

WILLIMANTIC FOOD CO-OP, INC.
BY-LAWS
April 22, 2018

Revised and Amended from the April 16, 2016 version by a Vote of the Membership

Article I: Organization

Section 1.1: Purposes

As more fully stated in its amended and restated certificate of incorporation, the purpose of the Co-op is to operate a retail food cooperative for the primary and mutual benefit of the members of the Co-op as patrons of its goods and services. The Co-op is organized and shall be operated exclusively on a nonprofit and cooperative basis.

Section 1.2: Cooperative Principles

The Co-op shall be operated in accordance with cooperative principles, including the following:

- a) open and voluntary membership without artificial restriction or arbitrary discrimination;
- b) democratic governance with equal voting rights among members and opportunity for participation in important decisions affecting the Co-op;
- c) strictly limited monetary return on member-provided capital;
- d) earnings equitably applied to development of the business or provision of common services;
- e) education of members and the general public in the principles of cooperation; and
- f) active cooperation in every practical way with other cooperative organizations.

Section 1.3: Operating Year

The operating year of the Co-op shall coincide with the calendar year.

Section 1.4: Principal Office

The principal office of the Co-op shall be at 91 Valley Street in Willimantic, Connecticut.

Article II: Membership

Section 2.1: Admission

Membership in the Co-op shall be voluntary and open to any individual who is in accord with its purposes, will use its services, and is willing to accept the responsibilities of membership.

Applicants will be admitted to membership upon submitting required information, paying an initial fee and paying, or agreeing to pay in installments, the issuing price of a Member Capital Certificate. In case of doubtful eligibility, membership shall be subject to approval by the Board of Directors.

Section 2.2: Rights

Each member shall be entitled to make purchases from the Co-op on terms generally available to members, to participate in the governance of the Co-op as set forth in these by-laws including election of member-owners to the Co-op's Board of Directors; to participate in member benefit programs as established by the Board and management; and to receive a copy of these by-laws. Members may also contribute labor or service to the operational needs of the Co-op and thereby be entitled to receive discounts on their purchases. All issues involving the fundamental purpose and structure of the Co-op and financial rights and interests of members must be approved by members. Reference in these by-laws to the rights and entitlements of members, other than the right to redemption of capital funds, shall be understood to refer only to members in good standing ("active" members).

Section 2.3: Responsibilities

Member-owners shall keep current in equity investments due to the Co-op, shall keep the Co-op informed of any changes in name or current contact information, and shall abide by these bylaws and the policies and decisions of the Co-op and the Board. A member-owner who upholds these responsibilities is considered an active member.

Section 2.4: Inactive Status

A member who becomes delinquent by three months in meeting his or her capital payment obligation, or who fails to keep the Co-op advised of current contact information as evidenced by two communications having been returned as undeliverable, shall be placed into inactive status. Inactive members may not be notified of meetings of members nor participate in member votes, but retain their right to redemption of capital pursuant to Article VII. A member in inactive status may attain active status upon meeting the responsibilities of membership, including resuming regular payments and paying a reinstatement fee, if any, as determined by the Board or by resuming communication with the Co-op and providing correct contact information.

Section 2.5: 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, in accordance with applicable law, be provided access to records and reports of the Co-op during regular business hours pursuant to a request made in good faith and for a proper purpose, provided that the request describes with reasonable particularity the purpose, the records to be inspected, and the connection of the

records to such purpose. Information that is sensitive may be provided in a manner that best safeguards its sensitive character.

Section 2.6: 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 prefer the use of 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 2.7: Termination

Membership may be terminated voluntarily by a member at any time upon notice to the Co-op. Membership may be terminated for cause by the Board of Directors provided that the member is given opportunity to respond to the charges in person or in writing. Upon termination of membership for any reason, all rights and interests in the Co-op shall cease except for rights to redemption of capital pursuant to Article VII of these by-laws.

Article III: Meetings of Members

Section 3.1: Annual Meeting

An Annual meeting of members shall be held, whenever practicable, during the second quarter of the operating year at any place convenient to members. The time and place of the meeting shall be determined by the Board of Directors. The purpose of the meeting shall be to hear reports on the operations and finances of the Co-op, to elect directors and to conduct such other business as may properly come before the meeting.

Section 3.2: Special Meetings

Special meetings of members may be called by the Board or by the President. Members may request that a special meeting be called by submitting a written petition stating the business to be brought before the members and signed by at least five percent of active members. Notice of the special meeting shall be issued within fifteen days of receipt of the petition by the Board. The special meeting will be held no less than two months after receipt of the petition. No business shall be conducted at a special meeting except that specified in the petition and notice of the meeting.

