

**BY-LAWS OF  
GRAIN TRAIN NATURAL FOOD COOPERATIVE, INC.**

**JANUARY 8, 2011**

**ARTICLE I – NAME**

The name of this corporation is Grain Train Natural Food Cooperative, Inc. These By-Laws refer to it as the "Co-op".

**ARTICLE II – ORGANIZATION**

The Co-op is organized on a non-stock, membership basis.

**ARTICLE III – MEMBERSHIP**

- 3.1 **ELIGIBILITY.** Membership is open to all persons who meet the requirements of membership adopted by the Board of Directors, unless the Board has terminated a person's membership. Membership is open without regard to race, color, sex, religion, national origin, sexual orientation, or disability. No member may own more than one membership.
- 3.2 **COST OF MEMBERSHIP.** The Board may require a mandatory contribution or contributions of member capital as a condition or conditions of admission to or retention of membership, including, but not limited to, initial capital contributions, surcharges, and distribution of net savings allocated to members, if any such savings exist.

The Board may also charge non-refundable special assessments and non-redeemable initial or periodic membership fees. The cost of membership may be paid in full, or in installments under a Subscription Agreement, or otherwise, in such amounts and at such times as the Board approves.

Unless prohibited by law, if a membership terminates other than for failure to timely pay the costs of membership, the Co-op shall redeem the initial cost of the membership, and the Co-op may retain a processing fee in an amount to be set by the Board.. If any person who, with Board approval, has elected to pay in installments the initial costs, surcharges or fees of membership fails to pay an overdue installment within thirty days after the Co-op mails a notice of default to the person's last known address by first-class mail, then the Co-op Board may vote to terminate the membership and add to the Co-op's general funds any amounts previously credited to such person's membership capital, and thereafter that person shall have no further rights, including redemption rights, to such amounts.

3.3 **RIGHTS OF MEMBERSHIP.** Members have the following rights:

- a. To vote for the election or recall of members of the Board of Directors.
- b. To vote on proposed bylaw amendments and amendments to the Articles.
- c. To receive the Co-op's services and benefits as determined by the board.
- d. To receive notice of membership meetings.
- e. To present proposals to the Board and to advocate their acceptance.
- f. To obtain information about Board actions and the Co-op's summary financial data by appointment with a manager or director if, after the member submits to the Board a written statement detailing the purpose of such request, the board determines the purpose to be appropriate.
- g. Each membership shall have no more than one vote.

3.4 **TERMINATION OF MEMBERSHIP.** A member may resign by delivering a written resignation to the Co-op's office. The resignation terminates membership upon delivery or at such later date stated in the resignation. The board may terminate a membership for cause if the member violates an agreement with the Co-op, fails to timely pay the cost of membership or works against the Co-op's interests. A Director who ceases to be a member of the Co-op simultaneously ceases to be a Director.

3.5 **NON-TRANSFERABILITY.** Members may not transfer their membership.

3.6 **DETERMINATION, ALLOCATION AND DISTRIBUTION OF NET SAVINGS.** At least once each year, the Co-op shall determine its net savings. Net savings shall be calculated by such person(s) as is/are selected by the Board of Directors, with the calculation being made as described in Section 1135 of the Michigan Nonprofit Corporation Act.

After net savings have been calculated, the net savings shall be allocated and distributed to all patrons of the Co-op pursuant to any reasonable method adopted by the Board of Directors, from time to time. If the Board fails to adopt such a method, then the allocation and distribution shall be according

to Section 1135(3) of the Michigan Nonprofit Corporation Act. Net savings may be paid by the Co-op in cash and/or credit that can be used to purchase merchandise and food at the Co-op. If a member owes the Co-op for the payment of member capital, the Co-op may apply the net savings payable to such member toward the payment of the member capital payable by such member.

