

HUDSON GROCERY COOPERATIVE BYLAWS

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DEFINITIONS

1. “Director” shall refer to any Director, unless stated or implied otherwise, regardless of whether the Director was elected, appointed, has full Director rights, or is an Alternate Director, as clarified by Board policy.
2. “Ownership” is defined as the state of being an Owner.
3. “Majority” is defined as more than half, unless otherwise defined to a higher threshold by Board policy for particular or all questions before the Board.
4. “Owner” shall be equivalent to any reference in the governing statute, Articles of Incorporation or other documents to the terms “member” or “member-owner.”
5. “Natural Person” is a single human and not a company, non-profit, or other association regardless of the fact that such is comprised of people.

OWNERSHIP

6. **Eligibility.** Membership in the Cooperative shall be open to any individual who is in accord with its purposes and is willing to accept the responsibilities of membership.
7. **Open Ownership.** Any person, household, firm, cooperative, non-profit corporation or cooperation or corporation, may, on approval of his/her or its application by the Board of Directors, be accepted into ownership on terms established by Board of Directors policy.
8. **No Discrimination.** This Cooperative shall not discriminate on social or political grounds, on the basis of race, creed, age, sex, handicap, sexual preference or marital status.
9. **Application.** Application for ownership shall be made in writing on a form provided by the Cooperative.
10. **Approval.** Each application shall be acted on by the Board of Directors at the first meeting after it is received.
11. **Provision.** A copy of the Articles of Incorporation and Bylaws of the Cooperative will be made available to each new Member.
12. **Rights.** Members have the right to elect the Cooperative’s Board of Directors, to attend meetings of the Board, to receive notice of and attend membership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. The rights of members shall be understood to apply only to active members in good standing. All rights and responsibilities of members are subject to the bylaws as they may be amended from time to time.
13. **Responsibilities.** Members shall keep current in equity investments due to the Cooperative, shall keep the Cooperative informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. A member who upholds these responsibilities is considered an active member in good standing.
14. **Voting.** Each Owner shall have one vote in the affairs of the Cooperative. Any Owner that is not a natural person shall designate a natural person to vote its share. When there are multiple names on an ownership, one natural person shall be designated by the group to cast its vote.
15. **Termination of Membership.** A membership may be terminated by a member voluntarily at any time by written notice to the Cooperative. Membership may be terminated involuntarily by the Board for cause after the member is provided fair notice

of the reasons for proposed termination and has an opportunity to respond in person or in writing. Cause may include intentional or repeated violation of any provision of the Cooperative's bylaws or policies, actions that will impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative or its members, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.

16. **Return of Equity.** Equity shall be returned upon termination of membership in the Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary for the reasonable or prospective capital needs of the Cooperative.
17. **Unclaimed Property.** If a member voluntarily or involuntarily terminates membership in the cooperative, and fails to inform the cooperative of his or her mailing address, then the equity and patronage dividend amount allocated to that member will be forfeited by the member to the cooperative.
18. **Restrictions .** Every Owner upon uniting with this Cooperative agrees that in case the Owner shall desire to dispose of his, her, or its share of stock in the Cooperative, that the stock can only be transferred to the Cooperative and only upon approval by the Board of Directors. The stock of this Cooperative is not transferable in any other event.

MEETINGS

19. **Annual Meeting.** The annual meeting of the Owners shall be held in the territory served by this Cooperative annually at such time as may be determined by the Board of Directors of the Cooperative.
20. **Special Meetings.**
 - (a) **Call.** A special meeting of the Owners shall be called by the President upon a majority vote of the Board of Directors or upon a written petition of at least twenty percent (20%) of the Owners.
 - (b) **Location.** Written notice, stating the place, day and hour, and the purposes for which the meeting is called, shall be given not less than seven (7) nor more than thirty (30) days before the meeting at the direction of the person calling the meeting. Notice need be given only to Owners entitled to vote. Notice shall be given to Owners having limited voting rights if they have or may have the right to vote at the meeting. Notice may be delivered electronically.
 - (c) **Business.** No business shall be considered at the special meeting except as stated in the call and included in the notice of the meeting.
21. **Notice of Meeting.**
 - (a) **Means of Notice.** Notice shall be given by the Secretary of all meetings of the Owners in accordance with Wisconsin Statute chapter 185 and as set forth by board policy.
 - (b) **Waiver.** A signed waiver is equivalent to personal notice to the person so signing. The waiver may be signed at any time.
 - (c) **Certificate.** The Secretary shall execute a certificate setting forth a correct copy of such notice and showing the date of mailing or publication thereof.
 - (d) **Failure of Receipt of Notice.** The failure of any Owner to receive any such notice of the annual or special meeting of the Owners shall not invalidate any action that may be taken by the Owners at any such annual or special meeting.
22. **Voting.**
 - (a) **Limitations.** No Owner shall be allowed to vote by proxy, and no Owner shall

