

**BYLAWS OF  
THE ALTERNATIVE FOOD COOPERATIVE**

Revised: Annual Membership Meeting of January 19, 2002  
Amended: Annual Membership Meeting of January 15, 2005

**SECTION I  
ORGANIZATION**

1. **Name:** The name of this organization is “The Alternative Food Cooperative,” herein referred to as the “Co-op.”
2. **Offices:** ~~The principal office(s) of the Co-op shall be in the Village of West Kingstown in the State of Rhode Island and Providence Plantations and/or at such other location(s) as the Board of Directors may determine. [Repealed, See Amendment 2]~~
3. **Fiscal Year:** The fiscal year for the Co-op begins on the first day of the month of October and ends on the 30<sup>th</sup> day of the month of September.
4. **Duration:** The duration of the Co-op is perpetual.

**SECTION II  
PURPOSE AND MISSION**

1. **Cooperative Sales:**
  - A. To provide quality products at reasonable cost and to operate at all times in a manner that is fair and equitable to its members, staff and community.
  - B. To specialize in selling organically grown, unprocessed, whole foods and to support sustainable, local agriculture whenever feasible, while also balancing the needs and wishes of our membership.
2. **Cooperative Character:**
  - A. Open and voluntary membership, without any social, political, racial, religious, sexual, or other arbitrary discrimination;
  - B. Democratic governance with equal voting rights among members and opportunity for participation in decisions affecting the Co-op;
  - C. Strict limitation of monetary return on member capital;
  - D. Equitable use of net savings to avoid one member gaining at expense of another member;
  - E. Active cooperative with other cooperative organizations;
  - F. Education of the members and the general public in the cooperative principles.
3. **Powers:**
  - A. The Co-op shall have all the powers enumerated in the Rhode Island Corporations Act and shall have such other powers as are conferred upon it by the Articles of Incorporation or these Bylaws.

SECTION III  
MEMBERSHIP

1. **Admission:** Membership in the Co-op shall be voluntary and open to all persons who are in accord with its purpose and mission, regardless of race, sex, religion, national origin or disability. It is open to person(s) who intend to make use of its services, who accept the responsibilities of membership and who pay such fees and make such capital contributions as may be required by the Board of Directors. Membership is also open to organizations (incorporated or unincorporated) at the discretion of the Board of Directors.
2. **Rights:** Each member shall have the right to receive a copy of these Bylaws. Members shall have equal rights with other members in regard to the governance or the Co-op through participation during membership meetings, eligibility to serve on the Board of Directors, and otherwise as described in these Bylaws. Each member shall have equal right to patronize the Co-op at prices generally available to members and to benefit from participation in the activities of the Co-op.
3. **Responsibilities:** Members shall abide by these bylaws, by decisions made at membership and board meetings, and by the means established in these Bylaws to amend any such decisions. Members shall notify the Co-op of any such change of address. Members shall provide the capital to operate the Co-op by making such capital contributions as may be required by the Board of Directors from time to time.
4. **Termination:** A member may terminate membership in the Co-op at any time by giving written notice to the Board of Directors. Membership may be terminated by the Board of Directors whenever membership fees or capital contributions of a member become delinquent in the discretion of the Board of Directors. Membership may be terminated for cause by the Board of Directors.

SECTION IV  
MEMBER MEETINGS

1. **Annual Meeting:** The annual membership meeting of the Co-op shall be held each year in January at a time and place determined by the Board of Directors. The purpose of the annual meeting shall be to hear reports on operations and finances, to review any important policy issues or other matters that vitally affect the Co-op, to elect directors, and to conduct such other business as may properly come before the meeting.
2. **Notice of Meetings:** The Secretary shall give notice of member meeting by posting the same conspicuous notice in the Co-op's place of business, not less than sixty (60) days prior to the meeting. The notice shall set forth the location, date, time and clearly state the purpose of the meeting as set forth in Article IV, Section 1 of these Bylaws. If there is a Co-op newsletter, notice of meetings shall also be published in the Co-op newsletter, provided that failure to publish or deliver such newsletter shall not affect the adequacy of notice of such meeting. If annual meeting the notice of the meeting shall also state that balloting for the election of directors shall commence immediately following the close of

the meeting and shall continue for one (1) week thereafter, and that members unable to attend the annual meeting shall cast ballots during that period at the Co-op's principle office(s).

