

**Bylaws of the Good Earth Food Cooperative**  
**St. Cloud, Minnesota**  
**As revised and adopted October 2008**

The Good Earth Food Cooperative shall be run and managed according to the cooperative form . This instrument constitutes the Bylaws of the Good Earth Food Cooperative, a Minnesota cooperative association (the “association”) organized under Minnesota Statutes Section 308, et seq and is adopted by the Board of Directors for the purpose of regulating and managing the internal affairs of the association.

**Article I. (Meetings)**

**Section 1. (Annual Meetings)**

The annual meeting of the members shall be held in the geographic area served by this association at such time as may be determined by the Board of Directors of the association.

**Section 2. (Special Meetings)**

The President of the Board of Directors shall cause a special meeting of the members to be called upon a written petition of at least twenty percent (20%) of the members, or upon a majority vote of the Board of Directors. The notice of the time, place and purpose of the special meeting shall be issued within (10) days from and after the presentation of the member petition, and the special meeting shall be held within thirty (30) days from and after the date of presentation of the petition. No business shall be considered at any special meeting except as is included in the notice of the meeting.

**Section 3. (Notice of All Board Meetings)**

Notice shall be given by the Secretary of the Board of Directors of all meetings of the members by posting a notice in the association premises or either publishing a notice thereof in the St. Cloud Times at least fifteen (15) days prior to the date of the meeting or by mailing a notice of the meeting to each member at his, her or its last known address not less than fifteen (15) days prior to the proposed meeting. The failure of any member to receive notice shall not invalidate any action which may be taken by the members at any meeting.

**Section 4. (Voting)**

Each member shall have one vote on resolutions brought forward by the Board of Directors, by petition, or in elections of the Board of Directors (See Section 2, Article 1) regardless of the number of shares owned. No member shall be allowed to vote by proxy, but voting by mail shall be allowed if authorized by the Board of Directors.

## **Section 5. (Quorum)**

At any regular or special meeting of the members, a quorum necessary for the transaction of business shall be at least ten percent (10%) of the total number of members of the association, except that when the number of members shall exceed five hundred (500), fifty (50) members present shall constitute a quorum. In determining a quorum at any meeting on a question submitted to the members for mail ballot, members present in person as well as mail ballots shall be counted to determine a quorum.

## **Section 6. (Presiding Officer)**

The president of the Board of Directors shall preside at all meetings of the members and at meetings of the Board of Directors and shall cast the deciding vote in case of tie votes.

## **Section 7. (Directors' Meetings and Quorum)**

Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors, by proper resolution duly adopted and recorded upon the minutes, shall from time to time determine. A majority of the directors shall constitute a quorum at all meetings of the Board of Directors, and a majority vote of the members present shall decide all questions. Presence at a meeting shall constitute a waiver of notice of the meeting. Director meetings may be held by telephone conference call, if so approved by all directors.

## **Section 8. (Special Directors' Meeting)**

Special meetings of the Board of Directors may be called by the President of the Board of Directors or by a majority of the Board of Directors. Each member of the Board of Directors shall be duly notified of all such meetings.

## **Section 9. (Action Without a Meeting)**

Decisions of the Board of Directors may be made without a meeting if consent in writing, stating the action to be taken, is signed in writing by all directors and filed with the minutes of the following meeting.

## **Section 10. (Attendance at the Board of Directors Meetings)**

1) Member-owners may attend regularly scheduled meetings as observers. 2) Board meeting dates will be posted in the association premises and the newsletter. 3) Member-owners are welcome to attend all parts of the meeting with the exception of "Executive Committee" sessions or agenda items.

## **Section 11. (Presentations to the Board of Directors)**

Member-owners who wish an opportunity to address the board will be provided a 5 minute scheduled segment on the agenda. A written outline of the presentation should be provided by the member owner to the board's Secretary/Treasurer at least 10 days prior to the board meeting, for inclusion in the upcoming board meeting packet. This outline can be sent or delivered to the Co-op. Up to two member-owner presentations per meeting will be scheduled on a first-come, first-serve basis. Member-owners may only address the board once per calendar quarter, in order to provide presentation opportunities to other member-owners. Return presentations should be on new topics. If responses are required they will be provided at a later date. Regarding: Board Minutes.

## **Section 12. (Member-Owner Information)**

The copy of the minutes of the board meeting will be available, on the association premises along with policies and procedures. They will not be published in the newsletter. Each issue of the newsletter will contain an article written by a director or by a staff member that focuses on the "business of the Good Earth."

