



FARE SHARE FOOD COOPERATIVE, INC. BY-LAWS

Submitted by the Board of Directors and Approved by Fare Share Co-op Membership on April 9, 2003.

Amended on March 14, 2015 & December 29, 2018

Article I: Name, Legal Standing, and Fiscal Year

Fare Share Food Cooperative (referred to in these bylaws as “FSFC”) is a cooperative association incorporated under the Consumer Cooperative law of the State of Maine. The fiscal year of FSFC runs from January 1 to December 31.

Article II: Organization

Section 2.1 Purpose and Mission. FSFC is organized to operate a retail grocery store for the primary and mutual benefit of its Member-Owners as patrons of its services. FSFC also owns a building with rental spaces and maintenance costs. The vision of FSFC is to offer a cooperative, welcoming, sustainable, and resilient food hub that educates, inspires, and serves a diverse local community. Our mission is to (1) provide access to affordable local and organic food and health-related products; (2) to serve as a model of cooperative business and sustainability by engaging active Member-Owners, operating with a balanced budget, and supporting local organic growers; (3) to serve as an educational center for promoting the understanding of sustainability, nutrition, and wellness to the larger community; and (4) to serve as a center for community activism by launching and participating in projects and efforts that support the building of a robust local food system, furthers sustainable and regenerative practices, and advocates for policies that support the larger community and creating and supporting work and advocating for policies that make healthy food accessible to people and families in need.

Section 2.2 Cooperative principles. FSFC shall be operated in accordance with the cooperative principles adopted by the 1995 General Assembly of the International Co-operative Alliance, including: (1) voluntary and open membership; (2) democratic member control; (3) member economic participation; (4) autonomy and independence of the Co-op; (5) providing education, training and information; (6) cooperation with other cooperatives; and (7) concern for community.

Section 2.3 Nondiscrimination. FSFC shall not discriminate on the basis of race, color, sex, sexual orientation, gender identity, physical or mental disability, genetic predisposition, religion, age, ancestry, national origin or political affiliation.

Article III: Definitions

1. **Bonding**—“Bonding” of an individual is the purchase by the Co-op of insurance against the risk of financial improprieties by that person.

2. **Consensus**—“Consensus” is defined as the willingness of all parties present and voting to consent to, or adopt as their own, a policy or action concluded by the group. For a consensus to exist in the conduct of official Co-op business, the decision must be stated by the secretary of the meeting in the form to be recorded in the minutes, assented to by all present and voting, and declared as a consensus by the chair. If the Member-Owners do not consent to the form presented by the Secretary, it must be reframed until all the Member-Owners do consent.

3. **Member-Owner in Good Standing**—A Member-Owner is “in good standing” whenever that Member-Owner is current with all dues, fees, work requirements, and other assessments currently in force.

4. **Voting**—For purposes of this document, the term, “voting” as in “voting Member-Owner” and “Member-Owners present and voting” refers to any form of participation in group decision-making, whether by exercising an ordinary vote or by participating in the development of a consensus. A “vote” is the authority to participate in group decision-making or the exercise of that franchise. In Member-Owner meetings, each Member-Owner has a single vote.

a. **Voting by paper or electronic ballot**—Member-Owner families may, as authorized by the Board, vote by paper or electronic ballot in lieu of, or in conjunction with, a Member-Owner meeting. Ballots may be cast beginning on the date

following the notice and conclude at an appointed time, such as at Member-Owner meeting. Ballots shall be disseminated by any means that seem prudent and economical to the Board including, but not limited to, in FSFC, through the mail, email and by electronic voting applications, keeping in mind that not all Member-Owners are online. Wherever a position is contested, election of Directors and officers will be by secret ballot. Prior to the election of Directors, the Member-Owners will appoint a Clerk, from among those Member-Owners not standing for election, to conduct the election and certify the results.

b. Ballots—Ballots can be cast in person into a ballot box at FSFC, sent in through the USPS mail or online via email, or received through online voting software, depending on the method of voting that the Board sets up. Member-Owner families can cast one vote each with required identifying information, which will be checked off against a list of Member-Owners in good standing, and shall be submitted in conformity with instructions on the notice. Casting by paper or electronic ballot shall be equivalent to presence in person at a meeting and shall be counted together with votes cast at a Member-Owner meeting, if one is part of the voting process.

