



# BY-LAWS of MAIN MARKET CO-OP

## ARTICLE I - NAME AND PURPOSE

### 1.1 Name and Location:

The name of the organization is Main Market Co-op (“MMC”). The principal office is located at 44 West Main Ave., Spokane, Washington, 99201.

### 1.2 Purposes:

The purposes for which this Cooperative is formed are:

**1.2.1.** To establish and operate a retail consumer food cooperative that strengthens the local food system and educates the public through the sale of sustainable foods and services to its members and other consumers.

**1.2.2.** To engage in all such activities as are incidental or conducive to attainment of the purpose provided above, and to exercise all powers now or hereinafter permitted by the State of Washington for corporations formed under the Miscellaneous and Mutual Corporations Act, Chapter RCW 24.06 as it now exists or as hereafter amended.

**1.2.3.** The foregoing enumeration of purposes shall not be held to limit or restrict in any manner the general powers conferred on this Cooperative by the laws of the State of Washington, all of which are hereby expressly claimed. This corporation shall be operated on a cooperative basis for the mutual benefit of its members as patrons of the Cooperative.

### 1.3 Fiscal Year.

The fiscal year of the Cooperative shall begin on the first day of January of each year.

## ARTICLE II - MEMBERSHIP

### **2.1. Eligibility for Active Membership:**

Any individual may become an active (voting) member of Main Market Co-op. Main Market Co-op does not discriminate on social or political grounds, or on the basis of race, creed, age, sex, handicap, sexual preference or marital status. Provided, to be accepted as an active Member and to maintain active status, Members must agree to and shall:

**2.1.1.** Comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any and all rules, regulations, and resolutions adopted by its Board of Directors (hereinafter called the "Board");

**2.1.2.** Pay the applicable membership fee as established by the Board and stay current on other financial obligations to the Cooperative; and

**2.1.3.** Be approved for membership by the Board; and

**2.1.4.** Notify MMC of any address changes within six months of the change.

### **2.2 Membership Rights.**

Members-owners have the right to elect members of the Cooperative's Board, to attend announced public meetings of the Board, to receive notice of and attend membership meetings, and to petition as described in these bylaws. Each member-owner shall have one vote and no more on all matters submitted to member-owners. The rights of member-owners shall apply only to active member-owners in good standing (see 2.5 below). All rights and responsibilities of member-owners 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 of the Board.

**2.2.1** Membership and membership rights in this Cooperative is not transferable.

**2.2.2** Each active member shall have the right to serve on the Board of Directors, to vote in elections to select the Board of Directors, to vote in elections to recall any or all of the Directors and to apply to serve on any Committee on which non-Board members are eligible to serve.

**2.2.3** Each active member shall have the right to petition to amend the bylaws or submit an initiative to the active membership for vote. Such petitions and initiatives must be signed by 25 members, including the member proposing the amendment or issue for a vote of the full membership.

2.2.4 Each active member shall have the right to cast one vote on all matters presented to the membership for voting at membership meetings and in all instances where the Board of Directors orders member balloting. Member balloting may be performed by mail, by secure electronic ballot, at membership meetings, or other means as determined by the Board.

2.2.5 Members shall have the right to request from the Cooperative, the following:

2.2.5.1 Yearend operating and other financial reports, for the Cooperative's previous three fiscal years; and

2.2.5.2 The minutes of any prior member meeting; and

2.2.5.3 Adopted annual budgets; and

2.2.5.4 Monthly or other periodic or special operating and financial reports submitted by management to the Board of Directors; and

2.2.5.5 Formal audit reports rendered periodically by independent auditors; and

2.2.5.6 Information relevant to a member's capital account.

2.2.6 The Board shall adopt a policy under which Members shall have the right to attend and participate in the public portion of Board meetings, but the policy shall recognize that at times the Board should meet in executive session to discuss or act on matters involving proprietary or commercial information, personnel, labor agreements, legal disputes and other similar matters requiring that the Board meet in executive session.

2.2.7 The Board reserves the right to deny such requests, if they are deemed to be detrimental to the interests of the co-op.

