

**BYLAWS OF NORTHSIDE
FOOD COOPERATIVE, INC.**

ARTICLE 1: NAME

The name of this corporation is Northside Food Cooperative, Inc. (the “Cooperative”)

ARTICLE 2: PURPOSES

The Cooperative is formed for the following purposes:

- a. To create an open, inclusive, and diverse store that welcomes our community;
- b. To conduct the business of buying, selling, and distributing high quality food products;
- c. To foster a healthy workplace based on dignity, opportunity, and fair compensation;
- d. To develop a successful model for community and worker ownership that supports the local economy and the local food system; and
- e. To engage in any other lawful act or activity that corporations may perform under Chapter 54 Subchapter IV of the General Statutes or North Carolina.

ARTICLE 3: OWNERSHIP AND DIVIDENDS

Section 1. Classes of Ownership. There is one class of common stock which may be purchased by Patrons. Patrons include both workers employed by the Cooperative and individuals who are not employed by the Cooperative. Ownership of common stock shall be called “Patron Ownership” and a share of common stock shall be called “Patron Share”. There are up to three classes of preferred stock. The rights and preferences of the Preferred Stock is described in **Article 4**.

Section 2. Worker Patrons

- a. **Eligibility.** The Cooperative will operate on a cooperative basis with its workers being eligible for Patron Ownership. To be eligible for Patron Ownership in this Cooperative, a worker must:
 - 1) Be a part-time or full-time worker for 30 days;
 - 2) Purchase one and only one Patron Share that will function for all intents and purposes as an ownership certificate; and
 - 3) Be a resident of the State of North Carolina when the Patron Share is purchased.
- b. **Worker Patron Ownership.** The price of a Patron Share shall be set by the Board of Directors. Workers who have begun paying for the Patron Share as part of a payroll deduction plan are entitled to all the rights and

privileges of Ownership, including voting in accordance with **Article 6** of these Bylaws and dividend rights. Until the Patron Share has been fully paid for, all non-cash dividends shall be reflected in an internal account, as described in **Section 7** of this **Article 3**, for each worker and allocated toward purchase of the Patron Share.

Worker Patrons have the right to elect worker Board Members of the Cooperative's Board, to attend meetings of the Board, to receive notice of and attend Owner meetings, to petition as described in these Bylaws, and to approve amendments to these Bylaws.

- c. **Worker Ownership Termination**. When a worker Patron voluntarily or involuntarily ends his or her employment in the Cooperative, his or her ownership automatically ends and the worker Patron Share shall be deemed transferred back to the Cooperative.

Within fourteen days of termination of employment, the Cooperative will pay for the worker Patron's Share at its original price in cash, after offsetting against the share price any negative balance, if one exists, in the internal account for that worker Patron, any debts that worker Patron owes to the Cooperative. If the worker Patron's internal account still has a negative balance, this negative balance will be debited against a reserve fund, thereby insuring that any operating losses do not accumulate so as to leave a worker Patron owing money to the Cooperative when that worker Patron retires or otherwise terminates his or her ownership.

Any positive balance in the worker Patron's internal account for the retiring or terminating worker Patron shall be paid by the Cooperative in cash or, at the election of the Cooperative, by means of the Cooperative's promissory note payable on such terms as the Board of Directors (the "Board") shall determine, provided that the note be payable in full within six months of the termination date, unless it would impair the Cooperative's finances.

Section 3. Individual Patron Ownership

- a. **Eligibility**. Ownership in the Cooperative shall be open to any individual consumer who supports the purposes of the Cooperative as expressed in the Articles of Incorporation, these Bylaws, and the policies of the Cooperative and who lives in North Carolina. Such individual consumers may purchase one, and only one, Patron Share in the Cooperative. An application shall be accepted unless the Board determines in its discretion that the interests of the Cooperative would be better served by returning the subscription.
- b. **Individual Patron Stock and Rights**. The price of an individual Patron Share will be set by the Board. The Board of Directors may establish an

installment plan for the purchase of individual Patron Shares. Individuals who have begun paying for a Patron Share on an installment plan are entitled to all the rights and privileges of ownership, including voting rights, and any discounts and/or patronage dividends.

Patrons have the right to attend meetings of the Board, to receive notice of and attend Patron meetings, to petition as described in these Bylaws, and to approve amendments to these Bylaws.

- c. **Individual Ownership Termination**. When an individual Patron voluntarily or involuntarily ends his or her Ownership in this Cooperative, the Ownership Share shall be deemed transferred back to the Cooperative.

The Cooperative will pay for a share of individual Patron capital stock at the price at which it was originally purchased by the individual Patron, after offsetting any debts or obligations that the individual Patron owes the Cooperative. If the individual Patron has debts or obligations to the Cooperative greater than the price of his or her share of capital stock, the Cooperative shall receive the share of capital stock from the individual Patron, or shall be deemed to receive such share, without further repayment of the purchase price of the share and without the payment of any other consideration by the individual Patron for the return of the share.

Any positive balance due the terminating individual Patron shall be paid by the Cooperative, or, at the election of Board, by means of a promissory note payable on such terms as the Board shall determine, provided that the note be payable in full within six months of the termination date, unless it would impair the Cooperative's finances. Each individual Patron also agrees that if his or her patronage dividend is not cashed within three years of the date on which it was issued by the Cooperative, the Cooperative shall have the right to make a contribution in the name of that Patron to support other organizations aligned with the Cooperative's purpose in a manner as may be directed by the Board from time to time.

Section 4. Patron Ownership. Each Patron shall have one vote and no more than all matters submitted to Patrons. The rights of Patrons shall apply only to active Patrons in good standing. All rights and responsibilities of Patrons are subject to applicable state law, the Bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.

Patronage Shares of this Cooperative may be purchased, owned, and/or held only by Patrons of the Cooperative. No Patron may sell, assign any interest in, or otherwise transfer his or her Patron Share except as described in **Sections 2.c. and 3.c.**

Section 5. Par Value. Shares of capital stock in the Cooperative shall have no par value.