5. General Manager—Refers to a staff person who has executive responsibility and is accountable directly to the Board of Directors.

6. Oversight—The Board carries out its responsibilities for “oversight” of a General Manager when it gathers information on the conduct of Co-op business by the General Manager, uses that information to assess the General Manager’s performance, and based on that assessment,

a. Advises the President on supervision of the General Manager

b. Participates in the General Manager’s evaluation

c. Participates in routine consultations with the General Manager at Board meetings.

7. Post—To display information prominently in an area of FSFC’s principal place of business that is frequented by Member-Owners and on the FSFC website.

8. Supervises—The President “supervises” a General Manager when he or she:

a. Conveys on behalf of the Board the results of the Board's exercise of its oversight function;

b. Consults with the General Manager, as the representative of the Board, on issues of concern either to the Manager or to the Board;

c. Advises the General Manager on matters of Co-op policy between Board meetings.

Article IV. Member-Ownership

Member-Owners of FSFC are individuals and households who accept a share in the responsibility of achieving FSFC’s purposes and who exercise the ultimate authority to determine Co-op policy.

Section 4.1 Requirements. Member-Ownership requirements, including fees, annual dues, Member-Owner orientations, work requirements, and other provisions, are determined and revised from time to time by the Board of Directors.

Section 4.2 Eligibility and admission. Member-Ownership in FSFC shall be voluntary and open to any individual eighteen years of age or older or organization operated on a cooperative or nonprofit basis whose purpose is to make purchases from FSFC for the use or consumption of the applicant and to accept the responsibilities of Member-Ownership. Applicants will be admitted to Member-Ownership upon submitting required information and complying with the share purchase requirement. On or before admission to Member-Ownership each Member-Owner shall be provided a copy of these bylaws. If within six months after the date of application any doubts arise concerning eligibility, including doubts as to the apparent intent of the applicant, the application for Member-Ownership shall be subject to approval by the Board.

Section 4.3 Share purchase requirement. Applicants shall be required to purchase one common share and may purchase such additional, if any, Equity shares as they may be able and willing to provide as a financial expression of support for FSFC. Applicants who are low-income persons on public assistance shall be required to purchase no more than one-

tenth of a Common Share. All purchases of Common Shares shall be at their par value. The Common Share purchase requirement may be paid in installments by applicants who express a need to do so.

Section 4.4 Rights. All Member-Owners in Good Standing have the right to attend meetings and to vote in the election of directors. Other Member-Owner benefits, including discounts on merchandise, patronage distributions, periodic newsletters, and other provisions, are determined and revised from time to time by the Board of Directors. Except as otherwise provided in these bylaws, an individual Member-Owner or any Member-Owner of his or her household shall be entitled to make purchases from FSFC on terms generally available to Member-Owners. An individual Member-Owner shall be entitled to participate in the governance of FSFC as set forth in these bylaws. Except as otherwise required by these bylaws, persons who have subscribed for but not fully paid the Common Share purchase requirement shall be considered Member-Owners.

Section 4.5 Responsibilities. Each Member-Owner shall keep reasonably current in payment of the share purchase requirement, shall make purchases from FSFC on at least an occasional basis, and shall notify FSFC of any change to the name or address of the Member-Owner.

Section 4.6 Inactive status. A Member-Owner who becomes delinquent by one month in meeting the share purchase requirement, or who fails to patronize FSFC for a period of one year, shall be placed into inactive status. His or her participation rights shall then be suspended. A Member-Owner in inactive status may attain good standing upon recommencing payment of financial obligations or reestablishing a patronage relationship with the FSFC. Except as otherwise provided herein, references in these bylaws to the rights and entitlements of Member-Owners shall be understood to refer to Member-Owners in good standing.

Section 4.7 Limited transfer ability. Upon termination of Member-Ownership, or at any time as to shares held in excess of the minimum amount, FSFC will upon request of the Member-Owner transfer the carrying value of ownership rights and interests, to the credit of another person designated by the requesting Member-Owner or a person legitimately acting for the Member-Owner, provided that the transfer involves no element of profit and that the person so designated is or becomes a Member-Owner of FSFC. A Member-Owner receiving these transfers may own no more than one Common Share. Member-Ownership rights and interests may not otherwise be sold, assigned, or transferred. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

Section 4.8. Reserved Powers. The Member-Ownership reserves to itself the power to:

- a. Establish and amend the By-laws of the Co-op;
- b. Elect Directors;
- c. Overrule the Board of Directors in setting Co-op policy, either by consensus or by a 3/4 majority of those present and voting at a duly convened meeting of the Member-Owners; and
- d. Determine the distribution of the assets of the Co-op upon dissolution.

