

By-laws of TOM'S NATURAL FOODS COOPERATIVE – Adopted May 20, 2024

Article I: Organization

1.1 Name. The name of the organization shall be **Tom's Natural Foods Coop** (The Cooperative)

1.2 Purpose In keeping with the purposes set forth in our Articles of Incorporation, the Cooperative is established to operate a business that

- provides healthy food and other useful goods and services
- provides educational materials and services concerning food, nutrition, and agricultural practices
- supports sustainability and fairness in the production and distribution of food
- serves as a center for related activities and services which enrich the life of the community.

1.3 Ownership. The Cooperative shall be owned by its members and shall operate for the primary and mutual benefit of its members as patrons of its goods and services.

1.4 Governance. The Board of Directors, which shall be selected by and accountable to the members, shall be solely responsible for the business operations of the Cooperative. The assembly of members shall retain all powers required by law or as otherwise set forth in these by-laws.

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 Nondiscrimination. Membership shall be open without regard to any characteristic that does not directly pertain to a person's eligibility.

2.3 Admission. Any eligible person may 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.

2.4 Rights. Members have the right to elect the Cooperative's Board of Directors, to attend meetings of the Board, to receive notice of and attend membership meetings and to approve amendments to these by-laws. The rights of members shall be understood to apply only to active members in good standing.

2.5 Responsibilities. Members shall keep current in equity investments due to the Cooperative, shall keep the Cooperative informed of any changes in name or current address, and shall abide by these by-laws and the policies and decisions of the membership or the Board. A member who upholds these responsibilities is considered an active member in good standing.

2.6 Termination of Membership. A member may terminate their membership voluntarily at any time by written 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 an opportunity to respond in person or in writing to such reasons. Reasons for proposed termination may include, but not be limited to: intentional or repeated violation of any provision of the By-Laws or Policies of the Cooperative; 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.

2.7 Return of Equity. Equity shall be returned upon termination of membership in the Cooperative, under terms determined by the Board of Directors, provided that the Board has determined that the equity is no longer necessary for the reasonable or prospective capital needs of the Cooperative.

2.8 Voting Rights. Each member shall have one vote and no more on all matters submitted to members. Voting shall be accomplished through methods and means established by the Board of Directors. Notice of the vote shall be posted in a conspicuous place at the Cooperative and communicated to members not less than four weeks prior to the end of the election period. Proxy voting is not allowed.

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 a meeting 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 come before the meeting.

3.2 Special Meetings. Special Meetings of the membership may be called by the Board of Directors, either by decision of the Board or in response to a written petition of one percent of active members. Notice of special meetings shall be issued to members. In the case of a petition, notice of the special meeting will be issued within ten 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. Decisions made at any special meetings are advisory only.

3.3 Notice of Meetings. Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Cooperative when a site is open and communicated to members including electronically not less than three (3) weeks prior to the date of the meeting.

Article IV: Board of Directors

4.1 Powers and Duties. The Board of Directors (Board) shall be composed of no fewer than five (5) Directors, elected from among members of the Cooperative. The Board shall have full power to govern the Cooperative, including, but not limited to, hiring management and evaluating its performance, implementing fiscal controls, borrowing money and granting security therefore, ensuring fair and equitable conditions of employment, leadership in the realm of long-range policy,

and assuring that the mission of the Cooperative is carried out. The Board will maintain a written record of its policy decisions. The initial board will be elected to either 1-, 2- or 3-year terms. Once the board is established, Board members shall serve staggered terms so that approximately one-third of the Board is elected each year.

4.2 Elections. Elections shall occur annually, in a manner prescribed by the Board.

4.3 Vacancies. Any vacancy among Directors elected by the members may be filled by appointment by the Board. A Director so appointed shall act as Director and shall serve until completion of the next election process, during which the members shall elect a Director to complete the pertinent term.

4.4 Term Limits. No Board member may serve more than three consecutive full 3-year terms.

4.5 Employees. No more than one or 1/3 of the total number of employees of the Cooperative may serve on the Board at the same time.

4.6 Board Meetings. The Board shall hold regular meetings at such time and place as it shall determine, and all Board members shall be notified in writing including email of said meeting at least ten days in advance. Notice of Board meetings shall be issued to members no less than nine days in advance. Meetings will be open to all members unless the Board decides to go into executive session regarding confidential matters such as: labor relations or personnel 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; and/or discussion of a matter that may, by law, be considered confidential.

4.7 Quorum. A majority of the current Board members shall constitute a quorum. No decision will be made at a meeting of the Board without a quorum.

4.8 Action Without Meeting. Any action required to be taken, or which may be taken, at a meeting of the Board of Directors may be taken without a meeting if consent in writing, setting forth the action to be taken, is signed by no less than a majority of the current Board.

4.9 Removal. A Board member may be removed by decision of the Board for conduct contrary to the Cooperative or failure to follow Board policies.

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

4.11 Conflicts of Interest. Board members shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Board members having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board.

4.12 Indemnification. The Cooperative shall indemnify and reimburse each present, past and future Board member and officer for any claim or liability (including expenses and attorneys fees

actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Board member or officer. Such indemnification shall be made only if it is determined by the Board that the Board member or officer acted in good faith in the reasonable belief that his or her action was in the best interests of the Cooperative, or as otherwise allowed by law.

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 of Directors shall determine when and how such allocations and distributions will be made.

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 refund received from the Cooperative. By obtaining and retaining membership in the Cooperative, each member agrees that if his or her patronage refund is not cashed within 90 days of the date on which it was issued by the Cooperative, the Cooperative shall have the right to make a contribution in the name of that member to support the local food system in a manner as may be directed by the Board from time to time.

5.3 Retained Amounts. Patronage dividends not currently distributed by check shall be credited or charged to capital accounts in the names of recipient members. Retained patronage dividends shall accrue no dividend or interest. Retained amounts that are no longer needed for capital purposes of the Cooperative may be redeemed in such amounts and at such times as may be determined by the Board. At that time, they shall be redeemed only in the order of the oldest outstanding amounts and only on a pro-rata basis among such amounts for each fiscal year, except that redemptions may be made payable only to members who are then in good standing or become so within a period of time determined by the Board.

Article VI: Dissolution

6.1 Asset Distribution. The Cooperative may be dissolved upon a two-thirds 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 investment accounts which, if they cannot be paid in full, shall be paid in the order of the oldest outstanding amounts; (iii) by distributing any remaining assets to another cooperative or cooperative development organization as determined by the Board.

Article VII: By-laws

7.1 Amendments. These by-laws may be amended or repealed in whole or in part by a simple majority of the members who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least five percent of active members. The proposed amendment shall be

publicized to the membership not less than three weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.