

Bylaws of Whole Earth Grocery Cooperative RECITALS

NAME

The name of the cooperative is Whole Earth Grocery Cooperative of River Falls, Wisconsin (referred to in these bylaws as “the Co-op”).

MISSION STATEMENT

The Co-op is a natural foods cooperative. Its mission is to foster a healthy, thriving community and promote positive economic, social, and environmental change.

PURPOSE

The purpose of the Co-op is to provide groceries and other consumer goods and services to its owners and other patrons. The Co-op operates as a responsible business that provides natural foods and quality products; emphasizes locally produced, organically grown and ecologically sound products; provides knowledgeable customer service; and promotes food, nutrition and health awareness. The Co-op is organized and shall be operated exclusively as a cooperative.

COOPERATIVE PRINCIPLES

The Co-op shall be operated in accordance with cooperative principles adopted by the International Co-operative Alliance, including the following: (i) voluntary and open ownership without arbitrary discrimination; (ii) democratic governance by owners with equal voting rights among owners and opportunity for participation in setting policies and making decisions; (iii) economic participation by owners with owners equitably contributing to and democratically controlling the capital of the Co-op, and with earnings being equitably applied to the benefit of owners in proportion to their patronage of the Co-op, to the development needs of the Co-op, and to the provision and extension of common services; (iv) autonomy and independence of the Co-op as a self-help organization controlled by its owners being strictly maintained; (v) educating and training owners, directors, managers and employees so they can contribute effectively to the development of the Co-op, and informing the general public about the nature and benefits of cooperation; (vi) strengthening the cooperative movement by working

with other cooperative organizations at all levels; and (viii) working for sustainable development of the Co-op's community.

FISCAL YEAR

The fiscal year of the Co-op shall coincide with the calendar year.

ARTICLE 1 OWNERSHIP - "Owner" in these Bylaws is equivalent to and used in place of the term "members" as used in Chapter 185 WI Statutes.

Section 1: Qualifications

Any adult or entity who subscribes to and supports the principles, policies and purposes of the Co-op may become an owner/member by paying the Membership Fee, in the amount set by the Board of Directors. They shall then be given a Certificate of Membership. Preferred Stock shall be defined and determined in the Articles of Incorporation.

Section 2: Rights of Owners

Owners have the right to elect the Co-op's Board, to attend meetings of the Board, to receive notice of and attend ownership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. Each owner shall have one vote on all matters submitted to owners. The rights of owners shall apply only to owners in good standing. All rights and responsibilities of owners are subject to applicable state law, the bylaws as they may be amended from time to time, and to policies and decisions of the Co-op and the Board.

Section 3: Termination of Ownership

A. Termination of Ownership initiated by Owner

1. Any owner wishing to terminate ownership in the Co-op must give notice to the Board of Directors in writing. After receiving such notification, equity shall be returned under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary.

B. Termination or Revocation of Ownership by Board of Directors

1. The Board of Directors may terminate an individual or

membership if the owner fails to complete payment of installment payments for purchase of the membership within the time-frame specified in the installment agreement and also fails to make other arrangements acceptable to the Board of Directors as represented by the General Manager.

2. The Board of Directors may revoke an individual or entity ownership if the owner harms or attempts to harm the Co-op.

3. Notification of an owner's change in status will be sent in writing to the owner's last known address as listed on the books of the Co-op.

4. A terminated owner will be given an opportunity for an audience at the Board of Director's next regular meeting, at which time the Board must reconsider and either uphold or reverse termination of ownership.

5. Within thirty (30) days of Termination of a Membership, the Membership Certificate fee will be refunded to the terminated Member/Owner at their last known address.

Section 4: Voting/Non Transferable Membership and Stock Ownership

A. Voting: Each ownership shall have one vote.

B. Non-transferability: Ownership rights and interest, including Memberships and Preferred Stock, may not be sold, assigned, or otherwise transferred in any way nor pledged or used as security for a debt. Any attempt at transfer shall be wholly void and shall confer no rights on the intended transferee.

Section 5: Abandoned Equity

Abandoned equity: In any situation where there is abandoned equity, the Co-op shall have the right, at the Board's discretion, to deal with any unclaimed equity as provided for in Wis. Stats. Chapter 185.

ARTICLE II BOARD OF DIRECTORS

Section 1: Composition of Board of Directors

The governance of the Co-op and the management of its affairs shall be vested in a Board of Directors of seven to nine individuals elected by the ownership. Directors must be owners of the Co-op to serve on the Board.

