

BYLAWS OF
Daily Groceries Co-op
A Cooperative Organized Under
Vermont Statutes, Title 11, Chapter 7, Subchapter 2
Adopted October 15, 2012

Article I
Organization

- § 1.1 **Name.** The name of the organization is Daily Groceries Co-op ("the Co-op").
- § 1.2 **Ownership and Purpose.** The Co-op shall be owned by its members and shall operate for the primary and mutual benefit of its members and its community.
- § 1.3 **Nondiscrimination.** Membership shall be open without regard to any characteristic that does not directly pertain to a person's eligibility.

Article II
Ownership

- § 2.1 **Eligibility.** Membership in the Co-op shall be open to any person who is in accord with its purposes and is willing to accept the responsibilities of membership.
- § 2.2 **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.
- § 2.3 **Rights.** Members have the right to elect the Co-op's Board of Directors, to attend meetings of the Board, to receive notice of and attend membership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. Each member shall have one vote and no more on all matters submitted to members. The rights of members shall be understood to apply only to active members in good standing. All rights and responsibilities of members are subject to the bylaws as they may be amended from time to time.
- § 2.4 **Responsibilities.** Members shall keep current in equity investments due to the Co-op, shall keep the Co-op informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Co-op or the Board. A member who upholds these responsibilities is considered an active member in good standing.
- § 2.5 **Non Transferability.** A membership is not transferable. A Member's rights shall not be transferable, except that a Member may designate the persons in their household who shall be entitled to membership rights while said person is a Member. However, more than one person in the same household may become an independent Member and therefore has distinct responsibilities, membership requirements, and voting rights from the other Members in said household.

§ 2.6 **Termination of Membership.** A member may terminate their membership voluntarily at any time by written notice to the Co-op. Membership may be terminated involuntarily by the Board for cause after the member 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 the Co-op's bylaws or policies, actions that will impede the Co-op from accomplishing its purposes, actions or threats that adversely affect the interests of the Co-op or its members, willful obstruction of any lawful purpose or activity of the Co-op, or breach of any contract with the Co-op.

Article III Meetings of Owners

- § 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 meetings shall be to hear reports on operations and finances, to review issues that vitally affect the Co-op, and to transact such other business as may properly come before the meeting.
- § 3.2 **Special Meetings.** Special meetings of the membership may be called by the Board, either by decision of the Board or in response to a written petition of 5% of the 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 (10) 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 meeting 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 principal office of the Co-op and communicated to members not less than four (4) weeks prior to the date of the meeting.
- § 3.4 **Quorum.** At any annual or special members' meeting, a quorum necessary for the transaction of business shall be ten percent (10%) of the total number of members; though the minimum quorum will be set at twenty members and the maximum necessary for quorum will be capped at 100 members.
- § 3.5 **Voting.** Voting shall be accomplished through methods and means established by the Board. Notice of the vote shall be posted in a conspicuous place at the principal office of the Co-op and communicated to members not less than four (4) weeks prior to the end of the election 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 members voting thereon. Proxy voting is not allowed.

Article IV Board of Directors

- § 4.1 **Powers and duties.** Except as to matters reserved to owners by law or by these bylaws, the business and affairs of the Co-op shall be directed and overseen by the Board of Directors ("the Board"). The Board shall consist of seven individuals. Each director must be a member of the Co-op, provided, however, that the Board of Directors may, in its discretion, specify that up to one (1) director at any time may be a non-member. The Board shall have full power to govern the Co-op, 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 **Qualifications.** Management hired by, and responsible to, the Board shall not be eligible to serve as directors (e.g. GM, Co-managers). Otherwise, one employee is eligible to serve as a director. This employee would not be eligible to serve as an officer nor would they have a vote on any disciplinary action, evaluation or salary considerations of the Management. Furthermore, certain discussions pertaining to the Management may be deemed sensitive by the rest of the Board. In these cases the employee member must not be present for, or otherwise participate in such discussions.
- § 4.3 **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 no more than three (3) terms expire in each year. No Director may serve more than three (3) consecutive terms.
- § 4.4 **Conflicts of Interest.** Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such an interest may not participate in the decision or discussion of the matter.
- § 4.5 **Indemnification.** The Co-op shall indemnify its current and former directors to the maximum extent permitted under the law and its Articles of Incorporation and these bylaws. Indemnification payments shall be made on a priority basis but only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its other obligations as they become due.
- § 4.6 **Insurance.** The Co-op shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, manager, employee, or agent of the Co-op against liability asserted against and incurred by the person in the person's capacity as a director, officer, manager, employee or agent, or arising from the person's status as a director, officer, manager, employee, or agent of the Co-op.