#### **ARTICLE IV – MEMBERSHIP MEETINGS**

- 4.1 **ANNUAL MEETINGS.** The Co-op shall hold an annual meeting of members no later than 120 days following the end of the Co-op’s fiscal year at a time and place, within Emmet County, designated by the Board. The agenda shall include at least the following items, in addition to other business properly before the membership:
- Call to order and proof of notice of meeting;
  - Report by Secretary on members in attendance and presence of quorum;
  - Board report;
  - Finance report;
  - Report of condition required by the Consumer Cooperative Act;
  - Election of members of Board of Directors; and
  - Adjournment.
- 4.2 **SPECIAL MEETINGS.** The Board may call special membership meetings to handle specific business. If fifty members or 5% of the membership, whichever is greater, petition for a special membership meeting for specific purposes stated in the petition, the Board shall call a special membership meeting for such purposes and designate the meeting time and place, within Emmet County. A special meeting shall conduct only the business announced in the call to the meeting.
- 4.3 **NOTICE OF MEETINGS.** The Co-op shall give members written notice of annual and special membership meetings, either personally or by mailing the notice of meeting to their last known address, at least ten (10) and not more than sixty (60) days before the meeting. The Co-op shall also post such notice at the entrance of the Co-op at least two (2) weeks prior to the meeting. The notice shall state the time, place and purposes of the meeting. The Co-op may also give notice of membership meetings by prominently displaying and including it in a regular Co-op periodical mailed, at U.S. postal

service postage rates and addressed to members entitled to vote, at least ten (10) and not more than sixty (60) days before the meeting.

- 4.4 **QUORUM.** The presence at a membership meeting of fifty (50) members or ten (10%) percent of the membership, whichever is smaller, constitutes a quorum for the conduct of the meeting; provided that for purposes of determining a quorum, any member who shall have cast an authorized mail ballot shall be considered to be present at the membership meeting where such vote will be tallied. Business may be discussed, but no official actions taken, in the absence of a quorum. No membership vote is valid unless members cast at least fifty (50) ballots either by delivery to the Secretary in person at the meeting or by mail ballot under Article 4.5.
- 4.5 **VOTING PROCEDURES.** The Co-op shall utilize the following voting procedures at membership meetings:
- a. The Co-op shall use secret ballots to elect members of the Board of Directors or for their recall, to amend the by-laws, and on other matters at the discretion of the officer presiding or at the request of five (5) or more members.
  - b. Each member shall have as many votes in the election of directors as there are vacancies to fill.
  - c. Proxy votes are not permitted.
  - d. If authorized by the Board, members may vote by U.S. mail ballot on any matter submitted to a membership vote, in which case the Co-op shall include mail ballots in the written notice of a meeting, which written notice may include a regular Co-op periodical, mailed to members under Article 4.3. Members who vote by mail ballot may exercise that ballot by mailing it to the Co-op sufficiently in advance of the membership meeting to enable it to be tallied at the meeting, or by delivering it to the Co-op's offices before or at the membership meeting.
  - e. A majority of valid votes cast shall decide any issue except as the by-laws otherwise specify.
  - f. In the election of directors, the candidates given the largest number of valid votes cast are elected.
  - g. If the Secretary can determine the intention of the voter, the vote is valid, regardless of the method used to mark the ballot. It does not matter if the ballot was marked by an "X", by a check, by a sticker, by a write-in name, or other method. Blanks and indecipherable ballots are not valid.

- h. At each membership meeting, the Secretary shall register members and provide them with ballots, unless they shall have already voted.
- i. Voting is limited to one (1) vote per membership.
- j. The opening and counting of ballots shall be done by a committee. The committee shall consist of the Secretary, one Grain Train employee (not up for election), and one Grain Train member owner (not up for election) not a member of the Board. The employee and the member owner shall be appointed by the Board.

## **ARTICLE V – BOARD OF DIRECTORS**

- 5.1 **SIZE AND ELIGIBILITY.** A Board of Directors, consisting of five (5) to nine (9) members elected by the membership or appointed by the Board under Article 5.3, shall govern the affairs of the Co-op. No person or person with a family member who has a conflict of interest or a substantial personal or financial interest in the Grain Train shall be eligible to serve on the Board of Directors unless such interest is held in common with all co-op owners. Should a dispute arise regarding whether a conflict of interest exists, the parties shall defer to the Grain Train attorney for an assessment and a final determination on the matter.
  
