

**BYLAWS OF  
COOK COUNTY WHOLE FOODS COOPERATIVE**

**Article I: Organization**

- 1.1 **Name.** The name of the organization shall be Cook County Whole Foods Cooperative (“the Cooperative”).
- 1.2 **Purpose.** The Cooperative shall engage in a marketing and mercantile business for the purpose of providing its owners and patrons on a cooperative basis with such products and services as the owners may require, or for any other lawful purpose authorized by the owners of the Cooperative.

**Article II: Membership**

- 2.1 **Eligibility.** Any person, household, firm, cooperative, nonprofit corporation or other corporation is eligible to apply for membership in accordance with the terms established by the Board of Directors (the “Board”).
- 2.2 **Non-discrimination.** Membership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility.
- 2.3 **Admission.** Any eligible applicant may be admitted to membership in the Cooperative upon submitting an application and investing equity in an amount and on such terms as determined by the Board. The Board shall review applications for membership. Upon the Board’s approval of an application, and payment of the applicable equity investment in the capital stock of the Cooperative, the applicant shall be a member of the Cooperative (each member referred to as an “Owner” and members collectively as “Owners”). Each new Owner shall have access to the Cooperative’s Articles of Incorporation and Bylaws.
- 2.4 **Rights.** Each Owner shall have one vote in the affairs of the Cooperative requiring Owner approval. Corporate or household Owners shall designate one person to vote on its behalf. Owners have the right to elect the Board, to attend meetings of the Board, to receive notice of and attend Owner meetings, to petition as described in these Bylaws, and to approve amendments to these Bylaws. The rights of membership shall apply only to Owners in good standing. All rights and responsibilities of the Owners are subject to these Bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.
- 2.5 **Responsibilities.** Owners 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 Bylaws and the policies and decisions of the Cooperative or the Board. An Owner who upholds these responsibilities is considered an Owner in good standing.
- 2.6 **Termination of Membership.** An Owner may terminate such Owner’s membership voluntarily at any time by written notice, which may be electronically submitted, to the Cooperative. The Board may terminate membership involuntarily for cause after the Owner 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 these 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 Owners; willful obstruction of any lawful purpose or activity of the Cooperative; or breach of any contract with the Cooperative. If an Owner fails to provide a current address to the Cooperative for a period of two (2) years or longer, the Owner may be deemed to have voluntarily terminated such Owner's membership.

- 2.7 **Return of Equity.** Upon the termination of an Owner's membership for any reason, the Cooperative shall purchase such Owner's shares of capital stock in the Cooperative by tendering to the Owner (or such Owner's heir or successors as applicable) the lesser of the par value or the book value, together with any cash portion of a patronage dividend due or unpaid, less any indebtedness owed by the Owner to the Cooperative. The Cooperative's repurchase of an Owner's shares of capital stock shall be subject to the Board's reasonable discretion to determine the terms of repurchase. In any event, upon termination of an Owner's membership in the Cooperative, the Owner's voting shares of capital stock shall be canceled and such Owner shall no longer have voting rights in the Cooperative.
- 2.8 **Unclaimed Property.** If an Owner voluntarily or involuntarily terminates ownership in the Cooperative and fails to inform the Cooperative of such Owner's mailing address, then the Owner's equity and any patronage dividend allocated such Owner will be forfeited to the Cooperative. The right of an Owner to unclaimed property held by the Cooperative is extinguished when the Cooperative disburses the property to a tax-exempt organization if: (i) the Cooperative mails notice that payment is available to the last known address of the Owner shown on the records of the Cooperative; or (ii) if the address is unknown, the Cooperative publishes notice in its official publication.
- 2.9 **Non-transferability.** Membership rights and Owner equity may not be transferred in any manner without the prior written approval of the Board.

### **Article III: Owner Meetings**

- 3.1 **Annual Meeting.** An annual meeting of the Owners 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, to elect Directors whose terms are ending, and to transact such other business as may properly come before the meeting.
- 3.2 **Special Meetings.** Special meetings of the Owners may be called by the Board, either by a majority vote of the Board or in response to a written petition of twenty percent (20%) of the Owners. Notice of special meetings shall be issued to the Owners. In the case of a petition, notice of the special meeting will be issued within ten (10) days after a presentation of the petition to the Board. Such meeting must be held by thirty (30) days after the date of presentation of the petition. No business shall be conducted at that special meeting except that specified in the notice of meeting. Decisions made at any special meeting are advisory only.