- § 4.7 **Committees.** The Board may appoint standing or special committees to advise the Board or to exercise such authority as the Board shall designate. Members of all committees shall be appointed or approved by the Board and may be removed or replaced by the Board whenever the best interests of the Co-op would thereby be served. To exercise any authority of the Board a committee must be composed exclusively of directors and may take action only upon reasonable notice to all of its members and a quorum of at least three committee members. An executive committee shall include the President, Secretary and Treasurer. No committee shall operate to relieve the Board of any of its legal responsibilities in the oversight of the Co-op.
- §4.8 **Removal.** A director may be removed in any of the following ways: (i) voluntarily by a director upon written notice to the Co-op; (ii) automatically upon termination of ownership in the Co-op; (iii) by action at a meeting of owners whenever the best interests of the Co-op would thereby be served; and (iv) for cause by the Board, provided such person is accorded the opportunity to respond to the charges either in person or in writing. A director who is absent from two consecutive Board meetings, unless excused by the Board for good cause, shall be presumed to have resigned.
- § 4.9 **Vacancies.** Any vacancy among Directors elected by the members may be filled by appointment by the Board. A Director so appointed shall complete the pertinent term.
- § 4.10 **Financial Matters.** The Board shall have the power to select one or more banks or other financial institutions to act as depositories of the funds of the Co-op, and to determine the person or persons who shall have authority to sign checks and other instruments.

Article V Meetings of the Board

- § 5.1 **Meetings.** The Board shall hold regular meetings at such time and place as it shall determine, and all Directors shall be notified in writing of said meeting at least ten (10) days in advance. The time and place of all meetings shall be posted in a conspicuous place at the principal office of the Co-op not more than one day after calling of the meeting. Meetings shall 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 Co-op's position in the marketplace; and/or discussion of a matter that may, by law, be considered confidential.
- § 5.2 **Quorum.** A majority of the current Directors shall constitute a quorum. No binding decisions will be made without a quorum. Decisions made in the absence of a quorum may be ratified at a future meeting where a quorum is present, or in accordance with 5.3.

§ 5.3 **Action without a meeting.** An action required or permitted to be taken at a meeting of the Board may be taken without a meeting if a written consent to the action is signed by all active directors and filed with the minutes of the next scheduled Board meeting.

Article VI Officers

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

Article VII Fiscal Matters

§ 7.1 **Fiscal year.** The Board of Directors may by resolution adopt a fiscal year of the Co-op from time to time.

§ 7.2 **Allocations to members.** The net profit of the Co-op, to the extent attributable to the patronage of owners, may be allocated and distributed among owners as patronage dividends in proportion to their patronage and in such a manner and at such a time as to constitute patronage dividends within the meaning of state and federal income tax law.

§ 7.3 **Use of net earnings.** The Board shall determine when and how allocations and distributions of patronage dividends will be made. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that the funds are not then or later distributed to other Members. At the discretion of the Board, a designated portion of retained earnings may be used for the development needs of the Co-op and for the provision and extension of its services.

§ 7.4 **Consent of members.** By obtaining or retaining membership in the Co-op, each member 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 Co-op.

Article VIII Amendment of Bylaws

§ 8.1 **Amendments.** These by-laws may be amended or repealed in whole or in part by a majority of the members who participate in the vote as further described in this section. An amendment may be proposed by decision of the Board or by petition of at least five percent (5%) of active members. The proposed amendment shall be publicized to the membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.