Section 6. Dividends. In accordance with Section 1381 of the Internal Revenue Code of 1986, as amended, the Cooperative may declare dividends. The patronage dividend as determined by the Board of Directors shall be paid in cash, property or written notices of allocations. Any non-cash portion of patronage dividends, as determined by the Board, shall be in the form of “qualified written notices of allocation” as defined in Section 1388 of the Internal Revenue Code of 1986, as amended.

Any such dividends shall be distributed among the worker Patrons in accordance with the total number of hours each has worked during the preceding fiscal year. Any such dividends shall be distributed among the individual Patrons on the basis of the amount of their purchases from the Cooperative during the preceding fiscal year. The portion of dividends to be paid in cash and the portion to be paid as a non-cash allocation to internal accounts shall be as periodically set by the Board.

In accordance with Section 1382 of the Internal Revenue Code, any dividends declared by the Cooperative are deductible from the taxable income of the Cooperative and must be included in the taxable personal income of the Patron.

Each Patron, by becoming a Patron, shall be deemed to have consented to include in his or her taxable personal income any qualified written notice of allocation received by him or her at its stated dollar amount, in the manner provided by Section 1385 of the Internal Revenue Code of 1986, as amended, and to pay the personal income tax thereon in the taxable year in which such written notices of allocation are received by him or her.

All written notices of allocation plus associated interest credited to a Patron shall be redeemed in cash within ninety (90) days of their date of issuance unless the Board determines that a postponement of the redemption is appropriate.

Each Patron also agrees that if his or her patronage dividend is not cashed within ninety (90) days of the date on which it was issued by the Cooperative, the Cooperative shall have the right to make a contribution in the name of that member to support other organizations aligned with the Cooperative’s purpose in a manner as may be directed by the Board from time to time.

Section 7. Discounts on Purchases. The Board may provide for discounts on purchases made at the Cooperative by its worker and/or by individual Patrons. The discounts made available to different classes of Patrons need not be set at the same level, and the discount levels may change from time to time at the recommendation of the General Manager and approval of the Board of Directors.

Section 8. Internal Accounts. Each worker and individual Patron shall have an internal capital account in his or her name. The surplus earnings of the company after paying taxes and allocations to the reserve fund shall be allocated to worker and individual Patrons as cash and non-cash dividends. Unless otherwise decided by the Board, the non-cash portion of the dividends shall be credited to the Patrons' internal accounts. The internal accounts shall accrue interest at a rate set by the Board.

Section 9. Reserve Fund. A portion of the Cooperative's net worth may be maintained as a reserve fund. The Board will from time to time determine the portion of the Cooperative's surplus or deficit that will be allocated to the reserve fund with the remainder of the surplus or deficit to be allocated to Patrons' internal accounts.

ARTICLE 4: PREFERRED STOCK

Section 1. Preferred Stock. The Cooperative hereby reserves 30,000 shares of capital stock for the issuance of three classes of Preferred Stock, with no more than 10,000 shares to be issued in each class of Preferred Stock.

Section 2. Right to Purchase. All North Carolina residents and non-residents shall be eligible to purchase shares of Preferred Stock at the discretion of the Cooperative's Board of Directors.

Section 3. Series A Preferred Stock Issue. The Cooperative reserves 10,000 shares of Capital Stock for the issuance of Series A Preferred Stock. The designations, preferences, and rights of the shares of the Series A Preferred Stock are set forth in this **Article 4 Section 3**.

- a. Voting Rights. Holders of Series A Preferred Stock shall have no voting rights by virtue of holding such shares.
- b. Preferred Dividends. The holders of shares of each series of Series A Preferred Stock, *pari passu*, shall be entitled to receive, when, as and if declared by the Board of Directors as set forth below, out of funds legally available therefor, dividends. Any such dividend shall be declared and distributed among the holders of each series of Series A Preferred Stock *pro rata* based on the number of shares of such Series A Preferred Stock held thereby. Dividends are cumulative but shall not attract interest.
- c. Payment of Dividends. The Board shall declare and pay dividends annually, unless the Board determines that the Cooperative lacks sufficient capital reserve and working assets to pay them in a given year, in which case the unpaid dividends shall carry over (without additional interest) and be paid at such future time that the Board determines that the Cooperative can pay them.

- d. Redemption. Shares of Series A Preferred Stock may be redeemed by the Cooperative at the election of the Board of Directors in the event a holder moves his, her or its primary residence or domicile outside the State of North Carolina. In such instance, the transfer of the Series A Preferred Stock to the Cooperative shall be immediately effective, but the Cooperative may make payment to the former holder over and up to a six-month period. A holder of Series A Preferred Stock can require the Cooperative to redeem such stock for the initial face amount of such shares, plus the amount of any accrued, unpaid dividends after 10 years from the date of issuance of such stock. The Board of Directors shall not authorize redemption of any shares of Preferred Stock unless the Cooperative has sufficient capital reserve and working assets, determined by the Board of Directors in its sole discretion pursuant to applicable law.
- e. Transfer Rights. Prior to transferring any Series A, the owner thereof must first offer the Cooperative the right of purchasing such Series A under the same terms as offered to any bona fide third party purchaser not related to the owner, but in no event for a price per share greater than the original purchase price per share of Series A.
- f. Liquidation. The holders of Series A Preferred Stock shall have the following rights upon liquidation:
 - 1) In the event of a liquidation, dissolution, or winding up of the Cooperative, the holders of the Series A Preferred Stock shall be entitled to receive, on a pari passu basis, out of the assets of the Cooperative available for distribution to its owners (whether from capital or surplus), prior to any payment to the holders of the Common Stock, an amount equal to, with respect to the Series A Preferred Stock, the price paid per share plus all accrued but unpaid dividends for each share. After payment in full of such liquidation preferences, any assets available for distribution shall be distributed to the holders of the Common Stock, and the holders of Series A Preferred Stock shall not be entitled to any further participation in the remaining assets of the Cooperative. If, upon any such liquidation, dissolution or winding up of the Cooperative, the net assets of the Cooperative are not sufficient to pay in full the amounts so payable to the holders of Series A Preferred Stock, the holders of all shares of Series A Preferred Stock shall participate ratably in the distribution of such assets in proportion to their respective full liquidation preferences (subject to the prior payment of liquidation preferences to superior classes of Preferred Stock created by the Board hereafter as well as any other liabilities to which the Series A Preferred Stock is subordinate under applicable law).