- a) *Notice of special meetings*: As authorized in Section 3 of this Article shall be by written notice similarly posted, and need not state the purpose for which such meeting is held. Notice of special meetings shall be posted, if possible, not less than thirty (30) days prior to such meetings, provided that such notice period may be waived, in whole or in part, by the Board of Directors, provided that such waiver is ratified at the meeting for which such notice is posted by not less than twelve (12) members.
3. **Special Meetings**: Special meetings of the membership may be held at any point during the year. Special membership meetings may be called by the Board of Directors or by petition of at least twelve (12) members.
  4. **Voting**: In voting for directors, each member may cast as many votes as there are positions to be filled, but no more than one (1) vote may be cast for any one (1) candidate. Otherwise, each member shall have one (1) vote in all matters submitted to a vote of members. Unless otherwise stated all decisions shall be made by majority votes. There will be no voting by proxy.
  5. **Quorum**: The presence in person of at least twenty (20) members shall be necessary and sufficient to constitute a quorum for the transaction of business at any membership meeting.
  6. **Agenda**: Members may submit items for the agenda for general membership meetings to the Board of Directors no less than ten (10) days preceding the meeting.

## SECTION V BOARD OF DIRECTORS

1. **Powers, Duties**: Except as to matters reserved to membership by law or by these Bylaws, the business and affairs of the Co-op shall be directed and controlled in the interests of members by the Board of Directors (herein referred to as the "Board"). The powers and duties of the Board shall include, but not be limited to, engaging management, overseeing the operations of the Co-op, establishing operating procedures, budgets and fiscal controls, securing good conditions of employment, and assuring that the purposes, mission, and principles of the Co-op are properly carried out. Notwithstanding any provision herein to the contrary, and in addition to powers granted to the members by law and herein, the following powers are expressly reserved to the members of the Co-op.
  - a) Except as provided in paragraph 8 of this section, the power to elect the members of the Board of Directors.

- b) The power to amend the Articles of Incorporation and Bylaws of the Co-op.
  - c) The power to authorize or approve the merger or consolidation of the Co-op, or any affiliated entity of the Co-op, with any other entity.
  - d) The power to approve the sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the property and assets of the Co-op.
  - e) The power to affect the voluntary dissolution of the Co-op, and to approve the plan of distribution of assets upon dissolution.
  - f) The power to authorize the Co-op's organization or formation of a subsidiary or joint venture in which the Co-op's ownership interest will be equal to or in excess of fifty percent (50%) of the net income or voting interest.
2. **Number, Qualification:** The Board shall consist of nine (9) directors. To be qualified as a director, a person shall be a member of the Co-op, and shall not be associated with interests adverse to the Co-op. No person who is employed by the Co-op shall be eligible to serve as a director, and no director shall be employed by the Co-op, except for special and limited duties at the discretion of the Board.
  3. **Nomination and Election:** Candidates for directors shall be nominated by the Board, by a nominating committee appointed by the Board, or by a member at any time during the annual membership meeting upon being properly seconded. Whenever possible, at least two (2) candidates shall be nominated for each available director position. The casting of ballots at the annual meeting shall commence under the direction of a Marshall appointed by the person presiding at the membership meeting, and shall continue thereafter at the Co-op's place of business until store closing on the day seven (7) days following the date of the annual meeting whereupon the voting shall be closed. Results shall be determined by the Marshall, subject to the review of the Board, and shall be posted at the Co-op's place of business and announced in the Co-op newsletter if published. All questions as to the sufficiency of written ballots shall be resolved by the Board.
  4. **Term of Office:** ~~Directors shall be elected to serve for terms of two (2) years or until election of their successors. [Repealed, See Amendment 4]~~
  5. **Conflict of Interest:** Directors shall 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 discussion or decision of the matter unless otherwise determined by the Board.
  6. **Compensation:** Directors shall be compensated by being accorded working member status and may receive super worker status by meeting those requirements.
  7. **Termination:** The term of office of a director may be terminated prior to its expiration in any of the following ways:

- a) Voluntarily by a director upon notice to the Co-op.
  - b) Automatically upon termination of membership in the Co-op.
  - c) Involuntarily, with or without cause, by the affirmative vote of not less than two-thirds (2/3) of the members present at a membership meeting at which a quorum is present, called for such purpose.
  - d) Involuntarily for good cause by a two-thirds (2/3) vote of the Board after a fair hearing, at which the director is given the opportunity to speak and present evidence provided that such person is accorded a right of appeal at the next scheduled membership meeting.
8. **Vacancies:** Any vacancy among directors occurring between annual membership meetings may be filled by the Board until the next annual membership meeting.

#### SECTION VI MEETINGS OF THE BOARD OF DIRECTORS

1. **Convening:** The Board shall meet on a regular basis and not less than four (4) times per year. Meetings of the Board may be called by the Board, or by the President of the Board, and by the Secretary on request of any two (2) directors. Meetings shall be open to members unless closed by the Board for executive session as to a particular issue.
2. **Notice:** Notice of meetings of the Board shall be given by mail, orally, by telephone, in person, or in any manner reasonably calculated to notify each director, under the circumstances, of such meeting. A statement contained in the minutes of any meeting by the person acting as Secretary, to the effect that due notice of such meeting has been given shall be conclusive as to the sufficiency of such notice.
3. **Quorum:** A majority of directors shall constitute a quorum for the transaction of business at any meeting of the Board.
4. **Action Without a Meeting:** Any action required or permitted to be taken at a Board meeting may also be taken without a meeting if written consent to the action is signed by all directors and filed with the minutes of the next Board meeting.

#### SECTION VII OFFICERS AND COMMITTEES OF BOARD

- A. **Designation:** The offices of the Co-op shall consist of President of the Board of Directors, one or more Vice Presidents, a Treasurer, a Secretary, and such other officers or assistant officers as determined by the Board. All officers shall be members of the Board of Directors.

B. **Election, Term:** ~~All officers shall be elected annually by the Board at its first meeting following the annual membership meeting. Officers shall serve for terms of one (1) year or until election of their successors. Officers may be removed at any time, with or without cause, by the Board. [Repealed, See Amendment 5]~~

C. **Duties:** Officers shall have the following duties and such additional duties as determined by the Board:

- a) The President shall be the chief executive officer of the Co-op and shall prepare agendas and preside at Board and membership meetings, shall coordinate relations with Co-op management, shall make a report to the annual membership meeting on the organizational affairs of the Co-op, and shall, as authorized by the Board, sign formal documents on behalf of the Co-op.
- b) The Vice President shall perform the duties of any other officer who shall be absent from a meeting and shall, as requested, assist the President in the performance of the President's duties.
- c) The Treasurer shall oversee the maintenance of financial records, control of receipts and disbursements, and safeguarding of the property of the Co-op, shall make periodic reports at Board meetings and a report to the annual membership meeting on the financial condition of the Co-op, and shall, as authorized by the Board, sign formal documents on behalf of the Co-op.
- d) The Secretary shall oversee the maintenance of membership records and the issuance of required notices and keep minutes of all Board and membership meetings and shall, as authorized by the Board, sign or attest to formal documents on behalf of the Co-op.

D. **Nominating Committee:** The Board shall establish a nominating committee consisting of three (3) members, one of which will be a Board member who will chair the Committee. The nominating committee shall present a slate of qualified candidates for Board positions to be filled by election at the annual membership meeting, encouraging a contest for each Board vacancy.

