

Bylaws of the Newark Community Cooperative, Inc.

As Revised November 2019

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ARTICLE I – ORGANIZATION

Section 1.1 Identity

Newark Community Cooperative, Inc., is a non-stock, membership corporation incorporated under the laws of the State of Delaware, with its principal office in the City of Newark, County of New Castle, State of Delaware. Its registered office in the State of Delaware is located at Newark Natural Foods Co-op, 209 Newark Shopping Center, Newark, Delaware 19711. The Cooperative shall be its own registered agent at said address. The Cooperative may also have offices at such other places both within and without the State of Delaware as the Board of Stewards may from time to time determine or the business of the Cooperative may require.

Section 1.2 Purposes

The objectives of the Cooperative are to be a social service organization; to set up and operate facilities for the benefit of consumer members; to provide goods and services whose production and distribution are based on sound ecological and cooperative principals; to associate with other cooperative societies for mutual and cooperative development; to advance the cooperative movement; and to service members within the scope of the Articles of Incorporation and to the fullest extent permitted by statute.

Section 1.3 Principles

The Cooperative shall be operated in accordance with the principles of open membership and democratic control.

Section 1.4 Education

The Board of Stewards shall see that a program of education, public relations, organization, and promotion is carried on continuously by the Cooperative, and shall make available funds for this purpose.

ARTICLE II – REQUIREMENTS OF MEMBERSHIP

Section 2.1 Eligibility

Any person who believes in the principles of International Consumers Cooperatives and whose activities are not contrary thereto may become a member.

Section 2.2 Application and Limitation on Membership

Application for membership shall be made in writing on a form provided for that purpose. The person who signed the membership application shall be the owner of the membership. Every new member shall be provided with a copy of the Bylaws. No single individual may own more than one membership

Section 2.3 Member in Good Standing

A member or membership in good standing has paid-in-full their membership fee or is current in their membership payment and has no outstanding debt to the Cooperative.

Section 2.4 Dues

A lifetime membership is \$100.00. The application for membership shall be accompanied by a first payment of at least \$10.00 toward the physical plant fund. The balance of the physical plant fund shall be payable at the rate of \$10.00 after acceptance into membership, until \$50.00 has been paid into the physical plant fund. After a member has paid \$50.00 into the physical plant fund, the member shall invest an additional \$50.00 in membership subscription. The subscription fund payments shall be payable at a rate of \$10.00. This physical plant fund is to be used for the procurement and improvement of the Co-op's physical facilities, and associated expenses. The general operating account may borrow up to a total of \$20,000.00 (twenty thousand dollars) from the physical plant fund during periods of financial difficulty. The general operating account must repay, without interest, all money borrowed from the physical plant fund immediately following a period of financial difficulty, according to a schedule agreed upon with the Treasurer. The Board of Stewards shall certify by written resolution, by unanimous consent if possible or simple majority vote, the beginning and end of a "period of financial difficulty", and its reason(s) for declaring such status. The Board of Stewards must approve all expenditures of physical plant fund monies and all transfers of physical plant fund assets.

Section 2.5 Rights and Responsibilities of Membership

- A. Each membership in good standing is entitled to one vote for any item brought before the General Membership.
- B. Transfer of Memberships - Upon surrender to the Cooperative or the transfer agent of the Cooperative, a membership accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Cooperative to issue a new membership to the person entitled thereto, cancel the old membership and record the transaction upon its books.
- C. It is the member's responsibility to provide the Cooperative a current name and mailing address.
- D. All members in good standing shall be eligible for all benefits established by the Board of Stewards.

Section 2.6 Inactive Memberships

When the whereabouts of a member has been unknown for a period of two (2) years, upon notice to a member's last known address, that membership will be considered inactive and removed from mailing lists including those for the purpose of General or Special Membership Meeting notifications.

Section 2.7 Expulsion of Members

Any member found to be engaged in "activity contrary to or endangers the effective operation of the Cooperative" may be expelled by a two-thirds (2/3) vote of the Board of Stewards after receiving written notice and after reasonable opportunity for a hearing. An expelled member shall have the right to appeal to the next membership meeting at which they shall be given an opportunity to be heard in their own defense, whether in person or by counsel.

