

East Lansing Food Co-op, Inc.

Bylaws

Adopted by referendum of the owners in 2014

ARTICLE I — Name and Organization

- 1.1 Name. The name of this cooperative shall be the East Lansing Food Co-operative, Inc. In these Bylaws, the East Lansing Food Co-operative shall be referred to as “ELFCo” or as the “Co-op”.
- 1.2 Organization. The East Lansing Food Co-op is a Michigan nonprofit corporation that is a consumer cooperative. It is organized on a non-stock, membership basis.

ARTICLE II — Purpose

- 2.1 Purpose. The purpose of the Co-op shall be (1) to instruct its members on principles of cooperative and nutrition; (2) to make retail and wholesale sales of food, produce, and related items; (3) to promote the general welfare of the community; (4) to do those things for which corporations can legally be organized in the State of Michigan, in connection with the above purposes, in accordance with sections 90 through 109 and 117 through 132 of Act 327, PA of 1931, as amended.

ARTICLE III — Membership

- 3.1 Qualifications. Membership shall be open to all patrons of ELFCo who meet the requirements for admission to and retention of membership as are adopted, from time to time, by the Board of Directors. Membership shall be open without regard to race, color, sex, religion, national origin, sexual orientation, or disability. No member shall own more than one membership.

Prior to accepting a person as a member or any member capital, ELFCo shall advise the person in writing of those items required by Section 1138 of the Michigan Nonprofit Corporation Act. Each person accepted as a member shall be provided a Membership Certificate setting forth the initial member capital of the member, and the following information:

- a. A statement that the Co-op is a cooperative subject to Chapter 11 of the Michigan Nonprofit Corporation Act and that it has been organized as a cooperative pursuant to Sections 98 through 109 and 117 through 152 of Act 327, PA of 1931.
- b. A statement that the purpose of becoming a member of a cooperative is to assure access to the goods, services, and facilities of the cooperative and not to gain profit.
- c. A statement of voting rights and and rights to notice of meetings of members.
- d. A statement of the qualifications for admission to and retention of membership and the right of the cooperative to terminate membership if any.
- e. A statement of the restrictions, if any, on the transfer of the membership.
- f. A statement of the rights to redemption of the member capital paid by the member, if any, or a statement that member capital is not redeemable.

g. A statement of the right of members to call special meetings or cause a mail ballot, to receive annual reports, and to secure other material information concerning the cooperative.

3.2 Member Capital. Membership is optional. Membership is contingent upon the payment by a prospective member of member capital. The Board of Directors shall establish the amount of member capital to be paid by a prospective member. The Board may also, from time to time, increase the amount of member capital to be paid by members. Any increase in member capital shall be binding on both new and existing members. If the Board increases the amount of member capital to be paid, all existing members shall pay this increase in member capital in order to remain as a member.

The Board of Directors shall establish the terms of payment for any member capital to be paid by new members and any additional capital to be paid by existing members due to an increase in member capital. The Board of Directors may allow member capital, including any increase in member capital payable by existing members, to be paid in more than one installment. If payment will be made in multiple installments, the Board of Directors may require that the member sign a written agreement and/or promissory note whereby he/she agrees to pay the member capital to ELFCo on the terms established by the Board. A member shall be “in good standing” and shall enjoy all rights of membership so long as the member is current in his/her payment of all installments of member capital. If a member fails to fully pay any installment of member capital when due pursuant to the terms established by the Board of Directors, and the amount due is not paid in full within thirty (30) days after written notice is sent to the member advising him/her of the nonpayment, then such member’s rights and benefits of membership shall be suspended until the member pays all amounts due and is current in the payment of such member’s member capital. If a member’s membership is suspended for one year, then such member’s membership shall be terminated and the member capital paid by such member shall be subject to redemption pursuant to Section 3.5 below.

3.3 Rights. Members have all the rights of members in a consumer cooperative, as stated in the Michigan Nonprofit Corporation Act and also all rights granted by these Bylaws, including the right to elect ELFCo’s Board of Directors, to recall Directors, to petition for referenda, to attend meetings of the Board of Directors, to receive notice of membership meetings, to approve amendments to these Bylaws, to serve on committees, and to exercise such other rights of membership as may be established by the Board of Directors or by vote of members.

3.4 Responsibilities. The responsibilities of membership shall be those set forth in the Michigan Nonprofit Corporation Act, those established by the Board of Directors, and those adopted by vote of members.

