

BYLAWS OF COMMON GROUND FOOD CO-OP

Article I Organization

Section 1.1 - **Name.** The name of the organization is Common Ground Food Cooperative (referred to in these bylaws as "the Co-op.")

Section 1.2 - **Mission.** The Common Ground Food Co-op is a cooperatively owned grocery store that promotes local and organic production, fosters conscious consumerism and builds community.

Section 1.3 - **Cooperative principles.** The Co-op shall be operated in accordance with cooperative principles adopted by the International Cooperative Alliance, including the following: (i) voluntary and open membership without arbitrary discrimination; (ii) democratic governance by members with equal voting rights among members and opportunity for participation in setting policies and making decisions; (iii) economic participation by members with members equitably contributing to and democratically controlling the capital of the Co-op, and with earnings being equitably applied to the development needs of the Co-op and to the provision and extension of common services; (iv) autonomy and independence of the Co-op as a self-help organization controlled by its members being strictly maintained; (v) educating and training members, directors, managers and employees so they can contribute effectively to the development of the Co-op, and informing the general public about the nature and benefits of co-operation; (vi) strengthening the cooperative movement by working with other cooperative organizations at all levels; and (vii) working for sustainable development of the Co-op's community.

Section 1.4 - **Principal office.** The principal office shall be 610 East Springfield, Champaign, Illinois, 61820.

Article II Membership

Section 2.1 - **Eligibility and admission.** Membership in the Co-op shall be voluntary and open to any individual whose purpose is to use the services of the Co-op and who is willing to accept the responsibilities of membership. Applicants will be admitted to membership upon submitting required information and paying or subscribing to pay for not less than one nor more than ten capital certificates at an issuing price determined by the Board of Directors. In case of doubtful eligibility, an application for membership shall be subject to approval by the Board at any time within six months after the date of application.

Section 2.2 - **Responsibilities.** Each member shall keep reasonably current in payment of the capital payment obligation described in Section 2.1 above, and shall patronize the Co-op on at least an occasional basis. A member who becomes delinquent by six months in meeting the capital payment obligation, or who fails to patronize the Co-op for one year, shall, no sooner than thirty days after delivery of written notification, be placed into inactive status. His or her participation rights shall then be suspended. A member in inactive status may attain good standing only upon full payment of all arrearages or reestablishment of a

patronage relationship with the Co-op. References herein to the rights and entitlements of members shall be understood to refer only to members in good standing.

Section 2.3 - **Rights.** Each member shall be entitled to make purchases from the Co-op on terms generally available to members, and to participate in the governance of the Co-op as set forth in these bylaws.

Section 2.4 - **Access to information.** Members shall be provided reasonably adequate and timely information as to the organizational and financial affairs of the Co-op. Members shall be provided access to the books and records of the Co-op at a reasonable time and for a proper purpose, subject to such reasonable restrictions or alternative means as is determined by the Board as necessary to protect sensitive materials of the Co-op or the privacy of its members.

Section 2.5 - **Settlement of disputes.** In any dispute between the Co-op and any of its members or former members which cannot be resolved through informal negotiation, it shall be the policy of the Co-op to *first* use mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

Section 2.6 - **Nontransferability.** Membership rights and interests may not be transferred except to the Co-op. Following termination of membership, or at any time as to capital certificates held in excess of the minimum amount, the Co-op will, upon request of the member, transfer the carrying value of such person's capital credits, net of any authorized offsets, to the credit of another person designated by the requesting member, provided that the person so designated is a member or becomes a member of the Co-op and the requesting member certifies that he or she has not and will not receive consideration for the transaction in excess of the net carrying value of the interests on the books of the Co-op. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

Section 2.7 - **Termination.** A member may terminate their membership voluntarily at any time upon notice to the Co-op. The Board is the only body that can terminate another's membership, provided the accused member is first accorded an adequate opportunity to respond to the charges in person or in writing. Actions leading to termination are set by the board and can be found in Board Procedures. Upon termination of membership, all rights and interests in the Co-op shall cease except for rights to redemption of capital funds pursuant to Articles VII of these bylaws.

Article III

Meetings of Members

[General Membership Meetings (GMMs)]

Section 3.1 - **Meetings.** Semi-annual meetings of members shall be held to deliver reports on operations and finances, to review an annual budget, and to conduct such other business as may

properly come before the meeting.

Section 3.2 - **Special meetings.** Special GMMs may be called by the Board if deemed necessary, proposed and agreed upon at a GMM, or upon receipt of petitions signed by the lesser of twenty members or ten percent of all membership, such petitions stating the business to be brought before the meeting. Any business conducted at a special meeting other than that specified in the notice of the meeting shall be of an advisory nature only.

