notice of the date, time, place and purpose of each meeting of the Ownership shall be posted in a conspicuous place at the Cooperative and communicated to Owners not less than two (2) weeks prior to the date of the meeting. Such notices may also be given by electronic transmission, stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called.

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 Owners not less than two (2) weeks prior to the end of the election period. 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 Owners voting thereon. Proxy voting is not allowed.

3.5 Quorum. At any meeting of the Owners, or for any vote of the Owners, a quorum necessary for decision-making shall be five percent (5%) of the total number of Owners or twenty (20) Owners, whichever is greater.

#### **Article 4. Board of Directors**

4.1 Powers and Duties. The Board shall be composed of at least five (5) Directors, elected from among Owners of the Cooperative. Except for matters for which Owner voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, hiring management and evaluating its performance, establishing compensation, if any, for the Board, and assuring that the mission of the Cooperative is carried out. Without limiting the generality of the foregoing, the Board shall have the authority and power to establish and issue one or more than one series of preferred stock of the Cooperative, to set forth the designation of such stock, and to fix the relative rights, preferences, privileges and limitations of each such series of preferred stock.

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.

4.3 Vacancies. Any vacancy among Directors elected by the Owners may be filled by appointment by the Board. A Director so appointed shall complete the pertinent term.

4.4 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.

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 (including via email) of said meeting at least seven (7) 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 (1) day after calling of the meeting. Meetings shall be open to all 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.

4.6 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. No employee of the Cooperative may serve on 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 Indemnification. The Cooperative shall 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 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 his or her action was in the best interests of the Cooperative, or as otherwise allowed by law.

#### **Article 5. Patronage Dividends**

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

5.2 Tax Consent. Each person who hereafter applies for and is accepted to Ownership in the Cooperative, and each Owner of the Cooperative on the effective date of this Bylaw who continues as an Owner after such date shall, by such act alone, consent and agree that the amount of any distributions with respect to his or her patronage which are made in written notices of allocation (as defined in 26 USC 1388(b)) will be taken into account by him or her at their stated dollar amounts in the manner provided in 26 USC 1385(a)-(b) in the taxable year in which such written notices of allocation are received.

#### **Article 6. Dissolution**

6.1 Asset Distribution. The Cooperative may be dissolved upon a decision of the Board and a two-thirds (3/4) vote of the Owners who participate in the vote. Upon the dissolution of the Cooperative, the Board of Directors or any other liquidator designated by the Owners shall act as liquidator to wind up the affairs of the Cooperative. The liquidator shall have full power and authority to sell, assign and encumber any or all of the Cooperative's assets and to wind up and liquidate the affairs of the Cooperative in an orderly and businesslike manner and on such terms and conditions as the liquidator deems necessary or advisable, without the consent of the Owners. All proceeds from liquidation shall be applied in the following order of priority:

(a) to the payment of debts and liabilities of the Cooperative held by creditors according to their respective priorities and the costs and expenses of liquidation;

(b) to the holders of the Cooperative's equity classified as preferred equity in an amount equal to the liquidation preference or stated value of the preferred equity together with any dividends cumulated but unpaid, in such priority of series of such preferred equity as may have been established upon the issuance of the units and on a pro rata basis within a series if necessary;

(c) by redeeming any equity accounts which, if they cannot be paid in full, shall be paid in the order of the oldest outstanding amounts;

(d) to the establishment of such reserves as the Board, or its designated liquidator, deems necessary or advisable; and

(e) by distributing any remaining assets in a way that furthers the Cooperative's mission, as determined by the Board.

### **Article 7. Amendments**

7.1 Amendments. These Bylaws may be amended or repealed in whole or in part by a majority of the 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 active Owners in good standing. The proposed amendment shall be publicized to the Ownership 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.