

Valley Food Co-op
Bylaws
(Revised April 2007)

ARTICLE I

NAME

The name of this cooperative shall be the Valley Food Co-op, Inc., hereinafter referred to as the "Cooperative Association" or "Association."

ARTICLE II

PURPOSE AND AUTHORITY

The purpose for which the Cooperative Association is organized is to advance the social and economic welfare of the community-at-large, and the members thereof in particular. The Cooperative Association shall have the authority to buy, sell, store, distribute, handle, and process, for the use of its members and other patrons, quality food stuffs and other merchandise at the lowest possible cost and to conduct and/or coordinate community education projects in food-related areas. It may acquire, either by purchase or lease, real estate and other properties or facilities necessary or desirable in the conduct of its business; mortgage, sell, and convey such properties; and purchase, hold, sell, assign, or transfer the shares of capital stock of other cooperative associations. The Cooperative Association shall have all other rights and privileges consistent with the Certificate of Incorporation under the laws of the State of Colorado.

ARTICLE III

MEMBERSHIP

Section 1: Qualifications. Membership in the Association shall be open, without restriction as to race, religion, sex, sexual orientation, political or other affiliation, mental or physical disability, to any consumer who can make use of its services, is in agreement with its aims and purposes, and agrees to abide by its bylaws, and has complied with the requirements of Section 2 of this Article.

Section 2: Application for Membership. Application for membership shall be made in writing on a form provided by the Association.

The applicant shall pay an annual membership fee as decided by the Board.

Section 3: Membership Roll. A list of the members with their addresses and other information called for on the membership application shall be kept by the Secretary. Each member shall notify the Association of any change of address.

Section 4: Access to Bylaws. A copy of these bylaws shall be made available to each member upon request and will be posted in the store at all times.

Section 5: Organizational members. Organizations not operated for profit, the purposes of which are not incompatible with those of this Association, may make application for membership in accordance with this article. Such a group membership shall be entitled to only one voting delegate in meetings of the Association and shall be a member with non-working status.

Section 6: Rights and Duties of Members. Every member agrees to obey the rules of the Association as set down in these bylaws, or elsewhere, and the decisions of the annual meeting and/or of the Board of Directors.

The books of account, general ledger, minutes of the Board meetings, and other records of the Association shall be available for inspection by appointment.

Section 7: Withdrawal or Expulsion. The Board of Directors shall have at all times the authority to cancel the membership of any member who has for any reason been adjudged unfit for membership, provided, however, that such member shall have the opportunity to appear in his/her own defense at the next meeting of the association, and the Board of Directors is sustained in its action by a majority vote of the members present at such a meeting.

ARTICLE IV
MEETINGS AND MEMBERS

Section 1: Authority. The control of the Association shall be vested in the membership and shall be exercised through annual or special meetings of the members. The Board of Directors shall administer the Association's affairs. Final authority is in the members.

Section 2: Quorum. At the annual meeting, a quorum shall consist of 5 % of the members, or 50, present in person, whichever is less. For purposes of mail ballots, a quorum shall be considered present when votes from at least 5% of members in good standing or 50 members in good standing, whichever is less, are received for any question to be voted upon.

Section 3: Annual Meeting. An annual meeting of the membership shall be held on a day in April at the time and place to be determined by the Board of Directors as specified in the notice of the meeting.

Notice of the annual meeting shall be posted at the Association's place(s) of business at least four weeks before the date set for the meeting and shall either be included in the newsletter most closely preceding the meeting or advised by special notice.

Section 4: Special Meetings. Special meetings of the membership may be called at any time by action of a simple majority of the Board of Directors, or may be called by a petition signed by at least 20% of the members and presented to the Board.

Notice of special meetings shall be sent by mail to the address of every member as registered on the books of the Association at the time the notice is sent. Notices shall be sent at least fifteen (15) days before the date set for the meeting.

Notice of special meetings shall state the time, place, and purpose of such meeting, and the business to come before the Cooperative Association, and no business other than that specified shall be transacted.

Section 5: Particular Duties. The membership has a responsibility to:

- a. Elect directors and remove them from office if and when they are derelict in their duties;
- b. Hear and act on reports of officers and the manager(s) of the Association and of any committees responsible to it;
- c. Act as final arbitrator in any disputes or disagreements that may arise between the Board of Directors and any committees or individual members;
- d. Approve amendments in the bylaws as proposed by the Board of Directors or by the membership;
- e. Exercise the final authority in all other matters affecting the Association.

Section 6: Participation. Every member in good standing shall be qualified to vote and participate in the meetings of the Association.

Section 7: Voting Rights. Election of directors shall be by ballot unless unanimous consent is given by a show of hands. Action on all other matters shall be by ballot, by "yes" or "no" vote, or by a rising vote, as the majority of the members present may decide. Each member shall have only one (1) vote on all voting occasions, and directors may be voted on by absentee ballot in a manner specified by the Board.

Section 8: Referendum. Whenever, in the opinion of at least 4 members of the Board of Directors or of 20% of the members of the Association, the vote taken at any meeting is not representative of the views of the majority of the members, and written request is made within 21 days of such meeting, the Board of Directors shall provide for referendum vote, to be taken by mail, by which members may vote on a specific question.