Section 4.9 Meetings. The President will, at least twice a year, summon Member-Owners in Good Standing to meet for the purpose of:

- a. Receiving the report of the Directors on current operations,
- b. Advising the Directors on issues affecting the Member-Owners,
- c. Exercising their reserved powers.

One meeting will be held in the Fall, and will include the election of directors for the coming year. A second meeting will be held the following Spring. A Special Meeting may be called by the Board of Directors at their discretion. A Special Meeting must be called by the President on receipt of a petition signed by ten percent of Member-Owners in Good

Standing as of the date of submission. The agenda of each Member-Owner meeting will be posted at least twenty-one (21) days in advance.

Section 4.10 Quorum. Ten percent of all Member-Owners in Good Standing constitute a quorum to conduct business.

Section 4.11 Rules of Order—Decisions of the Member-Owners will be arrived at by consensus. On an item of urgent business, as defined by the Board, a shift to simple majority rule may be made by a 2/3 majority vote of those present and voting, upon a motion and 2nd from the floor.

Article V. Board of Directors

The Board of Directors acts as the agent of the Member-Owners in establishing FSFC policies and overseeing FSFC operations. It has authority to act for the Member-Ownership in all things not reserved by the Member-Ownership to itself.

Section 5.1 Directors. The Board comprises nine (9) Directors, elected by the Member-Owners at large. Individual Directors have no authority or responsibility other than that conferred by the By-laws or delegated explicitly by the Board acting as a whole. Board members serve without fixed recompense, but may be reimbursed for out of pocket expenses incurred on behalf of FSFC.

Section 5.2 Qualifications. To be eligible for election or appointment as a Director, a person, or that person's household, must have been a Member-Owner in Good Standing for the six months prior to the election. A Director must be at least 18 years old at his or her first Board meeting. The Board may set guidelines for the conduct of Directors.

Section 5.3 Terms. Each director serves a term of three years. Terms are staggered, one third of the board (three (3) directors) being elected each year. Each term begins on the January 1 following its election. If a seat becomes empty, the remaining Directors shall appoint a qualified person to fill the seat for the balance of its term. No Director shall serve more than 2 consecutive terms.

Section 5.4 Meetings. The President will call Board meetings as often as necessary for the transaction of business, but at least quarterly. The chair must also call a meeting within ten days of receiving a written request signed by three directors, such meeting to be so scheduled that a quorum of the Board can attend. Five directors constitute a quorum to conduct business. Meetings are open to Member-Owners and to the public, except where the Board moves into Executive Session to consider confidential matters. Notice of each meeting will be posted one week in advance.

Section 5.5 Enumeration of Responsibilities. The duties of the Board include:

- a. Establishing all Co-op policies, including personnel, finance, and administrative policies;
- b. Creating and implementing a strategic plan to guide the Co-op in achieving its goals;
- c. Formulating a financial growth plan and conducting fund-raising activities to increase the financial capacity of FSFC to achieve its objectives;
- d. Hiring, firing, oversight, compensation, and evaluation of the General Manager;
- e. Establishing fees, charges, discounts, incentives, work requirements, and patronage distribution levels;
- f. Bonding of officers, staff, and others as needed;
- g. Posting new policies for one month after enactment and maintaining a current record of all FSFC policies in a place accessible to Member-Owners during normal business hours;
- h. Conducting elections and, by appointments, ensuring that, between Member-Owner Meetings, the Board remains at full strength;
- i. Preparing agendas for Member-Owner Meetings;
- j. Submitting an Annual Report to the Member-Owners on finances and operations;

k. Taking all such other steps as may be necessary, in its judgment, to carry out the purposes of FSFC.

Section 5.6 Authority. The Board has the authority necessary to enable it to carry out its responsibilities.