- 5.2 **POWERS AND DUTIES.** The Board is responsible for establishing and overseeing policies for the Co-op's operations and shall have the power to do all acts on behalf of the Co-op as are necessary and proper for its administration, excepting such powers as the by-laws, Articles of Incorporation or law reserve exclusively to the membership. Without limiting the broad scope of the foregoing, the Board shall be responsible for:
  - a. Electing the President, Vice-President, Secretary, Treasurer and such other officers as the Board deems useful.
  - b. Hiring or appointing such employees, consultants, representatives and agents it deems necessary and granting them appropriate powers and duties.
  - c. Hiring, supervising and discharging the General Manager(s) and an administrative assistant to the Board. The General Manager(s) oversee day to day business operations and shall report to the Board.
  - d. Reviewing and terminating memberships for cause.
  - e. Promulgating policies governing the administration of the Co-op's affairs.
  - f. Establishing standing or ad hoc committees to aid it in formulating policies and procedures, provided that committee-

established policies and procedures are not effective until approved by a vote of the Board.

- g. Overseeing the Co-op's finances, such as ensuring that the books are compiled, or reviewed, and audited by accredited Certified Public Accountants at least every two years; approving bank affiliations, investments and loans; and establishing the cost of membership.
- h. Establishing policies for delivering surplus income, as defined by the Board, to the members.
- i. Filling vacancies on the Board until the next annual membership meeting.
- j. Representing the members' interests to the public, other organizations and governmental bodies.
- k. Ensuring avenues for member/customer input.
- l. Abiding by the Board Code of Ethics.
- m. Enhancing the Corporation's public image.
- n. Taking positions on issues directly related to the purpose of the Co-op.
- o. Ascertaining the opinions and position of leaders concerning cooperatives and environmental issues and publishing those opinions and positions for the information of members of the Co-op.

5.3 **ELECTION AND TERMS OF OFFICE.** The membership elects Directors from the membership for three (3) year terms at annual membership meetings. A Director's term shall continue until a replacement is elected. Members of the Board of Directors must have paid in full memberships at the time of their election. Should a Director's membership lapse during the individual's term of office, the Board shall apply the membership rules stated in Article III, Section 3.2. No limit is placed upon the number of terms a Director may serve. If there is a Board vacancy, the Board may elect a Director to fill it until the next annual membership meeting, at which time the membership shall fill the vacancy for the remainder of the term, if any.

5.4 **REMOVAL OF DIRECTORS.** Members shall judge the performance of Directors and may remove them at their pleasure, with or without cause. The removal shall take place at a membership meeting, provided that notice of the intent to remove is included in the notice of the meeting. In each case, the question shall be put, "Shall \_\_ (name) \_\_ be removed from the Board of Directors?" and a majority of valid votes cast in favor shall remove that Director. The meeting shall provide adequate time for the objects of the removal to provide a defense and for full discussion of relevant points of

view. The Board may remove any Director who during his/her term has been absent, after receiving proper notice, from three or more regular board meetings during the course of one year, but excluding emergency and special meetings. The Board may also remove any Director if the Board determines by 3/4 majority vote (not including the Director in question) that the Director violated an agreement with the Co-op, or worked against the Co-op's interest thereby causing financial harm to the Co-op. Board members facing removal will have adequate time to provide a defense and for full discussion of relevant points of view prior to the vote to remove.

- 5.5 **RESIGNATION OF DIRECTORS.** A Director may resign his/her position by delivering a written resignation to the Co-op's offices. The resignation is effective when the President or the Secretary receives it, or at such later date stated in the resignation. Once effective, a resignation may not be withdrawn. A Director who ceases to be a member of the Co-op simultaneously ceases to be a Director.
- 5.6 **COMPENSATION.** Directors shall receive the same compensation for their services as do other working members.
- 5.7 **REGULAR MEETINGS.** The Board of Directors shall hold regular meetings at least nine (9) times annually. The Board shall set the time, date and place of its meetings. Members may attend meetings except for executive sessions dealing with contracts, employees, real estate transactions or lawsuits.
- 5.8 **SPECIAL MEETINGS.** The President, Vice-President, Secretary or Treasurer may call a special Board meeting to consider specific issues they deem cannot wait for a regular meeting.
- 5.9 **NOTICE.** Directors shall receive notice of Board meetings seven (7) days before the meeting, except for emergencies when the Board may meet to address the emergency with immediate notice. If all Directors are not notified of an emergency meeting, the board at its next regular meeting shall review and ratify any decisions made. The Board may conduct emergency meetings by telephone, if necessary.
- 5.10 **QUORUM AND APPROVAL.** The presence at a Board meeting of a majority of Directors then in office constitutes a quorum. A quorum is required to conduct business. To approve a proposal, a majority of Directors who vote on a proposal must vote in its favor, a quorum being present. A vote taken without a quorum is not valid and shall not be recorded in the minutes.