- 2) For the purposes of this Liquidation Section, any merger or consolidation of the Cooperative into or with any other corporation or entity, or a sale, conveyance, transfer, license, lease or other disposition of all or substantially all of the assets of the Cooperative, shall be deemed to be a liquidation, dissolution, or winding up of the Cooperative, unless the owners of hold as a group the right to cast at least a majority of the votes of all holders of voting securities of the resulting or surviving corporation or entity on any matter on which any such holders of voting securities shall be entitled to vote.
- 3) For purposes of this Liquidation Section, if any assets distributed to owners upon liquidation of the Cooperative consist of property other than cash, the amount of such distribution shall be deemed to be the fair market value thereof at the time of such distribution, as determined in good faith by the Board of Directors of the Cooperative.

g. Conversion. The Series A Preferred Stock shall not be convertible.

Section 4. Series B. Preferred Stock Issue. The Cooperative reserves 10,000 shares of Capital Stock for the issuance of Series B Preferred Stock. The designations, preferences, and rights of the shares of the Series B Preferred Stock are set forth in this **Article 4 Section 4**.

- a. Voting Rights. Holders of Series B Preferred Stock shall have no voting rights by virtue of holding such shares.
- b. Preferred Dividends. The holders of shares of each series of Series B Preferred Stock, pari passu, shall be entitled to receive, when, as and if declared by the Board of Directors as set forth below, out of funds legally available therefor, dividends. Any such dividend shall be declared and distributed among the holders of each series of Series B Preferred Stock pro rata based on the number of shares of such Series B Preferred Stock held thereby. Dividends are cumulative but shall not attract interest.
- c. Payment of Dividends. The Board shall declare and pay dividends annually, unless the Board determines that the Cooperative lacks sufficient capital reserve and working assets to pay them in a given year, in which case the unpaid dividends shall carry over (without additional interest) and be paid at such future time that the Board determines that the Cooperative can pay them.
- d. Redemption. Shares of Series B Preferred Stock may be redeemed by the Cooperative at the election of the Board of Directors in the event a holder moves his, her or its primary residence or domicile outside the

State of North Carolina. In such instance, the transfer of the Series B Preferred Stock to the Cooperative shall be immediately effective, but the Cooperative may make payment to the former holder over and up to a six-month period. A holder of Series B Preferred Stock can require the Cooperative to redeem such stock for the initial face amount of such shares, plus the amount of any accrued, unpaid dividends after 10 years from the date of issuance of such stock. The Board of Directors shall not authorize redemption of any shares of Preferred Stock unless the Cooperative has sufficient capital reserve and working assets, determined by the Board of Directors in its sole discretion pursuant to applicable law.

- e. Transfer Rights. Prior to transferring any Series B, the owner thereof must first offer the Cooperative the right of purchasing such Series B under the same terms as offered to any bona fide third party purchaser not related to the owner, but in no event for a price per share greater than the original purchase price per share of Series B.
- f. Liquidation. The holders of Series B Preferred Stock shall have the following rights upon liquidation:
 - 1) In the event of a liquidation, dissolution, or winding up of the Cooperative, the holders of the Series B Preferred Stock shall be entitled to receive, on a pari passu basis, out of the assets of the Cooperative available for distribution to its Owners (whether from capital or surplus), prior to any payment to the holders of the Common Stock, an amount equal to, with respect to the Series B Preferred Stock, the price paid per share plus all accrued but unpaid dividends for each share. After payment in full of such liquidation preferences, any assets available for distribution shall be distributed to the holders of the Common Stock, and the holders of Series B Preferred Stock shall not be entitled to any further participation in the remaining assets of the Cooperative. If, upon any such liquidation, dissolution or winding up of the Cooperative, the net assets of the Cooperative are not sufficient to pay in full the amounts so payable to the holders of Series B Preferred Stock, the holders of all shares of Series B Preferred Stock shall participate ratably in the distribution of such assets in proportion to their respective full liquidation preferences (subject to the prior payment of liquidation preferences to superior classes of Preferred Stock created by the Board hereafter as well as any other liabilities to which the Series B Preferred Stock is subordinate under applicable law).
 - 2) For the purposes of this Liquidation Section, any merger or consolidation of the Cooperative into or with any other corporation

or entity, or a sale, conveyance, transfer, license, lease or other disposition of all or substantially all of the assets of the Cooperative, shall be deemed to be a liquidation, dissolution, or winding up of the Cooperative, unless the owners of hold as a group the right to cast at least a majority of the votes of all holders of voting securities of the resulting or surviving corporation or entity on any matter on which any such holders of voting securities shall be entitled to vote.

- 3) For purposes of this Liquidation Section, if any assets distributed to owners upon liquidation of the Cooperative consist of property other than cash, the amount of such distribution shall be deemed to be the fair market value thereof at the time of such distribution, as determined in good faith by the Board of Directors of the Cooperative.

g. Conversion. The Series B Preferred Stock shall not be convertible.

Section 5. Series C. Preferred Stock Issue. The Cooperative reserves 10,000 shares of Capital Stock for the issuance of Series C Preferred Stock. The designations, preferences, and rights of the shares of the Series C Preferred Stock are set forth in this **Article 4 Section 5**.

