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BYLAWS
Moscow Food Co-op, Inc.

PREAMBLE

These bylaws are subject to all applicable state and federal law (including without limitation Title 30, Chapter 30 of the Idaho Code, referred to herein as the Idaho Nonprofit Corporation Act); and to the Articles of Incorporation of the Moscow Food Co-op. Moscow Food Co-op shall be guided in its operation by the seven cooperative principles adopted by the 1995 General Assembly of the International Co-operative Alliance, namely voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for community.

Article I: Organization

1.1 **Name.** The name of the organization shall be Moscow Food Co-op (henceforth the "Cooperative").

1.2 **Ownership and Purpose.** As more fully provided in the Articles of Restatement, the Cooperative shall be owned by its members and shall operate solely on a cooperative basis for the mutual benefit of its members.

1.3 **Governing Law.** These bylaws are governed by Idaho Code Title 30, Chapter 30 (the Idaho Nonprofit Corporation Act), as such may be amended, recodified, or interpreted from time to time.

1.4 **Nondiscrimination.** The Cooperative shall not discriminate in hiring, membership, or provision of services on the basis of race, nationality, religion, age, gender, sexual orientation, disability, political affiliation, or otherwise.

Article II: Membership

2.1 **Eligibility.** Membership in the Cooperative shall be open to any individual who is in accord with its purposes and is willing to accept the responsibilities of membership.

2.2 **Admission.** Any eligible person shall be admitted to membership upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Directors (henceforth "the Board"), and meeting such other reasonable requirements as determined by the Board.

2.3 **Rights.** Members have the right to elect the Cooperative's Board, to attend meetings of the Board (subject to reasonable rules to protect privacy and confidentiality in executive sessions), to receive notice of and attend membership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws and to the Articles of Restatement and other matters as specified in these bylaws or the Articles of Restatement or the Idaho Nonprofit Corporation Act. Each member shall have one vote and no more on all matters submitted to members. The rights of members shall be understood to apply only to members in good standing. All rights and responsibilities of members are subject to the bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.

2.4 **Responsibilities.** Members shall keep current in equity investments due to the Cooperative; shall keep the Cooperative informed of any changes in name, email address, and mailing address; and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. A member who upholds these responsibilities is considered a member in good standing. Any further reference to a member in these bylaws shall refer only to a member in good standing.

2.5 **Termination of Membership.** A member may terminate his or her membership voluntarily at any time by written or electronic notice to the Cooperative. Membership may be terminated involuntarily by the Board for cause after the member is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing. Cause may include intentional or repeated violation of any

provision of the Cooperative's bylaws or policies, actions that will impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative or its members, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.

2.6 **Unallocated Reserve**. If a member voluntarily or involuntarily terminates membership in the cooperative, then the equity and patronage dividend amount allocated to that member shall be forfeited by the member to the cooperative and placed in an unallocated reserve.

2.7 **Nontransferability.** Membership rights and member equity may not be transferred in any manner.

2.8 **Preferred Equity.** By resolution of the Board, the Cooperative may issue preferred equity to members or non-members, in one or more classes or series, on terms established by the Board in the resolution at the time of issuance, including the dividend (if any) to be paid, the liquidation value, whether the class or series of preferred equity is cumulative or noncumulative, and any limits on transferability or redemption.

Article III: Member Meetings

3.1 **Annual Meeting.** A membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on 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 membership may be called by the Board, either by decision of the Board or in response to a written petition of ten percent (10%) of the members. Notice of special meetings shall be issued to members. In the case of a petition, notice of the special meeting shall be issued within 45 (forty five) days after a presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting.

3.3 **Notice of Meetings.** Notice of the date, time, place and purpose of each meeting of the membership shall include a description of any matters or matters that must be approved by the members. Notice shall (a) be posted in a conspicuous place at the Cooperative store(s) and (b) be communicated individually to members by mail or email (or any other reasonable method as determined by the Board) no fewer than ten (10) days before the meeting date; provided, however, the Cooperative shall endeavor to communicate to members the proposed date of member meetings in advance of the minimum legal notice period.