3.5 Termination of Membership. A person’s membership shall be terminated by death, resignation, by decision by the Board of Directors to terminate such person’s membership for material violations or breaches by the person of ELFCo’s rules or policies, or failure of the member to pay the member capital due from such member, as provided in Section 3.2.

Upon termination of a person’s membership, ELFCo shall redeem the terminated member’s member capital by paying to the member an amount equal to the amount such member originally paid as member capital plus any additional member capital paid pursuant to Section

3.2. The amount of member capital shown on the books of the Co-op shall be conclusive and binding on the member and Co-op as to the amount that has been paid by such member. A person entitled to payment for the redemption of his/her member capital shall be given reasonable notice of the redemption, which notice may be by mail to the last known address of the person. If the person fails to respond to the notice and claim the payment within five (5) years from the date of the notice, that person shall have no further rights in the member capital and the member capital shall remain the property of ELFCo.

Payment for the redemption of member capital shall be paid to those persons who timely respond to the notice of redemption. Payment may be made in cash and/or in property (including merchandise and food sold by the Co-op, which shall be valued at its regular retail price). The Board of Directors shall determine the method, terms and form of payment. Any cash payments shall be paid within five (5) years from the date of the person's termination of membership; payments in merchandise and food sold by the Co-op shall be in the form of a credit that the member can use at the Co-op within five (5) years from the date of the person's termination of membership. Cash payments may be made in multiple installments and the Board of Directors shall determine when the installments are due and the amount of each installment; the Board may change the terms, amount and date of payment after payment has commenced, provided that it notifies the person of the changes, and provided that the entire amount is paid in full within five (5) years from the date of such person's termination as a member. No interest shall be paid by ELFCo on the unpaid portion of any member capital.

ELFCo shall not redeem any member capital or any portion thereof if ELFCo is insolvent or if the redemption would render ELFCo insolvent.

3.6 Non-Transferability. A member's membership and the member capital paid by a member is not transferable.

3.7 Determination, Allocation and Distribution of Net Savings. At least once each year, the Co-op shall determine its net savings. Net savings shall be calculated by such person(s) as is/are selected by the Board of Directors, with the calculation being made as described in Section 1135 of the Michigan Nonprofit Corporation Act.

After net savings have been calculated, the net savings shall be allocated and distributed to all patrons of the Co-op pursuant to any reasonable method adopted by the Board of Directors, from time to time. If the Board fails to adopt such a method, then the allocation and distribution shall be according to Section 1135(3) of the Michigan Nonprofit Corporation Act. Net savings may be paid by the Co-op in cash and/or credit that can be used to purchase merchandise and food at the Co-op.

If a member owes the Co-op for the payment of member capital, the Co-op may apply the net savings payable to such member toward the payment of the member capital payable by such member.

3.8 Losses. In the event the ELFCo suffers a loss, such loss shall not be apportioned to the members. No member will be personally responsible or liable for paying any losses suffered by the Co-op. However if the Co-op suffers a loss, no allocations of net savings will be made pursuant to Section 3.7 of these Bylaws, until such time as all accrued losses have been eliminated.

3.9 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.

3.10 Unclaimed Property. If a member voluntarily or involuntarily terminates membership in the cooperative, and fails to inform the cooperative of his or her mailing address, then the equity and patronage dividend amount allocated to that member will be forfeited by the member to the cooperative.

ARTICLE IV — Meetings of Members

4.1 Annual Meeting. ELFCo shall hold an Annual Meeting of Members no later than one hundred twenty (120) days after the close of each fiscal year, at a time and place specified by the Board of Directors. At the meeting, the members shall receive the Annual Report and may consider such other business as may be properly brought before it.

4.2 Notice. ELFCo shall give each member written notice of Annual or Special Meetings of members, either personally or mailed to their last known address at least fifteen (15) and no more than sixty (60) days before the meeting. Such notice may also be given by being prominently displayed and included in a regular Co-op periodical that is published at least semi-annually and mailed to members not less than fifteen (15) nor more than sixty (60) days before the date of the meeting. Notices shall also be posted in the storefront no less than ten (10) days before the meeting.

4.3 Quorum. Quorum at any Annual or Special Meeting shall be twenty five (25) members. Business may be discussed, but no official action may be taken without a quorum.