- have more than one vote regardless of the number of shares owned.
- (b) **Non-Present Ballots.** Ballots submitted by mail or other means shall be permitted only upon specific authorization by the Board of Directors, in congruence with Wisconsin Statute 185.12 (Voting) and only upon issues specified by the Board.
23. **Presiding Officer.**
- (a) **Ownership Meetings.** For any ownership meeting of this organization, the presiding officer shall be the President of the Board of Directors.
- (b) **Board of Directors Meetings.** The presiding officer at the Board of Directors' meetings shall be the President, or, in his/her absence, the Vice-President, who shall cast the deciding vote in all cases of a tie. In the absence of the Vice-President, the presiding officer shall be the Secretary, or in his/her absence some other member of the Board, who shall call the meeting to order and officiate over the immediate election of a Chairperson pro-tem.
24. **Quorum of Owners.**
- (a) **Counting.** At any regular or special meeting of the Owners, a quorum shall be ten percent (10%) of the first one hundred (100) active members plus five percent (5%) of additional active members.
- (b) **Presence.** Only Owners in actual attendance at the meeting shall count towards a quorum, unless a question was submitted to the Owners by a vote by other means in which case Owners present in person as well as those represented by non-present ballots shall be counted.
25. **Order of Business.** The order of business at the annual meeting, and so far as practicable at all other meetings of the Owners shall be:
- (a) Calling of roll or registering of Owners.
- (b) Proof of notice of meeting.
- (c) Approval of minutes.
- (d) Annual reports of officers and committees.
- (e) Unfinished business.
- (f) New business.
- (g) Adjournment.
26. **Regular Board Meetings.** Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors, by proper resolution duly adopted and recorded upon the minutes, shall from time to time determine.
27. **Special Board Meetings.** Special meetings of the Board of Directors may be called by the President or by a majority of said Board. Each Director shall be duly notified of all such meetings with as much notice of date, time, place, and purpose as circumstances may allow by the best means of communication made known by each Director. No business except that mentioned in the call for special meeting of the Board of Directors shall receive final action at said meeting.
28. **Restrictions of Board Meetings.** A majority of the Directors shall constitute a quorum at all meetings of the Board, and a majority vote of the Directors present shall decide all questions. Presence at a meeting shall constitute waiver of notice of such meeting. Directors' meetings may be electronically facilitated, if the following conditions are met:
- (a) Such means are approved in advance by a majority of Directors.
- (b) The technology used shall be available at the meeting location, and directors who are not physically present may have the option of attending via such

- technology at their own expense.
- (c) A Director's attendance via electronic means constitutes that Director's presence at the meeting.
29. **Action without a Board Meeting.** Any action which may be taken at a meeting may be taken without a meeting if a writing setting forth and approving the action taken shall be signed by all of the directors entitled to vote on such action. Such consent shall have the same force and effect as a unanimous vote at a meeting.
30. **Owner Attendance at Board Meetings.**
- (a) Owners may attend regularly scheduled meetings as observers.
 - (b) Board meeting dates shall be posted in the store, the website, and any other regularly issued communication with Owners.
 - (c) Owners are welcome to attend all parts of the meeting with the exception of "Executive Committee" and "Closed" sessions regarding confidential matters such as: labor relations or personnel issues; negotiation of a contract; discussion of strategic goals or business plans, the disclosure of which would adversely impact the Cooperative's position in the marketplace; and/or discussion of a matter that may, by law, be considered confidential.