- a. Voting Rights. Holders of Series C Preferred Stock shall have no voting rights by virtue of holding such shares.
- b. Preferred Dividends. The holders of shares of each series of Series C Preferred Stock, *pari passu*, shall be entitled to receive, when, as and if declared by the Board of Directors as set forth below, out of funds legally available therefor, dividends. Any such dividend shall be declared and distributed among the holders of each series of Series C Preferred Stock *pro rata* based on the number of shares of such Series C Preferred Stock held thereby. Dividends are cumulative but shall not attract interest.
- c. Payment of Dividends. The Board shall declare and pay dividends annually, unless the Board determines that the Cooperative lacks sufficient capital reserve and working assets to pay them in a given year, in which case the unpaid dividends shall carry over (without additional interest) and be paid at such future time that the Board determines that the Cooperative can pay them.
- d. Redemption. Shares of Series C Preferred Stock may be redeemed by the Cooperative at the election of the Board of Directors in the event a holder moves his, her or its primary residence or domicile outside the State of North Carolina. In such instance, the transfer of the Series C Preferred Stock to the Cooperative shall be immediately effective, but the

Cooperative may make payment to the former holder over and up to a six-month period. A holder of Series C Preferred Stock can require the Cooperative to redeem such stock for the initial face amount of such shares, plus the amount of any accrued, unpaid dividends after 10 years from the date of issuance of such stock. The Board of Directors shall not authorize redemption of any shares of Preferred Stock unless the Cooperative has sufficient capital reserve and working assets, determined by the Board of Directors in its sole discretion pursuant to applicable law.

- e. Transfer Rights. Prior to transferring any Series C, the owner thereof must first offer the Cooperative the right of purchasing such Series C under the same terms as offered to any bona fide third party purchaser not related to the owner, but in no event for a price per share greater than the original purchase price per share of Series C.
- f. Liquidation. The holders of Series C Preferred Stock shall have the following rights upon liquidation:
 - 1) In the event of a liquidation, dissolution, or winding up of the Cooperative, the holders of the Series C Preferred Stock shall be entitled to receive, on a pari passu basis, out of the assets of the Cooperative available for distribution to its Owners (whether from capital or surplus), prior to any payment to the holders of the Common Stock, an amount equal to, with respect to the Series C Preferred Stock, the price paid per share plus all accrued but unpaid dividends for each share. After payment in full of such liquidation preferences, any assets available for distribution shall be distributed to the holders of the Common Stock, and the holders of Series C Preferred Stock shall not be entitled to any further participation in the remaining assets of the Cooperative. If, upon any such liquidation, dissolution or winding up of the Cooperative, the net assets of the Cooperative are not sufficient to pay in full the amounts so payable to the holders of Series C Preferred Stock, the holders of all shares of Series C Preferred Stock shall participate ratably in the distribution of such assets in proportion to their respective full liquidation preferences (subject to the prior payment of liquidation preferences to superior classes of Preferred Stock created by the Board hereafter as well as any other liabilities to which the Series C Preferred Stock is subordinate under applicable law).
 - 2) For the purposes of this Liquidation Section, any merger or consolidation of the Cooperative into or with any other corporation or entity, or a sale, conveyance, transfer, license, , lease or other disposition of all or substantially all of the assets of the

Cooperative, shall be deemed to be a liquidation, dissolution, or winding up of the Cooperative, unless the owners of hold as a group the right to cast at least a majority of the votes of all holders of voting securities of the resulting or surviving corporation or entity on any matter on which any such holders of voting securities shall be entitled to vote.

- g. Conversion. The Series C Preferred Stock shall not be convertible.

ARTICLE 5: FINANCES

Section 1. 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. For example, if the application of a policy to a specific circumstance suggests that the equity of a deceased owner should be paid to the owner's estate, the Board of Directors retains the right and power to determine whether to approve the expenditure. 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 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. No person shall have any right whatsoever to require the retirement or redemption of any patrons' equities except in accordance with their term, or of any allocated capital reserve. Any redemption or retirement is solely within the discretion and on such terms as determined from time to time by the Board of Directors of this Cooperative, which may, in making any such redemption or retirement, distinguish natural owners from unnatural owners (corporations, partnerships, LLCs and other business organizations, etc.) and, in doing so, favor natural owners with respect to estate retirements and redemptions at specified ages.

ARTICLE 6: LOANS FROM INDIVIDUALS

Section 1. Issue. The Board is granted authority to obtain loans from individuals and to determine the amount of such loans, the terms and conditions on which the principal will be repaid; and the rate of interest and the terms and conditions on which it will be paid.

Section 2. Early Repayment. The Cooperative by action of its Board may repay the whole or any part of the loans from individuals, at any time on 30 days' notice by repaying the principal and any accrued and unpaid interest.

Section 3. Transfer. Any loan/note from an individual lender may not be assigned but may be transferred only back to the Cooperative; provided, however, in the event of the death of the lender, the loan/note may be assigned to the designated beneficiary of the lender if the designated beneficiary is a resident of North Carolina and , in the event the original lender moves out of North Carolina prior to the loan/note maturing, the lender may either sell it to another North Carolina resident or transfer the loan/note back to the Cooperative.

Section 4. Eligibility. Loan offers will be made only to persons who the Cooperative has reasonable grounds to believe, and does believe, either have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the loan, or are able to bear the economic risks of the loan.

Section 5. Lack of Registration. Loans from individuals are not registered under the Securities Act of 1933, as amended, or the North Carolina Securities Act. Any Loan Agreement with an individual shall bear a legend to that effect.

Section 6. Disclosure. All loan offers shall be accompanied by a statement that describes the Cooperative and the risks associated with the loan.

Section 7. Dissolution. Upon dissolution or distribution of the assets of the Cooperative, all loans shall be repaid before any distribution is made on the issued shares of the Cooperative.

