

ROCHESTER
BUSINESS LAW CENTER

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June 9, 2008

Rochester Good Food Coop
1001 6th Street NW
Rochester, MN 55901

Dear Members of the Rochester Good Food Coop:

Enclosed are proposed Bylaws of the Rochester Good Food Co-op (the "Bylaws"). It came to the attention of your board of directors that the Rochester Good Food Co-op had never adopted a set of bylaws. Therefore, at the request of your board, these Bylaws were drafted by legal counsel, using a co-op model of governance.

The purpose of bylaws is to regulate and manage the internal affairs of a cooperative. These Bylaws represent the way the Good Food Store has essentially operated for the last thirty-five years. Following revisions by your board, these Bylaws were approved by your board of directors on May 7, 2008. The Bylaws now require adoption by of the majority of members of the Rochester Good Food Co-op in order to be enacted.

Enclosed is a preaddressed stamped card to cast your vote for approval or denial of the adoption of the Bylaws. To preserve the integrity of the voting, only ballots mailed in will be tabulated. Ballots postmarked on or before July 1st will be considered valid. **Please note:** Ballots which are not returned will be counted as a "Yes" vote in favor of adoption of the Bylaws.

Wishing you another thirty five plus years of success at the Rochester Good Food Coop!

Very truly yours,



Kathryn Moe
Attorney at Law

BYLAWS OF
ROCHESTER GOOD FOOD CO-OP

This instrument constitutes the Bylaws of Rochester Good Food Co-op of 1001 6th Street NW in Rochester, Minnesota, adopted for the purpose of regulating and managing the internal affairs of the cooperative on this ____ day of _____, 200__.

ARTICLE I

COOPERATIVE SEAL

Section 1. This cooperative shall not have a seal.

ARTICLE II

MEMBERS

Section 2.1. The Membership of the cooperative shall consist of one class of Members.

Section 2.2. Members are entitled to vote and have equal rights and preferences in matters not otherwise provided for by the Board. The term of Membership shall be one year from the date membership is granted and said date may not be changed. A membership may be transferred only with the approval of the Executive Director or Assistant Manager.

Section 2.3. Membership shall terminate at the end of the stated term of Membership. A Member shall not be expelled or suspended, and a Membership may not be terminated or suspended before the end of the stated term, other than for nonpayment of dues or fees, except where the Member is given:

(1) not less than fifteen (15) days' prior written notice of the expulsion, suspension, or termination, and the reasons for its; and

(2) an opportunity for the Member to be heard, orally or in writing, not less than five (5) days before the effective date of the expulsion, suspension, or termination by a person authorized to decide that the proposed expulsion, termination or suspension not take place.

Section 2.4.1. Regular meetings of voting Members shall be held annually, in January of each year or at such day and time as the Board of Directors shall determine.

Section 2.4.2. Unless otherwise required by law or the Articles or Bylaws of this cooperative, notice of all Member meetings must be given at least five (5) and not more than sixty (60) days before the meeting. The notice must contain the date, time, and place of the meeting.

Section 2.4.3. If a regular meeting of voting Members has not been held during the preceding fifteen (15) months, at least fifty (50) Members with voting rights or ten percent (10%) of the Members with voting rights, whichever is less, may demand a regular meeting of the Members by written notice of demand given to the President or the Treasurer of the cooperative. Within thirty (30) days after receipt of the demand, the

Board shall cause a regular meeting of Members to be called and held on notice no later ninety (90) days after receipt of the demand at the expense of the cooperative.

Section 2.5. Unless otherwise provided by law or by these Bylaws, a quorum for a meeting of Members is ten percent of the Members entitled to vote at the meeting.

Section 2.6. Except where a larger portion or number is required by law or by these Bylaws, the Members may take action by the affirmative vote of a majority of the Members present at a duly held meeting.

Section 2.7. All members shall be entitled to one vote on any matter properly presented to the Members. Voting by proxy shall not be permitted.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1. The business and charitable affairs of the cooperative shall be managed by or under the direction of a Board of Directors of seven (7) directors as elected by the Members.

Section 3.2 Those Members desiring to serve on the Board of Directors shall submit their names to any member of the Nominating Committee or any member of the Executive Committee. Candidates for the Board of Directors may be interviewed by two Board members prior to having their names placed on the ballot. The Nominating Committee shall present a slate of candidates to be voted on by the Members.

Section 3.3. Directors shall serve for a three year term with one third of the directors being elected each year to a new term. A director may serve a maximum of two consecutive terms on the Board, but after being off the board for one three year term, may again be elected to serve on the Board of Directors. During the first year following the adoption of these Bylaws, the executive committee shall determine the rotation of the directors by adopting a listing of the date each director's term shall expire.

Section 3.4. At all meetings of the Board of Directors a majority of the directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business.