## **Article II: (Membership)**

### **Section 1. (Qualifications)**

Any natural person, non-profit association or cooperative association who becomes the owner of a share of Class A voting stock is entitled to membership in the association with all rights and obligations of membership. All applications for membership must be approved by the board of directors. This association shall not discriminate on social or political grounds or on the basis of race, creed, age, gender, handicap, sexual orientation, or marital status. It is conclusively presumed that upon becoming the owner of a share of Class A voting stock that the member shall have agreed to comply with the requirements of the Articles of Incorporation, Bylaws and other policies of the association. Upon request, each prospective member shall be provided with a copy of the Articles of Incorporation and Bylaws of the association upon making application for membership. A copy of the Bylaws shall be made available in the association premises.

### **Section 2. (Voting)**

Each member shall have one vote in the resolutions brought to the general membership for vote. Corporate or joint memberships shall designate one person to vote on their behalf.

### **Section 3. (Termination)**

Membership may be terminated voluntarily by a member upon written notice to the association. The Board of Directors may elect to terminate a membership if a member dies, ceases to exist, fails to patronize the association for a period of one (1) year, or fails to comply with the requirements of these Bylaws or other policies of the association. When a membership is

terminated, the association shall either: a) purchase the Class A stock of the member by tendering in cash to the member, or his, her or its heir or successors in the appropriate case, the par value or the book value, whichever is less, together with any cash portion of a patronage dividend due or unpaid, less any indebtedness due the association by the member, or b) purchase the Class A stock of the member by tendering to the member, or his, her or its heirs or successors in the appropriate case, Class B stock, the amount of stock so tendered equal to the par value or book value of the Class A stock, whichever is less, together with any cash portion of a patronage dividend due or unpaid, less any indebtedness due the association by the member.

#### **Section 4. (Restrictions on Stock Transfer)**

Every member agrees that the stock of this association can only be transferred back to the association, and only with the approval of the Board of Directors. The stock of this association is not transferable in any other event.

### **Article III: (Board of Directors)**

#### **Section 1. (Number and Term of Directors)**

a) The number of directors of this association shall be seven (7), plus two (2) alternative directors, who shall be members of the association. Directors shall be elected by ballot at the annual meeting for a term of two (2) years. b) They shall take office upon completion of orientation, and have read and signed the Code of Conduct. They shall hold office until their successors have taken office. If any director shall cease to be a member, his or her office shall be vacated.

#### **(Board Code of Conduct)**

The source of this code of conduct is the Northcountry Cooperative Development Fund Governance Toolbox.

As a co-op director, I pledge to do my best for the co-op and will:

- Devote the time needed to fulfill the responsibilities of the position;
- Attend all regular and special board and committee meetings;
- Be prompt, attentive, and prepared for all board and committee meetings;
- Contribute to and encourage open, respectful, and thorough discussions by the board;
- Attend and actively participate in the board's training sessions and annual planning retreat to enhance board understanding and cohesiveness;
- Consider the business of the co-op and its members to be confidential in nature;
- Disclose any personal or organizational conflict of interest that I may be in and refrain from discussion or voting on any issues related to that conflict;
- Be honest, helpful, diligent, and respectful in my dealings with the co-op, with other directors, and with the co-op's management, staff, and members;
- Refrain from becoming financially involved or associated with any business or agency that has interests that are, or could be perceived to be, in conflict with the co-op's;
- Work for continued and increased effectiveness in the co-op's ability to serve its member/owners;

- Be a team player and agree to abide by the majority action of the board, even if it is not my own personal opinion;
- Present the agreed-upon view of the board of directors, rather than my own, when I speak for the co-op to employees, members, shoppers, and the general public;
- Refrain from asking for special privileges as a board member and from interfering with management's authority;
- Work to ensure that the co-op is controlled in a democratic fashion by its members and that all elections are open, fair, and encourage the participation of all members.
- Strive at all times to keep members informed of the co-op's status and plans, and of the board's work, as appropriate;
- Continually seek to learn more about the co-op and its operations and about my responsibilities as a board member by pursuing educational opportunities.

As a co-op director, I agree to abide by this Statement of Agreement. I agree that if, in the opinion of the majority of co-op directors, I have violated the letter or spirit of this agreement, I shall resign my position on the board immediately and shall not seek to cause continued disruption to the co-op and the co-op board for that action. (This statement must then be signed and dated by the individual director.)

## **Section 2. (Vacancies)**

Any vacancy in the board of directors, except those due to removal of a director by the members, shall be filled by the board by naming one of the alternates. In the event there are no alternates remaining, the Board of Directors shall fill the vacancy as they see fit.