### **2.3 Termination of Active Membership.**

Membership may be terminated in any of the following ways:

2.3.1 Voluntarily, by resignation, at any time upon written notice to MMC; or

2.3.2 By failure to comply with the requirements and qualifications set forth in paragraph 2.1; or

2.3.3 By death of a member; or

**2.3.4** For other reasonable and sufficient cause, by a two-thirds vote of the Board of Directors, after a fair hearing at which the member has the opportunity to speak and present evidence.

**2.3.5** Termination of membership shall not relieve a former member of accrued debts owed to the MMC.

**2.3.6** Upon voluntary or involuntary termination of membership, the Cooperative shall:

**2.3.6.1** Redeem any non-voting, non-transferable capital stock, owned by the Member for consideration, which is equal to, in dollars, the sum originally paid for said stock. Such stock shall be redeemed not longer than 60 days after the membership is terminated, unless the Board, in its sole discretion, determines that redemption of a terminated member's non-voting, non-transferable capital stock within 60 days would have a significant adverse impact on the financial condition of the Cooperative, in which case the Cooperative may elect to redeem such stock over a period of up to 4 years.

**2.3.6.2** Pay to any active Member, the amount of any capital credit, if any, due from the Cooperative to such member, in the same order and in the same amounts as would have been paid had the membership not been terminated.

#### **2.4 Affiliate Memberships:**

The Board may, in its discretion, authorize other individuals, persons and organizations desiring to support the activities of MMC to be "Affiliate Members" of the Corporation, provided that such members shall have no voting rights or property interest in the corporation.

### **ARTICLE III - ACTIVE MEMBER CAPITAL CONTRIBUTIONS; CAPITAL CREDITS.**

#### **3.1 Operation at Cost:**

In making goods or services available to Members, the Cooperative shall at all times be operated on a non-profit cooperative basis for the benefit of its Members. The Cooperative is and shall be obligated to account on a patronage basis to all of its members for all amounts received on account of the sale of goods and services. The obligation of the Cooperative to account to Members shall be to establish a capital account for each active Member and to allocate to each Member's capital account all amounts over and above the operating expenses of the Cooperative in furnishing goods and services to members, including, without limitation, depreciation on property, losses, salaries, wages, insurance, taxes and interest on moneys owing from the Cooperative. With

respect to amounts withheld or collected from the members for the Revolving Fund (as hereinafter provided), any amounts credited to such Revolving Fund out of amounts which would otherwise be payable to members in cash shall have the same status as though they had been paid in cash in pursuance of a legal obligation to do so and the members had furnished corresponding amounts for capital of the Cooperative.

### **3.2 Membership Capital:**

Funds for carrying on the business of the Cooperative shall be obtained by retaining net margins from sales, from the collection of dues or assessments based on patronage, or by collecting from Members for the Cooperative's use such amounts (called "Capital Contributions") as shall be determined by the Board in its discretion from time to time. Amounts so retained or collected from members shall be credited to a capital fund (called the "Revolving Fund"). The Revolving Fund shall constitute, together with such other funds as shall be established by the Cooperative, the membership capital of the Cooperative. The Members shall be credited on the books of the Cooperative with the amounts retained or collected from them respectively (called "Capital Credits").

### **3.3 Capital Credits Represent Indebtedness:**

Capital Credits shall be deemed to be indebtedness of the Cooperative to the Members to who credited, to be paid solely and exclusively in the discretion of the Board of Directors upon the conditions and at the time or times as they may determine. No interest shall be payable on or in respect of the Capital Credits.

### **3.4 Capital Credit Statements:**

As soon after conclusion of each fiscal year as may be conveniently done, there shall be mailed or delivered to each member a statement showing the amount retained or collected from and credited to such member during the preceding fiscal year from the Revolving Fund. The statement shall be in such form and contain such other information as the Board shall prescribe.

### **3.5 No Segregation of Funds:**

The moneys retained or collected for the Revolving Fund may be commingled with and used for any corporate purposes, as other moneys belonging or coming to the Cooperative, and nothing herein contained shall be deemed to require that any specific moneys or funds be physically segregated, or designated, or marked, or set apart, or held for the Revolving Fund, nor shall the Revolving Fund be deemed a trust fund held for the owners of Capital Credits. The liability represented by Capital Credits shall at all times be junior and

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subordinate to all other obligations and indebtedness of the Cooperative.