- 3.3 **Notice of Meetings.** The secretary shall provide Owners notice of the date, time, place, and purpose of each meeting of the Owners by publication in a magazine or newsletter regularly published by or on behalf of the Cooperative and circulated generally among its Owners at least two (2) weeks before the date of the meeting, or by mailing (by U.S. mail) to each Owner at such Owner's last known address not less than fifteen (15) days prior to the date of the meeting. After mailing special or regular Owner meeting notices, the secretary shall execute a certificate containing a correct copy of the mailed or published notice, the date of the notice, and a statement that the notice was mailed or published in accordance with Minnesota law. This notice shall be made a part of the record of the Owner meeting.
- 3.4 **Voting.** The Board may authorize voting by mail and/or by electronic means on all matters that the Owners are entitled to vote. The secretary shall provide Owners with notice of the vote by publication in a magazine or newsletter regularly published by or on behalf of the Cooperative and circulated generally among its Owners at least two (2) weeks before the end of the voting period, or by mailing (by U.S. mail) to each Owner at such Owner's last known address, not less than fifteen (15) 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 Owners voting thereon. Proxy voting is not allowed.
- 3.5 **Quorum.** At any meeting of the Owners, or for any vote of the Owners, a quorum necessary for decision-making shall be 10% of the total number of Owners, except that when membership exceeds 500 Owners, then 50 Owners shall constitute a quorum.

#### **ARTICLE IV: Board of Directors**

- 4.1 **Number, Eligibility and Powers.** The Board shall be composed of seven (7) Directors, elected by the Owners annually as prescribed by the Board. Every Director shall be an Owner in good standing of the Cooperative. Only one individual from a household or corporation shall be eligible to be elected to the Board at a time. Except for matters for which Owner 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 **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 serve more than three (3) consecutive terms.
- 4.3 **Vacancies.** The Board may fill any vacancy in the Board by appointing another Owner to serve on the Board until the next regular or special meeting of the Owners. At such next regular or special meeting, the Owners must elect an Owner to serve the unexpired term of the vacant Director.
- 4.4 **Removal.** A Director may be removed by decision of two-thirds (2/3) of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies.

Owners may remove a Director at an Owner's meeting for cause related to the duties of the position and fill the vacancy caused by such removal.

- 4.5 **Board Meetings.** The Board shall hold regular and special meetings at such time and place the Board determines appropriate. The secretary shall provide notice to each Director of the time and place of all meetings sent by U.S. mail or communicated electronically. Meetings shall be open to all Owners, unless the Board decides to go into executive session regarding confidential or proprietary matters, including (i) discussions of personnel matters, compensation issues, labor negotiations, billing and credit information, or an issue that may tend to prejudice the reputation of an individual; (ii) discussions of threatened or pending litigation, issues subject to an attorney-client privilege, or other legal information, the knowledge of which may have an adverse effect on the Cooperative's legal position; or (iii) discussions or disclosures of information that, if discussed in an open meeting, would result in impairment of the Cooperative's competitive or financial position, interfere with a business opportunity, or reveal proprietary information.
- 4.6 **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, which may be communicated electronically. The action is effective when affirmed by all of the Directors, unless a different effective date is provided in the action.
- 4.7 **Quorum.** A quorum of the Board shall consist of a majority of the Directors. A majority vote of a quorum of the Board shall decide all questions except where a greater vote is required by the Articles of Incorporation, these Bylaws or law.
- 4.8 **Conflicts of Interest.** Directors shall have an ongoing 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.
- 4.9 **Officers.** The Board shall elect a president, a vice president, a secretary, a treasurer, and any additional officers the Board deems necessary for the effective conduct of Board business. Owners may remove an officer at an Owner meeting for cause related to the duties of the position of the officer and fill the vacancy caused by the removal.
- 4.10 **Indemnification.** 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. Such indemnification shall be made only if it is determined by the Board that the Director 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 the Owners.** The Cooperative shall allocate and distribute to the Owners 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.