## **Section 3. (Organizational Meeting)**

At the first regular board meeting after the annual meeting the Board of Directors shall elect by ballot from their number a president, and one or more Vice Presidents. They shall also select a Secretary and Treasurer who need not be directors. The offices of the Secretary and Treasurer may be combined and when so combined shall be termed Secretary-Treasurer. Any officer may be removed by majority vote of the board whenever in its judgment the best interests of the association will be served thereby.

## **Section 4. (Compensation)**

In general, the compensation, if any, of the Board of Directors and management Committee Members shall be set by the members of the association by a resolution adopted at any regular meeting or any special meeting called for that purpose. Until changed, all active members of the Board of Directors, will receive a 15 (fifteen) percent discount off the total retail purchase price of products they purchase through the association; all active management committee members shall receive a 5 (five) percent discount off the total purchase price of products they purchase through the association.

The Board may adopt detailed rules and procedures to implement any compensation arrangement approved by the members. Directors shall also be reimbursed for actual expenses incurred in attending board meetings or any other business of the association when such expenses have been

approved by at least a five-sixths vote of the remaining directors. Compensation of association officers shall be set by the board of directors.

### **Section 5 (Removal)**

Any director may, if determined to be in violation of the signed Code of Conduct, at any meeting of the board of directors called for the purpose, at which a quorum of the board of directors shall be present, be removed from office by vote of a majority of the board of directors voting. A director may also be removed from office for failure to attend three consecutive board of director meetings without a good cause. The removal of a director shall not be considered at a meeting of board of directors unless the removal has been stated in the notice of the meeting. No director shall be removed from office at any meeting of the board of directors unless he or she shall be informed in writing of the meeting at which the matter is to be considered at least (10) days in advance by certified mail, except that a director may be removed for failure to attend meetings without being given a written notice. A director shall be given an opportunity to be heard at any meeting of the board of directors where his or her removal is considered. The directors shall fill the vacancy for the unexpired term of the director as they would any vacancy on the board of directors.

## **Article IV. (Duties and Powers of the Directors)**

### **Section 1. (Management of Business)**

The board of directors shall govern the business and the affairs of the association and shall make all necessary rules, regulations and policies not inconsistent with the law or with the Articles of Incorporation and bylaws of the association. The board of directors shall have the power to employ and dismiss the General Manager, to determine their duties and fix their wages.

### **Section 2. (Bonds of Employees)**

The board of directors may require the manager and other officers, agents, and employees charged with the custody of any of its funds or property to provide a fidelity bond in such sum as the board of directors shall determine. Such bond shall be furnished by a responsible bonding company or other surety satisfactory to the board, and the cost of the bond shall be paid by the association.

### **Section 3. (Audits)**

The board of directors shall install and maintain adequate system of accounts and records. At least once a year, the books and accounts of the association will be audited or reviewed in such a manner as the board deems advisable, and the report of such audit or review shall be made at the next annual meeting of the members.

#### **Section 4. (Declaration of Patronage Dividend)**

If the board of directors declares a patronage dividend, then the manner and time of payment shall be determined after the close of each fiscal year.

#### **Article V. (Duties and Powers of Officers)**

##### **Section 1. (President)**

The President of the board of directors shall: a) Preside over all meetings of the association and of the board of directors; b) Sign as President, with the Secretary, or the Secretary-Treasurer, all notes, deeds and other conveyances of real estate, as well as all certificates of stock of the association; c) Serve all notices as required by law.

##### **Section 2. (Vice President)**

The Vice President shall, in the absence or disability of the President, perform all of the duties of the President.

##### **Section 3. (Secretary)**

The Secretary shall: a) Ensure a complete record of the meetings of the association and of the board of directors is kept; b) Sign, as Secretary, with the President all notes, deeds and other conveyances of real estate, as well as all certificates of stock of the association; c) Perform such other duties as required of him or her by the board of directors.

##### **Section 4. (Treasurer)**

The Treasurer shall: a) Oversee the receipt and disbursement of all funds of the association; b) Ensure that complete records of all financial transactions of the association are kept; c) Perform such other duties as shall be required of him or her by the board of directors; d) Shall cause to be prepared and submitted to the annual meeting of the members a complete report of income and expenses, and such over statements and statistical memoranda as the board of directors shall require; e) The board of directors may choose to employ (and dismiss) a bookkeeper who is not a member of the board of directors to perform the duties of the office of Treasurer.

##### **Section 5. (Secretary-Treasurer)**

In the event that the office of Secretary-Treasurer is combined, then his or her duties shall be a combination of the duties of the Secretary and the Treasurer and his or her office shall be known as Secretary-Treasurer.

