

BYLAWS
OF
URBAN GREENS FOOD CO-OP

Article I
Organization

Section 1.1 - **Name and status.** The name of the organization is Urban Greens Food Co-op (referred to in these bylaws as "the Co-op"). The Co-op is a cooperative corporation organized under the laws of the State of Minnesota.

Section 1.2 - **Purpose.** As more fully stated in its articles of incorporation, the purpose for which the Co-op is organized is to furnish groceries and other consumer goods and services to its owners and other patrons, and to conduct its operations exclusively on a cooperative and nonprofit basis. Urban Greens is a food co-operative on Providence's West Side with a mission to provide simple, direct access to affordable, local, natural foods and to offer a community-based alternative to corporate supermarkets.ee

Section 1.3 - **Cooperative principles.** The Co-op shall be operated in accordance with the cooperative principles adopted by the 1995 General Assembly of the International Co-operative Alliance, which may be briefly described as follows: (i) voluntary and open ownership without arbitrary discrimination; (ii) democratic governance with owners having equal voting rights and the opportunity for participation in setting policies and making decisions, and with their elected representatives being accountable to owners; (iii) economic participation by owners with owners equitably contributing to and democratically controlling the capital of the Co-op, with a limited, if any, return on capital, and with earnings being equitably applied to the benefit of owners in proportion to their patronage, to the development needs of the Co-op, and to the provision and extension of common services; (iv) autonomy and independence of the Co-op; (v) providing education and training at all levels of the Co-op and informing the general public about the nature and benefits of cooperation; (vi) cooperation with other cooperatives; and (vii) working for sustainable development of the community of which the Co-op is a part.

Section 1.4 - **Nondiscrimination.** The Co-op shall not discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, political affiliation, or other arbitrary basis.

Section 1.5 - **Principal office.** The principal office of the Co-op shall be located in Providence, Rhode Island.

Article II Ownership

Section 2.1 - **Eligibility and admission.** Ownership in the Co-op shall be voluntary and open to any household or organization whose intent is to use the services of the Co-op and to accept the responsibilities of ownership. Applicants will be admitted to ownership upon submitting required information and purchasing or subscribing to purchase one or more shares as determined by the Council, at a price determined by the Council. The share price requirement for low-income households shall be one-half of the amount otherwise due, and the payment option for such households shall be extended beyond that otherwise available. The share price requirement for organizational owners shall be equal to or greater than the amount otherwise due, but not to exceed 400%. Household owners shall be in the name of an individual as the primary owner, and organizational owners shall designate an authorized representative. Household owners consisting of three or more adults shall pay a fee of ten dollars per year for each of such three or more adults. On or before admission, each owner shall be provided a copy of these bylaws, including the appended explanation of patronage dividends. Subscribers shall be considered owners for all purposes. In case of doubtful eligibility, ownership shall be subject to approval by the Council at any time within six months after the date of application.

Section 2.2 - **Rights.** Each owner shall be entitled to make purchases from the Co-op on terms generally available to owners and to participate in the governance of the Co-op as set forth in these bylaws. In the case of household owners, ownership rights shall be exercised by the primary owner, and ownership benefits shall be available to the primary owner and to one additional designated adult and any number of dependent children in the household of the primary owner. In the case of organizational owners, ownership rights shall be exercised by the authorized representative, and ownership benefits shall be available to the authorized representative and

one additional designated individual, but only for and on behalf of the organizational owner. Rights of owners shall be personal rights and not property rights. Owners may contribute labor or services and thereby be entitled to receive discounts as determined by the Council.