Section 2: Board Perpetuation

At least one month before the annual meeting of the Co-op, the Nominating Committee, comprised of owners and Directors, will compile a ballot of individuals who wish to have their names placed in nomination to serve on the Board of Directors.

Section 3: Term of Office

The term of office for a Director is 3 years.

Section 4: Resignation of Director

Any Director may resign by presenting a resignation letter to the secretary of the Board of Directors.

Section 5: Removal of a Director

Any Director may be removed from office by a vote of a majority of owners of the Co-op present at an annual or special meeting (See Article IV). Any Director being considered for removal must be informed in writing of the proposed removal by the Co-op's Board of Directors no less than seven days prior to the meeting.

Section 6: Board of Directors Vacancy The Board of Directors may, by majority vote of the Directors then in office, appoint an owner to serve the remainder of a vacant Director term in order to maintain a Board of Directors of at least seven members until the next election.

Section 7: Quorum

A quorum of the Board of Directors is a majority of the Directors then in office.

ARTICLE III OFFICERS AND THEIR DUTIES

Elected officers shall perform duties as described in the Board's policy governance document as well as these Bylaws. Each officer

shall perform such other duties as may be required by the Co-op or Board of Directors.

A. The **President** shall

1. Sign as President, with the Secretary, all of the Co-op's contracts, notes, deeds, and conveyances of real estate.

B. The **Vice-president** shall

1. In the absence or disability of the President, preside and perform the duties of the President. 2 . Be responsible for submission of legal documents to the government.

C. The **Secretary** shall

1. Cause to be kept a complete record of the meetings of the Co-op and of the Board of Directors at the Co-op's principal place of business.

2. Sign as Secretary, with the President, all of the Co-op's notes, deeds and other conveyances

3. Cause to be prepared and submitted to the annual meeting of the members a summary report of the prior year's business. The report shall contain such statements and statistical memoranda as the Board of Directors shall require.

4. Serve all notes as required by law.

D. The **Treasurer** shall

1. Cause to be kept all necessary financial records of the Co-op Board of Directors

2. Sign all certificates of Co-op stock and Membership Certificates

3. Cause to be prepared and submitted to the annual meeting of members a statement of current assets and liabilities and a statement of income and expenses for the prior fiscal year.

ARTICLE IV MEETINGS

Section 1: Annual Meeting The annual meeting of the Co-op will be held before the end of the first quarter following the close of the prior fiscal year ending December 31st. Date, place, time, and

agenda shall be determined by the Board of Directors. A notice will be sent (conforming to current state law) to owners no less than ten days prior to the meeting.

Section 2: Board of Directors Meetings

A. Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors shall from time to time determine.

B. The Board reserves the right to cancel or reschedule a Director meeting if necessary.

C. Board meetings shall normally be open to the ownership, except in the case of a closed session.

D. The Board may act without meeting if all Directors consent. The action shall be recorded in writing at the time it is made and included in the minutes of the next Board meeting. Any action taken under this procedure must have been passed unanimously and shall be fully effective.

Section 3: Special Ownership Meetings

A special owner meetings may be called by the President, Board of Directors, or one-fifth (1/5) of the ownership entitled to vote at the ownership meeting. Notice of time, place and purpose of this special ownership meeting will be sent to such owners at least seven days but not more than thirty days prior to the meeting. Only the business for which the special meeting has been called shall be discussed at the meeting.

Section 4: Voting Rules for Owners

A. Each ownership is entitled to one vote. No proxies are allowed.

B. A simple majority vote is required for elections and other ownership actions, except that when amending the Article of Incorporation, a vote of approval by two-thirds ($\frac{2}{3}$) of owners voting thereon is required for approval.

C. A quorum necessary for the transaction of business shall be 10%

of the ownership, but never more than 50 or fewer than 5.

D. The Board of Directors may authorize voting by electronic means, as well as ballots at a designated polling place during a period of no less than two days. Such voting may be in lieu of a meeting of owners or in conjunction with a meeting of owners on any issue. In such case, the Co-op shall provide or make available to owners an electronic notification and/or ballot together with an exact copy of the motion to be voted upon and any resolution to which it relates.

E. Upon written request, owners who may not be able to attend the meeting, or cast a ballot at the designated polling place, may submit their ballot by mail or electronically if such has been authorized by the Board.

F. Owners represented by signed ballots and/or electronic ballots may be counted in computing a quorum only on those motions for which the signed and/ or electronic ballots were submitted.

ARTICLE V OWNER PATRONAGE REFUNDS

Section 1: General Provisions

A. In the event that the Co-op realizes a profit for a fiscal year, the Board of Directors will determine if a patronage refund is to be distributed to Co-op owners.