ARTICLE 7: PATRON MEETINGS

Section 1. Powers. All powers of the Cooperative originate from the Patrons of the Cooperative. The Patrons exercise their powers through representatives elected by them known as Directors. The Directors may be recalled and replaced at any time by the will of the Patrons in accordance with **Article 8.**

Section 2. Annual meeting. The annual meeting of the Patrons of the Cooperative shall be held at such time as the Board shall determine, within six (6) months after the close of the fiscal year.

The date of the annual meeting shall be publicly posted at least sixty (60) days prior to the meeting through the Cooperative's newsletter, posting in a public place within the store and other reasonable means.

Section 3. Special meetings. Special meetings of the Patrons of the Cooperative (1) may be called at any time by order of the Board or (2) shall be called at any time upon written request of at least fifteen (15) percent of the then active Patrons. Any such

request shall state the time, place, and purposes of the meeting. No business shall be transacted at special meetings other than that announced in advance.

Section 4. Meetings, generally. Meetings may be conducted by conference call or video conference or other electronic means so long as all Patrons can speak to the group and can hear all deliberations.

Section 5. Agenda of meetings. The agenda shall be established in writing prior to all Patron meetings and shall be included in the notification to Patrons. All items, including candidates for the Board of Directors and advisory questions, must be submitted to the Secretary in writing no less than thirty (30) days prior to the date of the meeting.

Section 6. Notice of meetings. Written or printed notice of all meetings of Patrons shall be given to all Patrons personally, by telephone message or by regular mail or e-mail or other electronic methods at their last known telephone number, address, e-mail address, or other electronic method identification at least ten (10) days, and not more than thirty (30) days, prior to the date of the meeting.

Section 7. Voting. Patrons are entitled to one vote and only one vote at Patron meetings, including matters not constituting formal action of the Patrons of the Cooperative, such as advisory questions, which may be put before the Patrons by the Board or by the initiative of the Patrons.

Only active Patrons shall be allowed to cast votes at Patron meetings. Active Patrons are Patrons for whom the Cooperative has contact information that is currently accurate and who have made at least one purchase in the previous 12 months. In advance of each Patron meeting, the Secretary of the Cooperative or its designated appointee shall prepare a complete list of the active Patrons as of seven (7) days in advance of the meeting, and shall bring that list to that meeting. References elsewhere in these Bylaws to Patrons and their voting rights shall be deemed to refer to active Patrons.

Voting on all matters that Patrons are entitled to vote upon will be accomplished through paper or electronic ballots, or both, as authorized by the Board.

At any regular or special meeting legally called, a written and signed absentee ballot and/or vote on nonbinding advisory questions by any absent active Patron may be submitted if such Patron has been previously notified in writing of the exact motion or resolution upon which the vote is to be taken. Active Patrons represented by ballot or signed vote shall be counted in computing a quorum but only on those questions on which the ballot or signed vote is taken.

Section 8. Quorum. A quorum at a Patron meeting shall consist of 10% of the then active Patrons or 100 active Patrons present or voting by absentee ballot, whichever is less. The Secretary will determine in advance of the meeting the number of active

Patrons required for a quorum. A quorum shall be deemed to be reached by consensus of those active Patrons present. In the event no such consensus is reached, the Secretary shall certify when the quorum is reached. Once the quorum is reached it shall be deemed to be maintained until the meeting is adjourned.

Section 9. Meeting Procedure. Patron meetings shall be presided over by the President of the Board of Directors of the Cooperative. He or she may utilize Robert's Rules of Order for conducting such meetings or such other procedures as are deemed by the President or the Board to be fair and reasonable.

Patron meetings shall be conducted on a consensus basis. For any issue which Patrons are entitled to vote upon, however, any active Patron may require a formal vote. A formal vote shall require a motion, a second and discussion, and shall be determined by a simple majority of those present and authorized to vote, unless otherwise provided herein.

Article 8: Board of Directors

Section 1. General Powers. The Board of Directors (the "Board") shall determine the vision and mission for the Cooperative and set the strategic direction; create policies to ensure ethical operations, legal and financial accountability, and effective management of resources; assess organizational performance; hire, support, and evaluate the General Manager; recruit, select, and educate Board members and leadership; create the policies, structure, and process for its own work; and consider the annual budget presented by the General Manager, the Audit Committee or another person or committee as the Board shall designate and, after any revisions it deems advisable, adopt the same.

Section 2. Responsibilities of Board Members. Individual members of the Board shall:

- a. Attend three-quarters (3/4) of all regularly scheduled Board meetings; give prior notice of absence from Board meetings;
- b. support and affirm the Cooperative's mission statement and strategic and annual plans;
- c. Serve on at least one committee and participate in committee assignments;
- d. assist staff, as requested, in creating and implementing the Cooperative's plans and policies and in securing resources;
- e. act in the best interests of the Cooperative; and
- f. serve as ambassadors for the Cooperative to the community.

Section 3. Conflicts of Interest. Members of the Board and staff shall abide by a Conflict of Interest policy established by the Board.

Section 4. Number and Composition. The general powers to manage the affairs of the Cooperative are delegated by the Patrons to the Board of Directors.

- a. Worker Board Member. There shall be one member of the Board of Directors elected by the worker Patrons.
- b. Elected Board Members. There shall be a minimum of nine and maximum of eleven members of the Board of Directors elected by the Patrons at the annual meeting.
- c. Appointed Members. Up to five members of the Board may be appointed at the discretion of the Board of Directors.
- d. Community Board Members. There shall be a minimum of one community member of the Board of Directors. A community member shall be a current or former resident of the Northside Community with ties to the community.
- e. Maximum Number of Board Members. There shall be no more than 17 total members of the Board of Directors. At no time shall the Board of Directors have more than one-third (1/3) of the Board composed of worker Patrons.
- f. General Manager. The General Manager of the Cooperative may not be a member of the Board of Directors, including, without limitation, the Worker Board Member.