Section 9: Voting by Mail. Any matter or issue requiring the vote of the Members may be submitted for vote by written ballot, without a meeting of the Members, through the following procedures. (See also Article XIII.) The determination to conduct a vote in this fashion (that is, by a written, mail-in ballot) shall be made by (a) a majority of the Board, or (b) by members having 5% of the total votes of the membership in good standing, signing a written request and delivering the request to the Secretary of the Valley Food Co-op. In the event of such a vote, the Board shall give written notice of the vote, specifying the time and place where the ballots are tallied, and the question or questions to be voted upon. This notice shall be mailed to the Members at least thirty (30) days prior to the date that the ballots are to be received and counted, and shall include the form of ballot to be used. A list of Members of record shall be prepared not more than 70 days before each election, and this list will be used to determine eligibility to vote in that election. A quorum shall be considered present when votes from at least 5% of members in good standing or 50 members in good standing, whichever is less, are received for any question to be voted upon. The Board shall notify the Members of the outcome of the question. The Board shall notify the Members if a quorum is not reached.

ARTICLE V DIRECTORS AND OFFICERS

Section 1: The Board of Directors. The management of the affairs of the Association shall be vested in a Board of Directors, which shall consist of 7 members, a majority of whom shall constitute a quorum. The directors shall serve for a term of 2 years unless through vacancies it is necessary to stagger the terms of new directors, in which case some directors may choose to be elected for a one-year term. They shall be eligible to serve until the election of a successor. The Board is authorized to fill the position of a member who resigns or is dismissed before the term has passed, with such authority to serve for the unexpired term of his or her predecessor in office. Two (2) absences per year from the regular Board meetings may be grounds for the dismissal of a Board of Directors member. A director may not also be a paid employee of the Association, nor may a member of an employee's immediate family be a director. Only one person per membership household is allowed to serve on the Board.

Section 2: Officers. The Board of Directors shall elect a President, Vice President, Secretary, and Treasurer. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 3: Disqualification. When a director takes office, said director must agree to declare (at any time during their term) to the Board any business interest that may cause said director to profit either directly or indirectly from the business transaction of the Cooperative Association. Upon such declaration, the Board may require said director to resign from the Board. Deliberate withholding of such declaration may be grounds for the dismissal of a Board member.

Section 4: Duties of Directors. The Directors shall administer all business carried out by or on account of the Association. They shall have the following duties:

- a. Convene the annual meeting of the Association;
- b. Establish a regular Board meeting schedule, and establish procedures for notifying Board members of meetings. Four (4) of the Directors may call a special meeting of the Board of Directors by giving at least two (2) weeks notice in writing to the Secretary or President, specifying the object thereof. Notices of all meetings of the Board of Directors shall be posted seven (7) days in advance of such meetings at the Association's place(s) of business;
- c. Supervise the financial condition of the Association and its business, and take proper action in regard thereto under the laws of the State of Colorado;
- d. Appoint the following officials, assign their duties and determine their salaries: 1) a manager or co-managers, assistant manager(s) and all paid positions to assume the administrative control of the business; and 2) an auditor or auditing agent when the Association's finances permit the employment of a paid auditor. Nothing in this provision shall be interpreted to prevent the Board from making other appointments if and when the welfare of the Association makes this necessary;
- e. Provide adequate insurance of the property of the Association and adequate insurance against liabilities;

- f. Determine and supervise the more important policies of the Association, insuring the conduct of its affairs in accordance with the bylaws, with fairness to the members and employees, and providing the best possible conditions of labor consistent with other requirements of the bylaws, while requiring equivalent results in efficiency and faithfulness;
- g. Decide upon the major steps in business activity and expansion, including the investment of reserve funds, borrowing money (subject to Article VII herein), making important financial decisions, and entering into new fields of business enterprise consistent with the business and authority of this Cooperative Association. Any contracts entered into by the Association must be co-signed by a director, with the exception of consignment contracts.
- h. Maintain at all times an active program of cooperative publicity, education and relations with other cooperative societies and leagues to promote the best interest of the Association and of the cooperative movement, consistent with conducting and/or coordinating community education projects;
- i. Conduct and/or coordinate community education projects in other related areas.

Section 5: Actions of Directors. Votes on motions for action may be taken only at times when quorum is present at a Board meeting. Actions by the directors shall be effective upon an affirmative vote of a majority of directors who choose to vote on the proposed issue.

Section 6: Duties of President and Vice President. The President shall act as Chair at all meetings of the Association and of the Board of Directors, and in the President's absence, the Vice President shall take the President's place. If the Vice President is also absent, the officers and directors present shall elect one from among them to act as Chair on that occasion.

Section 7: Duties of Secretary. The Secretary, or appointed Board members, shall attend all meetings of the Association and of the Board of Directors and shall record the names of all present and record the minutes of those meetings. The Secretary shall be responsible for the maintenance of all records of the Association and shall perform such other functions as may be prescribed by the Board or the President. The Secretary shall see that the copies of the minutes are placed in the Association's place(s) of business within fourteen (14) days after any meeting of the Board, for examination by the members.