- 5.2 **Owner Tax Consent.** By obtaining or retaining membership in the Cooperative, each Owner 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.

#### **ARTICLE VI: Dissolution**

- 6.1 **Asset Distribution.** The Cooperative may be dissolved upon a two-thirds (2/3) vote of a quorum of the Owners at a regular or special meeting of the Owners called and conducted in accordance with these Bylaws. Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order: (i) payment of all the debts and liabilities of the Cooperative according to their respective priorities; (ii) Owners shall then be paid the par value of their shares or credits with payment made in the order of preference stated in the Articles of Incorporation; and (iii) any remaining assets shall be distributed in a way that furthers the Cooperative's mission as determined by the Board.

#### **ARTICLE VII: Amendments**

- 7.1 **Amendments.** An amendment to these Bylaws may be proposed by decision of the Board or by petition of at least twenty percent (20%) of the Owners. These Bylaws may be amended at a regular or special members' meeting if: (i) the notice of the meeting contains a summary statement of the proposed amendment; (ii) a quorum is registered as being present, or represented by mail vote if authorized by the Board; and (iii) the amendment is approved by a majority of the votes cast.

**AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
COOK COUNTY WHOLE FOODS CO-OPERATIVE**

**ARTICLE I  
NAME**

The name of the cooperative is Cook County Whole Foods Co-operative.

**ARTICLE II  
PURPOSE**

The purpose of the cooperative shall be to engage in a marketing and mercantile business, and to supply and furnish its owners and patrons on a cooperative basis such goods and services as the owners may require or in any lawful business as the owners shall authorize.

The general nature of its business shall be to buy, sell, market, store, acquire, transport, distribute, and otherwise deal in and procure for its owners and patrons on a cooperative basis food, clothing, supplies, goods, wares and merchandise of all kinds, and to render such services as the owner and patrons may desire, and to engage in any activity connected with or related to any of such purposes. For those purposes it shall have power to:

- (a) Borrow money from its owners and others upon adequate security, to issue bonds, debentures, notes and other obligations and to secure the same by pledge, mortgage or trust deed on any property of the cooperative; draw, make, accept, endorse, guarantee, execute and issue promissory notes, bills of exchange, drafts, warrants, warehouse receipts, certificates and other obligations and negotiable or transferable instruments for any purpose, deemed necessary to further the objects for which the cooperative is formed.
- (b) Acquire, purchase, hold, lease, encumber, sell, exchange and convey such real estate, buildings and personal property as the business of the cooperative may require.
- (c) Purchase, sell, transfer and own capital stock, bonds and obligations of other corporations.
- (d) Join with other cooperative corporations or associations to form district, state, national or international purchasing marketing and service organizations; and to purchase, acquire and hold capital stock notes, bonds and other obligations or such organization.
- (e) Do and perform every act and thing necessary and proper to the conduct of its business for the accomplishment of the purposes set forth herein or permitted by laws of Minnesota applicable to the cooperative, and to have and exercise all of the powers conferred upon the cooperative by the laws of Minnesota under which it was organized and acts amendatory thereof and supplemental thereto.

**ARTICLE III  
PLACE OF BUSINESS**

The principal place of business of the cooperative shall be 20 East First Street, Grand Marais, Minnesota 55604-0813 in Cook County. Branch offices may be located at other points.

**ARTICLE IV  
DURATION**

The period of the continuance of the cooperative shall be perpetual.

**ARTICLE V  
CAPITAL STOCK**

**Section 1.** The amount of the authorized capital stock of the cooperative shall be Ten Million Two Hundred Thousand Dollars (\$10,200,000), and shall be divided into three classes of stock. Class A stock shall consist of One Hundred Thousand (100,000) shares of Class A Voting Common Stock of the par value of Twelve Dollars (\$12.00) each for a total of \$1,200,000; Six Million (6,000,000) shares of Class B Nonvoting Common Stock of the par value of One Dollar (\$1.00) each for a total of \$6,000,000; and Thirty Thousand (30,000) shares of Class C Nonvoting Stock of the par value of One Hundred Dollars (\$100.00) each, for a total of \$3,000,000.