### **3.6 Funds Subject to Rights of Creditors:**

Without regard to any other provision of these bylaws and without regard to how created, evidenced or certified, all property and assets standing to the credit of any Revolving Funds or other special funds created pursuant hereto while held and retained by the Cooperative shall be subject to the rights and claims of its creditors and to the payment of its debts, liabilities and obligations and may be mortgaged or pledged in the same manner and to the same extent as its general property and assets, and shall be subject to distribution in whole or in part only as and whenever determined by the Board of Directors in its discretion.

## **ARTICLE IV - CAPITAL STOCK**

### **4.1 Non-Voting, Non-Transferable Capital Stock:**

The Board of Directors may issue non-voting, non-transferable capital stock, with a dividend rate fixed at the time of issuance, and with or without par value. Dividends on preferred shares shall not be cumulative. Purchase of said stock shall constitute an agreement by the purchaser to sell back to the cooperative said stock for consideration, which is equal to, in dollars, the sum originally paid for said stock. Except as provided in paragraph 2.3.6.1, the Agreement to repurchase capital stock shall be exercisable at the option of and in the sole discretion of the Cooperative. The Board of Directors may enter into agreements with the purchasers of such stock regarding the timing of purchase and redemption of said stock, reserving the right to delay payment based on the financial health of the cooperative.

**4.1.1** There shall be no preemptive rights resulting from ownership of any capital stock of this cooperative.

**4.1.2** The Membership may at any time prohibit the Board of Directors from further issuing of non-voting, non-transferable stock, but may not otherwise interfere with the sale or redemption of stock by the Board.

**4.1.3** Stock may be sold publicly to only Washington state residents as an internal member-only offering.

**4.1.4** The cooperative may issue up to One Hundred Thousand (100,000) shares of stock.

**4.1.5** In matters covered under Section 24.06.120 RCW, stockholding members shall receive no additional voting power other than their membership vote, although by law, they must be allowed to vote, even if their membership is not “active.”

#### **4.2 Subscription Forms:**

Subscription forms for the purchase of capital stock shall include in writing the provisions of this Article, and the provisions of paragraph 2.3.6.1 and Article VII of the Articles of Incorporation, or their reasonable equivalent. Signature of the purchaser on said form shall constitute agreement to all provisions stated therein. Stock certificates shall have the word “Non-transferable” printed prominently on the face thereof, along with the sale/redemption price and dividend rate.

### **ARTICLE V - MEMBER MEETINGS**

#### **5.1 Annual Meetings:**

Annual membership meetings shall take place in the State of Washington within six months of the end of each fiscal year, otherwise at such time and place as the Board of Directors shall designate. The purpose of the meetings shall be to report to members on the operations and finances of MMC, and to conduct voting for vacancies or expired terms on the Board of Directors, and other issues properly submitted to a vote of the members.

#### **5.2 Special Meetings:**

Special Membership Meetings may be called at any time by the written request of the President of the Board or by written request of 20% of the Active Members, provided that the request specifies the purpose(s) of the meeting and follows the requirements for notice under this article.

#### **5.3 Meeting Notice:**

The President or Board of Directors, when calling an annual or special meeting of the members, shall cause to be delivered to each active member, either personally, by postal mail or electronic transmission, not less than 60 nor more than 30 days before the meeting, written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Determination of Active Member status for notice purposes shall be as of the date that notice is sent to members. Notice of the annual meeting or of any special meeting shall be posted in the MMC store. The failure of any Member to receive notice of an

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annual or special meeting shall not invalidate any action which may be taken at any such meeting provided a quorum is present.

#### **5.4 Quorum:**

A quorum of the Membership for voting shall be 25% of Active Members, as determined on the first day of the month in which the meeting is held. The obligation to hold an Annual Meeting shall be fulfilled even though a quorum is not present if the Annual Meeting is held after notice is provided as stated in this article.

Decisions by the Membership, other than the election of the Board of Directors, a quorum having been established, shall be accomplished by a two-thirds (2/3) majority of those Members voting. Each Active Member shall be entitled to one vote upon each matter submitted to a vote.

#### **5.5 Voting:**

A vote of the active members will be accomplished through paper or electronic ballots, or both, as authorized by the Board. Unless otherwise specified in these bylaws, notice of the vote shall be posted in a conspicuous place at the Co-op and communicated by written notice delivered to members' postal or electronic address not more than fifty (50) nor less than fifteen (15) days prior to the end of the election period. Proxy voting is not allowed.