BOARD OF DIRECTORS

31. **Terms of Directors.**
- (a) **Number of Directors.** The number of Directors of this Cooperative shall be between five (5) and nine (9), plus the option of up to two (2) Alternate Directors, who shall be Owners of the Cooperative. The Alternate Director seats shall be awarded to the top two vote recipients who are not elected Directors at each annual meeting.
 - (b) **Scope of Authority by Alternate Directors.** The Alternate Directors shall have the same powers and responsibilities of Directors, as set forth in the Articles of Incorporation and herein, except they shall not have the authority to vote on any matters or hold executive office.
 - (c) **Non-Natural-Person Owners.** Owners who are not natural persons shall designate one natural person who may run and be elected to the Board of Directors.
 - (d) **Household Ownerships.** When there are multiple names on an ownership, the group shall designate one person who may run and be elected to the Board of Directors.
 - (e) **Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the board. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board. No employee of the Cooperative may serve on the Board.
 - (f) **Election.** All of the Directors shall be elected by ballot at the annual meeting for a term of three (3) years, and shall hold office until their successors shall be elected and qualified.
 - (g) **Terms.** The Directors shall be elected to staggered terms, such that no more than three (3) Directors shall be elected each year. The Alternate Directors shall be elected to one (1) year terms.
 - (h) **Election of Initial Board.** Notwithstanding the above sections (f) and (g), upon incorporation, a first member meeting shall be held to elect all members of the

initial Board. The Board shall then designate the length of the initial term for each seat so as to provide for staggered elections.

- (i) **Cancellation of Ownership.** If any Director shall cease to be an Owner, his or her office shall be thereupon automatically vacated.
32. **Transitional Board Meeting.** The Board of Directors shall meet within forty (40) days of the Annual Owners meeting.
- (a) The newly elected Directors shall take office at the beginning of this meeting upon reading and signing the Code of Conduct and the Confidentiality Agreement, as established by Board of Directors policy.
 - (b) The first order of business of this meeting shall be election of Officers.
33. **Vacancies.**
- (a) Any vacancy by a Director shall be filled by either
 - i. the appointment of an Alternate Director. Such appointed Alternate Director shall assume the same term of office as the vacating Director. Appointment shall be by a majority vote of the Board; or
 - ii. the appointment of an Owner by the remaining Directors of the Board. Appointment shall be by a two-thirds approval vote of the Board. The Owner so appointed will hold office until the next annual meeting of the Owners, at which time the seat will be up for election for the remainder of the term of the vacating Director.
34. **Resignations.** Any Director may resign at any time and shall do so by written notice to the President, next presiding Officer, or if neither is available the entire Board.
35. **Election of Officers.**
- (a) **President and Vice-President(s).** The Board of Directors shall meet within forty (40) days after each annual meeting and shall elect from their number one president and one vice president.
 - (b) **Secretary and Treasurer.** The Board of Directors shall also elect a secretary and a treasurer. The office of the secretary and treasurer may be combined and when so combined shall be termed secretary-treasurer.
 - (c) **Removal.** Any Officer may be removed by a majority vote of the Board whenever, in the Board's judgment, the best interests of the Cooperative will be served thereby.
36. **Removal of Director.**
- (a) **By Vote of Owners.** Any Director of the Cooperative may, for cause, at any annual or special meeting called for the purpose, at which a quorum of the Owners shall be present, be removed from office by vote of two-thirds of the Owners voting.
 - (b) **Notice of Removal Vote.** The removal of a Director shall not be considered at a special meeting unless that fact has been stated in the notice of such meeting. No Director shall be removed from office at either an annual or special meeting unless he or she shall be informed of the meeting at which the matter is to be considered at least ten (10) days before such meeting. Such notice shall be by certified mail addressed to him or her at his or her last known address, and he or she shall be entitled to be heard at such meeting.
 - (c) **By Absences.** Failure of a Director to attend three consecutive Directors' meetings, or one-third of the Directors' meetings during the twelve (12) months just preceding, except for just cause as determined by a majority vote of the remainder of the Board, shall result in automatic removal from office.