## ARTICLE VI – OFFICERS

- 6.1 **ELECTION.** At its first regularly scheduled meeting after a Board election, the Board shall elect from its number a President, Vice-President, Secretary and Treasurer and any other officers the Board deems useful, using secret ballot for contested elections. Officers serve for one (1) year or until their successors are elected. Officers may be re-elected. Paid staff members may not serve as officers.
- 6.2 **REMOVAL.** The Board may remove any officer by a two-thirds (2/3) vote.
- 6.3 **PRESIDENT.** The President shall call Board meetings, secure a chairperson/facilitator for Board meetings and establish meeting agendas. The President shall sign documents for the Co-op at the direction of the Board or the membership.
- 6.4 **VICE-PRESIDENT.** The Vice-President shall, in the absence or incapacity of the President, serve and act in the President's place, and undertake such other responsibilities as the President assigns.
- 6.5 **SECRETARY.** The Secretary shall see that minutes of Board meetings are taken, supervise custody of all corporate documents, countersign documents as needed and maintain copies of Board meeting minutes and documents.
- 6.6 **TREASURER.** The Treasurer shall supervise the preparation and accuracy of the Co-op's financial reports, and shall report at least annually to the membership on the financial status of the Co-op.
- 6.7 **OTHER OFFICERS.** Other officers elected by the Board shall have such duties and powers as the Board determines.

## **ARTICLE VII – AMENDMENTS**

- 7.1 **PROPOSAL.** The Board, or the membership by the petition of fifty (50) members or five (5%) percent of the membership, whichever is greater, may propose amendments to these by-laws or to the articles of incorporation. The proposed amendments must be submitted in writing to the Secretary of the Board of Directors no less than two (2) months before the annual General Membership Meeting.
- 7.2 **REFERRAL TO MEMBERSHIP.** The Board shall put all proposed amendments to a vote at a membership meeting. The notice of the meeting shall detail any language to be deleted from, or added to, the by-laws or articles.

- 7.3 **APPROVAL.** Amendments must be approved by a two-thirds vote of members, provided that a quorum is present.

#### **ARTICLE VIII – NON-PARTISANSHIP**

The Co-op will not permit itself to be used for partisan, political, religious or sectarian purposes. Nor will the Co-op endorse candidates, contribute money to any political party or religious group, or take a position on controversial political or religious issues not directly related to the purpose of the Co-op. This clause shall not prevent the Co-op from ascertaining the opinions and positions of political and religious leaders concerning cooperatives and environmental issues and publishing those opinions and positions for the information of the members of the Co-op.

#### **ARTICLE IX – DISSOLUTION**

- 9.1 **VOTE REQUIRED.** The membership may dissolve the Co-op by a two-thirds (2/3) vote at a duly called meeting with a quorum, provided that no such vote is effective unless twenty percent of the members vote on the question either in person or by authorized mail ballot.
- 9.2 **DISTRIBUTION OF ASSETS.** If the Co-op is dissolved, it shall distribute any surplus, after paying debts and expenses and redeeming member capital as allowed by law, to any cooperative, foreign cooperative or nonprofit organization designated by membership resolution.

#### **ARTICLE X — INDEMNIFICATION**

- 10.1 **INDEMNIFICATION.** The Co-op shall indemnify, as fully as possible under Michigan law, any person who is made or threatened to be made a party to any threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, because such person acted as a director or officer of the Co-op or because such person served at the request of the Co-op as a director or officer of any other enterprise, against expenses, attorney fees, judgments, fines, penalties and amounts paid in settlement which that person actually and reasonably incurs in such matter or its appeal. These indemnification rights are not exclusive of any other rights, which such person may have. No repeal or amendment of this Article X shall adversely affect any person's right to indemnification with respect to acts or omissions occurring before the repeal or modification.