Section 3.3: Notice

Notice of the time, place and purpose of any meeting of members shall be posted in a conspicuous place at the Co-op and communicated to member-owners not less than ten nor more

than fifty days before the date of the meeting.

Section 3.4: Quorum

The presence of twenty-five members shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of members. The Board is authorized to reduce the number required for a quorum if a quorum is not attained at two successive meetings of members, to ensure that the Co-op is not prevented from conducting business.

Section 3.5: Voting

Each active member shall have one vote on each matter submitted to a vote of members. Voting in person at a meeting shall be accomplished through procedures established by the Board assuring fairness of the process, secrecy of ballots and convenience to members. The members may vote at a meeting without attending in person by authorizing a proxy to cast that member's vote; provided, however, that any proxy authorization is valid only if the authorization directs the proxy to vote in a prescribed manner on each question. Voting by proxy shall be equivalent to presence in person at a meeting of members. Unless otherwise required by law or by these by-laws, issues shall be decided by two-thirds majority vote or, in the case of the election of directors by plurality vote.

Section 3.6: Issues Submitted by Members

Notices of a meeting of members shall include any proper issues submitted by petition of not less than fifty members. Petitions must be received at the principal office of the Co-op not less than two months before the date of the meeting.

Article IV: Board of Directors

Section 4.1: Powers and Duties

Except as to matters reserved to members by law or by these by-laws, the business and affairs of the Co-op shall be directed and controlled in the interests of members by the Board of Directors (sometimes referred to in these by-laws as "the Board"). The powers and duties of the Board shall include, but not be limited to, establishing policies for guidance of the Co-op, overseeing the operations of the Co-op by engaging the general manager and monitoring and evaluating his or her performance, and assuring that the purposes of the Co-op are properly carried out, in accordance with its Policy Governance manual.

Section 4.2: Classification, Election, and Terms

The Board shall consist of not less than five nor more than eleven consumer directors, one management director and one staff director. All directors shall be members of the Co-op. Consumer directors may be nominated by the Board, or by petition of not less than ten members.

Consumer directors shall be elected at the annual meeting of members to serve for terms of three years or until election of their successors. Terms of consumer directors shall be staggered so that as nearly as may be possible, one-third of such terms shall expire in each year. The management director shall be nominated and elected by the management members and the staff director shall be nominated and elected by non-managerial staff members from their number. The management director shall serve one year and the staff director shall serve two years and until election of their successors.

Section 4.3: Standards of Conduct

Directors are responsible at all times for discharging their duties in good faith, in a manner which they reasonably believe to be in the best interests of the Co-op, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

Section 4.4: Contracts for Profit

Except for employment contracts in the case of management and staff directors, no director shall, during her or his term of office, be a party to a contract for profit with the Co-op differing in any way from the business relations accorded each member or upon terms differing from those generally current among members.

Section 4.5: Conflicts of Interest

Directors shall be under an affirmative duty to disclose the existence and nature of, and all material facts concerning, any actual or potential conflicts of interest they may have in any matter under consideration by the Board or by a committee exercising any authority of the Board. Such matter shall be made a matter of record in the minutes of the meeting. Directors having such an interest may not participate in the decision of the matter nor in discussions leading to decision of the matter.

Section 4.5A: Indemnification

In order to attract and retain qualified persons to serve as directors and officers, the Co-op shall indemnify its directors and officers as provided in the certificate of incorporation. All indemnification payments shall be reported to members at the next-scheduled meeting of members.

Section 4.6: Committees

The Board may designate standing or special committees and appoint committee members to advise the Board and to exercise such authority, as the Board shall designate. Such committees shall consist only of members of the Co-op and shall, whenever practicable, include at least one director.

Section 4.7: Termination

The term of office of a director may be terminated prior to its expiration in any of the following ways: (1) voluntarily by a director upon notice to the Co-op; (2) automatically upon termination of membership in the Co-op or upon termination of employment in the case of management and staff directors; and (3) involuntarily, with or without cause, by the members entitled to vote for the election of such person, provided in either case that removal is at a meeting the notice for which states that a purpose of the meeting is to remove the director.

Section 4.8: Vacancies

Any vacancy among directors occurring between regularly scheduled times for election of directors may be filled for the balance of the period remaining until the next opportunity for a vote of members by the Board in the case of consumer director positions; and for the balance of the term by management members in the case of the management director, and by non-managerial staff members in the case of the staff director position.