DUTIES AND POWERS OF DIRECTORS

37. **Management of Business.**
- (a) **Scope.** The Board of Directors shall govern the business and the affairs of the Cooperative and make all necessary policies not inconsistent with law or with these bylaws.
 - (b) **Hiring.** The Board of Directors shall have power to employ and dismiss a manager of the Cooperative and to determine his or her duties and compensation.
38. **Bonding of Employees.** The Board of Directors may require the manager and/or other officers, agents, and employees charged with the custody of any of the Cooperative's funds or property to provide a fidelity bond in such sum as the Board of Directors shall determine by policy. Such bond shall be furnished by a responsible bonding company approved by the Directors, and the cost of such bonding coverage shall be paid by the Cooperative.
39. **Policies & Policy Register.** The Board shall create policies as directed by the Articles of Incorporation and these Bylaws and may create policies, as it deems necessary, for its own governance and the operation of the Cooperative. All approved policies shall be in writing and subsequently recorded in a Policy Register created and maintained by the Board and/or its designee.
40. **Financial Review.** The Board of Directors shall review all financial statements prepared and presented by management at their regular meetings but no less than four times a year.
- (a) **CPA Audit.** The Board may, in addition, have the books audited or reviewed at least once a year by a Certified Public Accountant. Such audit or review shall be made between the date of the close of the fiscal year and the date of the annual meeting, and a report of findings, containing at least a balance sheet showing the financial condition of the Cooperative at the close of the fiscal year and a summarized statement of income and expenses for the year, shall be submitted to the Owners at their annual meeting.
41. **Compensation.** The Board of Directors may establish compensation or other benefits for directors, not available generally to officers and employees, for services as a director. No officer or employee who is a director may take part in the vote on his or her salary for services rendered the cooperative.

DUTIES AND POWERS OF OFFICERS

42. **President.** The president shall:
- (a) Preside over all meetings of the Cooperative and of the Directors.
 - (b) Sign as president, with the secretary, or the secretary-treasurer, all notes, deeds and the conveyances of real estate, as well as all certificates of stock of the Cooperative.
 - (c) Cause to be prepared and submitted to the annual meeting of the Owners a complete and detailed report of the current year's business. The annual report shall contain a statement of assets and liabilities, a statement of income and expenses, and such other statements and statistical memoranda as the Board of Directors shall require. The Board of Directors may delegate these duties to employees of the Cooperative.
43. **Vice President(s).** In the absence or disability of the president, the vice president shall

- preside and perform the duties of the president.
44. **Secretary.** The secretary will:
- (a) Ensure that a complete record of the meetings of the Cooperative and of the Board of Directors is kept.
 - (b) Sign as secretary, with the president, all notes, deeds and other conveyances of real estate, as well as all certificates of stock of the Cooperative and affix the corporate seal to all documents requiring attestation.
 - (c) Provide that all notices required by law be served.
 - (d) Perform such other duties as may be required of him or her by the Cooperative or the Board of Directors.
45. **Treasurer.** The treasurer will:
- (a) Receive and disburse all funds of the Cooperative.
 - (b) Keep a complete record of all financial transactions of the Cooperative and perform such other duties pertaining to his or her office as may be required by the Board of Directors.
 - (c) The Board of Directors may delegate the duties enumerated in this section to employees of the Cooperative.
46. **Secretary-Treasurer.** In the event that the offices of Secretary and Treasurer are combined, then his or her duties shall combine of the duties of Secretary and Treasurer, and his or her office shall be known as Secretary-Treasurer.

GENERAL MANAGER

47. **Hiring.** The Board will have the power to employ, set the compensation for, and dismiss a General Manager for the Cooperative.
48. **Scope of Authority.** The General Manager shall have charge of the ordinary and usual business operations of the Cooperative subject to the direction and approval of the Directors.
49. **Record keeping.** The General Manager shall be required to maintain all business records and accounts in such a manner that the true and correct condition of the business may be determined whenever practical.
50. **Reporting to the Board.** General Manager shall provide annual and periodic reports in a form and manner prescribed by the Directors.
51. **Authority to Hire Staff.** General Manager shall employ and supervise employees subject to the direction and guidelines approved by the Directors.
52. **Accounting.** The General Manager shall handle and account for all monies belonging to the Cooperative that come into the General Manager's possession in the manner and form prescribed by the Directors.

CAPITAL STOCK

53. **Stock Purchase.** Upon approval by the Board of Directors of the ownership application and receipt of monies paid, each prospective Owner will have purchased
- (a) one (1) share of common stock; and
 - (b) additional shares of stock, as set forth in the Board of Directors policy consistent with of the Articles of Incorporation.
54. **Certificates or Proof of Ownership.** Ownership cards may be issued, in lieu of certificates for common stock, when the initial required stock is fully paid for and the ownership application has been received and approved.

