

BYLAWS
of
Natural Harvest Food Co-op, Inc.

Amended and Restated effective as of June 1, 2016

Article I: Organization

- 1.1 **Name.** The name of the organization shall be Natural Harvest Food Co-op, Inc. (“*the Cooperative*”).
- 1.2 **Membership and Purpose.** The Cooperative shall be owned by the Members and shall operate for the mutual benefit of the Members.

Article II: Membership

- 2.1 **Eligibility.** Membership in the Cooperative shall be open to any individual, household, cooperative, nonprofit corporation or other corporation eligible to apply for membership in accord with the terms of membership stated in these Bylaws.
- 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, household, cooperative, nonprofit corporation or other corporation 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 (“*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 “*Member*” and members collectively as “*Members*”). Each new Member shall have access to the Cooperative’s Articles of Incorporation and these Bylaws.
- 2.4 **Rights.** Each Member shall have one vote in the affairs of the Cooperative requiring Member approval. Corporate or household Members shall designate one person to vote on its behalf. Members have the right to elect the Cooperative’s Board, 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 membership, including joint memberships, shall have one vote and no more on all matters submitted to the Members. The rights of the Members shall be understood to apply only to active Members in good standing. All rights and responsibilities of the Members are subject to the Bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.
- 2.5 **Responsibilities.** The 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 Bylaws and the policies and decisions of the Cooperative 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 his or her 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 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, the Members or its employees, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative. A Member whose membership has been terminated has thirty (30) days in which to appeal the Board's decision; the Member shall notify the Secretary of the Board and the item will be placed on the agenda of the next Board meeting. A Member who fails to provide a current address to the Cooperative shall be deemed to have voluntarily terminated such Member's membership.

- 2.7 **Return of Equity.** Upon the termination of an Member's membership for any reason, the Cooperative shall purchase such Member's shares of capital stock in the Cooperative by tendering to the Member (or such Member's heir or successors as applicable) the price paid for such shares, together with any cash portion of a patronage dividend due or unpaid, less any indebtedness owed by the Member to the Cooperative. The Cooperative's repurchase of a Member'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 a Member's membership in the Cooperative, the Member's voting shares of capital stock shall be canceled and such Member shall no longer have voting rights in the Cooperative.
- 2.8 **Unclaimed Property.** If a Member voluntary or involuntarily terminates membership in the Cooperative, and fails to inform the Cooperative of such Member's mailing address, then such Member's equity and any patronage dividend amount allocated to such Member will be forfeited by the Member to the Cooperative. The Member's right 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 to the last known address of the Member shown on the records of the Cooperative indicating that such payment for such unclaimed property is available; or (ii) the Cooperative publishes such notice in its official publication.
- 2.9 **Non transferability.** Membership rights and Member equity may not be transferred in any manner without prior written approval of the Board.

Article III: Member Meetings

- 3.1 **Annual Meeting.** An annual meeting of the Members 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 Members 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 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. 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 the Members notice of the date, time, place, and purpose of each meeting of the Members by publication in a magazine or newsletter regularly published by or on behalf of the Cooperative and circulated generally among the Members at least two (2) weeks before the date of the meeting, or by mailing (by U.S. mail) to each Member at such Member's last known address not less than fifteen (15) days prior to the date of the meeting. After mailing special or regular Member 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 Member meeting.
- 3.4 **Voting.** The Board may authorize voting by mail and/or by electronic means on all matters that the Members are entitled to vote. The secretary shall provide the Members 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 the Members at least two (2) weeks before the end of the voting period, or by mailing (by U.S. mail) to each Member at such Member'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 Members voting thereon. Proxy voting is not allowed.
- 3.5 **Quorum.** At any meeting of the Members, or for any vote of the Members, a quorum necessary for decision-making shall be ten percent (10%) of the total number of the Members, except when membership exceeds 500 Members, then fifty (50) Members shall constitute a quorum.
- 3.6 **Presiding Officer.** The President of the Board of Directors or his/her designee shall preside at all meetings of the Cooperative's Members or its Directors.

ARTICLE IV: Board of Directors

- 4.1 **Number, Eligibility, and Powers.** The Board shall be composed of nine (9) Directors, elected by the Members annually as prescribed by the Board. Every Director shall be a Member 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 Member voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, hiring the General Manager and evaluating the performance of the General Manager; establishing compensation, if any, for the Board; and assuring that the mission of the Cooperative is carried out.
- 4.2 **Audits.** The Board of Directors shall examine all accounts and financial statements at its regular meetings. In addition, the Board may require an audit of the activities of the Cooperative by a Certified Public Accountant. The frequency of such audits will be decided by the Board of Directors. A report of such audit will be submitted to the Members at their annual meeting in printed form and shall contain at least a balance sheet and income and expense statement.
- 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 approximately one-third (1/3) of the Board is elected each year. No Director may serve more than two (2) consecutive terms.
- 4.4 **Vacancies.** The Board may fill any vacancy in the Board by appointing another Member to serve on the Board until the next regular or special meeting of the Members. At such next regular or

special meeting, the Members must elect a Member to serve the unexpired term of the vacant Director.

- 4.5 **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. The Members may remove a Director at a Members' meeting for cause related to the duties of the position and fill the vacancy caused by such removal.
- 4.6 **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 Members, unless the Board decides to go into executive session regarding confidential or proprietary matters, including (i) discussions of personal matters, compensation issues, labor negotiations, billing and credit information, or issues 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.
- 4.7 **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.
- 4.8 **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.
- 4.9 **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
- 4.10 **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. The election of board officers will occur annually and will be done at the first Board meeting following the board elections. The powers and duties of each officer shall be determined by the Board of Directors. The only employee officer of the cooperative shall be the General Manager who shall be responsible for the daily business operations of the cooperative under and subject to the Directors. The Members may remove an officer at a Member meeting for cause related to the duties of the position of the officer and fill the vacancy caused by the removal.
- 4.11 **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.

- 4.12 **Compensation.** The compensation, if any, of the Directors of the Cooperative shall be determined by the Board in the best interests of the Cooperative at any regular meeting. Directors shall be reimbursed for any actual expenses incurred in conducting business of the Cooperative.
- 4.13 **Bonds of Employees.** The Board of Directors may also require the manager and all other officers, agents and employees charged by the Cooperative with responsibility for the custody of any of its funds or property to provide a fidelity bond in such sum as the Board of Directors shall determine. Such bond shall be furnished by a responsible bonding company or other surety satisfactory to the Directors. The Cooperative shall pay the cost of the bond.

ARTICLE V: Patronage Dividends

- 5.1 **Allocations to Members.** The Cooperative shall allocate and distribute to the 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 shall determine when and how such allocations and distributions will be made.
- 5.2 **Member Tax Consent.** 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 dividend received from the Cooperative.

ARTICLE VI: Dissolution

- 6.1 **Asset Distribution.** The Cooperative may be dissolved upon a decision of the Board and a two-thirds (2/3) vote of a quorum of the Members at a regular or special meeting of the Members 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 of the Cooperative according to their respective priorities; (ii) the Members 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 Members. 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.