Section 2.8 Voluntary Resignation

Memberships may be resigned at any time by submission of a written and signed resignation

Section 2.9 Societies, Organizations and Businesses

Any society, organization or business not in opposition to the purposes of this Cooperative may, as established by the Board of Stewards, be granted special terms of membership.

ARTICLE III – DISTRIBUTION OF SURPLUS

Section 3.1 Return to Members

Any surplus from operations shall be returned to the members of the Cooperative through higher discounts, or lower markups in the future, or reinvestment in the business, after a reserve of one (1) year operating expenses has been established.

Section 3.2 Dissolution

In the event of dissolution of the Cooperative, any surplus over and above the Cooperative's debts and expenses shall be distributed equally among those who are members in good standing at the time of dissolution.

ARTICLE IV – MEETINGS OF MEMBERS

Section 4.1 Rules of the Meetings

All meetings of the Board of Stewards shall be conducted in accordance with the laws of the State of Delaware. The meetings shall be conducted in accordance to Robert's Rules of Order (Revised).

Section 4.2 Annual General Membership Meeting

The Annual General Membership Meeting shall be held in October or November. Notice stating the time, place, and principal items of business of such meetings shall be made available to the membership at least ten (10) days but no more than sixty (60) days prior to the date of such meeting. Other General Membership Meetings may be called by the Board of Stewards. Upon written request of five (5) percent of the membership or thirty-five (35) members in good standing, the Secretary of the Board of Stewards shall call a General Membership Meeting.

Section 4.3 Register of the Membership

Any member may inspect the Register of the Membership during normal business hours after providing the Board Secretary and Co-op General Manager at least ten (10) days written notice. The Register of the Membership is maintained electronically within the store Point of Sale system and shall be made available for inspection by any member who is present at the meeting.

Section 4.4 Quorum of the Membership

A quorum shall consist of five (5) percent of the membership or thirty-five (35) members whichever is less, present in person at the meeting. All

members in good standing, present and in person by proxy, shall have voting rights.

Section 4.5 Eligibility to Vote

A membership shall be entitled to vote when the membership has paid at least one \$10.00 payment toward their entire membership subscription. No member shall be entitled to vote or to hold office in the Cooperative who is in arrears on subscription or physical plant fund payments. Each membership shall be entitled to only one vote.

Section 4.6 Proxy Voting

Proxy voting shall be permitted in accordance with Delaware law. The proxy agent shall be the Secretary or the Secretary's designee. The proxy shall be certified and held by the Secretary or designee in a sealed envelope on a form provided for that purpose to include a specific ballot(s) for a specific General Membership Meeting or Interim Election only.

Section 4.7 Jointly Held Memberships

Where memberships are held jointly, the holders shall vote as one member.

Section 4.8 Election and Removal of a Steward

Members shall have the right to select the Board of Stewards as set forth below. Members shall have the right to remove any member of the Board of Stewards at a General Membership Meeting called with proper notice.

Section 4.9 Expenditure Authority

The membership shall have the power to review actions of the Board of Stewards, and shall have the final authority as to individual capital expenditures by the Cooperative in excess of fifty thousand dollars (\$50,000.00), or in the purchase of real estate.

ARTICLE V – BOARD OF STEWARDS

Section 5.1 Number, Election and Qualifications

- A. The Board of Stewards shall consist of a minimum of five (5), up to a maximum of nine (9), members. Members of the Cooperative shall be elected to the Board of Stewards at the Annual General Membership Meeting for a term of three (3) years to take office at the first Store Meeting following that Annual General Membership Meeting.

- B. The full nine (9) member Board of Stewards' terms shall be staggered such that at every Annual General Membership Meeting, three (3) Stewards shall be elected for three (3) year terms. All elections of members of the Board of Stewards shall be by secret written ballot. The nominees for election as Steward receiving the highest number of votes shall be elected.
- C. No more than one person from any given membership may be elected.
- D. All Officers and Stewards of the Cooperative shall be members of the Cooperative in good standing.
- E. The Board of Stewards will comprise the voting members who have administrative powers for the Cooperative. Except, that staff members who are members of the Board of Stewards, shall not vote on specific pay, promotions, grievances, evaluations, disciplines, and dismissals of themselves or their co-workers; however, this does not preclude their voting on personnel policies such as pay scales, hiring, formal grievances, discipline, dismissal and policies regarding benefits.
- F. A one year waiting period is required between:
- Board resignation and new employment to the Cooperative.
 - New employment to the Cooperative and election to the Board.
 - Unsuccessful application for employment to the Cooperative and election to the Board.
 - Termination from Employment at the Cooperative and election to the Board.

