

BYLAWS OF
ORYANA FOOD COOPERATIVE, INC.

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BYLAWS OF
ORYANA FOOD COOPERATIVE, INC.

ARTICLE I: OFFICE

Section 1: Name

The name of this cooperative shall be "Oryana Food Cooperative, Inc.," hereinafter referred to as the Cooperative, a non-profit member-owned organization incorporated under the provisions of the Michigan Consumer Cooperative Act, Chapter 11 of PA 1984 No. 209, MCLA 450.3100 et. seq.

Section 2: Location

The headquarters of this Cooperative shall be in the State of Michigan.

ARTICLE II: PURPOSE

The purpose of the Oryana Food Cooperative is to provide high quality food and other goods produced in ecologically sound ways at fair value to members/owners and to the community, and to provide education about the relationship of food to health. Oryana members and staff are committed to enhancing their community through the practice of cooperative economics and education and the provision of services consistent with those principles.

ARTICLE III: MEMBERSHIP

Section 1: Open Access

Membership shall be available to all patrons of the Cooperative who are consumers and to other patrons pursuant to these Bylaws. No person shall be denied membership on the basis of social, racial, marital, or veteran status, political or religious beliefs, national origin, gender, sexual orientation, age, disability, or physical appearance. Any person or organization who meets the criteria enunciated in these Bylaws and by the Board of Directors shall be entitled to one membership.

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Section 2: Buying Deposit/Work Requirement

Membership shall consist of a buying deposit and/or work requirements as defined by the Board of Directors.

Section 3: Form of Certificate/Membership Card

The Membership card/certificate shall be in the form as prescribed by the Board of Directors, and shall be listed in a Registration Journal held and maintained by the Secretary.

Section 4: Voting Members

All persons who meet the following criteria and any other criteria, such as that contained in Article 4, Section 1, shall have the privilege to vote:

- A. A voting member shall be an individual who has attained the age of 16; and
- B. Has signed an application form on which he/she has agreed to comply with all requirements of these Bylaws and any requirements made by the Board of Directors; and
- C. Has been accepted into membership by the Board of Directors or its designee(s); and
- D. Has paid the member capital required by the Board of Directors, membership fee, and any other required assessments as determined by the Board of Directors.

Section 5: Non-Voting Members

An organization, including a corporation, may become a member so long as it has complied with all of the above. It must, however, designate one person who may buy on behalf of that membership. Any such organizational member, however, shall be a non-voting member. The Board of Directors may assess a higher or different membership fee as to such a non-voting member, and may dictate any discounts or other membership criteria.

Section 6: Board Authority As To Membership

The Board of Directors may establish special categories or classes of membership which may include, but are not limited to, primary single membership, household membership or multiple, or other membership. The Board shall establish any other membership fees.

Section 7: Required Information

Each member shall provide to the Cooperative, on a form provided, their:

- A. Name, and the names of all persons included in the membership;
- B. Mailing address;
- C. Instructions regarding the use of a member's deposit/membership fee.

Section 8: Rights and Responsibilities

- A. Statement of Membership

The Cooperative shall issue to the member upon the member's acceptance, a statement with the following information:

- 1. A statement that this Corporation is a Cooperative subject to the Consumers Cooperative Act, PA 1984 209 Section 1; Effective November 1, 1985, MCLA 450.310 et. seq.;
- 2. A statement that the purpose of becoming a member of this Cooperative is to assure access to goods, services, and facilities of the Cooperative and not to gain profit;
- 3. A statement of the voting rights and rights to notice of meetings of members;
- 4. A statement of the qualifications of admission, retention of membership, and the rights of the Cooperative to terminate membership, if any;
- 5. A statement of the restrictions, if any, on the transfer of membership;
- 6. A statement of rights of redemption of member capital, if any, or statement that member capital is not redeemable;
- 7. A statement of the right of members to call Special Meetings, to receive annual reports, and secure other material and information concerning the Cooperative.

- B. Membership Card

The Cooperative shall issue to the member upon the member's acceptance, a membership card/certificate which contains at least the following information:

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1. Name, and the names of all persons included in the membership;
2. A statement of the restrictions, if any, on the transfer of membership;
3. A statement of rights of redemption of member capital, if any, or statement that member capital is not redeemable.