Section 2.3 - **Responsibilities.** Each owner shall keep reasonably current in payment of the share purchase requirement described in Section 2.1 above, shall patronize the Co-op on at least an occasional basis, and shall notify the Co-op of any change to his or her name or address. An owner who becomes delinquent in meeting his or her share purchase obligation to an extent determined by the Council, or who fails to patronize the Co-op for a one-year period of time, or with respect to whom a properly-addressed notice or other communication from the Co-op is returned by the U.S. Post Office as undeliverable shall, no sooner than thirty days after delivery of written notification, be placed into inactive status. His or her participation rights shall then be suspended. An owner in inactive status may attain good standing only upon full payment of all arrearages or reestablishment of a patronage relationship with the Co-op. References herein to the rights and entitlements of owners shall be understood to refer only to owners in good standing. Each owner must also avoid committing any conduct that would legally constitute sufficient cause for expulsion.

Section 2.4 - **Access to information.** Owners shall be provided reasonably adequate and timely information as to the operational and financial affairs of the Co-op. An owner shall, upon request, be provided any other information concerning the operational and financial affairs of the Co-op that is necessitated by, and directly related to, a proper purpose, subject to such reasonable restrictions or conditions as is determined by the Council to be necessary to protect confidential or sensitive information. Any proper request necessitating information from the Co-op's records of owners shall be accommodated by means other than direct access to such records.

Section 2.5 - **Settlement of disputes.** In any dispute between the Co-op and any of its owners or former owners which cannot be resolved through informal negotiation, it shall be the policy of the Co-op to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. Neither party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

Section 2.6 - **Nontransferability.** Ownership rights and interests may not be transferred except to the Co-op. Following termination of ownership, or at any time as to shares held in excess of the minimum

amount, the Co-op will, upon request of the owner, transfer the carrying value of one or more shares or deferred patronage dividends to the credit of another person designated by the requesting owner, provided that the person so designated has acquired ownership status in the Co-op and the requesting owner certifies that s/he has not and will not receive consideration for the transaction in excess of the carrying value of the interests on the books of the Co-op. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

Section 2.7 - **Termination.** Ownership may be terminated voluntarily by an owner at any time upon notice to the Co-op. Ownership may be terminated involuntarily by the Council for knowingly, intentionally, or repeatedly violating these bylaws after the owner is provided fair notice of the charges and an opportunity to respond in person or in writing. Upon termination of ownership, all rights and interests in the Co-op shall cease except for rights to redemption of capital pursuant to Articles VII and VIII of these bylaws.

Article III Meetings of Owners

Section 3.1 - **Annual meeting.** An annual meeting of owners shall be held within ninety days after the close of each fiscal year to receive reports on the operations and finances of the Co-op, to consider major policy decisions, to elect councilmembers, and to conduct such other business as may properly come before the meeting.

Section 3.2 - **Special meetings.** Special meetings of owners may be called by the Council and shall be called by the Chair as soon as possible after the receipt of petitions signed by fifteen percent of all owners, such petitions stating any proper business to be brought before the meeting. Any business conducted at a special meeting other than that specified in the notice of the meeting shall be of an advisory nature only.

Section 3.3 - **Time and place.** The date, time and place of all meetings of owners shall be determined by the Council or, in the event that the Council fails to so act, by the Secretary. Meetings shall be held at a time and place convenient to owners.

Section 3.4 - **Notice.** Written notice of the time and place of a meeting of owners, and in the case of a special meeting the purpose or purposes of the meeting, shall be mailed to each owner or included in a Co-

op publication that is circulated generally among owners. The notice must be mailed or published not less than fifteen nor more than forty-five days before the date of the meeting. The Secretary shall execute a certification of compliance containing a correct copy of the mailed or published notice, the date of its mailing or publication, and statement of compliance with governing law, and such certificate shall be made a part of the records of meetings.

Section 3.5 - **Record dates.** Unless otherwise determined by the Council, only persons who are owners at the close of business on the day immediately preceding the date of distribution of notices shall be entitled to notice of any meeting of owners and to vote at such meeting.

Section 3.6 - **Quorum:** The presence in person or by mail or electronic ballot at the opening of the meeting of fifty owners if the Co-op has more than five hundred owners, or ten percent of all owners if the Co-op has five hundred or less owners, shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of owners.