4.4 Special Meetings. Special Meetings may be called by a petition signed by seven percent (7.0%) or one hundred (100) members, whichever is greater, or by the Board. The purpose of such meetings shall be clearly stated in the petition and in the notice of meeting, and no other business may be considered. Petitions for Special Meetings shall be presented to the Board, who shall certify them and arrange a timely meeting date.

4.5 Voting. Unless otherwise stated in these Bylaws, votes at Annual or Special Meetings may be cast only by members attending, and not by proxy; however, voting for Directors shall be conducted pursuant to Section 5.5. Each member shall be entitled to one vote on each matter submitted to a vote of members. Unless otherwise provided by law or in these Bylaws, questions presented at meetings shall be decided by the affirmative vote of a simple majority of those present and voting.

4.6 Agenda Items at Annual Meetings. Meeting agendas for Annual Meetings shall be set by the Board of Directors. The Board shall post notices inviting members to submit agenda items in the store at least twenty-one (21) days before the final agenda is compiled. The final agenda must include items submitted by members under section 4.7. Proposals not on the meeting agenda shall not be considered for voting, except by unanimous consent of those present at the meeting. Lacking such consent, questions may be raised for discussion only by agreement of two-thirds (2/3) of those present and voting.

4.7 Referenda. Questions of policy or operations may be referred to a membership referendum by the Board of Directors, or by a petition signed by seven percent (7%) of the membership. The Board of Directors shall supervise such referenda and shall insure that questions are fairly presented, with adequate space given to opposing viewpoints. Referenda may be either by mail ballot or by in-store balloting, provided that if in-store balloting is used, balloting must be carried on for at least twenty-one (21) days. A simple majority may be sufficient to decide questions presented in referenda, provided that at least twenty percent (20%) of the members cast ballots. If the minimum number of votes is not obtained within three (3) weeks, a second mailing must be made to the membership, extending the time for casting the ballots by twenty-one (21) days. If the minimum number is not obtained after twenty-one (21) days, the Board of Directors shall have the power to decide the question presented in the referendum, and shall count the ballots and treat them as an advisory vote.

4.8 Matters Subject to Special Voting Requirements. Amendment of the Articles of Incorporation, amendment of these Bylaws to alter member voting rights or member capital, merger, consolidation, disposition of all or substantially all of the assets of the Co-op, or dissolution of the Co-op shall be adopted by the affirmative vote of two-thirds of the members eligible to vote thereon. Such action may only be taken at a meeting called pursuant to written notice that complies with Section 4.2.

If an action is taken on any matter described in the preceding paragraph, the matter which has been approved shall not take effect for 60 days from the date of adoption and shall be subject to one (1) confirmation vote as described herein if the action is adopted by less than a majority of all members eligible to vote.

If a petition of five percent (5.0%) or fifty (50) or more, whichever is greater but not to exceed fifteen percent (15%) of the members eligible to vote is presented to the Co-op prior to the sixtieth day after the adoption of the action, the Co-op shall cause a confirmation vote to be held. The Co-op shall cause a special meeting or, if authorized, a mail ballot or referendum to be conducted within 45 days of receipt of the petition. The confirmation vote must achieve the vote which would have been required for original adoption. If confirmed, the action or amendment may take effect immediately after the confirmation or upon filing with the administrator, if such filing is required.

ARTICLE V — Board of Directors

5.1 Size, Eligibility, Powers and Duties. The Board of Directors shall consist of nine (9) members who shall be elected by the members, or appointed by the Board under Section 5.9. Any member may serve on the Board of Directors. Except for matters for which member 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.

5.2 Terms. Directors shall serve for three (3) years or until their successors are elected, whichever is shorter.

5.3 Staggered Terms. One-third (1/3) of the Board shall be elected each year.

5.4 Nominations and Elections. Elections will be supervised by a committee appointed by the Board of Directors. Candidates may be nominated by this committee or by a member submitting their own Statement of Candidacy to the Board of Directors prior to a deadline to be set by the Board of Directors. The Co-op shall invite members to submit a Statement of Candidacy by posting notices in the store for at least twenty-one (21) days before the deadline set by the Board of Directors.

5.5 Voting for Directors. Voting shall be by ballot mailed or sent electronically, along with submitted Statements of Candidacy, to all members no later than fourteen (14) days before the Annual Meeting and returned by members before or at the Annual Meeting. Election results shall be announced at the Annual Meeting.

5.6 Quorum. No election of Directors shall be valid unless five percent (5.0%) or 50 members or more, or whichever is greater, return ballots.