Section 5.2 Nominations

Intention of running for election to the Board of Stewards shall be made in writing and filed with the Board Secretary by the candidate at least twenty (20) days prior to a General Membership Meeting or the appropriate Store Meeting if a Board of Stewards vacancy is being filled. The statement of intention to run or nomination filed with the Secretary shall be accompanied by a written statement of qualifications for the Board of Stewards of no more than one page. The Secretary shall notify the members of all nominations fifteen (15) days prior to the next possible properly noticed voting meeting by posting the names of the candidates and the statements submitted concerning their qualifications at the regular places of business of the Cooperative. Nominations may be made from the floor.

Section 5.3 Vacancies

Mid-term vacancies on the Board of Stewards shall be filled by majority votes of the Board of Stewards as a temporary expedient only when necessary to ensure the quorum needed to conduct business. Notice of a vacancy on the Board of Stewards shall be posted in the store by the Secretary within two working days of receiving confirmation of the resignation or occurrence of the vacancy. Such notice shall also be prominently displayed in the monthly newsletter, or in a special flier available at the registers. The membership shall elect its choice of a replacement Steward at the first General Membership Meeting scheduled to be held at least thirty (30) days, but not more than forty-five (45) days, after the posting of the vacancy. If no such General Membership Meeting is scheduled, the membership shall elect its choice of a replacement Steward at the first Store Meeting occurring thirty (30) or more days after the posting of the vacancy. All members in good standing may vote in person or by proxy at this meeting. A replacement Steward is elected to the remainder of the vacating Steward's term.

Section 5.4 Powers of the Board of Stewards

- A. The Board of Stewards shall govern the business and affairs of this Cooperative and shall exercise all of the powers of this Cooperative, except those powers that are conferred upon or reserved to the members, and shall adopt such policies, rules, and regulations and shall take such actions as it may be deemed advisable provided that the Board of Stewards does not act in a manner inconsistent with Delaware law, the Articles of Incorporation, these Bylaws or the Policies of the Cooperative.
- B. The Board of Stewards shall have the power to employ, define duties, fix compensation and dismiss a General Manager within the Policies of the Cooperative. The Board of Stewards may also authorize the employment of other agents or counsel as needed from time to time. The General Manager shall have the responsibility for the overall operation of the business of the Cooperative under the Board of Stewards in accordance with these Bylaws and Policies of the Cooperative.
- C. The Board of Stewards shall have the power to decide whether or not the Cooperative will support boycotts of products it normally sells, provided that the subject is discussed at a previous Store Meeting and that balanced information is posted in the store and the vote announced at least twenty (20) days before the Store Meeting at which the vote is taken. All members in good standing who attend the Store Meeting at which the vote is taken shall be entitled to vote on the issue.

Section 5.5 Resignation and Removal

A Steward may be removed for cause by a majority vote of those present at any meeting of the membership, provided the Steward has been given at least twenty (20) days written notice stating the specific charges and has had an opportunity to answer such charges at the General Membership Meeting or Store Meeting at which the vote is taken. Voluntary resignation from office shall take effect on receipt of notice by the Secretary. Absence without leave from three (3) successive regular Store Meetings is presumed to be a voluntary resignation.

Section 5.6 Indemnification

The Cooperative shall indemnify and reimburse each present and future Steward and Officer for any claim or liability (including expenses and attorney fees, judgments, fines, and amounts paid in settlements, actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Steward or by reason of his or her acts or omissions as a Steward. Such indemnification shall be made only if determined by the Board of Stewards that the Steward acted in good faith in the reasonable belief that his or her action was in the best interest of the Cooperative. The foregoing shall not be exclusive of any rights to which Stewards may be lawfully entitled.