## SECTION VIII CAPITAL CONTRIBUTIONS

1. **Member Obligations:** Individual member equity requirements and membership fees shall be determined by the Board in accordance with the current or prospective needs of the Co-op and shall be paid within the time specified by the Board. Different requirements may be set for household and institutional members, but such requirements shall be uniform among members of the same type.

2. **Issuance:** For equity provided by members, the Co-op may issue certificates in a form approved by the Board, or may maintain capital accounts for the members without certificates therefore, in the discretion of the Board. No certificate shall be issued until it is fully paid for. Certificates shall represent no proprietary interests in the income or property of the Co-op. They shall be nontransferable and shall be entitled to no dividend or other monetary return on invested capital. Equity interests in the Co-op shall not be deemed to be securities under any federal or state law pertaining to the regulation and sale of securities or other investments.
3. **Accounting:** A member's equity payment shall be credited on the books of the Co-op in their name for the purpose of maintaining inventory.
4. **Redemption:** A member's equity payment shall be refundable following termination of membership and a request for redemption. A member must request redemption not more than one (1) year after terminating membership, after which such equity payment shall be deemed to have been waived. In no event shall redemption proceeds exceed the carrying value of the certificates on the books of the Co-op. Redemption proceeds shall at all times be subject to setoff for amounts otherwise due and payable to the Co-op.

SECTION IX  
FISCAL MATTERS

1. **Accountability:** Financial statements of the Co-op for each fiscal year may be audited or reviewed by an independent public accountant selected by the Board. If financial statements are reviewed, such engagement may include a management review and report to the Board concerning management performance, adherence to governing policy, adequacy of operating controls and procedures and such other matters as is determined by the Board.
2. **Bonding:** Managers and assistant managers may be covered by bonds of indemnity for faithful performance of duties in such amounts and on such terms as may be determined by the Board. The Board may require such bonds of any other employees or officers who handle funds or property of the Co-op. Premiums on all such bonds shall be paid by the Co-op.

**Indemnification:**

- A. As used in this Section:

"Director" means any person who is or was a director of the Co-op.

"Expenses" includes attorney's fees.

"Party" includes a person who was, is, or threatened to be made, a named defendant or respondent in a proceeding.

"Proceeding" means any threatened, pending or completed action, suit, or proceeding, whether criminal, civil, administrative or investigative.

(1) The Co-op shall have power to indemnify any person made a party to any proceeding by reason of the fact that that person is or was a director if:

(a) He or she conducted himself or herself in good faith; and

(b) He or she reasonably believed:

(i) In the case of conduct in his or her official capacity with the Co-op, that his or her conduct was in its best interests, and

(ii) In the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

(c) In the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

B. Indemnification may be made against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by the person in connection with the proceeding; except that if a proceeding was by or in the right of the Co-op, indemnification may be made only against the reasonable expenses and shall not be made in respect of any proceeding in which the person shall have been adjudged to be liable to the Co-op. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, be determinative that the person did not meet the requisite standard of conduct set forth in this Subsection A.

C. A director shall not be indemnified under Subsection B in respect of any proceeding charging improper personal benefit to him or her, whether or not involving action in his or her official capacity, in which he or she shall have been adjudged to be liable on the basis that personal benefit was improperly received by him or her.

D. A director who has been wholly successful, on the merits or otherwise, in the defense of any proceeding referred to in Subsection B shall be indemnified against reasonable expenses incurred by the director in connection with the proceeding. A court of appropriate jurisdiction, upon application of a director and such notice as the court shall require, shall have authority to order indemnification if it determines a director is entitled to reimbursement hereunder (in which case the director shall also be entitled to recover the expenses of securing the reimbursement); or if it determines that the director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director has met the standard of conduct set forth in Subsection A or has been adjudged liable in the circumstances described in Subsection C, provided, however, that such indemnification shall be limited as the court shall deem proper. A court of appropriate

jurisdiction may be the same court in which the proceeding involving the director's liability took place.