5.7 Composition. No paid staff member may serve on the Board of Directors.

5.8 Method of Voting. Members of the Co-op will vote for all candidates on an at-large basis, with each member casting up to the same number of votes as there are openings on the Board of Directors. A member shall only cast one vote for each candidate. The winners will be those receiving the highest number of votes.

5.9 Vacancies. A vacancy caused by death, resignation or recall shall be filled by appointment of a member by the remaining members of the Board of Directors.

5.10 Recall. Directors may be recalled by a two-thirds (2/3) vote of the membership in a mail ballot election, provided that at least ten percent (10%) of the members cast ballots. A recall election may be initiated by a two-thirds (2/3) vote of the Board of Directors or by a petition signed by the smaller of five percent (5%) of the membership or fifty members.

5.11 Meetings. Regular meetings of the Board of Directors shall be held at least ten (10) times annually. It shall not be necessary to serve Directors with a written notice of regular meetings. Special meetings may be called by the President or by one-third (1/3) of the Directors. Notice shall be given to Directors for all special meetings at least three days in advance of such meeting and shall state the time and place of the meeting. The notice may be given electronically or in person. Attendance at a meeting constitutes waiver of such notice.

5.12 Quorum. The Board of Directors shall conduct no business unless a majority of the Directors then in office is present.

5.13 Decision-Making. Questions presented may be decided by a majority vote of the Directors present, except as provided in these Bylaws. Meetings will be run in accordance with procedures set forth by the Board.

5.14 Attendance. Any Director with three (3) unexcused absences within a twelve (12) consecutive month period will be considered to have tendered his/her resignation from the Board, and his/her position will be declared vacant by the Board of Directors. Absences may only be excused by an affirmative vote of the Board at the meeting at which the absence occurs or at the following meeting.

5.15 Open Meetings. Meetings of the Board of Directors, except Executive Sessions, shall be open to all members, who may observe and who may participate according to Board of Director's policy. The Board may call an Executive Session by a two-thirds (2/3) vote of the Directors who are present when personnel matters, real estate negotiations, litigation, and other financial transactions are to be considered.

5.16 Publicity for Meetings. The time, place and agenda for all Board Meetings shall be publicized to members by posting notices in the store and by such other methods as may be practical. A summary of each meeting will be posted in the store.

ARTICLE VI — Officers

6.1 Election. At its first regularly scheduled meeting after each Board election, the Board shall elect from its number a president, vice-president, secretary and treasurer. Contested elections shall be by secret ballot. Officers shall serve for one (1) year or until their successors are elected. Officers may be reelected.

6.2 Removal. Officers may be removed by six (6) board members voting in the affirmative for removal.

6.3 President. The President shall be responsible for calling meetings of the Board, for securing a chairperson/facilitator for each meeting, and for establishing the agenda for meetings. The President shall sign all documents for the Co-op at the direction of the Board or the membership.

6.4 Vice-President. The Vice-President shall, in the absence or incapacity of the President, serve and act in the President's place.

6.5 Secretary. The Secretary shall see that minutes of Board meetings are taken, shall supervise custody of all corporate documents, and shall countersign documents as required.

6.6 Treasurer. The Treasurer shall have responsibility for all financial reports of the Co-op and shall supervise their preparation and accuracy. The Treasurer will report at least annually to the membership on the financial status of the Co-op and will countersign all documents in the absence or incapacity of the Secretary.

6.7 Power of Delegation. The Board may, from time to time, hire or appoint other officers, employees, representatives and agents as it deems necessary and may grant them appropriate duties and powers.

ARTICLE VII — Operations

7.1 Fiscal Year. The fiscal year of the Co-op shall be set by the Board of Directors.

7.2 Audits. The Board shall obtain an audit or review (internal or external) of the Co-op's books at the end of each fiscal year, and shall present the audited or reviewed statements to the members at the Annual Meeting. The Board may require such other audits or reviews as it may, from time to time, determine as necessary.

7.3 Budgets. The General Manager shall adopt an Annual Budget for the entire Co-op. No budget may be adopted until it has been made available to members for review for at least fourteen (14) days.

7.4 Savings. Any savings on operations may be held as retained earnings for reserves or investment.

7.5 Investment. Cash reserves shall be kept in low-risk interest-bearing accounts or mutual funds, in credit unions, banks, and savings and loan associations. ELFCo may also invest in or make loans with or without interest, provided that each such investment or loan is specifically approved by the Board of Directors.