Section 3.7 - **Voting.** Unless otherwise required by these bylaws, each owner shall have one and only one vote on each matter submitted to a vote of owners irrespective of the number of shares held. Unless otherwise required by law or by these bylaws, issues shall be decided by a simple majority of votes cast except where one or more choices are to be made from several alternatives, in which case the alternative(s) receiving the most votes shall be considered approved. Meetings of owners shall be conducted generally in accordance with reasonable and accepted rules of parliamentary procedure. The Council shall institute policies and procedures to reasonably assure the integrity of the voting process.

Section 3.8 - **Balloting by mail.** Owners may, as authorized by the Council, vote by mail ballots. Ballots, together with the exact text of an issue for decision shall be included in the notice of the meeting to which they relate. Ballots shall be submitted in a sealed plain envelope inside another envelope bearing the owner's name and any other required identifying information and shall be submitted in conformity with instructions contained in the notice. Casting of a ballot by mail shall be equivalent to presence in person at a meeting, and ballots shall be counted together with votes cast at the meeting, if any. In the case of balloting separate from a meeting, the balloting shall for all purposes be considered a meeting of owners.

Section 3.9 - **Balloting Electronically.** Owners may, as authorized by the Council, vote by electronic ballot(s). Ballots, together with the exact text of

an issue for decision shall be included in the notice of the meeting to which they relate. Ballots shall be submitted electronically bearing the owner's name and any other required identifying information and shall be submitted in conformity with instructions contained in the notice. Ballots cast electronically shall be authenticated if sent from personal email or phone number on record of voting member, or by any other means Council should deem appropriate. Casting of a ballot electronically shall be equivalent to presence in person at a meeting, and electronic ballots shall be counted together with votes cast at the meeting, if any. In the case of electronic balloting separate from a meeting, the balloting shall for all purposes be considered a meeting of owners.

Section 3.10 - **Issues submitted by owners.** Notices of a meeting of owners shall include any proper issue submitted by petition of at least seven percent of all owners. Petitions must be received by the Co-op not less than sixty days before the date of the meeting at which they are to be presented to a vote of owners.

Article IV Council

Section 4.1 - **Powers and duties.** Except as to matters reserved to owners by law or by these bylaws, the business and affairs of the Co-op shall be managed under the direction and supervision of the Council. Such powers shall reside exclusively in the Council as a deliberative body; they may reside in individual councilmembers only to the extent explicitly so delegated by the Council. The duties of the Council shall include, but not be limited to, overseeing the operations and finances of the Co-op, establishing policies to guide operational decisions, engaging a general manager and monitoring and evaluating his or her performance, securing good conditions of employment and reasonable employee benefits, and assuring that the purpose and mission of the Co-op are properly carried out.

Section 4.2 - **Number and qualifications.** The Council shall consist of from seven to thirteen individuals, as determined at a meeting of owners. To be qualified as a councilmember, a person shall be of the age of eighteen or more years, shall be an owner prior to the commencement of the election of councilmembers, and shall not have any overriding conflict of interest with the Co-op. No more than one-fourth of all councilmembers shall be employees of the Co-op.

Section 4.3 - **Nominations, election and terms.** Councilmembers may be nominated by the Council, by a nominating committee, or by petitions signed by at least twenty-five owners and submitted to the Co-op at least sixty days before the date of the annual meeting. Council members shall be elected by owners at the annual meeting. At the first annual meeting after adoption of these bylaws and periodically thereafter as may be necessary, councilmembers shall be elected for specific one, two or three year terms in order to assure that fewer than half the terms expire in any given year. At other times councilmembers shall be elected for terms of three years. Candidates receiving the highest number of votes shall be given the longest available terms. Councilmembers shall hold office until their successors are elected or until their offices are sooner terminated in accordance with these bylaws.

Section 4.4 - **Compensation.** Councilmembers may be compensated only as approved at a meeting of owners. Councilmembers may be reimbursed for reasonable expenses incurred in connection with the performance of authorized business of the Co-op.