Section 8: Duties of the Treasurer. The Treasurer shall be responsible for the control of the funds of the Association and shall perform such other functions as may be prescribed by the Board or the President. The Treasurer shall be responsible for having adequate financial reports presented to the Board at regular periods, such as at regularly scheduled Board meetings, or as the Board may direct.

ARTICLE VI COMMITTEES

Section 1: General Committees. The Board of Directors shall have the authority to appoint all committees that they deem necessary, with the exception of the Auditing Committee.

Section 2: Election and Duties of an Auditing Committee. The members of the cooperative association may elect an Auditing Committee, whose duty it shall be to review the records and books of the organization at regular intervals and make recommendation to the Board and the membership in relation to the financial procedures of the Association.

ARTICLE VII LOAN CAPITAL

The Association may accept loans from its members, or from non-members, when in the judgement of the Board it is in the best interest of the Association. The loan amount shall not exceed 10% of gross annual sales without a vote of the membership.

ARTICLE VIII
SURPLUS AND RESERVE

Section 1: General Surplus Reserve. At the end of a designated fiscal period, the Board of Directors may allocate to the general surplus reserve a percentage of any net surplus remaining after expenses have been paid. The general surplus reserve shall consist of monies especially allotted to it from net savings and earnings of the business, membership fees, contributions, and other funds appropriated to it by action of the Board of Directors.

The reserve may be used for payment of any unexpected losses not otherwise provided for or to absorb any operating deficits. Upon vote by a general meeting of the membership any remaining reserve may be used for the extension of the Association as a consumer's cooperative or for other developments directly associated with the cooperative movement.

The general surplus reserve shall be the undivided property of the Association as a whole.

Section 2: Educational Funds. From the net surplus, a sum not less than 5% thereof may be allocated by the Board of Directors to an educational fund. This sum shall be placed at the disposal of an education committee to be used for purposes of education of its members and the public.

Section 3: Patronage Refunds. The net surplus remaining after provision for the general surplus reserve and the educational fund, as provided in Sections 1 and 2 of this article, shall be divided among the members on the following terms and conditions:

- a. A minimum of 20% of the total allocated to each individual shall be paid in cash or by qualified check (as defined in 25-U.S.C. 1388).
- b. The remaining distribution shall be made by qualified written notice of allocation (as defined in 26-U.S.C. 1388).
- c. No patronage refund shall be paid for any period during which there is an operating deficit, nor as long as the Association has a general deficit.

ARTICLE IX
FISCAL YEAR

The fiscal year of this Association shall begin on January 1.

ARTICLE X
QUALIFIED PATRONAGE DIVIDENDS

Each person who hereafter becomes a member in good standing of this cooperative, after effective date of this bylaw, will continue as a member after such acceptance date, and shall by such act alone, consent that the amount of any distributions with respect to the member's patronage occurring after the date of adoption by this law, which are made, and qualified written notices of allocation (as defined in 26-U.S.C. 1388) for which are received by the member from the Cooperative, will be taken into account by the member at their state dollar amount in the manner provided in 26-U.S.C. 1385(a), in the taxable year in which said written notices of allocation are received by that member.

ARTICLE XI
MERGER WITH ANOTHER ASSOCIATION

Pursuant to the laws of the State of Colorado, the membership and the Board of Directors of this association may arrange for the merger of this association with another cooperative formed under C.R.S. 1973, S7-55-101, et. Seq., or any similar law of any other state, in the same or nearby territory if it appears that such action would prevent duplication of activities, promote efficiency, or otherwise be in the best interest of the cooperative movement and this association.

ARTICLE XII
AMENDMENTS TO THESE BYLAWS

Except as may be especially provided for by the laws of the State of Colorado, these bylaws may be amended, repealed, or otherwise changed at any annual or special meeting of the membership or pursuant to any mail ballot of this Cooperative Association upon the following procedure:

1. The proposed changes have obtained the sponsorship of at least a majority of the Board of Directors or called for by petition and signed by at least 20% of the membership.

2. Notice of such meeting shall set forth or have attached thereto the proposed change and shall be mailed to each member of record at least fourteen (14) days prior to the meeting date, and notice of such meeting will be placed in a conspicuous location at the Association's normal place of business for at least 30 days prior to such meeting of the membership or, if by mail ballot, with the proper mail ballot procedures followed.
3. The proposed amendment shall be approved by a 2/3 vote of the members present or mail ballots received.

ARTICLE XIII
DISSOLUTION

Section 1: Voting of the Membership. At the annual meeting or any special meeting, the Association may be dissolved and its affairs terminated voluntarily by a 2/3 majority of the members, provided that due notice has been given. In the event of dissolution or other liquidation of the assets of the corporation, any surplus after payment of its debts shall be distributed to such recognized cooperative association as the membership may determine or to some government or other public agency, to be used for some social purpose(s); or to be distributed among those patrons who have been members in good standing at any time during the past fiscal year.