Section 5.7 Committees. The Board shall establish such committees as it deems necessary and shall delegate to them appropriate portions of its responsibility. The President shall appoint committee chairs, who shall name committee members according to criteria set by the Board, set agendas, and provide for keeping and distributing of records of committee actions. The Board shall define for each committee, in writing, its responsibilities and authority. The Board shall review the committee structure at least annually, to ensure its continuing aptitude to meet the evolving needs of the Co-op.

a. Committees shall establish their own schedules and procedures. Committee meetings shall be open to FSFC Member-Owners, except that committees with responsibility for personnel-related issues may go into executive session when discussing confidential matters.

Article VI. Officers

At the first Board meeting of each term, the Directors shall elect four officers for the coming year: a President, a Vice President, a Secretary, and a Treasurer.

Section 6.1 President. The President is the chief executive officer of FSFC and has the following responsibilities (which may be delegated as appropriate):

- a. Calls meetings of the Members-Owners and of the Board, prepares their agendas, and leads their deliberations;
- b. Ensures that legal actions of the Member-Owners and of the Board are carried out;
- c. Acts as the Board's agent in supervising management level staff;
- d. Approves expense reimbursements for Directors and Alternates;
- e. Executes contracts and supervises their implementation;
- f. Speaks for the FSFC to the media and the public;
- g. Assumes all such other executive responsibility and authority as may be necessary to ensure the responsible management of the FSFC.

Section 6.2 Vice President. The Vice President acts as chief executive officer of the Co-op in the President's absence or incapacity. The Vice President becomes president in the event of the President's resignation or death.

Section 6.3 Treasurer. The Treasurer is the Chief Financial Officer of the Co-op and has the following duties, which may be delegated as appropriate:

- a. Implement the Financial Policies of FSFC;
- b. Pay the FSFC's bills and collect FSFC's debts;
- c. Keep the FSFC's books;
- d. Chair the Finance Committee;
- e. Report on the financial affairs of FSFC to the Member-Owners and to the Board at each meeting;
- f. Ensure an annual audit of the FSFC's books; and
- g. Advise the Member-Owners and the Board on appropriate steps to be taken to ensure the financial health of FSFC.

Section 6.4 Secretary. The Secretary is the Clerk of FSFC and has the following duties, which may be delegated as appropriate:

- a. Keep and distribute minutes of meetings of the Member-Owners and the Board;
- b. Maintain records of FSFC's activities as required by law or directed by the Board;
- c. Ensure proper notice is provided to the Member-Owners of meeting times and agendas and of proposals requiring Member-Owner action;

- d. Maintain records of Member-Owners in FSFC, so as to ensure the proper allocation of Member-Owner benefits and responsibilities and so as to determine the quorum necessary to conduct business at meetings of the Member-Owners; and
- e. Carry on such correspondence for FSFC as does not fall to the responsibility of the President or the Treasurer.

Section 6.5 Executive Council. The Executive Council consists of the four officers and has the following duties:

- a. Manage performance evaluations of the General Manager;
- b. Act for the Board when a quorum cannot be assembled in time to conduct urgent business.

Three members of the Council must be simultaneously present to conduct business. Members may be present via electronic media. Each action of the Executive Council shall be reviewed at the next meeting of the full Board and ratified or modified as appropriate.

Article VII Shares

Section 7.1 Issuance and terms. FSFC shall issue Common and Equity shares to evidence capital funds provided by Member-Owners. Such shares may be issued only to persons eligible for, and admitted to Member-Ownership in, FSFC. Shares shall be issued only at their par value. Common shares shall be entitled to no dividend or other monetary return on capital. Equity shares shall be entitled to no more than a fixed dividend sufficient to offset cost of living increases and a minimal recompense for assumed risk, as determined by the Board. The par value of a Common Share shall be subject to increase for the reasonable capital needs of the FSFC, provided that such increase applies equally to both existing and newly-admitted Member-Owners.

Common Shares: 100,000 Shares

Series A Equity Shares: 10,000 Shares (equal to the cost of one Common Share)

Series B Equity Shares: 5,000 Shares (ten times the cost of one Common Share)

Series C Equity Shares: 5,000 Shares (100 times the cost of one Common Share)

Section 7.2 Certificates. The FSFC shall issue certificates to evidence fully-paid shares. Each certificate shall have printed upon it information as to voting rights being on a one-Member-Owner-one-vote basis, proxies prohibited and transferability being limited. All certificates shall be signed personally or by facsimile by the President and the Secretary and shall be numbered and registered by the FSFC. The FSFC may issue a replacement certificate for any share alleged to have been lost, stolen or destroyed without requiring the giving of a bond or other security against related losses.