ARTICLE VI – MEETINGS OF THE BOARD OF STEWARDS

Section 6.1 Rules of the Meetings

All meetings of the Board of Stewards shall be conducted in accordance with the laws of the State of Delaware. The meetings shall be conducted in accordance to Robert's Rules of Order (Revised), except that a meeting may be run by consensus and facilitated with a timed agenda if the Board of Stewards so decides at the prior Store Meeting

Section 6.2 Regular Meetings

The Board of Stewards shall meet at least monthly. Scheduled open meetings of the Board of Stewards shall be known as Store Meetings. Quorum for conducting Board of Stewards' business shall be five (5) members. All formal meetings of the Board of Stewards shall be open to the general membership.

Section 6.3 Executive Sessions

The Board of Stewards may meet to conduct private executive sessions for the purposes of acting in an emergency such as the absence of the General Manager, for legal counsel or for the purposes of personnel interviews and other personnel activities in accordance with these Bylaws and the Policies of the Cooperative. A quorum of an executive session shall be a majority of those members allowed to vote at that executive session. Elected staff members of the Board of Stewards shall not participate in the voting on any individual personnel issue. Any decision made in an executive session shall be reflected in the minutes of the next formal meeting.

Section 6.4 Emergency Meetings

For emergency issues that come up between regularly scheduled Board of Stewards meetings, the Board of Stewards may conduct business as needed and vote on issues via phone or email provided that an attempt shall be made to contact every member of the Board of Stewards. A quorum of members of the Board of Stewards shall be reached for explanation and discussion. Of those reached, the vote shall be unanimous and the information shall be reflected in the minutes of the next regularly scheduled Board of Stewards meeting. When possible, twenty-four (24) hour notice shall be given to members of the Board of Stewards prior to the meeting.

Section 6.5 Special Board Meetings

A Special Board of Stewards meeting shall be held whenever called by the President or by the majority of the Board of Stewards, with a minimum notice of forty-eight (48) hours. Only the business specified in the written notice shall be transacted at a Special Meeting. Each call for a Special Meeting shall be in writing, shall be signed by the Steward or Stewards calling the meeting, shall be addressed and delivered to the Secretary, and shall state the topic, time and place of such meeting.

ARTICLE VII – OFFICERS AND COMMITTEES OF THE BOARD OF STEWARDS

Section 7.1 Election of Officers

The Board of Stewards shall meet at the next scheduled Store Meeting after each Annual General Membership meeting for the purpose of electing Officers. The Board of Stewards shall elect from their number a President and Vice President and shall also elect a Secretary and Treasurer, who

need not be members of the Board of Stewards, but shall be members in good standing. Staff members who are elected to the Board of Stewards shall be ineligible to hold Office. Officer terms are one year in length or until successors are elected.

Section 7.2 General Duties of Officers

- A. Officers shall attend all meetings of the Board of Stewards and all Meetings of the Membership and shall perform such other duties and have such other powers as the Board of Stewards may from time to time prescribe.
- B. Outgoing Officers shall return all property of their office to the Board of Stewards to be transferred to incoming Officers and shall be removed as Signatories from all accounts of the Cooperative.

Section 7.3 President

The President shall preside over all Meetings of the Members and Meetings of the Board of Stewards and shall see that all Orders and Resolutions of these meetings are carried into effect. The President, or designee, shall be the official representative of the Cooperative to outside Associations or Organizations of which the Cooperative is a member.

Section 7.4 Vice President

The Vice President shall act in the absence of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7.5 Secretary

The Board Secretary shall keep a complete record of all Meetings of the Members and Meetings of the Board of Stewards and record all proceedings of the meetings in a book kept for that purpose. The Secretary shall sign papers pertaining to the cooperative as authorized or directed by the Board of Stewards. The Secretary shall serve all notices required by Delaware law, these Bylaws and the Policies of the Cooperative. The Secretary shall give, or cause to be given, notice of all meetings of the membership and of the Board of Stewards. The Secretary shall have custody of the corporate seal and shall have the authority to affix the same to any instrument requiring it and to attest to the signature of the President. The Secretary shall be the keeper of these Bylaws, and shall have custody of the master copy; shall, whenever these Bylaws are amended, promptly update the master and provide the staff with a clean copy for reproduction

and distribution; shall, upon request, provide any member with a single copy; shall maintain at least one backup copy outside the Store, for safekeeping; and shall, when leaving office, be personally responsible for passing the master copy to the incoming Secretary.