## **Section 6. (General Manager)**

a) The board of directors shall have the power to employ and dismiss the general manager of the association. The general manager shall have the general charge of the ordinary and usual business operations of the association subject to the direction and approval of the board of directors. The general manager shall be required to maintain all business records and accounts in such a manner that the true manager shall be required to maintain all business records and accounts in such a manner that the true and correct condition of the business may be determined whenever practical. The general manager shall be required to maintain the records and accounts of the association in such manner that the true and correct condition of the business may be ascertained therefrom at any time. He/she shall render annual and periodical statements in the form and manner prescribed by the directors. He/she shall carefully preserve all books, documents, correspondence, and records of whatever kind pertaining to the business which may come into his/her possession. He/she shall provide annual and periodic reports in a form and manner prescribed by the board of directors. The general manager shall employ and discharge employees not specifically employed by the board of directors and to set their rates of compensation. The general manager shall handle and account for all monies belonging to the association which come into his or her possession in the manner and form prescribed by the board of directors. The general manager shall not engage in business of like nature to that of the association or be employed by anyone else in such a business. b) The board of directors may choose to employ (and dismiss) a bookkeeper who will assist the general manager in the performance of the duties of the general manager.

## **Article VI. (Capital Stock)**

### **Section 1. (Certificates or Proof of Membership)**

Membership cards may be issued in lieu of certificates of stock, when the initial required stock is fully paid for and the membership application has been received and approved by the board of directors. Class B stock received as patronage dividends shall be evidenced by written notice of allocation mailed to the member. Certificates evidencing other types of stock shall contain the name of the person, cooperative or non-profit association that owns the stock, the membership number assigned to that member, and shall bear the signature of the President and Secretary. The members of the board of directors retain the right to terminate all memberships as provided in the bylaws. Redemption of stock is at the discretion of the board of directors and is subject to any indebtedness owing the association by the stockholder.

### **Section 2. (Classes and Issue)**

In order to provide a means whereby its current and active members will finance the association, the board of directors is authorized to issue stock or membership interests of such classes and holding such rights as the Board may determine, including, Class B stock and equity reserve or capital interest certificates, or any other media as determined by the board of directors and as permitted by the laws under which the association is organized. Funds and credits arising from the issue of such stock, certificates, or other media may be used for creating a revolving fund for

the purpose of building up an amount of working capital to meet the association's financial needs. Whenever the board of directors determines that all of its funds are not necessary for the proper financing of the operations of the association, the board of directors may choose to retire class B stock, or otherwise redeem or liquidate equity or capital reserves or any other media previously issued. If the board of directors determines that funds are available for that purpose, the board of directors shall either redeem the oldest stock or certificates or other media or redeem the same percentage of the stock, certificates, or other media, held by each person.

### **Section 3. (Order of Payment Upon Dissolution or Liquidation)**

Upon dissolution of the association the debts and liabilities of the association shall first be paid according to their respective priorities. Stockholders shall then be paid the par value of their shares, and if there is more than one class of stock outstanding, payment shall be made in the order of preference as stated in the Articles of Incorporation. The remainder of the property, if any, shall be distributed to another association doing business on a cooperative basis or a nonprofit organization exempt from taxes under Section 501(c)(3) of the Internal Revenue Code, as shall be determined by the board of directors or trustees.

### **Section 4. (Records)**

a) The books and records of the association shall be kept on a fiscal year basis and in such a manner that the patronage refunds of each member of the association may be ascertained at any time. b) Patronage dividends shall be distributed in cash or in equity (usually Class B stock) or by any combination thereof designated by the board of directors. Equity distributions may be paid or redeemed in whole or in part at such time, in such manner and such order as shall be determined by the board of directors in its sole discretion. The board of directors may establish policies and programs for the payment of or redemption of such equity. No transfer or assignment of such equity shall be allowed without the approval of the board of directors.

## **Article VII. (Distribution of Surplus)**

### **Section 1.**

**(Annual Net Savings)** a) Gross receipts shall be all proceeds from the sale of goods and services to members and non-members and all other sums received (including patronage refunds and all non-patronage income). b) The association shall deduct from gross receipts all expenses incurred in generating the gross receipts, including, but not limited to, marketing expenses, costs of goods or services sold, taxes, depreciation, reserves for doubtful accounts and all other necessary expenses. c) The amount remaining after reducing the gross receipts by the expense deductions shall constitute the annual net savings (not earnings) of the association.