Section 7.3 Redemption. Common Shares shall be redeemable upon request following termination of Member-Ownership. Series A Equity shares shall be redeemable upon request no sooner than three years after they have been issued and at any time at the option of FSFC. Both common and Series A, B and C Equity shares shall be redeemed in the amount of their par value or their net book value, whichever is lesser, as determined by the Board, if and when there are sufficient reserve funds for redemption. Redemption proceeds shall be subject to offset by amounts due and payable to FSFC by the Member-Owner. No redemption shall be made when payment would impair the ability of the Co-op to meet its other obligations as they become due. Reapplications for Member-Ownership after full or partial redemption of common shares shall be subject to full repayment of redemption proceeds.

Article VIII Patronage Distributions

Section 8.1 Distribution obligation. After the end of each fiscal year the realized net savings of the FSFC attributable to the patronage of Member-Owners shall be allocated among Member-Owners in proportion to their patronage, in accordance with this article, and in such a manner and at such a time as to constitute patronage distributions within the meaning of federal income tax law. Twenty percent of such allocation shall be distributed by a check (or other

instrument redeemable in money) accompanying a written notice of allocation to each recipient. Unless otherwise required under federal tax law all of the operations of the FSFC shall comprise a single allocation unit.

Section 8.2 Allocations and reductions. A portion of the realized net savings of the FSFC not attributable to the patronage of Member-Owners may be allocated to an educational fund used for teaching cooperation, and a portion may be allocated to funds for the general welfare of FSFC, both portions being as determined by the Board. Any distributable net savings of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from allocation and distribution. A patronage dividend to which Member-Owners are entitled may be waived in whole or in part by vote of Member-Owners.

Section 8.3 Consent of Member-Owners. By obtaining or retaining Member-Ownership in the FSFC, each Member-Owner shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

Section 8.4 Deferred amounts. The portion of each allocation not currently paid by check shall be credited to revolving capital accounts in the names of recipient Member-Owners and shall constitute a reserve fund for the general conduct of the business of the FSFC. Such deferred amounts shall accrue no dividend or other monetary return on capital and may be redeemed when determined by the Board to be no longer needed for their intended purpose. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts, except that redemptions shall be payable only to Member-Owners who are then in good standing or become so within a six-month period of time. Deferred patronage distributions may also be redeemed under compelling circumstances as determined by the Board. They shall be subject to being offset by amounts otherwise due and payable to the FSFC and by assessments resulting from tax audit adjustments.

Section 8.5 Net losses. No portion of a net operating loss realized by the Cooperative shall be allocated to Member-Owners. The patronage portion of such losses shall be carried forward to offset patronage-sourced income of subsequent years. The nonpatronage portion of such losses shall be carried back and forward to offset nonpatronage-sourced income of prior and subsequent years as required or permitted under federal income tax law.

Section 8.6 Explanation of Patronage Distribution Consent Provision. Section 9.1 of FSFC's bylaws relates to when and how patronage distributions are required to be included in the taxable incomes of recipient Member-Owners. Section 1385(b) of the Internal Revenue Code provides that a patronage dividend shall not be included in the taxable income of a recipient to the extent that such amount "is attributable to personal, living, or family items." This exclusion from taxable income would apply to Member-Owners whose purchases from FSFC were for such personal use. To such persons section 9.1 is therefore of no effect. To all other Member-Owners section 9.1 represents their consent to include the amount of their patronage distribution in their taxable incomes for the year in which they receive their patronage distribution notice and check. This consent would apply to Member-Owners who are organizations and others whose purchases from FSFC were for business or income-producing purposes.

Article IX. Dissolution

Dissolution of the cooperative shall require a two-thirds vote of all Member-Owners in good standing.

Article X. Amendments

These bylaws may be amended by action of the Member-Owners at any meeting, provided that the exact wording of any proposed amendment be posted at the previous Member-Owner meeting. An amendment may be proposed by any Member-Owner in good standing.

