

Syracuse Real Food Cooperative
Draft Revised Bylaws
August 11, 2008

I. NAME

This Cooperative shall be known as the Syracuse Real Food Cooperative, Inc., incorporated as a not-for-profit cooperative corporation under Article 2 of the Cooperative Corporation Law of the State of New York. The principal office of the corporation shall be in the City of Syracuse, County of Onondaga, and State of New York.

II. OWNERSHIP

A. Eligibility and Acceptance

- i. Any person, household, firm, cooperative, non-profit corporation or corporation may, on approval of his, her or its application and payment of any required fees as, be accepted into ownership on terms established by the Board of Directors.
- ii. This Cooperative shall not discriminate on social or political grounds, on the basis of race, creed, age, sex, handicap, sexual preference or marital status.
- iii. Each owner of the Cooperative shall purchase or subscribe to hold one share of common stock at a price that is in accordance with the current level of investment determined by the Board of Directors. Such share purchase requirement may be increased at the discretion of the Board of Directors based on its assessment of the reasonable capital needs of the Cooperative.
- iv. Each owner that is not an individual shall designate a person to act on the owner's behalf in conducting the affairs of this Cooperative. That designation shall remain in effect until written notice of a properly authorized change in the designated person shall be received by the Cooperative.

B. Termination

- i. Ownership may be terminated voluntarily by a owner upon notice to the Cooperative or automatically if a owner shall die, cease to exist, or fail to patronize the Cooperative for a period of time determined by the Board of Directors.
- ii. The Board of Directors may in its sole discretion terminate the ownership of any owner if the Board of Directors determines to its satisfaction that the owner has conducted activities contrary to the best interests of the Cooperative, or if the Board of Directors determines that the owner has violated the terms of its application, subscription, or any other contract with the Cooperative, provided that the Board of Directors has provided written notice of the reason for such termination is provided to the owner and the owner is afforded a reasonable opportunity not to exceed ten days to respond to such notice.
- iii. Upon termination of ownership, regardless of the reasons therefore, all rights and interests in the Cooperative shall cease except for rights to redemption of capital funds pursuant to these bylaws.

C. Rights

- i. Each owner in good standing shall have one vote in the affairs of the Cooperative.
- ii. Each owner in good standing shall be eligible for other benefits as may be offered from time to time by the Cooperative.

III. MEETINGS OF OWNERS

A. Annual Meeting.

i. The annual meeting of the owners of this Cooperative shall be held at the principal place of business of the Cooperative or at any other place conveniently located within the area served by it at such time as the Board of Directors shall determine, within 6 months after the close of the fiscal year.

ii. A written report including a balance sheet showing the true assets and liabilities of the Cooperative, and an operating statement for the fiscal period under review, shall be submitted to the annual meeting of the Cooperative.

B. Special Meetings.

Special meetings of the owners of the Cooperative may be called when a majority of directors, or 10% per cent of the owners, or 250 owners, whichever is less, submit a petition in writing and request a special ownership meeting, which shall be called by the Board of Directors within thirty days of that request.

C. Notice. Written notice of every regular and special meeting of owners shall be prepared and mailed to the last known post office address of each owner, or posted on prominent signs at all Cooperative locations, not less than 10 (ten) days before such meeting. Such notice shall state the nature of the business expected to be conducted and the time and place of the meeting. No business shall be transacted at any special meeting other than that referred to in the notice. In all decisions to amend the articles or bylaws, as the case may be, the owners shall be informed of those decisions at least thirty (30) days in advance through a mailing or a prominent notice at all Cooperative locations.

D. Voting.

- i. Each owner shall have one vote upon any matter submitted to a vote of the owners.
- ii. Voting may be by written ballots which must be sent to all owners with the notice of a meeting, if authorized by the Board of Directors. Voting to elect directors, except to fill a vacancy, must be by written ballots, as authorized by the Board of Directors, and shall commence at the annual General Membership Meeting and continue with point-or-purchase balloting for a period of 30 days immediately following said Meeting. Owners shall be allowed to vote on written ballots until the close of the election period as set by the Board of Directors.
- iii. There shall be no proxy voting.
- iv. Unless otherwise stated in the articles of incorporation, or these bylaws, or required by applicable law, all questions shall be decided by a vote of a majority of the owners voting thereon, and each owner shall be entitled to only one vote.

E. Quorum. At any regular or special meeting of the owners, a quorum necessary for the transaction of business shall be at least five percent (5%) of the total number of owners of the Cooperative. Only owners in actual attendance at the meeting shall count towards a quorum, except for matters submitted to the ownership by mail. Mail ballots cast shall be counted towards fulfillment of the quorum requirement.

IV. Board of Directors

A. Number, Eligibility. The Cooperative shall have a Board of Directors of 9 directors, each of whom shall be an owner of the cooperative in good standing, or a representative of such an owner. Paid employees and spouses or domestic partners of paid employees may not serve as Directors. A person with a conflict of interest so continuing and pervasive that he is unable to effectively fulfill the responsibilities of a director with the Cooperative shall not be qualified to serve as a director.