Section 3.5 Except where otherwise required by law, the Articles or these Bylaws, the affirmative vote of a majority of the directors present at a duly held meeting shall be sufficient for any action.

Section 3.6. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken by written action signed by the number of directors required to take the same action at a meeting of the Board of Directors at which all directors were present. The written action is effective when signed by the required number of directors, unless a different effective date is provided in the written action. When written action is taken by less than all of the directors, all directors shall be notified immediately of its text and effective date, except that failure to provide such notice does not invalidate the written action.

Section 3.7. The Board of Directors shall have regular meetings at such places and times as it shall establish by resolution. The annual meeting of the Board of Directors

shall be held at such time and place as may be designated by resolution of the Board of Directors.

Section 3.8. A director may resign at any time by giving written notice of his or her resignation to the cooperative. The resignation is effective when received by the cooperative, unless a later date has been specified in the notice.

Section 3.9. A director may be removed from office, with or without cause, by the affirmative vote of a majority of the directors present at a duly held meeting; provided that not less than five (5) days' and not more than thirty (30) days' notice of such meeting stating that removal of such director is to be on the agenda for such meeting shall be given to each director. A director may be removed for failure to keep membership dues current, for failure to keep confidential all information discussed at board meetings, and/or attempting to gain information or other personal gain from any staff member of the Rochester Good Food Co-op. A director will also be removed for missing three unexcused board meetings in any calendar year. Any excused absence shall be approved by a majority vote of the directors present at any regular meeting.

Section 3.10. In the event of the death, removal or resignation of a director, a successor to fill the unexpired term shall be elected by the affirmative vote of a majority of the directors present at a duly held meeting.

Section 3.11. Special meetings of the Board of Directors may be called at any time upon request of the Chair, the President or any two (2) directors, provided that any such request shall specify the purpose or purposes for the meeting. The President shall set the date for the special meeting within three (3) working days of making or receiving such a request and shall give not less than five (5) nor more than thirty (30) days' written notice of the time, place and purpose of such special meeting.

Section 3.12. The Board of Directors shall establish the following committees:

- a) Executive Committee, consisting of the President, Secretary, Treasurer, and Executive Director;
- (b) Personnel Committee, consisting of President, Secretary, Treasurer, and up to two additional Members as appointed by the President; and
- (c) Nominating Committee, consisting of the President, Secretary, and 2 additional Board of Director members as appointed by the President.

Section 3.13. The Board of Directors may establish one or more additional committees having the authority of the Board in the management of the business of the cooperative to the extent determined by the Board.

Section 3.14. The Board of Directors may hold their meetings at such places, whether in this state or in any other state, as a majority of the directors then in office may from time to time appoint. Upon failure to appoint any other place, such meetings shall be held at the registered office of the cooperative.

Section 3.15. Whenever under the provisions of these Bylaws notice is required to be given to any director, it shall be construed to require personal notice, but such notice may be given in writing by mail by depositing it in a post office or letter box within the state of Minnesota, in a post-paid, sealed wrapper addressed to such director or committee Member at his or her last known address; or by secured electronic mail with return receipt verification.

Section 3.16. Directors shall not be compensated for their duties as directors, except that the executive director may receive a salary for his or her services as an

employee, and directors may be reimbursed for expenses incurred on behalf of the cooperative.

Section 3.17. Distribution of board meeting notices, reports, and financial information shall be primarily by secured e-mail. Any board member has the option of requesting hard copy communication in lieu of electronic communication. A copy of all such electronic communications shall be kept on file at the office of the cooperative.

ARTICLE IV OFFICERS

Section 4.1. The officers of the cooperative shall be an Executive Director, a President, a Secretary, a Treasurer, and such other officers as the Board of Directors may, from time to time, appoint.

Section 4.2. The duties of the officers of this cooperative shall be:

(a) President – The President shall preside at all meetings of the Board of Directors and shall oversee the long-term goals and purposes of the cooperative. He or she shall also perform such other duties as may be determined from time to time by the Board of Directors.

(b) Executive Director – The Executive Director shall be the chief executive officer of the cooperative and shall be responsible for the day to day operations of the cooperative. In addition, he or she shall perform such other duties as may be determined from time to time by the Board of Directors.

(c) Secretary – The Secretary shall attend all meetings of the Board of Directors and any committee thereof, and keep the minutes of such meetings, give notices, prepare any necessary certified copies of cooperative records, and perform such other duties as may be determined from time to time by the Board of Directors.

(d) Treasurer – The Treasurer shall have responsibility for oversight of the cooperative treasury, working with the Board of Directors, Executive Director and cooperative accountant. The Treasurer shall perform such other duties as may be determined from time to time by the Board of Directors.

(e) Vice President – The Vice President shall be vested with all powers of and perform all the duties of the President in the President's absence or inability to act, but only so long as such absence or inability continues.

Section 4.3. The salaries of all officers of the cooperative shall be fixed by the Board of Directors. However, no such salary need be fixed if such service is voluntary.

