

BYLAWS

ARTICLE I - NAME AND ORGANIZATION

1.1 NAME. The name of this cooperative shall be the People's Food Cooperative, Inc. In these by-laws, the short name shall be the Co-op.

1.2 ORGANIZATION. The Co-op shall be organized on a non-stock, membership basis.

ARTICLE II - PURPOSE

The purpose shall be consistent with that set forth in the Articles of Incorporation.

ARTICLE III - MEMBERSHIP

3.1 QUALIFICATIONS. Membership shall be open to all persons who meet the requirements of admission to, retention of, and expulsion from membership as are adopted by the Board of Directors. Membership shall be open without regard to race, color, sex, religion, national origin, sexual orientation, or disability. No member shall own more than one membership.

3.2 MEMBERSHIP CLASSES. There shall be two classes of membership. Each class shall equally enjoy all rights and bear all responsibilities of membership. Class 1 memberships shall be available to every person meeting the requirements established in Section 3.1 whom the Co-op certifies as having "low income" under standards established by the Board of Directors, contingent upon meeting the financial requirements outlined in Section 3.3. Class 2 memberships shall be available to every person meeting the requirements established in Section 3.1, and shall be contingent upon the payment of any application fee which the Board of Directors may establish for such class and upon timely, scheduled payment of any membership capital required of members of such class by the Board of Directors.

3.3 CLASS 1 MEMBERSHIP. Those individuals whom the Co-op certifies as having "low income" under standards established by the Board of Directors shall have the opportunity to finance their membership over a period up to four years.

3.4 RIGHTS. As stated in these by-laws, members have the right to elect the Co-op's Board of Directors, to recall Directors, to petition for referenda, to attend meetings of the Board of Directors, to receive notice of membership meetings, to approve amendments to these by-laws, to serve on committees, and to exercise such other rights of members as may be established by the Board of Directors or by vote of members or pursuant to Michigan Compiled Laws Section 450.101.

3.5 RESPONSIBILITIES. The responsibilities of membership shall be those established by the Board of Directors or adopted by vote of members.

3.6 TERMINATION OF MEMBERSHIP. Members may terminate their membership by tendering their resignation in writing to the Secretary. The Board of Directors may terminate the membership of any member who fails to meet the responsibilities of membership.

BYLAWS

3.7 NON-TRANSFERABILITY. Memberships may not be transferred.

ARTICLE IV - MEETINGS OF MEMBERS

4.1 ANNUAL MEETING. The Co-op shall hold an Annual Meeting of Members no later than one hundred and twenty (120) days after the close of each fiscal year, at a time and place specified by the Board of Directors. At the meeting, the members shall receive the Annual Report and may consider such other business as may be properly brought before it.

4.2 NOTICE. The Co-op shall give each member written notice of Annual or Special Meetings of members, either personally or mailed to their last known address at least ten (10) and no more than sixty (60) days before the meeting. Such notice may also be given by being prominently displayed and included in a regular Co-op periodical which is mailed at postage rates complying with the regulations of the United States postal service addressed to a member entitled to vote. Notices shall also be posted in the storefronts no less than ten (10) days before the meeting.

4.3 QUORUM. Quorum at any Annual or Special Meeting shall be five percent (5%) of the membership or fifty (50) members, whichever is smaller. Business may be discussed, but no official action may be taken without a quorum.

4.4 SPECIAL MEETINGS. Special Meetings may be called by a petition signed by seven percent (7%) of the membership, or by the Board. The purpose of such meetings shall be clearly stated in the petition and in the notice of meeting, and no other business may be considered. Petitions for Special Meetings shall be presented to the Board, who shall certify them and arrange a timely meeting date.

4.5 PROXY VOTING. Votes at Annual or Special Meetings may be cast only by members attending, and not by proxy. Each member shall be entitled to one vote on each matter submitted to a vote of members. Questions presented at meetings shall be decided by a simple majority of those present and voting.