### **ARTICLE VI - BOARD OF DIRECTORS; ELECTION AND SELECTION; MEETINGS**

#### **6.1. Number of Directors:**

The Board of Directors shall consist of a minimum of five (5) and a maximum of seven (7) individuals elected by MMC's membership. Each member must be a member in good standing of Main Market Co-op, and may not presently be an employee of the business.

#### **6.2. Length of Terms:**

Directors shall serve three-year terms and shall be limited to no more than two consecutive terms. After one year off, a board member may be once again voted in by the membership. The Directors' terms will be staggered so that up to four are elected each year. Director terms begin 30 days following a successful vote by the membership.

#### **6.3. Meetings, Minutes and Quorum:**



The Board shall hold a regular meeting once in each of at least 10 months per year. Two-thirds of the sitting Directors of the Board of Directors shall constitute a quorum at any meeting of the Board of Directors. If at any meeting of the Board of Directors there should be less than a quorum present, the majority of those present may adjourn the meeting from time-to-time until a quorum is present. At an adjourned meeting any business which might have been transacted at the meeting originally called may be transacted without further notice thereof. Minutes of Board meetings shall be kept by the Board and made available to MMC members. Special meetings of the Board can be called and organized by the Board President or three (3) Board members with at least three (3) days notice to all Board members and clearly stated purpose. The general policy of the cooperative is that attendance at all Board meetings by the membership shall be permitted. Notwithstanding the forgoing, no member shall be entitled to attend an executive session convened by the Board. The Board shall adopt a member attendance policy to define the forgoing.

#### **6.4. Notice of Meetings:**

The board shall hold regular and special meetings at such time and place as it shall determine, and all Directors shall be notified in writing of said meeting at least five (5) days in advance of the meeting, unless the Board agrees to shorter notice. The Board will provide reasonable notice of all regular board meetings to members. Attendance at any meeting constitutes waiver of notice of that meeting. Meetings shall be open to all members 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 Co-op's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential.

#### **6.6. Board Elections:**

Directors shall be elected or re-elected by the members casting votes at annual meetings. Only active members will be considered for candidacy for the Board of Directors. Directors will be elected by a simple majority of the votes cast at the annual membership meeting.

#### **6.7. Vacancies:**

Any vacancy on the Board of Directors arising other than by expiration of the term of office, shall be filled by a majority vote of the remaining directors; provided, however, that any director so elected must be an active member. The newly voted director serves the balance of the term vacated, and can run for re-election at its termination.

### **6.8. Conflict of Interest:**

A director shall as soon as practicable disclose their interest in any contract or proposed contract with MMC, and shall not vote on any question with respect to the contract or proposed contract. Directors shall not be remunerated for services performed on behalf of MMC. Directors may be reimbursed for reasonable expenses incurred on behalf of MMC upon the submission of requests for reimbursement with receipts. Directors shall sign the MMC conflict of interest policy each year.

## **ARTICLE VII - BOARD OF DIRECTORS; RESPONSIBILITIES & POWERS; REMOVAL OF DIRECTORS; COMMITTEES**

### **7.1. Board Terms and Ongoing Board Member Qualifications:**

Members of the Board shall be elected for a term of three (3) years for no more than two (2) consecutive terms. Each candidate for the Board shall be an active member of the Cooperative and must sign the MMC conflict of interest policy prior to their name being placed on the ballot. Signing the conflict of interest policy at the beginning of each year of each Board member's term shall be an ongoing qualification to serve on the Board. Board terms shall begin 30 days following election.

### **7.2. Attendance by Directors:**

If a Director has two absences without prior notice to the Board Chair from a regular Board meeting or three absences of any kind without notice during any twelve month period, that Director's seat will be declared vacant at the next regular Board meeting and the vacancy filled as provided in paragraph 7.3. A Director may apply for an extended absence, which the Board may in its discretion approve. With 30 days of notice, the board may in its discretion approve attendance by media platform on a case by case basis.

### **7.3. Removal of Directors:**

Any Director of the Cooperative may, for cause, at any annual or special meeting called for the purpose at which a quorum of the members of the cooperative are present, be removed from office by vote of the majority of the members present. 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 registered 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.