Section 4.5 - **Standards of conduct.** All councilmembers shall be responsible at all times for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of the Co-op and with the care that an ordinarily prudent person in a like position would use under similar circumstances.

Section 4.6 - **Conflicts of interest.** Councilmembers shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Council, and such interest shall be made a matter of record in the minutes of the meeting. Councilmembers having such an interest shall be permitted to make a statement with regard to the matter and shall then be required to leave the meeting room. A transaction in which a councilmember has an interest shall be prohibited unless the transaction is fair to the Co-op and is approved by no less than a two-thirds majority of all disinterested councilmembers.

Section 4.7 - **Indemnification.** In order to attract and retain qualified people to serve as councilmembers, the Co-op shall indemnify its councilmembers and officers to the fullest extent permitted under Minnesota law, except that indemnification shall not be required if the person has been successful otherwise than on the merits in defense of any action, suit, claim or proceeding. Indemnification payments shall be made on a priority basis but only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its other obligations as they become due. Any

indemnification payments or advances shall be reported to owners not later than the next-scheduled meeting of owners.

Section 4.8 - **Committees.** The Council may appoint special or standing committees to advise the Council or to exercise such authority as the Council shall designate. Such committees shall include at least one councilmember. The appointment of any committee shall not relieve the Council of its responsibilities in the oversight of the Co-op.

Section 4.9 - **Termination.** The term of office of a councilmember may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a councilmember upon notice to the Secretary; (ii) automatically upon termination of ownership in the Co-op; and (iii) for cause by the Council or by owners, provided the councilmember is accorded fair notice of the charges and an opportunity to respond in person or in writing. A councilmember who is absent from three consecutive Council meetings or four meetings in any one-year period, unless excused by the Council for good cause, shall be presumed to have resigned.

Section 4.10 - **Vacancies.** Any vacancy among councilmembers occurring between annual meetings may be filled by the Council for the remainder of the unexpired term.

Article V Meetings of the Council

Section 5.1 - **Meetings.** The Council may determine the times and places of its meetings. Special meetings may be called by the Chair and shall be called by the Secretary upon request of any three councilmembers. Meetings of the Council shall be held no less frequently than once in each two-month period.

Section 5.2 - **Notice.** Meetings called by resolution of the Council shall require no notice, it being the responsibility of absent councilmembers to inquire as to the time of further scheduled meetings. Special meetings shall require written or oral notice to all councilmembers. Written notice shall be delivered at least five days before the date of the meeting and oral notices shall be given in person or by a telecommunications device at least forty-eight hours days before the time of the meeting. Notices of meetings of the Council shall also be posted in a timely manner and in a conspicuous place in the Co-op's store, but the inadvertent failure to do so shall not affect the validity of the meeting.

Section 5.3 - **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. A person who attends a meeting other than for the sole purpose of objecting to the adequacy of the notice shall be deemed to have waived any objection to the notice.

Section 5.4 - **Quorum.** The presence in person of a majority of councilmembers shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Council.

Section 5.5 - **Decision making.** Decisions at meetings of the Council shall be made by consensus, whereby all expressed concerns are resolved or those having unresolved concerns agree to "stand aside." Any decision made by consensus shall be deemed to be inclusive of a vote in any required percentage. If, in the opinion of a two-thirds majority of councilmembers present, diligent efforts have failed to produce a consensus and the issue requires immediate action, then such issue may be decided by a two-thirds majority vote.

Section 5.6 - **Action without a meeting.** Any action required or permitted to be taken at a meeting of the Council may be taken without a meeting only if a written consent to the action is signed by all councilmembers and filed with the minutes of meetings.

Section 5.7 - **Open meetings.** Meetings of the Council and all committees shall be open to owners, except that sessions of a meeting may be closed as to matters of a confidential or sensitive nature.