Article V: Meetings of the Board

Section 5.1: Meetings

A regular meeting of the Board of Directors shall be held, without any other notice, immediately after the annual meeting. The Board may determine the times and places of additional regular meetings. Special meetings shall be called upon request of at least three directors. Meetings of the Board should, whenever practicable, be held at least once every month.

Section 5.2: Notice

Regular meetings called by the Board shall require no further notice than the decision of the Board. Special meetings shall require notice to all directors. Written or electronic notice shall be delivered not less than ten days before the date of the meeting, or oral notices in person or by telephone shall be given not less than three days before the date of the meeting. Notices of meeting of the Board shall also be posted in a timely manner and in a conspicuous place at the principal office of the Co-op, but failure to do so shall not affect the validity of the meeting.

Section 5.3: Quorum

The presence in person at the opening of the meeting of a majority of 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

Directors shall strive to reach consensus on all issues. If after diligent efforts, the majority is of the opinion that consensus cannot be reached on a particular issue, resort may be taken to majority voting.

Section 5.5: Action Without a Meeting

Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent to the action is signed by all directors and filed with or recorded in the minutes of meetings.

Section 5.6: Referendum

At the request of three or more directors, a decision of the Board shall be referred to a meeting of members. A decision referred to members will stand until annulled or modified by members. Modification of members shall not impair rights previously acquired by third parties.

Section 5.7: Open Meetings

Meetings of the Board of Directors and of all committees shall be open to all members of the Co-op, and members are encouraged to attend and share their concerns about issues on the meeting agenda. Sessions of a board or committee meeting may be closed only as to issues of a particularly sensitive nature. Such closed session shall be for purposes of discussion only and no decisions shall be made in closed session.

Article VI: Officers

Section 6.1: Designation

The officers of the Co-op shall consist of President, Vice president, Treasurer, Secretary, and such other officers or assistant officers as may be determined by the Board. The President, Vice President and Secretary shall be chosen from among the directors.

Section 6.2: Election, Term, and Removal

Officers shall be elected by the Board of Directors. Officers shall serve for terms of one year or until election of their successors. Officers may be removed by the affirmative vote of no less than a majority of all directors at any time whenever the best interests of the Co-op would thereby be served.

Section 6.3: Duties

Officers shall have the following duties and such additional duties as are determined by the Board:

- a) The President shall coordinate the activities of the Board, shall present a report to the annual 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 oversee the maintenance of membership records, shall perform the duties of the President in her or his absence, and shall, as requested, assist the

President in the performance of her or his duties.

- c) The Treasurer shall monitor the financial affairs of the Co-op and the filing of all required reports and returns, shall present a report to the annual meeting on the financial affairs 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 issuance of required notices and the keeping of minutes of Board and member meetings, shall be responsible for maintaining and authenticating records of the Co-op, and shall, as authorized by the Board, sign or attest to formal documents on behalf of the Co-op.

Article VII: Member Capital Certificates

Section 7.1: Issuance

To evidence capital funds provided by members, the Co-op shall issue Member Capital Certificates. Certificates shall be issued only upon full payment of their issuing price, as determined by the Board of Directors. They shall be subject to assessment for the reasonable capital needs of the Co-op, as determined at a meeting of members upon the recommendation of the Board. Certificates shall represent no proprietary interest in the income or property of the Co-op. They shall be non-transferable and shall be entitled to no dividend or other monetary return.

Section 7.2: Accounting

Proceeds from the issuance of Member Capital Certificates shall be credited on the books of the Co-op to capital accounts in the names of contributing members. To the extent practicable, the Co-op shall segregate the proceeds for use only in acquiring capital assets or discharging related liabilities.

Section 7.3: Redemption

Member Capital Certificates shall be redeemed following termination of membership when replacement capital is received from other members. Such certificates shall be redeemed at their carrying value on the books of the Co-op or their net book value, if lesser. No redemption shall be made when the Co-op is insolvent or when such payment would jeopardize the solvency of the Co-op. The certificates shall at all times, be subject to being offset by amounts otherwise due and payable to the Co-op. Re-application for membership following redemption of capital certificates shall be subject to repayment of redemption proceeds or a waiting period or both.

Article VIII: By-laws

Section 8.1: Severability

In the event that any provision of these by-laws 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 by-laws.

Section 8.2: Amendment

These by-laws may be amended or replaced only by a vote of members, provided that the proposed amendments are stated or fully described in the notice of the meeting at which the amendments are to be adopted.