Section 5. Eligibility. All Board members must be active Patrons of the Cooperative.

Section 6. Selection of Board Members. Elections shall occur through an open and fair manner to be determined by policy of the Board of Directors and said policy shall be provided to all Patrons no less than thirty days prior to the first deadline established in that policy. The Board of Directors shall conduct all elections.

- a. Worker Board Member. Worker Board member shall be elected by the worker Patrons at a meeting of the worker Patrons held within fourteen (14) days of the date of the annual meeting of the Cooperative by vote of more than a majority of worker Patrons present or represented by signed absentee ballot. Any worker who is an active Patron of the Cooperative may serve as a worker Board member.
- b. Elected Board Members. Elected Board members shall be elected at the annual Patrons' meeting by a simple plurality of Patrons present or represented by signed absentee ballot. Any active Patron of the Cooperative may serve as an elected Board member.

- c. Appointed Members. Appointed members may be appointed at any time by a simple majority vote of the Board.

Section 7. Term of Office. Elected Board members and worker Board members shall serve three-year terms, beginning immediately following the close of the annual meeting at which they are elected and ending when their successors assume office, except that the initial Board shall serve terms which may be less than three years. Elected Board and appointed members will be assigned into roughly even parts who will serve staggered terms as established by the Board of Directors.

No member of the Board may serve more than two consecutive terms, including partial terms longer than one year. After a one year lapse of membership on the Board, any such Board member may serve as a Board member again.

Section 8. Removal of Board Members. Any member of the Board may be removed from office for conduct contrary to the Cooperative or failure to follow Board policies by a vote of a majority of the active Patrons or by a vote of two-thirds (2/3) vote of the remaining Board members. The Board may also remove a member for two consecutive absences or for a third missed meeting within one year, by a two-thirds (2/3) vote of the remaining Board members. Notice for any meeting at which a member of the Board is removed must be provided to all members of the Board at least ten days in advance and include notice of the proposed action, as well as to properly indicate the date, time and place of the meeting.

Section 9. Vacancies. In the event of any vacancy of any Board members through death, resignation, or other cause, the remaining members of the Board may, by a majority vote, select a successor to fill the seat until the next Annual Meeting, at which time a Board member shall be elected to complete the term of the Director whose place was vacated. Such elected Board member will assume office immediately following the close of the annual meeting.

Section 10. Duties of the Board. The duties and powers of the Board shall include all those given a corporation under the laws of North Carolina, consistent with the laws of the United States and with the Cooperative's Articles of Incorporation and Bylaws.

Section 11. Compensation of the Board. Board members will, during their term of service, receive the same discount benefit as workers in the store.

Article 9: Meetings of the Board of Directors

Section 1. Place of Meetings. The meetings of the Board may be held at the offices of the Cooperative or at any place that a majority of the Board may from time to time select.

Section 2. Regular Meetings. The Board shall meet at least eleven times a year at a date, time and place determined by the Board. Board meetings may be rescheduled at least 10 days prior to the meeting, providing that a majority of the Board members agree. The notice and agenda for regular meetings of the Board shall be delivered to each member of the Board by any usual means of communication, including by electronic means, to each director at his/her address as shown on the records of the Cooperative or any other appropriate and effective means not less than five days before the meeting. If a rescheduled meeting causes a Board member to be unable to attend, that absence will not count for purposes of **Article 8 Section 8**.

Meetings shall be open to all Patrons unless the Board decides to go into executive session regarding confidential or proprietary 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 or contract, be considered confidential.

Meetings may be conducted by conference call or video conference or other electronic means so long as all Board members can speak to the group and can hear all deliberations.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or by any three members of the Board of Directors. A notice including date, time, place and items to be transacted shall be delivered by the person(s) convening the meeting. Only business contained in the notice shall be transacted except by unanimous consent of the Directors present at the meeting. Such notice shall be delivered to each member of the Board by any usual means of communication, including by electronic means, to each director at his/her address as shown on the records of the Cooperative or any other appropriate and effective means and shall be posted in a public place within the store not less than 10 days before special meetings.

Special meetings may be conducted by conference call or video conference or other electronic means so long as all Board members can speak to the group and can hear all deliberations.

Section 4. Quorum. A majority of Board members then in good standing shall constitute a quorum for the transaction of business at any meeting of the Board.

Section 5. Official acts of the Board. Board meetings shall be conducted on a consensus basis; however, for any issue any Board member may require a formal vote. A formal vote shall require a motion, a second and discussion, and shall be determined by a simple majority of those present and authorized to vote.

When a vote is taken, a majority of the Board members shall decide the question and the vote shall be recorded with the yeas and nays of each Board member or the unanimous approval thereof in the minutes of the Cooperative.

Any action taken at a regular or special meeting may be taken by written ballot, which may be submitted by electronic means.

Action taken by a majority of the Board without a meeting is nevertheless Board action if written consent to the action in question is signed by each member of the Board of Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken. A director's consent to action taken without a meeting may be in electronic form and delivered by electronic means.

If a meeting of the Board otherwise valid is held without proper call or notice, action taken at such meeting otherwise valid is deemed ratified by a Board member who did not attend unless promptly after having knowledge of the action taken and of the impropriety in question he or she files with the secretary or assistant secretary of the Cooperative his or her written objection to the holding of the meeting or to any specific action so taken.

Section 6. Executive Session. The Board may choose to meet in executive session as needed.

Section 7. Delegation of Duties. Whenever an officer is absent or whenever for any reason the Board may deem it desirable, the Board may delegate the powers and duties of an officer to any other officer or officers or to any Board member or members.

Section 8. Waiver of Notice. A Board member may waive in writing or by electronic mail notice of a regular or special meeting of the Board either before or after the meeting, and his or her waiver shall be deemed the equivalent of giving notice. Attendance of a Board member at a meeting shall constitute waiver of notice of that meeting unless he or she attends for the express purpose of objecting to the transaction of business because the meeting has not been lawfully called or convened.