4.6 AGENDA ITEMS AT ANNUAL MEETINGS. Meeting agendas for annual meetings shall be set by the Board of Directors. The Board shall post notices inviting members to submit agenda items in the stores at least twenty-one (21) days before the final agenda is compiled. The final agenda must include items submitted by members under Section 4.7. Proposals not on the meeting agenda shall not be considered for voting, except by unanimous consent of those present at the meeting. Lacking such consent, questions may be raised for discussion only by agreement of two-thirds (2/3) of those present and voting.

4.7 REFERENDA. Questions of policy or operations may be referred to a membership referendum by the Board of Directors, or by a petition signed by seven percent (7%) of the membership. The Board of Directors shall supervise such referenda and shall insure that questions are fairly presented, with adequate space given to opposing viewpoints. Referenda may be either by mail ballot or by in-store balloting, provided that if in-store balloting is used, balloting must be carried on for at least twenty-one (21) days. A simple majority may be sufficient to decide questions presented in referenda, provided that at least ten percent (10%) of the members cast ballots. If the minimum number of votes is not obtained within three (3) weeks, a second mailing must be

BYLAWS

made to the membership, extending the time for casting the ballots by twenty-one (21) days. If the minimum number is not obtained after twenty-one (21) days, the Board of Directors shall have the power to decide the question presented in the referendum, and shall count the ballots and treat them as an advisory vote.

ARTICLE V - BOARD OF DIRECTORS

5.1 SIZE AND ELIGIBILITY. The Board of Directors shall consist of seven (7) members who shall be elected by the members, or appointed by the Board under Section 5.9. Any member may serve on the Board of Directors.

5.2 TERMS. Directors shall serve for three (3) years or until their successors are elected, whichever is longer.

5.3 STAGGERED TERMS. Three (3) Directors shall be elected in 1995 and in each third year following 1995; two (2) Directors shall be elected in other years.

5.4 NOMINATIONS AND ELECTIONS. Elections will be supervised by a committee appointed by the Board of Directors. Candidates may be nominated by this committee or by a member submitting their own Statement of Candidacy to the Board of Directors prior to a deadline to be set by the Board of Directors. The Co-op shall invite members to submit a Statement of Candidacy by posting notices in the stores for at least twenty-one (21) days before the deadline set by the Board of Directors.

5.5 VOTING FOR DIRECTORS. Voting shall be by ballot delivered, along with submitted Statements of Candidacy, to all members no later than twenty-one (21) days before the Annual Meeting and returned by members before or at the Annual Meeting. Election results shall be announced at the Annual Meeting.

5.6 QUORUM. No election of Directors shall be valid unless ten percent (10%) or more of the members return ballots.

5.7 COMPOSITION. There may be no more than one (1) Director from each entity, as defined by Section 9.1, who is a paid staff member.

5.8 METHOD OF VOTING. Members of the Co-op will vote for all candidates on an at-large basis, with each member casting up to the same number of votes as there are openings on the Board of Directors. The winners will be those receiving the highest number of votes, except that if Section 5.7 would be violated, the person receiving the lower number of votes among staff candidates shall not be elected and the person receiving the next highest number of votes who would not violate Section 5.7 shall be elected.

5.9 VACANCIES. A vacancy caused by death, resignation or recall shall be filled by appointment of a member by the remaining members of the Board of Directors. The appointee will serve for the remainder of the term of the Director being replaced.

5.10 RECALL. Directors may be recalled by a two-thirds (2/3) vote of the membership, provided that at least ten percent (10%) of the members cast ballots. Voting shall be by a ballot delivered to all members. A

BYLAWS

recall election may be initiated by a two-thirds (2/3) vote of the Board of Directors or by a petition signed by seven percent (7%) of the membership.

5.11 MEETINGS. Regular meetings of the Board of Directors shall be held at least six (6) times annually. It shall not be necessary to serve Directors with a written notice of regular meetings. Special meetings may be called by the President or by one-third (1/3) of the Directors. Written notice shall be given to Directors for all special meetings at least three days in advance of such meeting and shall state the time and place of the meeting. The notice may be delivered in person or mailed. Attendance at a meeting constitutes waiver of such notice.

5.12 QUORUM. The Board of Directors shall conduct no business unless a majority of the directors then in office is present.