Section 9: Buying Deposit/Share Refund/Redemption

A member who wishes to redeem or refund his/her buying deposit shall deliver his/her card to the Secretary in such a manner as prescribed by the Board of Directors. The Co-op shall refund said deposits to the member by paying to the member in cash or other property (i) the lesser of the member's capital or the member's pro rata share of the total member capital of the Cooperative determined according to the ratio each member's member capital bears to total member capital, or (ii) such other amount as may be provided by the Board of Directors. The Board of Directors is specifically allowed by these Bylaws to provide for a fair and equitable redemption of capital, based upon these Bylaws, the statutes and the ability of the Cooperative to pay. Payment of the member capital shall be made within five (5) years of the date of termination of membership.

The Board of Directors may adopt and implement any plan which they deem to be acceptable to partially redeem member capital.

The Cooperative shall not redeem member capital or any portion thereof under either of the following conditions:

- A. When the Cooperative is insolvent, or when the redemption would render the corporation insolvent.
- B. Unless after redemption there remains an outstanding one or more classes of members possessing among them, collectively, voting rights.

If a member fails to patronize the Cooperative to an extent and within a specific period of time, to be determined by the Board of Directors, the Board of Directors may terminate the membership.

A person entitled to payment of redemption of member capital shall be given reasonable notice of the redemption, which notice may be sent by mail to the last known address of the person. If the person fails to respond to the notice and claim the payment within 5 years from the date of the notice, that person shall have no further rights in the member capital and the member capital may be added to the general funds of the Cooperative, which capital shall remain the property of the corporation.

As to any nonmember patron who has subscribed for membership and has not paid in full the member capital required for membership or has failed to comply with the provisions of these

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Bylaws concerning admission to membership within one (1) year of the time of application of membership, any amounts paid by that person shall be returned to them pursuant to the notice provisions contained in this section. If the person has failed to respond to the notice to claim the money within five (5) years of the date of notice, any amounts paid shall be allocated to the general funds of the Cooperative and thereafter, the nonmember patron shall have no further rights.

The Board of Directors may establish a dividend on membership capital not to exceed 8% per year. The Board of Directors may also establish a special assessment on members.

Section 10: Membership Non-Transferability/Termination/Removal

A membership shall not be transferable between parties or organizations, and a membership shall be terminated by death, resignation, expulsion or expiration of the term of membership.

If, in the opinion of the management and the Board, a member is causing appreciable injury to this Cooperative through failure to comply with the requirements of these Bylaws or through actions deemed contrary to its best interests (e.g., shoplifting, misdemeanor(s), etc.), he/she may be advised that he/she is being suspended from all privileges of membership until the next Annual or Special Meeting. If the member requests a hearing, the charges against him/her shall be read and he/she shall be given the opportunity to defend him/herself at a Board of Directors meeting within 60 days of the suspension. In considering the appeal, the Board of Directors shall review all evidence presented and may decide to reinstate membership. If the Board of Directors upholds the suspension, the suspended member may request a vote of the membership to decide whether his/her membership shall be reinstated. It shall require a majority vote of the membership at the meeting to reinstate his/her membership.

Section 11: Patronage Operation

The Cooperative shall be operated on a cooperative basis for the mutual benefit of its members as provided in this Section. As used in this Section and in Article VI (Dissolution), the term “member” means members and nonmember patrons who have subscribed for membership and any other nonmember patron who enters into a written agreement with the Cooperative (approved by the Board of Directors) providing explicitly that the nonmember patron is entitled to patronage income allocations pursuant to this Section.

- A. Definition of Patronage. Patronage by a member shall be defined as the total amount of purchases from the Cooperative made by the member in a fiscal year, measured as reasonably determined by the Board of Directors from time to time.
- B. Annual Net Income From Patronage. The annual net income (defined as gross income less necessary expenses, dividends on membership capital and interest or dividends paid on nonvoting investment certificates, and additions to reserves) from patronage shall be distributed to the members based on their patronage with

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the Cooperative. Such distributions shall be made in cash, stock or other equity credit, or some combination thereof, as the Board of Directors shall determine.