Section 7.6 Treasurer

The Treasurer, acting as an agent of the Board of Stewards, shall ensure the proper keeping of the Cooperative's funds; the full and accurate accounts of receipts and disbursements in books belonging to the Cooperative; and that all monies and other valuable effects be deposited in the name and to the credit of the Cooperative in such depositories as may be designated by the Board of Stewards.

Section 7.7 Committees

The Board of Stewards shall designate such standing committees as deemed necessary; all appointments of committee personnel are subject to confirmation by the Board of Stewards.

ARTICLE VIII – FISCAL CONTROL

Section 8.1 Fiscal Year

The fiscal year shall end on June 30 or on such other date as shall be fixed by resolution of the Board of Stewards.

Section 8.2 Discount Policy

The Discount Policy of the Cooperative shall be set by the Board of Stewards. Pricing differentials for working members, non-working members, and non-members may be based upon a discount, a rebate, or a surcharge.

Section 8.3 Books And Records

The books and records of the Cooperative shall be kept by such persons as the Board of Stewards shall designate. Any member may inspect the books for a purpose related to the member's interest as an owner of the Cooperative during normal business hours after providing the Board Secretary and Co-op Bookkeeper at least ten (10) days written notice. Such inspection shall consist of the Profit and Loss Statement and Balance Sheet. A more detailed or more specific request must be submitted in writing to the Board Secretary and may need more time to prepare. Funds of the Cooperative shall be received and handled only by such persons as

the Board of Stewards designates and shall be deposited in such place or places as the Board of Stewards designates. The funds, books and records of the Cooperative shall be kept according to generally accepted accounting principles.

Section 8.4 Annual Report

An annual report of the Cooperative's operations shall be mandatory at the Annual General Membership Meeting. The annual report shall contain a statement of assets and liabilities, a statement of income and expenses, detailed reports of the physical plant fund, membership rolls and payments, and such other statements as the Board of Stewards shall require. These reports should be handed out or posted so they can be seen and read during the meeting. The Treasurer or such other person or persons designated by the Board of Stewards, shall coordinate and give the financial report. The latest financial report prepared by a Certified Public Accountant shall also be available at the meeting and at the principal office for inspection.

Section 8.5 Signatories

All checks or other payments by the corporation shall be signed by such officer or officers or such person or persons as the Board of Stewards may from time to time designate.

- Restricted Accounts – President, Treasurer, and General Manager
- Operational Accounts – Treasurer, General Manager, Asst. Manager and two other staff members as designated by the General Manager.

When a member of the Board of Steward's term of office has ended or a General Manager or other Manager has resigned or is terminated, their signatory right is automatically null and void.

Section 8.6 Depositories

The Board of Stewards shall have the power to select one or more banks or other financial institutions to act as depositories of the funds of this Cooperative and to determine the person or persons who shall have authority to sign checks and other instruments.

Section 8.7 Contractual Authority

All promissory notes, bonds, mortgages, leases, and contracts designated by the Board of Stewards, together with other papers designated by the Board of Stewards, shall be executed by the President and/or Treasurer, attested and sealed by the Secretary pursuant to appropriate resolution by

the Board of Stewards. If such designated officers are unable to execute, the Board of Stewards may authorize any officer or officers or any agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Cooperative and such authority may be general or confined to specific instances.

Section 8.8 Audit/Annual Review

The Board of Stewards shall contract with a Certified Public Accountant to review the books of the Cooperative on an annual basis and to perform other services as needed.

Section 8.9 Inventory

The staff or designee shall take and supervise the taking of a merchandise inventory at least once every twelve (12) months.

Section 8.10 Conflict of Interest

No Steward shall participate to a material degree in the profits of any contract made with the Cooperative, or compete in business with the Cooperative to a material degree except with the detailed written approval of a majority of the Board of Stewards. At no time shall there be more than three (3) elected staff persons on the Board of Stewards. Managers who report directly to the Board of Stewards shall not be permitted to serve on the Board of Stewards.

ARTICLE IX – AMENDMENT

Section 9.1 Bylaw Amendments

These Bylaws may be amended by a two-thirds (2/3) vote of the members present or voting at any General Membership Meeting of the Cooperative, provided a copy of the proposed changes has been posted at the main office and filed with the Board Secretary at least twenty (20) days prior to such meeting. Any amendment proposed in the above manner may be amended on the floor of the meeting.