5.13 DECISION-MAKING. Questions presented may be decided by a majority vote of the Directors present. Except as provided in these by-laws, meetings will be run in accordance with procedures set forth by the Board.

5.14 ATTENDANCE. Any Director with three (3) unexcused absences will be considered to have tendered his/her resignation from the Board, and his/her position will be declared vacant by the Board of Directors. Absences may only be excused by an affirmative vote of the Board at the meeting at which the absence occurs or at the following meeting.

5.15 OPEN MEETINGS. Meetings of the Board of Directors, except Executive Sessions, shall be open to all members, who may observe and who may participate according to Board of Director's policy. The Board may call an Executive Session by a two-thirds (2/3) vote of the Directors who are present when personnel matters, real estate negotiations, litigation, and other financial transactions are to be considered.

5.16 PUBLICITY FOR MEETINGS. The time, place and agenda for all Board Meetings shall be publicized to members by posting notices in each store and by such other methods as may be practical.

ARTICLE VI - powers AND RESPONSIBILITIES OF THE BOARD

6.1 RESPONSIBILITIES. The Board of Directors is responsible for the operations of the Co-op and is expected to carry out its task to insure that the stores are operated in an efficient, sensible and prudent manner to benefit the whole Co-op. The Board shall establish all policies of the Co-op, which shall not be inconsistent with law, these by-laws or recognized cooperative principles. The Board may establish a non-redeemable application fee which may be required as a condition of admission to membership. The Board is responsible for carrying out the provisions of these by-laws.

6.2 MINUTES. The Board of Directors shall prepare minutes of all Board of Director meetings.

6.3 ANNUAL REPORT. The Board of Directors shall present an Annual Report to the members at each Annual Meeting, containing a report on the year's operations and the financial statements.

BYLAWS

6.4 REFERRAL TO MEMBERS. The Board may refer any question to the members for decision at an Annual or Special meeting or by referendum.

6.5 INPUT FROM MEMBERS. The Board is expected to continually solicit, both formally and informally, comments, suggestions and advice from members.

6.6 DISPUTE RESOLUTION BODY. The Board may establish a neutral dispute resolution body to attempt to settle disputes between the Co-op and any of its members.

ARTICLE VII - COMMITTEES

7.1 COMMITTEES. The Board may establish such committees as it deems necessary, both standing and temporary.

7.2 MEMBERSHIP. Membership on committees shall be open to any member. At least one Director shall serve on each Standing Committee.

ARTICLE VIII - OFFICERS

8.1 ELECTION. At its first regularly scheduled meeting after each Board election, the Board shall elect from its number a president, vice-president, secretary and treasurer. Contested elections shall be by secret ballot. Officers shall serve for one (1) year or until their successors are elected. Officers may be re-elected.

8.2 REMOVAL. Officers may be removed by a two-thirds (2/3) vote of the Board.

8.3 PRESIDENT. The President shall be responsible for calling meetings of the Board, for securing a chairperson/facilitator for each meeting, and for establishing the agenda for meetings. The President shall sign all documents for the Co-op at the direction of the Board or the membership.

8.4 VICE-PRESIDENT. The Vice-President shall, in the absence or incapacity of the President, serve and act in the President's place.

8.5 SECRETARY. The Secretary shall see that minutes of Board meetings are taken, shall supervise custody of all corporate documents, and shall countersign documents as required.

8.6 TREASURER. The Treasurer shall have responsibility for all financial reports of the Co-op and shall supervise their preparation and accuracy. The Treasurer will report at least annually to the membership on the financial status of the Co-op and will countersign all documents in the absence or incapacity of the Secretary.

8.7 POWER OF DELEGATION. The Board may, from time to time, hire or appoint other officers, employees, representatives and agents as it deems necessary and may grant them appropriate duties and powers.

BYLAWS

ARTICLE IX - ENTITIES

9.1 RESPONSIBILITIES. Each Co-op entity shall have separate areas of decision making responsibility as designated by the Board of Directors. The decisions may include questions of store hours, product selection, use of volunteer labor and some store-specific financial questions. A Co-op “entity” shall be defined as storefronts, offices, and other establishments established by the Board of Directors or by vote of members.