- C. Allocation Units. In determining and allocating the annual net income and loss, the Board of Directors may establish separate allocation units which may be based on the various departments or types of business done by the Cooperative. The Board of Directors may also allocate the administrative, overhead and other necessary expenses of the Cooperative (and any annual net income derived from sources other than member patron business that is to be allocated to the member patrons of the allocation units) among all allocation units on an equitable basis. The Board of Directors may use any reasonable method of determination in establishing the separate allocation units and allocating the administrative, overhead, other necessary expenses, and net savings from nonpatron business among the allocation units.
- D. Reserves. The Board of Directors may cause to be created an unallocated capital reserve and annually add to the capital reserve the sum of the following amounts:
1. The annual net income of this association attributable to non-patronage business;
 2. Annual net income, if the amount otherwise to be distributed is less than the de minimus amount; and
 3. An amount not to exceed ten percent (10%) of the distributable net income from patronage business, provided that a determination as to a specific percentage is established by the Board of Directors prior to the first day of any fiscal year, and further that the amount is set at 10% for any fiscal year for which the Board of Directors does not make a determination prior to the first day of such year.
- Federal income taxes shall be charged to the capital reserve. At no time shall the unallocated capital reserve exceed fifteen percent (15%) of the Cooperative's assets.
- E. Allocation of Losses. If the Cooperative has sustained an annual loss in its patronage business, it shall have the power and authority to allocate such loss to the members for such year or years on a patronage basis and apply the same against the equity credits or stock of such member. The Board of Directors may also, in its discretion, elect to offset the loss by using the unallocated capital reserves of the Cooperative. Losses may also be carried forward to offset future patronage dividends of the members.
- F. Transfer of Equity Credits. Equity credits may only be transferred with the consent and approval of the Board of Directors.

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- G. Revolving Fund. The Board of Directors is authorized to create a revolving fund which can be used for the furtherance of the Cooperative's purposes. Whenever it is determined by the Board of Directors that all of the Cooperative's capital is not necessary for the proper financing of its operations, then the Board of Directors may retire any equity credits issued to members by virtue of prior patronage with the Cooperative. Equity credits shall be retired in the order in which the same were issued, with the oldest being retired first.
- H. Consent by Members. Each individual or organization who applies for and is accepted to membership in the Cooperative by such act alone consents that the amount of any distributions with respect to his, her or its patronage occurring in any fiscal year which are made in written notices of allocation (as defined in 26 U.S.C. 1388 of the Internal Code) and which are received by him, her or it from the association, will be taken into account by him, her or it at their stated dollar amounts in the manner provided in 26 U.S.C. 1385 in the taxable year in which such written notices of allocation are received by him, her or it, it being the intent of this bylaw provision to provide a consent binding on all members of this Cooperative for the purpose of making such distributions "qualified written notices of allocation" within the meaning of the United States Income Tax Laws.

ARTICLE IV: MEMBERSHIP MEETINGS

Section 1: Annual Meetings

This Corporation shall be operated on the calendar year of January 1 through December 31st. Each year the Corporation shall hold an Annual Meeting for the general membership at a location within a 60 mile radius of the Cooperative's main store. This meeting shall be held no more than 120 days after the end of the fiscal year unless the Board of Directors can show good cause for the delay.

Members shall be notified of the agenda, exact time, and place for the Annual Meeting by first-class or bulk rate mail and by posting in the Cooperative at least 15 days prior to the meeting. The agenda shall be established by the Board of Directors and shall include reports by pertinent board members and committees. A report shall include the information required by MCLA 450.3149 (2), including the names, addresses and dates of expiration of the terms of officers and directors, their rate of compensation, if any, number of memberships granted and terminated, and the amount of capital paid in during the fiscal year. The agenda shall also include the election of the Board of Directors members. The Annual Meeting shall be conducted using a procedure adopted by the Board of Directors.

Section 2: Special Meetings

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A Special Meeting of the membership may be called by the Board of Directors, or by a written petition which states the specific purpose(s) for which the meeting is to be called. The petition, in order to be valid, shall have the signatures of at least 10% of the total voting members, or 50 voting members, whichever is less. No other business other than that specified in the petition shall be transacted at any Special Meeting. The Special Meeting shall be conducted using a procedure adopted by the Board of Directors.

Written notice of time, place and purpose(s) of a Special Meeting must be given by mailing and posting in the Cooperative facilities no less than 10 days and no more than 60 days prior to said meeting.

Section 3: Voting

Eligibility to vote in an annual meeting or special meeting must be established, pursuant to Article 3, Section 4, at least 30 days prior to the meeting.