Section 3.3 - **Time and place.** The date, time and place of all GMMs shall be determined by the Board.

Section 3.4 - **Notice.** The Secretary of the Board and other designated Board members shall endeavor to post the notices of meetings in a timely manner and in a conspicuous place in the Co-op. Notices will also be posted over the internet when appropriate.

Section 3.5 - **Record dates.** Unless otherwise determined by the Board, only persons who are members at the close of business on the business day immediately preceding the date of distribution of notices shall be entitled to notice of any meeting of members and to vote at such meeting.

Section 3.6 - **Quorum and voting.** The number of members required for quorum and carrying out a vote at a GMM should equal no less than 25 members. Except as otherwise set forth in these bylaws, each member shall have one and only one vote on each issue submitted to a vote at a meeting of members. Voting by proxy shall not be permitted. Unless otherwise required by law or by these bylaws, issues shall be decided by a modified consensus of votes cast except where one or more choices are to be made from several alternatives, in which case the alternative(s) receiving the most votes shall be considered approved. If consensus is not met within the time requirements set by the Board, then the issue will go to a majority vote. GMMs shall be conducted in such a way that each member who so desires is given a reasonable opportunity to express his or her views.

Section 3.7 - **Issues submitted by members.** Notices of a GMM shall include any proper issues submitted by petition of the lesser of ten members or two percent of all members. Petitions must be received at the Co-op not less than three weeks before the date of the meeting at which they are to be presented to a vote of members. Additionally, issues may be proposed at a GMM and added to the agenda of the subsequent GMM.

Article IV

Board of Directors

Section 4.1 - **Powers and duties.** Except as to matters reserved to members by law or by these bylaws, the corporate powers of the Co-op shall be exercised by or under the authority of the Board of Directors, and the business and affairs of the Co-op shall be managed under the direction of the Board of Directors (sometimes referred to in these bylaws as "the Board").

Section 4.2 - **Number and qualifications.** The Board shall consist of between four (4) and seven (7) individuals. All directors shall be members and shall not have any overriding conflict of interest with the Co-op. No member of the co-op's paid staff may be a Board member.

Section 4.3 - **Nominations, election and terms.** Directors shall be elected by ballot in the store for a

period of one week following the presentation of candidates at a general membership meeting. Directors may be nominated by any member in good standing. A nominee is required to submit an application to the board at least one month prior to the beginning of the meeting. Terms of directors shall be staggered so that *no more than* one-half of the terms, or as nearly so as may be practicable, shall expire every 6 months. Directors shall be elected for terms of two years. Directors shall hold office until their successors are elected or until their terms are terminated sooner in accordance with these bylaws.

Section 4.4 - **Standards of conduct.** Directors shall be responsible at all times for discharging their duties in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner that they reasonably believe to be in the best interests of the Co-op. The Co-op may not lend money to or guarantee the obligation of a director.

Section 4.5 - **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 of the matter.

Section 4.6 – **Committees and liaisons.** The Board may appoint ad hoc or standing committees or liaisons to advise the Board or to exercise such authority as the Board shall designate. Advisory committees shall include at least one director. Committees exercising any authority of the Board shall consist only of directors and shall conform to all procedural requirements applicable to the Board.

Section 4.7 - **Indemnification.** In order to attract and retain qualified people to serve in positions of responsibility, the Co-op shall indemnify its directors, officers, general manager, and other responsible agents to the fullest extent permitted under the **Illinois Not For Profit Corporation Act**, except that indemnification shall not be required if the person has been successful otherwise than on the merits in defense of any action, suit, claim, or proceeding. 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.

Section 4.8 - **Termination.** The term of office of a director may be terminated prior to its expiration: (i) voluntarily by a director upon notice to the Co-op; (ii) automatically upon termination of membership in the Co-op; (iii) by vote of members at a meeting of members, provided that written reasons for removal are included in the notice of the meeting and the director whose removal is sought has had an opportunity to answer the charges in person or in writing; or (iv) in the case of a director who is absent from three consecutive Board meetings, unless excused by the Board for good cause, or presumed to have resigned.

Section 4.9 - **Vacancies.** Whenever the number of patron directors shall fall below four for any reason, the Board shall appoint one or more directors necessary to bring the number of patron directors to four. Such director or directors shall serve until the next GMM, where a regular election of interim directors can take place.

Article V

Meetings of the Board

Section 5.1 - **Meetings.** The Board of Directors may determine the times and places of regular

meetings. Special meetings may be called by the President and shall be called by the Secretary upon request of any three directors. Meetings of the Board shall be held no less frequently than once in each month.