Section 9. Informal Action. When time is of the essence and if a quorum of the Board responds in writing to a request for action to be taken by the Cooperative, and all of those responding vote in the affirmative, and the writing or writings evidencing their consent are filed with the Secretary of the Board of the Cooperative, the action shall be as valid as though it had been authorized at a meeting of the Board.

Article 10: General Manager

Section 1. Selection. The Cooperative shall have a General Manager for the Cooperative store who shall be selected by the Board. The General Manager may be

removed with or without cause by a majority of the current Board members at any meeting, the notice for which shall include such purpose.

Section 2. Compensation. The Board shall annually review and set the compensation and other benefits for the General Manager.

Article 11: Officers

Section 1. Officers. The officers of the Cooperative shall consist of a President, Vice-President, a Secretary and a Treasurer, and such Assistant Treasurers, Assistant Secretaries, and other officers as may from time to time be appointed by a majority of the Board of Directors.

Section 2. Election. Officers shall be elected by the Board as the first item of business at the first meeting of the Board following the annual meeting. The current President shall prepare the meeting agenda and preside during the election of the incoming President, unless the Board, by a majority vote, appoints another Patron of the Cooperative to preside during the election of the incoming President. The incoming President shall assume office immediately following her or his election and preside over the remainder of the meeting, including the election of other officers. Each officer shall assume office immediately following her or his election and serve a one-year term ending when their successors assume office.

In the event that the current President is no longer a member of the Board following elections at the annual meeting, the current Vice President shall act in his or her place as described in this section above. Further, if neither the current President nor the current Vice President are members of the Board following the annual meeting, the current Treasurer shall act in place of the current President as described in this section above.

Further, if none of those three officers is a member of the Board following elections at the annual meeting, the current Secretary shall act in place of the current President as described in this section above.

Section 3. Qualifications. Each officer shall be an elected member of the Board. The General Manager is not eligible to be an officer of the Cooperative.

Section 4. Compensation. Officers of the Cooperative shall serve without compensation other than that provided for in **Article 8 Section 11** for their duties as officers. It is recognized that an officer may also be a worker of the Cooperative and may be compensated as a worker of the Cooperative.

Section 5. Removal. Any officer may be removed from office with or without cause by a two-thirds (2/3) vote of the current Board members at any meeting, excluding the officer, the notice for which shall include such purpose.

Section 6. President. The president shall maintain the integrity of the Board's process and compliance with its own rules and as such will also be the Chair of the Board and preside at meetings of Patrons and at Board meetings. The President shall appoint the chairs of all standing and ad hoc Board committees in accordance with **Article 12**; shall, with input from other Directors, develop an agenda for monthly meetings; shall create an annual Board calendar; and shall be an ex-officio member of all standing committees.

Section 7. Vice-President. The Vice-President shall remain attentive to and knowledgeable about the business and other affairs of the Cooperative so that he or she would be able competently at any time to assume the duties of the office of President. If the president should be absent either from a Board meeting or a meeting of the Patrons, the Vice-President shall preside at such meeting. If a vacancy in the office of the President should occur or if the President should become unable to perform his or her duties, the Vice-President shall assume the duties of the office of President until such time as a president is elected by the Board.

Section 8. Treasurer. The Treasurer shall ensure the Board develops, approves and abides by a budget specifically for Board authorized expenses incurred in the course of completing the Board's work.

Section 9. Secretary. The secretary shall attend all meetings of the Board and the annual meeting, ensure that minutes of same are recorded and that copies are filed in the Cooperative's office, and distribute them in a timely fashion to members of the Board and interested members of the community.

The secretary will be responsible for the integrity of the documents of the Cooperative keeping on file all the most current versions of policies and Bylaws. The secretary shall perform such other duties as may be required of him or her by the Board, including the duties of treasurer if that position is not filled.

Section 10. Other Officers. Assistant Treasurers and/or Assistant Secretaries shall, in the absence or disability of the Treasurer or Secretary, respectively, perform the duties and exercise the powers of those offices and shall, in general, perform such other duties as shall be assigned to them by the Treasurer or the Secretary, respectively, or by the President.

Section 11. Limitation. Neither the General Manager nor any officer of the Cooperative shall obligate the Cooperative beyond the limit of items in the Board-adopted budget without specific authority in writing from the Board.

ARTICLE 12: Committees

Section 1. Appointments of Committee Chairs. The President shall appoint the chairs of all standing committees and ad hoc Board committees from the membership of the Board or other active Patrons of the Cooperative. This Section does not apply to the Executive Committee.

Section 2. Membership. The President, in consultation with the Chairs of the committees, shall select the other members of each committee. There shall be at least one Board member on each committee. Members of committees shall be active Patrons of the Cooperative. There shall be a minimum of one community member on each committee, except the Executive Committee. A community member shall be a current or former resident of the Northside Community with ties to the community. Unless otherwise designated in these Bylaws or determined by the Board, the term of committee membership for the committee chair and committee members shall be one year.

Section 3. Standing committees. The standing committees shall include an Executive Committee, a Finance Committee, a Governance Committee, an Enterprise Committee, and a Community Engagement and Marketing Committee.

Section 4. Executive Committee. The Executive Committee shall be comprised of the President, Vice President, Treasurer, and Secretary. The Executive Committee will set the agenda for the meetings of the Board of Directors, provide guidance to the Board of Directors on matters coming before it, and undertake such other duties as may be assigned and approved by the Board of Directors. The Executive Committee may meet at anytime as set by the President, so long as a quorum is present at the meeting.

Section 5. Ad Hoc Committees. Ad hoc committees may be established when deemed advisable by the President with the consent of the Board. Ad hoc committees may be disbanded by the President or the Board for any reason at any time.