Article VI Officers

Section 6.1 - **Designation and qualifications.** The principal officers of the Co-op shall consist of Chair, Vice Chair, Secretary and Treasurer. The Council may designate other officers or assistant officers.

Section 6.2 - **Election, terms and removal.** Officers shall be elected by the Council at its first meeting following the annual meeting of owners. Officers shall serve for terms of one year or until election of their successors, except for the Chair who shall serve for terms of two years. Officers may be removed and replaced by the Council at any time whenever the best interests of the Co-op would thereby be served.

Section 6.3 - **Duties.** In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Council, officers shall have the following duties and such additional duties as are determined by the Council:

(a) The Chair shall be responsible for coordinating the activities of the Council, assuring the orderly conduct of all meetings, and maintaining effective communication with the general manager, and shall present a report of operations at the annual meeting of owners.

(b) The Vice Chair shall be responsible for performing the duties of the Chair in his or her absence or disability and assisting the Chair in the performance of his or her duties.

(c) The Secretary shall be responsible for the recording and keeping of adequate minutes of all meetings of the Council and of owners, issuing notices required except as otherwise provided under these bylaws, and authenticating records of the Co-op.

(d) The Treasurer shall oversee the maintenance of financial records, issuance of financial reports and the filing of all required reports and returns, and shall present a financial report at the annual meeting of owners.

Article VII Capital Shares

Section 7.1 - **Issuance and terms.** To evidence capital funds provided by owners, the Co-op shall issue shares. Shares may be issued only to persons eligible for, and admitted to ownership in, the Co-op. Shares shall be issued only upon full payment of no less than their par value in cash or cash equivalent. As an employee benefit provided in recognition of service rendered, the Co-op may issue one share to each employee who is eligible and admitted to ownership. Shares shall be entitled to no dividend or other monetary return on contributed capital. The minimum share purchase requirement may be increased generally, provided that such increase applies equally to newly-admitted owners.

Section 7.2 - **Certificates.** Every holder of fully paid shares shall be entitled to receive a certificate evidencing such holding. All certificates shall be signed personally or by facsimile by the Chair and the Secretary and shall be numbered and recorded in a stock register maintained by the Co-op. Each certificate shall contain a prominent notation that, in accordance with these bylaws, it is transferable only to the Co-op and that voting rights pertain only to ownership status on a one-owner-one-vote basis. 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.

Section 7.3 - **Redemption.** Upon request following termination of ownership, shares shall be redeemed when replacement capital is provided by other owners. Shares shall be redeemable at the lesser of their carrying value on the books of the Co-op or their net book value, less a reasonable processing fee, if any, as determined by the Council. Redemption proceeds shall be subject to offset by amounts due and payable to the Co-op by the owner. No redemption shall be made when such payment would impair the ability of the Co-op to meet its other obligations as they become due. Reapplications for ownership after full or partial redemption shall be subject to full repayment of redemption proceeds.

Article VIII Fiscal Matters

Section 8.1 - **Fiscal year.** The fiscal year of the Co-op shall begin on the first day of ___ in each year and end on the last day of ____ of the succeeding year [OR shall coincide with the calendar year].

Section 8.2 - **Disposition of net income.** The net income of each fiscal year, if any, shall be deemed to have been set aside to cover losses of previous fiscal years. With respect to any net income in excess of such losses, the Council shall set aside such net income as capital reserves and/or reserves to maintain and improve facilities, purchase furnishings or equipment, increase inventory, establish prudent cash reserves or for other proper purposes.

Article IX Interpretation and Amendment of Bylaws

Section 9.1 - **Interpretation.** The Council shall have the power, with or without advice of legal counsel, to interpret these bylaws, apply them to particular circumstances, and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these bylaws.

Section 9.2 - **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.

Section 9.3 - **Amendment.** These bylaws may be amended or repealed only at a meeting of owners, provided that the proposed amendments are stated or fully described in the notice of the meeting at which the amendments are to be adopted.