Section 5.2 - **Notice.** Regular meetings shall require no formal notice, it being the responsibility of absent directors to inquire as to the time of further scheduled meetings. Special meetings shall require written or oral notice to all directors. Written notice shall be delivered at least five days before the date of the meeting and oral notices shall be given in person or by a telecommunications device at least forty-eight hours before the time of the meeting. The Co-op shall also post the notices of meetings of the Board in a timely manner and in a conspicuous place in the Co-op's store and via the co-op's email list.

Section 5.3 - **Quorum.** The presence in person of a majority of at least four current directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.

Section 5.4 - **Decision making.** Decisions of the Board shall be made by full consensus, modified consensus, or majority-rule. The decision-making document can be found in Board Procedures.

Section 5.5 - **Action without a meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if all directors sign a written consent to the action and file it with the minutes of meetings.

Section 5.6 - **Open meetings.** Meetings of the Board and all committees shall be open to members. A meeting or a portion thereof may be closed when a particularly sensitive issue is before the Board. Members may otherwise be excluded only for cause.

Article VI

Officers

Section 6.1 - **Designation and qualifications.** The principal officers of the Co-op shall consist of President, Secretary and Treasurer. The Board may designate other officers or assistant officers. One director may hold the offices of Secretary and Treasurer simultaneously. All principal officers shall be directors.

Section 6.2 - **Election, terms and removal.** The Board at its first meeting following election of new directors shall elect officers. Officers shall serve for terms of one year or until election of their successors. Officers may be removed and replaced by the Board at any time the best interests of the Co-op would thereby be served.

Section 6.3 - **Duties.** In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board, officers shall have the following duties and such additional duties as are determined by the Board:

- (a) the President shall be responsible for coordinating the activities of the Board and assuring the orderly conduct of all meetings of the Board and GMMs;
- (b) the Secretary shall be responsible for recording and filing adequate minutes of all meetings of the Board and GMMs, issuing notices required under these bylaws, and authenticating records of the Co-op; and

(c) the Treasurer shall oversee the maintenance of financial records, reporting of financial information and filing of required reports and returns.

The board as a whole shall oversee the hiring/firing of the general manager.

Article VII

Capital Certificates

Section 7.1 – **Issuance.** To evidence capital funds provided by members, the Coop shall issue capital certificates. The amount of capital certificates shall be set in regard to the current and prospective capital needs of the Co-op as determined by the Board of Directors. Capital certificates shall be issued only upon full payment of their issuing price.

Section 7.2 - **Certificates.** Members shall be entitled to receive one or more certificates evidencing their holdings. All certificates shall be signed by the President and Secretary and shall be numbered and registered by the Co-op. The Co-op may issue a replacement for any certificate alleged to have been lost, stolen or destroyed without requiring the giving of a bond or other security against losses.

Section 7.3 - **Terms.** Capital certificates shall be entitled to no dividend or other monetary return on contributed capital and may not be pledged as security for a debt. Certificates shall be subject to assessment insofar as it may become necessary to increase the capital payment obligation of members by reason of the current or prospective capital needs of the Co-op. Certificates shall represent no ownership interest in the Co-op or proprietary interest in its assets.

Section 7.4 - **Accounting for proceeds.** Proceeds of capital certificates shall be credited on the books of the Co-op to capital accounts in the names of contributing members. The Co-op shall segregate such proceeds in a separate bank account and restrict their use only for acquiring capital assets or for paying liabilities incurred for such purpose.

Section 7.5 – **Redemption.** Upon request following voluntary termination of membership, capital certificates shall be redeemed when replacement capital is received from other members. Capital certificates shall also be redeemed as soon as practicable upon involuntary termination of membership and upon the death of a member, and may be redeemed under other compelling circumstances as determined by the Board. Certificates shall be redeemable at their carrying value or their book value if lesser. No redemptions shall be made when payment would impair the ability of the Co-op to meet its other obligations as they become due. Redemption proceeds shall be subject to offset by amounts due and payable to the Co-op by the member. Reapplications for membership after full or partial redemption shall be subject to full repayment of redemption proceeds, and may be subject to a processing fee as determined by the Board.

Article VIII
Fiscal Matters

Section 8.1 - **Fiscal year.** The fiscal year of the Co-op shall coincide with the calendar year.

Article IX
Interpretation and Amendment of Bylaws

Section 9.1 - **Severability.** In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

Section 9.2 - **Amendment.** These bylaws may be amended or repealed only by vote of a quorum of members, provided that the proposed amendments are stated in the notice of the meeting at which the amendments are to be adopted.