Section 6. Approval. All recommendations made by committees must be approved by the Board prior to implementation.

Section 7. Removal of Committee Members. Committee members may be removed from any committee for any reason at any time by the President or by a majority of the Board.

Section 8. Committee Meetings. Each Committee shall meet as often as necessary to perform its duties at such times and places as directed by its chair, by the President, or by the Board of Directors. A majority of the members of the Committee shall constitute a quorum of such Committee, and the act of a majority of the members present at a meeting at which a

quorum is present shall be the act of the Committee. Each Committee shall make periodic reports and recommendations to the Board of Directors.

The notice and agenda for Committee meetings shall be delivered to each committee by any usual means of communication, including by electronic means, to each director at his/her address as shown on the records of the Cooperative or any other appropriate and effective means not less than five days before the meeting.

Any action taken at a Committee meeting may be taken by written ballot, which may be submitted by electronic means.

Meetings may be conducted by conference call or video conference or other electronic means so long as all Committee members can speak to the group and can hear all deliberations.

ARTICLE 13: Discrimination Prohibited

The Cooperative will not discriminate, nor will it permit discrimination on its behalf, on the basis of race, color, gender, religious beliefs, national origin, political beliefs, disabilities, sexual orientation, or marital status in the process of hiring, appointing, creating supplier contracts, or in administering any other personnel or administrative policies.

ARTICLE 14: Miscellaneous Provisions

Section 1. Seal. The seal of the Cooperative shall be in such form as may be approved from time to time by the Board. Such seal may be an impression or stamp and may be used by the officers of the Cooperative by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced. In addition to any form of seal adopted by the Board, the officers of the Cooperative may use as the corporate seal a seal in the form of a circle containing the name of the Cooperative and the state of its incorporation (or an abbreviation thereof) on the circumference and the word "Seal" in the center.

Section 2. Fiscal Year. The fiscal year of the Cooperative shall be determined by the Board of Directors.

Section 3. Indemnification of Board Members. To the fullest extent permitted by law, the Cooperative shall indemnify each person who has, does or will serve as a Board member or officer of the Cooperative and their heirs and personal representatives against any and all costs and expenses, including but not limited to, counsel fees, judgments paid, and amounts paid in settlement, that are actually and reasonably incurred in connection with the defense of any claim, action, suit, or proceeding, whether civil, criminal, administrative or otherwise in nature, in which he or she may be involved by reason of being or having been a Board member or officer of the Cooperative.

No indemnification shall be made as to matters which such Board member or officer shall be adjudged in any action, suit or proceeding to be liable for his or her own fraud or conscious misconduct in the performance of a duty to the Cooperative or a duty under federal or state laws. A conviction or judgment, whether based on a plea of guilty or nolo contendere or its equivalent, or after trial, in a criminal action, suit or proceeding shall not be deemed an adjudication of liability for fraud or conscious misconduct in the performance of duty to the Cooperative, if such officer or Board member acted in good faith in what he or she considered to be the best interests of the Cooperative.

Section 4. Effective Date of Notice/Notice by Electronic Means. Written notice shall be effective at the earliest of the following: (a) when received; (b) five (5) days after its deposit in the United States mail, as evidenced by the postmark, if mailed with postage thereon prepaid and correctly addressed to the Patron's address shown in the Cooperative's current records; (c) on the date shown on the return receipt, if sent by certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee; or (d) on the date sent by the Cooperative to such Patron in the form of an electronic record.

Notice by the Cooperative to such Patron in the form of an electronic record sent by electronic means shall be effective on the date sent when addressed properly or otherwise directed to an information processing system that such Patron has designated or uses for the purpose of receiving electronic information of the type sent, is in a form capable of being processed by that system, and enters an information processing system outside the control of the sender or enters a region of such a system which is under the control of such Patron.

Section 5. Electronic Transactions. The Cooperative may conduct any transaction or transactions by electronic means, and this provision shall constitute the agreement by the Cooperative, its Patrons and the Board of Directors to the conduct of transactions by electronic means.

Section 6. Definitions. Unless the context otherwise requires, terms used in these Bylaws shall have the meanings assigned to them in the North Carolina Business Corporation Act, as incorporated by Chapter 54 of the General Statutes of North Carolina, Subchapter IV, to the extent defined therein.

Section 7. Amendments to Bylaws. These Bylaws may be amended, altered or repealed by the Board upon the action of the President or at least three (3) members of the Board of Directors at any regular or special meeting, provided a copy of the proposed amendment, alteration or proposal for repeal shall have been sent to all Board members along with the notice of the meeting. Upon the written request of at least fifteen percent (15%) of the Patrons, these Bylaws may be amended, altered or repealed at the annual meeting of the Patrons or at a special meeting called by the Patrons for the sole purpose of altering the Bylaws and the affirmative vote of a

majority of then active Patrons is required to effect changes to the Bylaws.

Section 8. Records. Any records maintained by the Cooperative in the regular course of its business, including its stock ledger, books of account and minute books, may be in written form or in another form capable of conversion into written form within a reasonable time.

The Cooperative shall so convert any records so kept upon the request of any person entitled to inspect the same. The Cooperative shall maintain at its principal office the following records: (a) Articles of Incorporation or Restated Articles of Incorporation and all amendments thereto; (b) Bylaws or Restated Bylaws and all amendments thereto; (c) resolutions by the Board creating classes or series of shares and affixing rights, preferences or limitations to shares; (d) minutes of all Patron meetings or action taken without a meeting for the past three (3) years; (e) all written communications to Patrons for the past three (3) years, including financial statements; (f) a list of the names and business addresses of its current Directors and Officers; (g) minutes of all Board and committee meetings; and (h) the Cooperative's most recent annual report.

Adopted this the 14th day of September, 2020.

Jordyn Appel

Jordyn Appel (Sep 14, 2020 13:54 EDT)

Jordyn Appel
Secretary of the Board