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 store(s) and communicated to members not less than thirty (30) days prior to the end of the voting 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 members voting thereon. All votes must be cast by the owner of record; proxy voting is not allowed.

3.5 **Quorum of Members.** At any meeting of the members, or for any vote of the members, a quorum necessary for decision-making shall be five percent (5%) of the total number of members.

ARTICLE IV: Board of Directors

4.1 **Powers and Duties.** The Board shall be composed of seven to nine Directors, as determined by the Board, elected from among members of the Cooperative. 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.

4.2 **Standards of Conduct.** Directors and officers with any discretionary authority shall be responsible at all times for discharging their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner they reasonably believe to be in the best interests of the Cooperative.

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4.3 **Terms and Elections.** Elections shall occur annually, in a manner prescribed by the Board. Directors shall serve a term of three (3) years, and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year. No Director may be elected for more than three (3) consecutive terms (excluding a partial term due to appointment to fill a vacancy).

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

4.5 **Removal.** A Director may be removed by decision of a majority plus 1 of all current Directors for conduct contrary to the Cooperative or failure to follow Board policies.

4.6 **Meetings.** The Board shall hold regular and special meetings at such time and place as it shall determine, and all Directors shall be notified in writing of said meeting at least ten (10) 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 members unless the Board decides to go into executive session regarding confidential or proprietary matters such as labor relations or personnel or competitive 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; or discussion of a matter that may, by law or contract, be considered confidential.

4.7 **Action without a Meeting**. Any action required or permitted to be taken at a meeting of the Board may be taken by written action affirmed by all of the Directors. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action.

4.8 **Quorum of Directors.** A majority of the current Directors shall constitute a quorum and no decisions will be made without a quorum.

4.9 **Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest 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.

4.10 **Officers.** The Board shall designate officers according to the requirements of state law and as necessary for the effective conduct of Board business.

4.11 **Indemnification.** To the full extent permitted by the Idaho Nonprofit Corporation Act, the Cooperative shall indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorney's fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director.

ARTICLE V: Patronage Dividends

5.1 **Allocations to Members.** The Cooperative shall allocate and distribute to members 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, including the amount if any distributed in cash and the form of any amount distributed as patron's equity or store vouchers, whether the allocations will be made in one or more divisions, departments or allocation units, and whether all or part of the excess margins shall be set-aside in capital or other necessary reserves. Net margins from business done with persons that are not members may be allocated to members and eligible patrons or set-aside as unallocated surplus or retained earnings (if the allocation is made prior to the beginning of the fiscal year). The face value of any patronage dividend distributed as store vouchers remaining uncashed after the expiration date shall be donated to a nonprofit fund designated by the Board or forfeited to the Cooperative.

5.2 **Consent of Members.** By obtaining or retaining membership in the Cooperative, each member consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the Cooperative.

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5.3 **Dividends Distinguished from Equity.** Patronage dividends allocated to a member shall not be considered equity.

ARTICLE VI: Dissolution

6.1 **Asset Distribution**: The Cooperative may be dissolved upon a decision of the Board and a two-thirds (2/3) vote of the members who participate in the vote. Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming any equity accounts which, if they cannot be paid in full, shall be paid in the order of the oldest outstanding amounts and; (iii) by distributing any remaining assets in a way that furthers the Cooperative's mission, as determined by the Board.

ARTICLE VII: Interpretation and Amendment of Bylaws

7.1 **Interpretation.** The Board of Directors shall have the power to interpret these bylaws and the Articles of Restatement, apply them to particular circumstances, and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these bylaws and the Articles of Restatement.

7.2 **Communication by Electronic Means**. Unless otherwise required by law or by these bylaws, any notice, consent, petition, vote, or other oral or written communication required or permitted by these bylaws may be delivered by electronic means, provided that, in the case where such communication expressly or implicitly requires the signature of the person submitting the communication, means are in place to reasonably assure the authenticity of the signature.

7.3 **Amendments.** These bylaws may be amended or repealed in whole or in part by two-thirds of the members who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least ten percent (10%) of active members. The proposed amendment shall be publicized to the membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.

7.4 **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.

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