**Section 2.** Class A Stock may be issued for cash to any person, firm, cooperative, nonprofit corporation or other corporation to qualify said person or organization as a stockholder and owner of the cooperative, under the direction of the Board of Directors. Only Class A stockholders shall have voting power and shall be deemed to be the owners of the cooperative. Each holder of Class A stock shall be entitled to one vote regardless of the number of shares owned, and voting by proxy shall not be permitted. No dividends shall be paid on the Class A stock.

**Section 3.** Class B stock may be sold for cash or issued in payment of patronage refunds or in exchange for outstanding Class A stock to owners. Class B stock shall have no voting power and no dividends shall be paid thereon.

**Section 4.** Class C stock may be issued to holders of Class A stock. Class C stock shall have no voting power. Dividends may be paid on Class C stock at the discretion of the Board of Directors, not to exceed eight percent (8%) per annum. Dividends may be cumulative, at the discretion of the Board of Directors.

**Section 5.** No share shall be issued for less than its par value, nor until the same has been paid for in cash or its equivalent, and shall be paid at such time and in such manner as the Board of Directors of the cooperative shall require. The cooperative shall have a prior lien with the usual right of ordinary liens for enforcement, upon all outstanding stock for any indebtedness due it and no stock shall be sold or transferred except with the consent and approval of the Board of Directors. Capital stock shall be subject to redemption as provided by law, in the manner as the Bylaws prescribe. The capital stock of the cooperative shall be non-assessable.

**Section 6.** When the Board of Directors determines that the cooperative has sufficient working capital, Class B and Class C stock may be called for payment at par. Such stock may be called for payment as provided in the Bylaws of the cooperative; provided always, that at the time of calling Class B or Class C stock for payment the total amount of stock remaining outstanding after deduction of the amount called, plus the permanent surplus of the cooperative, shall at least equal the total liabilities of the cooperative.

## **ARTICLE VI ALLOCATION TO OWNERS**

**Section 1.** All or any part of the patronage refund declared by the cooperative at any time may be paid in Class B stock, by allocated equity reserve or by the issuance of capital interest certificates, or by any other media determined by the Board of Directors.

**Section 2.** All of the annual net margins (net income) from owner business, including overpayment made by the cooperative to other cooperative associations and repaid to the cooperative, available for distribution, shall belong to its owners on the basis of patronage with the cooperative and as provided in the Bylaws. The records of the cooperative shall always show the interest of owners in the allocated reserves and surplus of the cooperative.

**Section 3.** In the event of liquidation or dissolution of the cooperative, all debt and liabilities shall first be paid according to their respective priorities. Holders of stock shall then be paid the par value of their shares plus any declared unpaid dividends thereon in the order of priority, if any, specified in the Bylaws and the remainder of the property shall be distributed as provided in the Bylaws.

## **ARTICLE VII BOARD OF DIRECTORS**

**Section 1.** The government of the cooperative and the management of its affairs shall be vested in a Board of Directors. The number of directors shall be fixed from time to time by the Bylaws of the cooperative. Directors shall be elected by ballot by the owners from their own number at the annual meeting for such terms as the Bylaws may prescribe.

**Section 2.** A director is not personally liable to the cooperative or its owners for monetary damages for breach of fiduciary duty except in the following circumstances: (a) for breach of the director's duty of loyalty to the cooperative or its owners; (b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law; (c) for a transaction from which the director derived an improper personal benefit; or (d) for an act or omission occurring prior to the date this provision of these amended and restated Articles of Incorporation became effective.

## **ARTICLE VIII DISSOLUTION; AMENDMENTS**

**Section 1.** The cooperative may be dissolved upon the affirmative vote of two-thirds of the owners.

**Section 2.** These Articles of Incorporation may be amended as provided by law.

## Equity Facts

*Get all the facts. All right here.*

Ownership in the Cook County Whole Foods Co-op is voluntary. In the event an Owner's membership is terminated pursuant to our bylaws, such Owner may request a refund of the value of the Class A shares purchased by such Owner, subject to the terms stated in our bylaws your equity account balance. Refunds will be made within 90 days of a written request if replacement funds are available at that time as determined by the Co-op Board of Directors. In the event an Owner's membership terminates and such Owner fails to inform the Co-op of such Owner's address and request for refund, then such Owner's equity will be forfeited to the Co-op and deemed unclaimed property pursuant to our bylaws.