9.2 ORGANIZATION. Each entity should organize its own method of decision making, which may include local staff meetings, committees, or other decision making structures.

9.3 CORPORATE RELATIONSHIP. The Board of Directors may review entity decisions to insure that they benefit the whole Co-op.

ARTICLE X - STAFF

10.1 EMPLOYEES. The Board of Directors shall hire or delegate the hiring of employees as necessary to manage the affairs of the Co-op. The Board of Directors may hire an employee to perform a particular task.

ARTICLE XI - OPERATIONS

11.1 FISCAL YEAR. The fiscal year of the Co-op shall be set by the Board of Directors.

11.2 AUDITS. The Board shall obtain an external review of the Co-op's books at the end of each fiscal year, and shall present the reviewed statements to the members at the Annual Meeting. The Board may require such other audits as it may, from time to time, determine as necessary.

11.3 BUDGETS. The Board shall adopt an Annual Budget for the entire Co-op. The proposed annual budget for the Co-op shall be available to members on request during normal business hours for at least fourteen (14) days prior to its adoption.

11.4 SAVINGS. Any savings on operations may be rebated to members based on patronage or held as retained earnings for reserves or investment.

11.5 INVESTMENT. Cash reserves shall be kept in low-risk interest bearing accounts or mutual funds, in credit unions, banks, savings and loan associations, and the like, except that the Co-op may invest in or make loans to other Co-ops with or without interest, provided that each such investment or loan is specifically approved by the Board of Directors.

11.6 BORROWING. The Co-op may borrow money and mortgage, pledge or otherwise grant interest in property owned by the Co-op at the discretion of the Board of Directors. Each such borrowing, other than borrowing from members under Board approved programs, must be specifically approved by the Board of

BYLAWS

Directors.

11.7 ACCOUNTS. The President and Treasurer shall jointly have the power to open bank and credit union accounts for the organization and to appoint signers. The Board shall be informed of each such account that is opened at its subsequent meeting.

ARTICLE XII - DISSOLUTION

12.1 VOTE REQUIRED. The Co-op may only be dissolved by vote of two-thirds (2/3) majority of those voting in a duly called mail ballot vote of the membership, provided that no such vote will be effective unless twenty percent (20%) of the active members vote in the referendum.

12.2 DISTRIBUTION OF ASSETS. Upon dissolution, the Directors shall provide for the payment of all business debts. Any remaining assets shall be used first to repay membership capital to all members who can be located and second to support, by donation, other cooperative organizations in Ann Arbor (first), Michigan (second) and nationally (third), as determined by the Board of Directors.

ARTICLE XIII - AMENDMENTS

13.1 INITIATION OF AMENDMENTS. Amendments to these by-laws or to the Articles of Incorporation may be proposed by the Board of Directors or by petition of seven percent (7%) of the membership.

13.2 REFERRAL OF AMENDMENTS TO THE MEMBERS. The Board of Directors shall put all amendments which have been proposed according to Section 13.1 to a vote of the membership by mail ballot. The procedures of Section 4.7 shall apply. This ballot may be timed to coincide with the annual election of new Board members.

13.3 APPROVAL OF AMENDMENTS. Amendments must be approved by a two-thirds (2/3) vote of those voting in a membership referendum, provided that no such vote shall be effective unless ten percent (10%) of the members cast ballots.

ARTICLE XIV -- INDEMNIFICATION

The Co-op shall indemnify, as fully as is possible under Michigan law, any person who is made or threatened to be made a party to any threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, because such person acted as a director or officer of the Co-op or because such person served at the request of the Co-op as a director or officer of any other enterprise, against expenses, attorney fees, judgments, fines, penalties and amounts paid in settlement which that person actually and reasonably incurs in such matter or its appeal. These indemnification rights are not exclusive of any other rights which such person may have. No repeal or amendment of this Article XIV shall adversely affect any person's right to indemnification with respect to acts or omissions occurring before the repeal or modification.