- (a) **Notice.** Any stock other than common stock granted as patronage dividends shall be evidenced by written notice of allocation mailed to the Owners.
 - (b) **Contents.** Certificates evidencing other types of stock shall contain the name of the person, household, firm, cooperative, non-profit corporation or corporation that owns the stock, the ownership number assigned to that Owner, and shall bear the signature of the president and secretary.
 - (c) **Termination.** The Cooperative retains the right to terminate all ownerships as provided in the Bylaws and to purchase or recall all stock. Redemption of capital stock by the Cooperative is subject to any indebtedness owing the Cooperative by the stockholder.
 - (d) **Transfer.** Shares of stock held by members shall be transferable only to the Cooperative with the consent and approval of the Board of Directors. Shares of stock may not be transferred in any other manner. In case the certificate to be transferred has been lost or destroyed, the Board of Directors may require the holder thereof to furnish an indemnifying bond protecting the Cooperative against any loss or damage by reason of issuing a new certificate, and may further require the holder to make an affidavit that the certificate has not been sold, transferred, assigned or hypothecated.
55. **Accounting.** The books and records of the Cooperative shall be kept on a fiscal year basis, and in such manner that the patronage refunds of each Owner may be ascertained at any time.
56. **Dissolution Payment Priorities.**
- (a) **Debts and Liabilities.** Upon dissolution or liquidation of the Cooperative the debts and liabilities of the Cooperative shall first be paid according to their respective priorities.
 - (b) **Owners.** Owners or other holders of equity of capital reserve credits or other media issued by the Board of Directors shall then be paid the par value of their shares or credits with payment made in the order of preference stated in the Board Policy.

FINANCE

57. **Financial Operation.** This corporation operates on a cooperative basis and allocates earnings and losses to patron-members on the basis of the business done with or for such patrons-member. Thus, in accordance with section 1381 of the Internal Revenue Code, this corporation shall declare a patronage dividend to be distributed among the patron-member in accordance with the total amount of purchases made by each patron-member during the preceding fiscal year.
58. **Patronage Dividend.** The patronage dividend, as determined by the Board of Directors, shall be non-cash payments in the form of qualified written notes of allocation as defined in section 1388 of the Internal Revenue Code. In accordance with Section 1382 of the Internal Revenue Code, the patronage dividends declared by the corporation are deductible from the taxable income of the corporation and must be included in the taxable personal income of the patron-member to the extent provided by law.
- (a) **Internal Account.** An internal capital account shall be maintained in association with each membership. The surplus earnings of the company after paying taxes, interest on loans, other expenses, and allocations to the Reserve Fund may be allocated to members as a patronage dividend. Unless otherwise

decided by the Board of Directors, the patronage dividend shall be credited to the owners' internal accounts. At least 20% of each year's patronage dividend must be paid out in cash or cashable credit to members.

(b) **Consent to Tax Obligations.** Each member shall be responsible for any income tax obligations related to any patronage dividends allocated to the member.

59. **Equity Capital.** The Board of Directors shall manage the Cooperative's equity capital in a way to preserve and build upon the Cooperative's financial position while also allowing for redemptions of equity as and when the Cooperative has the financial strength to redeem equity. The Board of Directors may, from time to time, establish policies for redeeming equities, stock, or other forms of equity used for qualified or non-qualified notices of allocation, or the Board may eliminate equity redemption policies in favor of a capital management policy. Any of these policies may contain offers of discounts or required retentions of capital as part of any redemption of allocated equity. The Board retains the power to amend, modify or repeal these policies and may do so retroactively, all in the Board's sole discretion. In each case, the Board of Directors may refuse any expenditure(s) if the Board determines that such expenditure(s) is (are) not in the interest of the cooperative. Therefore, no equity redemption policy shall be interpreted to require any expenditure or disbursement of capital and the Board of Directors retains all right and power to the final review and approval of each expenditure of capital for any redemption of equity.

INDEMNIFICATION

60. **Scope.** This Cooperative shall indemnify Directors or Officers as set forth by Wisconsin Statute section 185.035. The Board of Directors may indemnify employees or agents according to board policy or as set forth in individually negotiated contracts.

SUNDRY PROVISIONS

61. **Fiscal Year.** The fiscal year of this Cooperative shall begin on the first day of July and close on the last day of June of each year.

62. **Examination by Directors.** The cooperative shall keep correct and complete books and records of account, and shall also keep minutes of the proceedings of meetings of its members, board and executive committee. Every Director of the Cooperative shall have a right to examine, in person or by agent or attorney, at any reasonable time, all books and records of the organization and make extracts or copies at their own expense.

63. **Amendments.** These by-laws may be amended, repealed, or altered in whole or in part by a majority of the members who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least five percent (5%) of active members. The proposed amendment shall be publicized to the membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.