B. Terms, Limits. Directors will be elected for three-year terms at the annual meeting or owners. Terms of office shall be so staggered that one-third shall expire in each year. Directors shall hold office until their successors are elected.

C. Termination. The term of office of a director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a director upon notice to the Cooperative; (ii) automatically upon termination of ownership in the Cooperative; (iii) by action at a meeting of owners whenever the best interests of the Cooperative would thereby be served; and (iv) for cause by owners or by the Board of Directors provided that the accused director is accorded the opportunity to respond to the charges in person or in writing. A director who is absent from two consecutive regularly scheduled Board of Directors meetings, unless excused by the Board of Directors, shall be presumed to have resigned.

D. Vacancies. Any vacancy among Directors elected by the owners may be filled by appointment by the Board of Directors. A Director so appointed shall act as Director and shall serve until the next annual meeting, at which the owners shall elect a Director to complete the pertinent term.

E. Compensation. Compensation of the Board of Directors shall be determined by resolution of the Board of Directors. All decisions regarding directors' compensation shall be announced to the ownership of the Cooperative at the next regular or special meeting of the owners. Officers and directors shall also be entitled to reimbursement for actual expenses incurred in attending Board of Directors meetings or other business of the Cooperative. Such expense claims shall be approved by a majority of the Board of Directors.

F. Contracts for Profit. During her or his term of office, a director shall not be a party to a contract for profit with the Cooperative which in substance shall differ in any way from similar contracts by it with owners or with others, or which shall vary from terms generally current among owners.

G. Conflict 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 of Directors. Directors having such an interest may not participate in the discussion or decision of the matter. A transaction in which a director has an interest shall be prohibited unless the transaction is fair to the Cooperative and is approved by no less than a two-thirds majority of all disinterested directors.

H. Standard of Conduct. Directors shall be responsible at all times for discharging their duties in good faith and with that degree of care which an ordinarily prudent person in a like position would use under similar circumstances.

I. Powers and Duties. The business and affairs of the Cooperative shall be managed under the direction of the Board of Directors. The Board of Directors shall make all necessary rules and regulations not inconsistent with law or with these bylaws. The Board of Directors shall have power to hire, oversee and dismiss a General Manager to coordinate and facilitate the daily functioning of the Cooperative.

J. Indemnification. In order to attract and retain qualified people to serve as directors and officers, the Cooperative shall indemnify its directors and officers as required or permitted under New York law. 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 Cooperative to pay its other obligations as they become due.

K. Committees. The Board of Directors may establish standing and ad hoc committees.

L. Election. All directors shall be elected by secret ballot, and the candidate(s) receiving the greatest number of votes shall be elected.

V. MEETINGS OF BOARD OF DIRECTORS

A. Meetings. Regular meetings of the Board of Directors shall be held at least quarterly, at such times and places as the Board of Directors may determine. The Board of Directors shall meet within thirty (30) days after each annual meeting.

B. Action without a meeting. Decisions of the Board of Directors may be made without a meeting if a consent in writing, stating the action to be taken, is signed by all directors by all of the directors of the Cooperative who would be eligible to attend and vote at a regular meeting of the Board of Directors and filed with the minutes.

C. Special Meetings. A special meeting of the Board of Directors shall be held whenever called by the president or by a majority of the directors. Each call for a special meeting shall be in writing, shall be signed by the person or persons calling the meeting, shall be addressed and delivered to the secretary, and shall state the time and place of such meeting. Only the business specified in the written notice shall be transacted at a special meeting.

D. Notification. Written notice of each meeting of the Board of Directors shall be given each director by, or under the supervision of, the secretary of the Cooperative not less than seventy-two (72) hours prior to the time of meeting. Notice may be waived by any director, and appearance at a meeting shall constitute a waiver of notice.

E. Quorum. A simple majority of the Board of Directors shall constitute a quorum at any meeting of the Board of Directors.

VI. OFFICERS

A. At the first meeting following the annual meeting of owners, the Board of Directors shall elect a President and Vice President, Secretary and Treasurer from among the Directors, and may, in their discretion, combine the office of Secretary and Treasurer. All such officers shall hold office for a term of one year, or until their successors have been elected and qualified. Such officers shall serve at the will of the Board of Directors and may be removed by the Board of Directors and successors elected at any Board of Directors meeting.

B. The officers shall perform such duties as are ordinarily assigned to such officers in the normal course of business. The President and Secretary shall have authority to sign all documents within the scope of the implied or express authorization of the Board of Directors, the Cooperative Law, and the Articles of Incorporation and Bylaws of this Cooperative. The Secretary and Treasurer shall perform the usual duties of those offices. The Vice President shall act as President in the absence or disability of the President.