7.6 Borrowing. The Co-op may borrow money and mortgage, pledge or otherwise grant interest in property owned by the Co-op at the discretion of the Board of Directors. Each such borrowing, other than borrowing from members under Board-approved programs, must be specifically approved by the Board of Directors.

7.7 Accounts. The President and Treasurer shall jointly have the power to open bank and credit union accounts for the organization and to appoint signers. The Board shall be informed of each such account that is opened at its subsequent meeting.

7.8 Books. The Co-op shall keep a set of books for recording its operations. A written report, including a statement of the amount of its transactions with members and the amount of its transactions with nonmember patrons, a balance sheet, and an income statement shall be prepared annually.

7.9 Report of Condition. The Co-op shall prepare, not later than 120 days after the close of its fiscal year, a report of its condition, which report shall be certified by the president. The report shall include all of the following:

- a. The name and principal address of the Co-op.
- b. The name, addresses, and date of expiration of terms of the officers and directors, and their rate of compensation, if any.
- c. The number of memberships granted and terminated and the amount of member capital paid in during the fiscal year.

7.10 Distribution of Reports. A copy of the reports described in Sections 7.8 and 7.9 shall be presented at the annual membership meeting or distributed to each member. Copies of the reports shall be kept on file at the principal office of the Co-op and shall be made available to members, subscribers and applicants for membership during regular business hours. In addition, copies of a report shall be mailed to a member upon written request by the member.

7.11 Member Mailing. If a member mailing list is not accessible to members, then any mailing reasonably related to the affairs of membership shall be made by the Co-op at the request and expense of a member. However, a member mailing list or other personal information regarding members, including member email addresses, shall not be shared with or distributed or sold to any person or entity.

7.12 Notification by Other Members. If a member makes a timely request in writing that the Co-op notify the membership of the member's desire to be contacted by other members regarding a proposal then pending for a vote by the membership, the Co-op shall include in the next communication sent by the Co-op to all members, if any, a brief notice of that member's

request which shall identify the member and shall state whether the member is for or against the proposal and how to contact that member.

ARTICLE VIII — Dissolution

8.1 **Vote Required.** ELFCo may only be dissolved by vote of a two-third (2/3) majority of those voting in a duly called mail ballot vote of the membership, provided that no such vote will be effective unless twenty percent (20%) of the active members as defined by the Board vote in the referendum.

8.2 **Distribution of Assets.** Upon dissolution, the Directors shall provide for the payment of all business debts. Any remaining assets shall be used first to repay membership capital to all members who can be located and second to support, by donation, other cooperative organizations in East Lansing (first), Michigan (second) and nationally (third), as determined by the Board of Directors.

ARTICLE IX — Amendments

9.1 **Initiation of Amendments.** Amendments to these Bylaws or to the Articles of Incorporation as allowed by Section 4.8 may be proposed by the Board of Directors or by petition of seven percent (7%) of the membership.

9.2 **Voting on Amendments.** Amendments to the Articles of Incorporation and Bylaws that are proposed pursuant to Section 9.1 shall be submitted for approval at a meeting of the members. The meeting shall be called by a written notice that complies with Section 4.2. Prior to such meeting the Co-op shall mail a ballot to each member concerning the amendment to be voted upon. Members may vote prior to the meeting by mailing or personally returning the completed ballot to the Co-op prior to the date of the meeting. In the alternative, members may vote in person at the meeting. If a member has voted prior to the meeting, such member will not be allowed to vote at the meeting.

9.3 **Special Rules for Approval of Amendments.** Amendments must be approved by the affirmative vote of a majority of the votes cast by members eligible to vote thereon; provided that no such vote shall be effective unless ten percent (10%) of the members cast ballots. Any amendment to the Articles of Incorporation and any amendment to these Bylaws which alters member voting rights or member capital shall be subject to the special provisions of Section 4.8.

ARTICLE X — Indemnification

10.1 **Indemnification.** ELFCo shall indemnify, as fully as possible under Michigan law, any person who is made or threatened to be made a party to any threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, because such person acted as a director or officer of ELFCo or because such person served at the request of ELFCo as a director or officer of any other enterprise, against expenses, attorney fees, judgments, fines, penalties and amounts paid in settlement which that person actually and reasonably incurs in such matter or its appeal. These indemnification rights are not exclusive of any other rights, which such person may have. No repeal or amendment of this Article shall adversely affect any person's right to indemnification with respect to acts or omissions occurring before the repeal or modification.