Notwithstanding the forgoing, a Director may be removed for failure to attend the required number of Board meetings by the Board without notice. Vacancies shall be filled by election as provided in paragraph 6.7.

#### **7.4 Committees:**

The Board may appoint special or standing committees to advise the Board or to exercise such authority as the Board shall designate. Advisory committees shall include at least one Director. Committees exercising any authority of the Board shall consist only of Directors and shall conform to all procedural requirements applicable to the Board. The scope of committee work is outlined in Board-approved charters which will include committee duration, member makeup, meeting requirements and essential functions. All committees must have a Director as a chair who regularly reports to the larger board.

#### **7.5. Powers and Duties:**

The Board of Directors shall direct and control MMC's business and affairs in the interests of the members. The Board of Directors' responsibilities shall include, but not be limited to:

**7.5.1.** Establishing standard policies governing the conduct of MMC's affairs;

**7.5.2.** Establishing policies to guide management, employ management, determine the compensation of management, and evaluate the performance of management;

**7.5.3.** Purchasing, selling or leasing real estate or other major assets;

**7.5.4.** Entering into contracts on behalf of MMC and commitment of MMC's resources to meet any contract obligations;

**7.5.5.** Borrowing of funds and pledging MMC's credit and assets to secure any loan made to MMC;

**7.5.6.** Approving management's annual budget;

**7.5.7.** Establishing the amounts and terms of membership fees, and establishing additional qualifications for membership;

**7.5.8.** Accepting or rejecting application for membership;

**7.5.9.** Reviewing and terminating membership for cause;

**7.5.10.** Electing the president, vice-president, secretary, treasurer and other

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officers as needed;

**7.5.11.** During the final year of each Director's term, it shall be the responsibility to serve on a Nominating Committee to recruit candidates to run for election to the Board;

**7.5.12.** Requiring an annual review of MMC's financial statements;

**7.5.13.** Adopting significant and realistic plans for future development and growth, and reviewing and modifying them at regular intervals;

**7.5.14.** Reviewing and making recommendations on any proposed changes in Articles or Bylaws; and

**7.5.15.** Exercising such other powers and performing such other duties and/or responsibilities as may be allowed and/or required by state law.

## **ARTICLE VI - OFFICERS' DUTIES**

### **8.1 Corporate Officers:**

At its first meeting following an election of Directors, and following the installation of new Directors or vacating of an office by an existing Director, the Board, by the affirmative vote of at least 2/3 of the full Board, shall elect from among its members a President, Vice President and Secretary. The board shall also elect a Treasurer with expertise in financial matters, who need not be a member of the Board of Directors, but shall be held to the same confidentiality and conflict of interest standards as an elected Director. Officers shall hold office until their successors are installed, unless they are unable to fulfill their obligations.

### **8.2 Officer Duties:**

The duties of the cooperative's officers are fully outlined in the cooperative's Policy Document.

### **8.3. Other Officers and Agents:**

The Board may appoint as an employee of the Cooperative a Chief Executive Officer, who shall serve at the pleasure of a majority of the Board, and shall be responsible to and report directly to the Board. The Chief Executive Officer shall be responsible for the operations of the Cooperative, including the hiring and firing of personnel, purchasing and disposal of goods, supplies and equipment, financial planning and reporting, and the performance of such other duties as shall be specified by the Board.

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## ARTICLE IX - BYLAWS

### **9.1. Severability:**

In the event that any provision of these Bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed modified to conform to such statute or rule of law without affecting the validity or enforceability of any other provision of these Bylaws.

### **9.2. Amendment of Bylaws:**

These Bylaws may be amended, altered or repealed by the affirmative vote of the Board of Directors at any regular or special meeting of the Board if a notice of the proposed alteration or amendment is contained in the notice of the meeting.

## ARTICLE XX - INDEMNIFICATION

### **10.1. Indemnification:**

MMC shall indemnify its officers, directors, employees and agents to the greatest extent permitted by law. MMC shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of MMC against any liability asserted against such person and incurred by such person in any such capacity arising out of any status as such, whether or not MMC would have the power to indemnify such person against such liability under the provisions of this Article or the Articles of Incorporation.