A quorum shall be 10% of membership or 50 members, whichever is less. Actions shall be determined by a majority vote of the quorum, except as provided in the Articles of Incorporation (Article V, Section E) or elsewhere in the Bylaws (Article VII, Section 1).

Election of Directors shall be made by secret ballot. All other matters may be decided by a show of hands or at the Chair's discretion, by secret ballot. There shall be no proxy voting. Absentee ballot shall be allowed.

An action to amend the Articles of Incorporation or the Bylaws, or any other action which alters members' voting rights or member capital, merger, consolidation, disposition of all, or substantially all, of the assets of the corporation, or dissolution shall not take effect for sixty days from the date of adoption and shall be subject to one confirmation vote as provided below if the action is adopted by less than a majority of all of the members eligible to vote.

If a petition of 15% or more of members eligible to vote is presented to the Cooperative prior to the sixtieth day after the adoption of the action, the Cooperative shall cause a confirmation vote to be held by a Special Meeting, with the option of absentee ballot, and shall 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.

ARTICLE V: BOARD OF DIRECTORS

Section 1: General Provisions

- A. Composition

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The Board of Directors shall consist of nine Board members -- none of whom shall be a person directly hired by the Board – who shall be elected by the membership at the Annual Meeting. No more than two Board members may be employees of Oryana. All Board members shall have equal rights and responsibilities.

B. Qualifications

All Board members must be members in good standing of the Cooperative for at least a period of 30 days prior to the date of the election.

C. Election

Nominations for the Board of Directors shall be processed through the Nominating Committee or taken verbally at the Annual Meeting. Elections shall be held at the Annual Meeting and voting shall be done by secret ballot. The Board shall designate at least two members to collect and count the secret ballots.

D. Terms of Office and Term Limits

Three directors will be elected each year at the Annual Meeting. Each director will serve a term for a period of three years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year. Directors' terms commence at the first board meeting after the Annual Meeting, which shall be held within 1 month after the annual meeting.

E. Vacancies

A vacancy of member of the Board of Directors between elections (whether by resignation, removal from office, death of a Board member, or other reason) shall be filled by appointment made by the remaining Board members until the next election.

F. Removal

A member of the Board of Directors may be removed upon petition by the membership or by a member of the Board of Directors, which petition shall state the reason for removal and will be voted upon and governed by the rules of a Special Meeting. Any vote on the removal of a Board member shall be taken by secret ballot. Should a Board member be removed, that removal shall be effective immediately.

G. Compensation

Board of Director members may receive a stipend with the specific amount determined by board vote, but not to exceed \$75 per month for non-office holding

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directors, double that for President, and for select officers such as Secretary an amount less than the president, but more than directors. Stipend is encouraged but not required to be paid with Bay Bucks on a monthly basis. The stipend is not to be tied to attendance but specific written requirements for training and minimum performance will be required of all board members. Once established, this compensation cannot increase more than the annual increase/decrease received by employees for cost of living. Board of Directors will also receive a shopping discount at the store, not to exceed 18%.

H. Conflict of Interest

1. Board members shall avoid deliberating, voting, or failing to disclose situations which are conflicts of interest, including but not limited to the following circumstances:
 - a. Concerning him/herself;
 - b. Involving a corporation, company, partnership, or any other entity in which he/she is an owner or part owner, or any other relationship where he/she may stand to have a financial gain;
 - c. Which may result in a benefit to him/herself;
 - d. Concerning members of his/her household or relatives; and
2. A member of the Board shall declare if there is a possible conflict of interest concerning him/herself during or before a Board meeting. If a member does not disclose a conflict of interest and it is recognized by the remaining majority of Board members present for the meeting that a conflict of interest does exist, the member will cease to participate in the deliberating or voting and shall remove one's self from the Board meeting until that agenda item is concluded.

I. Confidentiality

The Board and each individual director agree that all directors shall use the utmost professional judgment and discretion in discussing disputed or confidential corporate actions, policies, or issues with Co-Op members, employees or the general public. All personnel, real estate, marketing, legal, strategic planning, and financial matters will be considered sensitive issues subject to director's good faith and discretion unless or until made specifically clear by action of the Board as a whole.

Section 2: Meetings of the Board of Directors

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A. Notice

Notice of the Board of Directors meeting's time and place shall be posted in the store one week in advance of the meeting unless it is an emergency Open Session, in which case the Board of Directors shall describe the reason for the emergency meeting in their minutes and post their minutes within 48 hours after having held the meeting.