B. Consent of owners: By obtaining or retaining Membership in the Cooperative, each Member consents to and permits the Coop to retain up to 80% of any membership rebate otherwise allocated to the Member, as permitted by §1385 of the IRS Code. Members will not have to declare the distribution as income because of the exception at §1385(b)(2) IRS Code for Coop rebates which arise from purchases which are for personal, living or family items. If the Member does not cash their rebate check within 90 days of the date of issuance, the entire rebate shall revert back to the Coop.

Section 2: Determination of Patronage Refund

A. Any amount to be distributed as a patronage refund will be determined by the Board of Directors after all financial obligations,

including taxes, have been taken into account and current financial status is considered.

B. The Board reserves the right to apply any of the net proceeds to losses from prior years or to keep any net proceeds for a reasonable financial reserve.

C. At no time will the Co-op be placed in financial jeopardy due to the distribution of a patronage refund.

Section 3: Distribution of Patronage Refunds

A. Patronage refunds will be proportionally based on each owner's purchases during the year the net proceeds were realized.

B. Owners who have not purchased a full ownership share are not eligible for patronage refunds.

C. Patronage refunds to owners of such a nominal amount as not to justify the expense of distribution may, as determined by the Board, be excluded from Distribution.

D. The patronage refund will be determined within 90 days of the federal tax filing and distributed within 60 days of Board action on the refund.

E. The patronage refund will be distributed to owners in the form of a credit or check mailed via US Mail to the last known address of the owner. Patronage refund checks not cashed within 90 days of issue will revert back to the Co-op and the use of the returned funds determined by the Board of Directors.

Section 4: Educational Fund

An educational fund not to exceed 5% of the net proceeds may be set aside for teaching or promoting cooperative principles.

ARTICLE VI INDEMNIFICATION

The Co-op shall indemnify each person who is or has been a director, officer or employee of this Co-op, and each person who is serving or who has served at the request of this Co-op as a director, officer, employee or agent of another entity, against expenses,

including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by them to the fullest extent of his or her right to indemnify under Wisconsin law. In no event shall an employee be entitled to indemnification for any act that forms the basis for discharge of that employee from employment with the Co-op, or for any claim relating to dishonesty, fraud, or intentional wrongdoing.

ARTICLE VII AMENDMENT OF BY-LAWS

Section 1: By-law Changes by Ownership

The by-laws may be amended or repealed by a simple majority vote of the owners at either the annual meeting or a special ownership meeting, or by mail-in ballot, as long as notice of the by-laws change proposed is given ten days prior to the issuance of ballots and the ownership voting represents a quorum of the total ownership as outlined in Article IV section 4.

Section 2: By-law Changes by the Board of Directors

A. The by-laws may be temporarily amended by seventy-five percent majority vote of the Board of Directors at any regular board meeting if all the following conditions have been met:

1. All Directors are present or have voted in absentia on the by-law change(s); AND Notice of the by-law change vote was sent to the ownership at least ten days prior to the meeting time; AND At the next annual meeting by-law changes are presented and voted upon by the ownership as outlined in Article IV, Section 4.

B. By-law amendments passed by the Board of Directors in accordance with this Section may be implemented immediately on a provisional basis pending final ratification by the ownership. The ownership has the final binding vote on by-law changes.

C. If the amendments are not approved, the Board shall reinstate the portion of the by-laws to the form in which it was prior to such action by the Board. The Board has the ability to make other

amendments on the same subject or to the same portion of the by-laws at a later time.

Section 3: Severability

In the event that any provision of these by-laws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative. That provision shall be modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these by-laws.

ARTICLE VIII VOLUNTARY DISSOLUTION OF THE CO-OP

Section 1: Board Action

In order to voluntarily dissolve the Co-op, the Board of Directors must adopt a resolution recommending dissolution and direct the question of dissolution to a vote of the ownership at a special meeting called for that purpose.

Section 2: Voting

A. Notice: Appropriate notice of the special meeting and vote must be provided as required by Wis. Stats. Sec. 185.71.

B. Vote Needed: The Co-op may be dissolved by a three-fourths (3/4) vote of the owners present at the meeting. No other business may be transacted at the special meeting called for the purpose of dissolving the Co-op.

Section 3: Procedure

Upon dissolution of the Co-op, the Board shall supervise the closure of the business, the paying of debts, the distribution of assets, and all required notifications in accordance with Wis. Stat. Sec. 185.71 (3)-(6). The foregoing represents a true and exact copy of the Co-op's Bylaws as adopted on March _____, 2017.

Secretary of the Co-op