VII. PATRONAGE REFUNDS

A. Distribution of Net Savings. The realized net savings of the Cooperative, to the extent that it is attributable to the patronage of owners, shall be received and held by the Cooperative for and as the property of its owners, the basis of each owner's interest therein being as set forth in this article. Such net savings shall be allocated and distributed among owners as patronage refunds in proportion to their patronage and in such a manner as to constitute patronage dividends within the meaning of federal income tax law. In determining and allocating such adjusted net savings, the Cooperative shall use a single allocation unit

B. Allocation of losses. If this association has sustained an annual loss in net savings from member patronage, it shall have the power and authority to allocate such losses from member-patron business in the following manners: 1) to the member patrons for such year or years on a patronage basis and apply such losses against the equity credits or stock of said member-patrons; 2) to apply the loss to the association's capital reserve 3) or to carry forward or back such loss, as determined by the Board of Directors.

C. Exceptions. Net savings may be reduced by such reasonable reserves for necessary business purposes as is determined by the Board of Directors. Any allocations of such a

nominal amount as not to justify the expenses of distribution may, as determined by the Board of Directors, be excluded from distribution provided that they are not then or later distributed to other patrons. Owners shall retain the right to waive in whole or in part, by action at a meeting of owners, any patronage refunds to which they may be entitled.

D. Consent of Owners. By obtaining or retaining ownership in the Cooperative, each owner shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any written notice of allocation in the taxable year in which such notice is received.

D. Retentions. A portion of patronage refunds may be retained for the reasonable capital needs of the Cooperative. Such retentions shall be credited to revolving capital accounts in the names of recipient owners, shall accrue no monetary return on investment, shall not be transferable. They shall be re-deemed when determined by the Board of Directors to be no longer needed for capital purposes. At that time they shall be redeemed in the order of the oldest out-standing amounts and on a pro rata basis among such amounts. Retentions may also be redeemed under compelling circumstances as determined by associates. Retentions shall be subject at all times to being offset by amounts otherwise due and payable to the Cooperative.

VIII. CAPITAL STOCK

- A. Issuance. To evidence capital funds provided by owners, the Cooperative shall issue its common stock. Shares may be issued only to persons eligible for and admitted to ownership in the Cooperative. Shares shall be issued only upon full payment of their purchase or subscription price which shall not be less than the par value of the shares and which shall include capital funds paid prior to adoption of these bylaws. Any owner who has paid the full capital contribution required on the date of adoption of these bylaws shall receive one share of common stock; and any person who has paid any portion of that capital contribution shall receive credit toward purchase of such stock in the amount of such partial payment.
- B. Certificates. Owners of fully-paid shares shall be entitled to receive one or more certificates evidencing such holdings. All certificates shall be signed by the President and Secretary and shall be numbered and registered by the Cooperative. The Cooperative 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.
- C. Redemption. Upon request made within two years following termination of ownership, common shares shall be redeemed at the discretion of the Board of Directors. The Board shall have the authority to defer the refund of shares provided that all members are treated equitably. Shares shall also be redeemed as soon as practicable upon involuntary termination of ownership, upon death of a owner, and under other compelling circumstances as determined by the Board of Directors. Shares shall be redeemable at their carrying value on the books of the Cooperative. Redemption proceeds shall be subject to offset by amounts due and payable to the Cooperative by the owner. In the case of voluntary termination of

ownership, a reasonable processing fee may be imposed by the Board of Directors. Reapplications for ownership after full or partial redemption shall be subject to full repayment of redemption proceeds and a reasonable processing fee, if any, as determined by the Board of Directors.

IX. FISCAL MATTERS:

- A. Fiscal year. The fiscal year of the Cooperative shall begin on June 30.
- B. Annual audit and report. The operations of the Cooperative for each fiscal year shall be audited by an experienced bookkeeper or accountant or firm of accountants not regularly employed by the Cooperative. A written report of the audit, including a statement of services rendered by the Coop, with total amount of business transacted, balance sheet, and income and expense statement, shall be submitted to the annual meeting of owners, and shall at all times be available for inspection by any owner.

Article X. MISCELLANEOUS

- A. Reserved Rights of the Ownership. Only the owners, voting according to these bylaws can amend the articles of Incorporation for the Cooperative. Only two-thirds of the owners voting according to these bylaws can dissolve the Cooperative.
- B. Amendments to the Certificate of Incorporation. Only a majority of the owners voting according these bylaws can amend the Certificate of Incorporation.
- C. Amendments to the Bylaws. These bylaws can be amended by the affirmative vote of two-thirds of owners at a meeting held after due written notice setting forth the proposed action and the purpose of the meeting. These bylaws can also be amended by the Board of Directors, but any amendment adopted by the Board of Directors shall be reported to the next annual meeting of owners and, if not affirmatively approved thereat, shall cease to be in effect.
- D. Dissolution of the Cooperative. Dissolution can proceed only with two-thirds vote of owners present in person or by written ballots at a meeting called and conducted in accordance these bylaws. A committee of three owners, selected by the ownership, acting on behalf of the Cooperative will distribute its assets, liquidate its assets, pay its debts and expenses and divide remaining assets among the owners according to the provisions in the bylaws. Notice of dissolution must be provided to the owners of the Cooperative.
- E. 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 confirm with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.