B. Access

All meetings shall be open to the public. The Board may elect, however, at its discretion and upon a majority vote, to go into a Closed Session. The basis for the Closed Session shall be duly recorded in the Minutes. No prior notice for Closed Sessions to membership shall be required.

B. Quorum

A simple majority of the current Board of Directors shall constitute a quorum.

C. Decision-making

Decisions will be made within a consensus decision-making framework. Consensus decision-making is a process of building united—not unanimous—judgement. The guiding assumption is that each member of the group possesses an important piece of the truth, and that the work of the meeting is to elicit these truths and create the best decision possible at that time.

D. Action Without Meeting

The Board may take emergency action(s) without a meeting (e.g., by phone, e-mail, fax, etc.) if all members of the Board consent to take action(s) without a meeting, and if before or after that action, their written consents are filed with the minutes of the Board. The consent has the same effect as a vote of the Board for all purposes.

Section 3: Powers and Duties of the Board of Directors

The Board shall be responsible to:

- A. Provide overall direction for the Cooperative on behalf of the membership;
- B. Ensure sound management of the Cooperative's resources to achieve the organization's goals through hiring, evaluating, overseeing and if necessary, dismissing the management of the Cooperative. The Board shall develop the management's job description;

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- C. Serve as trustees for and be accountable to the Cooperative's membership by performing the following activities including but not limited to approving capital and operating budgets, recommending member capitalization, selecting and appointing outside auditors and counsel, entering into contracts and insurance on behalf of the Cooperative;
- D. Assure that the Cooperative acts in accordance with its Articles of Incorporation and Bylaws; and
- E. Authorize appropriate individuals to execute documents on behalf of the Cooperative.

Section 4: Officers

The Board of Directors shall elect the officers of the Cooperative who shall be President, Vice President, Secretary and Treasurer who shall serve for one year terms. Any member of the Board of Directors elected by the general membership, excluding employees, is eligible to serve as President, Vice-President, Secretary, and Treasurer.

Section 5: Executive Committee

There shall be an Executive Committee consisting of the officers of the Board of Directors. The Executive Committee shall meet monthly to draft the agenda for the Board of Director Meetings.

ARTICLE VI: DISSOLUTION

Section 1: Distribution of Assets

Upon dissolution, the assets of the Cooperative shall be distributed in the following manner and order:

- A. By paying or providing for payment of its debts and expenses.
- B. By redeeming the member capital and equity credits by paying to the members in cash or other property in the following priority:

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1. The lesser of the member's capital or the member's pro rata share of total member capital of the Cooperative determined according to the ratio each member's capital bears to total member capital, and
 2. The lesser of the member's equity credits or the member's pro rata share of total member equity credits of the Cooperative determined according to the ratio each member's equity credits bears to total member equity credits.
- I. By distributing any surplus to those members who have been members or subscribers or nonmember patrons entitled to patronage allocations at any time during the six years preceding dissolution, on the basis of patronage during that period.

Section 2: Distribution of Charitable Assets

Assets held by the Cooperative for a charitable or similar purpose shall be distributed pursuant to the Michigan Cooperative Act.

Section 3: Redemption of Investment Certificates

Investment certificates issued pursuant to the Michigan Cooperative Act shall be redeemed according to the terms of the certificates.

ARTICLE VII:

AMENDMENTS TO BYLAWS & ARTICLES OF INCORPORATION

Section 1: Amendments

Amendments to the Bylaws and the Articles of Incorporation shall be adopted by a two-thirds vote of the votes cast by members eligible to vote thereon and shall be adopted in accordance with Article IV, Section 3.

Section 2: Pre-Voting Posting

Proposed amendments to the Bylaws and the Articles of Incorporation shall be duly noticed and voted upon at the Annual meeting or a Special meeting as provided by Article IV herein. Additionally, a copy of the proposed amendment must be posted at least twenty days in advance of the meeting at the Oryana Food Cooperative, along with the time and date of the meeting.

BYLAWS CERTIFICATION AND APPROVAL DATE

This statement certifies that these Bylaws of Oryana Food Cooperative are a true and correct copy, duly adopted and approved according to Bylaws procedures, by the General Membership on the date of April 27th 2017 and will be effective 60 days later on the date of June 26th 2017.

Date

Secretary's Signature