Section 4.4. The President, Secretary, Treasurer and Executive Director shall be Members of the Board of Directors.

Section 4.5. An officer may resign at any time by giving written notice to the cooperative. The resignation is effective without acceptance when the notice is given to the cooperative, unless a later effective date is named in the notice.

Section 4.6. Any officer may be removed, with or without cause, by the affirmative vote of a majority of the directors present at a duly held meeting of the Board of Directors for which notice stating such purpose has been given.

Section 4.7. A vacancy in an office because of death, resignation or removal may be filled by the Board of Directors.

ARTICLE V
STANDARD OF CARE AND DEALING WITH OTHER
COOPERATIVES AND ORGANIZATIONS

Section 5.1. It is the responsibility of each officer and director of this cooperative to discharge his or her duties as a director in good faith, in a manner the person reasonably believes to be in the best interests of this cooperative, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

Section 5.2. A contract or other transaction between this cooperative and one or more of its directors, or between this cooperative and an organization in or of which one or more of this cooperative's directors are directors, officers or legal representatives or have a material financial interest, is not void or voidable because the director or directors or the other organizations are parties or because the director or directors are present at the meeting of the Board of Directors or a committee at which the contract or transaction is authorized, approved or ratified, if:

A. The contract or transaction was, and the person asserting the validity of the contract or transaction sustains the burden of establishing that the contract or transaction was, fair and reasonable as to the cooperative at the time it was authorized, approved or ratified; or

B. The material facts as to the contract or transaction and as to the director's or directors' interest are fully disclosed or known to the Board or a committee, and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a majority of the Board or committee, but the interested director or directors shall not be counted in determining the presence of a quorum and shall not vote.

For the purpose of this Section:

A. A director does not have a material financial interest in a resolution fixing the compensation of the director or fixing the compensation of another director as a director, officer, employee or agent of the cooperative, even though the first director is also receiving compensation from the cooperative; and

B. A director has a material financial interest in each organization in which the director, or the spouse, parents, children and spouses of children, brothers and sisters and spouses of brothers and sisters of the directors, or any combination of them have a material financial interest.

ARTICLE VI

FINANCE

Section 6.1. Any dues, contributions, grants, bequests or gifts made to the cooperative shall be accepted or collected only as authorized by the Board of Directors.

Section 6.2. All funds of the cooperative shall be deposited to the credit of the cooperative under such conditions and in such banks as shall be designated by the Board of Directors.

Section 6.3. All contracts, checks and orders for the payment, receipt or deposit of money, and access to securities of the cooperative shall be as provided by the Board of Directors.

Section 6.4. The annual budget of estimated income, income expense and capital expense shall be approved by the Board of Directors. This budget shall be prepared by the Executive Director and submitted to the Board of Directors prior to October first of each year.

Section 6.5. Title to all property shall be held in the name of the cooperative.

Section 6.6. A summary report of the financial operation of the cooperative shall be made by the Treasurer at least annually to the Board of Directors.

ARTICLE VII

INDEMNIFICATION

To the full extent permitted by the Minnesota Nonprofit Cooperative Act, as amended from time to time, or by other provisions of law, each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suite or proceeding, wherever and by whomsoever brought (including any such proceeding, by or in the right of the cooperative), whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Member, director or officer of the cooperative, or he or she is or was serving at the specific request of the Board of Directors of the cooperative as a director, officer, employee or agent of another cooperative, partnership, joint venture, trust or other enterprise, shall be indemnified by the cooperative by the affirmative vote of a majority of the directors present at a duly held meeting of the Board of Directors for which notice stating such purpose has been given against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided, however, that the indemnification with respect to a person who is or was serving as a director, officer, employee or agent of another cooperative, partnership, joint venture, trust or other enterprise shall apply only to the extent such person is not indemnified by such other cooperative, partnership, joint venture, trust or other enterprise. The indemnification provided by this Article shall inure to the benefit of the heirs, executors and administrators of such person and shall apply whether or not the claim against such person arises out of matters occurring before the adoption of this provision of the Bylaws.

ARTICLE VIII

AMENDMENT OF BYLAWS

The Board of Directors may from time to time adopt, amend or repeal all or any of the Bylaws of this cooperative; except that after the adoption of the initial bylaws by the Members, the Board of Directors shall not adopt, amend or repeal a Bylaw fixing a quorum for meetings of Members, prescribing procedures for removing directors or filling vacancies in the Board of Directors, or for their classifications, qualifications, or terms of office. However, the Board of Directors may adopt or amend a Bylaw to increase the number of directors or make other changes not prohibited to the Bylaws with the approval of two thirds of the Directors then serving on the Board.

Lillian H. Russell
Secretary
Susan Murphy
President
William H. [unclear]
Treasurer
Barbara M. [unclear]
Executive Director