- E. (1) No indemnification under Subsection B shall be made by the Co-op unless authorized in a specific case after a determination has been made that indemnification of the director is permissible in the circumstances because the director has met the standard of conduct set forth in Subsection B. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of directors not at the time parties to the proceeding; or, in the event that a quorum cannot be obtained, by special legal counsel, selected by the Board of Directors (in which selection directors who are parties may not participate), or by the members.  
  
(2) Authorization of indemnification and the determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible.
- F. Reasonable expenses incurred by a director who is a party to a proceeding may be paid or reimbursed by the Co-op in advance of the final disposition of the proceeding upon receipt by the Co-op of:
  - (1) A written affirmation by the director of the director's good faith belief that the director has met the standard of conduct required for indemnification by the Co-op as authorized in this Section; and
  - (2) A written undertaking by or on behalf of the director to repay the amount if it shall ultimately be determined that the director has not met the standard of conduct, and after a determination that the facts then known to those making the determination would not preclude indemnification under this Section. The undertaking required by this Subsection shall be a general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment.
- G. The indemnification provided by this Section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested directors, or otherwise, and shall continue as to a person who has ceased to be a director, officer, or employee of the Co-op, and shall inure to the benefit of the heirs, executors, and administrators of the person.
- H. Any officer or employee of the corporation shall be indemnified as and to the same extent provided in this Section with respect to director, and shall be entitled to the same extent as a director to seek indemnification pursuant to the provisions hereof.

SECTION X  
AMENDMENTS

1. **Amendment:**

These Bylaws may be amended or repealed by a two-thirds (2/3) vote of members at a membership meeting provided that the proposed amendment is stated or fully described in the notice of the meeting at which the amendment is to be adopted.

2. **Amendment: Location of Principal Office(s)** *Approved: Annual Meeting, January 19, 2002*

The principle office(s) of The Alternative Food Cooperative shall be in the Village of Wakefield, Rhode Island and/or at such other location(s) as Directors may determine. This amendment repeals section I.2 in its entirety.

3. **Amendment: Board of Directors** *Approved: Annual Meeting, January 19, 2002*

~~Term of office: Directors shall be elected to serve for terms of either one (1) or two (2) years or until election of their successors, with no more than three (3) directors serving one year terms.~~

~~Prior to elections (Section V.3) the Board shall determine which director positions, if any, shall be one year terms. The term shall appear on the ballot and in any other election information made available to the Members prior to the Annual Membership Meeting. Directors nominated for re-election shall serve two year terms if elected. If a Director occupies a seat due to a vacancy (see Section V.8) and seeks to be elected at the next Annual Membership Meeting, the Board may determine if the term is to be a one or two year term. This amendment repeals section V.4 in its entirety and the following from section VII.B "Officers shall serve for terms of one (1) year or until election of their successors."  
[Repealed, See Amendments 4 and 5]~~

4. **Amendment: Board of Directors Terms** *Approved: Annual Meeting, January 15, 2005*

All elected members of the Board of Directors shall serve two (2) year terms. Members appointed to the Board shall serve until the next Annual Membership Meeting. This amendment shall repeal in its entirety Amendment 3 and Section V.4.

5. **Amendment: Board of Directors Officer Terms** *Approved: Annual Meeting, January 15, 2005*

All officers of the Board of Directors shall serve one (1) year terms. The Board of Directors will elect its officers at the first regular Board meeting following the Annual Membership Meeting. Officers may be removed at any time with or without cause by a two-thirds (2/3) vote of the Board. This amendment shall repeal in its entirety Amendment 3 and Section VII.B.

6. **Amendment: Qualifications for the President of the Board of Directors**

*Approved: Annual Meeting, January 15, 2005*

To be elected President of the Board, a director must have served at least one (1) calendar year on the Alternative Food Cooperative's Board of Directors prior to assuming the office of president and meet all other requirements specified in these Bylaws.