### **Section 2. (Member Patronage Income)**

a) Annual net savings shall be divided into 1) annual net savings from member patronage, and 2) annual net taxes, depreciation, reserves for doubtful accounts and all other necessary expenses, savings from non-member patronage and non-patronage income. Annual net savings

from member patronage shall be determined by taking the percentage of gross receipts attributable to business done with or for members (including patronage refunds) and multiplying that percentage times the total annual net savings. The amount that results shall be annual net savings from member patronage, which shall be distributed to the member-patrons of this association in proportion to the amount of business done by the member with the association, subject only to the deductions provided in Sections 3 and 4 of this article. b) The difference between total annual net savings and net savings from member patronage shall be annual net savings from non-member patronage and non-patronage sources.

### **Section 3. (Educational Reserve)**

The Board of Directors may set aside a sum not to exceed five percent (5%) of annual net savings from non-member patronage and non-patronage sources as an educational fund which shall be used for the purpose of promoting and encouraging cooperative associations.

### **Section 4. (Capital Reserve)**

The board of directors shall annually set aside all annual net savings from non-member patronage and non-patronage sources less any deductions for the educational reserve as a capital reserve. In addition, the board of directors may also place into the capital reserve fund all annual net savings from member patronage attributable to members who are unidentified, or who do not consent to take into account patronage dividends from the association in the manner provided in 26 U.S.C. Section 1385, annual net savings from patronage attributable to members who so consent, but which result in a distribution of an amount that is less than five (5) times the cost of distributing each member's dividend, as estimated by the members of the board. Amounts previously set aside as capital reserves shall not be allocated to the members but shall be kept in the general reserve fund of the association. The board of directors may, by resolution duly adopted prior to the end of the fiscal year, set aside up to fifty percent (50%) of the total annual net savings from member patronage as a capital reserve.

### **Section 5. (Distribution of Patronage Dividends)**

a) The annual net savings from member patronage, less any deductions or exceptions as determined by Sections 3 or 4 of this article, shall be distributed annually to the members of the association. Members shall, by their on-going membership in the association, consent to include in their income such patronage distributions from the association in the manner provided in and to the extent required by 26 U.S.C. Section 1385. b) Patronage dividends shall be distributed in cash or in equity (usually Class B stock) or by any combination thereof designated by the board of directors. Equity distributions may be paid or redeemed in whole or in part at such time, in such manner and such order as shall be determined by the board of directors in its sole discretion. The board of directors may establish policies and programs for the payment of or redemption of such equity. No transfer or assignments of such equity shall be allowed without the approval of the board of directors.

## **Section 6. (Allocation of Losses)**

If this association has sustained an annual loss in net savings from member patronage, it shall have the power and authority to allocate such losses from the members in the following manner: 1) to the members for such year or years on a patronage basis and apply such losses against the equity credits or stock of said member; 2) to apply the loss to the association's capital reserve; or 3) to carry forward or back such loss, as determined by the board of directors.

## **Article VII. (Consent by Members)**

Each member of this association shall by becoming a member, consent that the amount of any distributions with respect to his, her or its patronage occurring in any fiscal year which are made by qualified written notice of allocation (as defined in 26 U.S.C. Section 1388) shall be included in his, her or its income in the manner provided in 26 U.S.C. Section 1385 during the taxable year in which the qualified written notice of allocation is received. It is the intent of this provision to provide a consent binding on all members who retain or obtain membership in this association and receive a written notification and copy of this bylaw for the purpose of making such patronage distributions "qualified" within the meaning of the Internal Revenue Code.

## **Article IX. (Indemnification)**

This association shall indemnify each person who is or has been a director, officer or employee of this association, and each person who is serving or who has served at the request of this association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him or her to the fullest extent of his or her right to indemnify under current Minnesota corporation law. Provided however, notwithstanding anything elsewhere apparently to the contrary, in no event shall an employee shall be entitled to indemnification for any act that forms the basis, or which could have formed the basis, for the discharge of that employee from employment with the association, or for any claim relating to dishonesty, fraud, or intentional wrongdoing.

Directors should also be aware of the special characteristics of a cooperative business require that the directors be sensitive to the needs of the members and make sure the members are educated so that they can exercise their rights.

## **Article X. (Miscellaneous Provisions)**

**Section 1. (Fiscal Year)** The Fiscal year of this association shall begin on the first day of July and close on the last day of June each year.

**Section 2. (Amendments)** These bylaws may be amended, repealed or altered, in whole or in part, as provided by law, by a majority vote of the members present and voting at any annual or special meeting of the members when such action has been duly announced in the call of the meeting.

By execution below, I affirm that these Bylaws were adopted at a duly called meeting of the Board of Directors.

By \_\_\_\_\_  
Secretary of the association.