

Bylaws Of Hendersonville Community Cooperative

Article I: Organization

- 1.1 **Name.** The name of the organization shall be the Hendersonville Community Cooperative (henceforth “the Cooperative” or the “Co-op”).
- 1.2 **Ownership.** The Cooperative shall be owned by its members and shall operate for the mutual benefit of its members. For the purpose of this document, the terms owners and members shall be interchangeable.
- 1.3 **Purpose.** As more fully stated in its Articles of Incorporation, the purposes of the Co-op are: to bring together owners and other interested persons in a spirit of cooperation; to furnish to owners such goods and services as they may require at the lowest net cost to them; to operate a retail food store and to conduct other lawful activities; to promote and further the social and material well-being of its owners and other interested persons; to promote, research, and monitor the use of agricultural techniques in the production of nutritionally sound foods; to promote other cooperative ventures; and to inform and educate its owners and other interested persons about food, nutrition, health and fitness, local agriculture, and cooperatives.
- 1.4 **Business Office.** The business office of the Co-op shall be located in the City of Hendersonville, County of Henderson, State of North Carolina.

Article II: Ownership

- 2.1 **Eligibility.** Ownership in the Cooperative shall be open to any natural person that is in accord with its purposes and is willing to accept the responsibilities of ownership.
- 2.2 **Nondiscrimination.** Ownership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility.
- 2.3 **Admission.** Any eligible person may be admitted to ownership upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Directors (henceforth “the Board”).
- 2.4 **Rights.** Owners shall be entitled to make purchases from the Co-op on terms generally available to owners, contribute services as needed by the Co-op and community, and thereby be entitled to receive additional discounts. Owners have the right to elect the Cooperative’s Board, to attend meetings of the Board, to receive notice of and attend ownership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. Each individual owner shall have one vote and no more on all matters submitted to owners. The rights of owners shall be understood to apply only to active owners in good standing. All rights and responsibilities of owners are subject to the bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.
- 2.5 **Responsibilities.** Owners shall keep current in equity investments due to the Cooperative, shall keep the Cooperative informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. An owner who upholds these responsibilities is considered an active owner in good standing.

- 2.6 **Settlement of Disputes.** In any dispute between the Co-op and an owner or former owner that involves normal ownership transactions and that cannot be resolved through informal negotiation, it shall be the policy of the Co-op to use mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. Any issues not resolved by mediation shall be submitted to binding arbitration. No party with a grievance against the other shall have recourse to arbitration until the matter is submitted to mediation and attempted to be resolved in good faith.
- 2.7 **Termination of Ownership.** An owner may terminate his or her ownership voluntarily at any time by written notice to the Cooperative or by failing to make regular payment toward the purchase of her or his common share for three consecutive years. Ownership may be terminated involuntarily by the Board for cause, after the owner is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing. Cause may include intentional or repeated violation of any provision of the Cooperative's bylaws or policies, actions that will impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative or its owners, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.
- 2.8 **Return of Equity.** Equity shall be returned upon termination of ownership in the Cooperative, under terms established by the Board, provided that the Board has determined that the equity is no longer necessary.
- 2.9 **Lapsed or Abandoned Ownership.** If ownership in the Cooperative is terminated voluntarily or involuntarily and the former owner fails to inform the Cooperative of his or her mailing address for three years, then that former owner will be considered to have waived refund of his or her share purchase and any patronage rebate amount allocated to that person.
- 2.10 **Non-transferability:** Ownership rights and owner equity may not be transferred in any manner except back to the Cooperative.

Article III: Owner Meetings

- 3.1 **Owner Meetings.** At least one ownership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on operations and finances, to review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the meeting.
- 3.2 **Special Meetings.** Special meetings of the ownership may be called by the Board, either by decision of the Board or in response to a written petition of 5% of the active owners in good standing. Notice of special meetings shall be issued to owners. In the case of a petition, notice of the special meeting will be issued within ten (10) days after a presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting.
- 3.3 **Notice of Meetings.** Notice of the date, time, place and purpose of each meeting of the ownership shall be posted in a conspicuous place at the Cooperative and communicated to owners not less than four (4) weeks prior to the date of the meeting.
- 3.4 **Voting.** Decisions by owners and election of Directors shall be accomplished by ballot through methods and means specified by the Board. Notice of the vote shall be posted in a conspicuous place at the Cooperative and communicated to owners not less than four (4) weeks prior to the end of the election period. Unless otherwise stated in the articles of incorporation, or these bylaws, or required by law, all questions shall be decided by a vote of a majority of the owners voting thereon. Proxy voting is not allowed, except as required by law.

- 3.5 **Quorum.** At any meeting of the owners, or for any vote of the owners, a quorum necessary for decision-making shall be 2% of the total number of owners or 50 owners, whichever is less.

ARTICLE IV: Board of Directors

- 4.1 **Powers and Duties.** The Board shall be composed of nine (9) Directors, elected from among owners of the Cooperative. Except for matters for which owner voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, hiring management and evaluating its performance, establishing compensation, if any, for the Board, and assuring that the mission of the Cooperative is carried out.
- 4.2 **Terms and Elections.** Elections shall occur annually, in a manner prescribed by the Board. Directors shall serve a term of three (3) years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year. No Director may serve more than three (3) consecutive terms. Upon serving the maximum number of terms, a Director will be ineligible for a position on the Board for a period of one year.
- 4.3 **Vacancies.** Any vacancy among Directors elected by the owners may be filled by appointment by the Board. A Director so appointed shall complete the pertinent term.
- 4.4 **Removal.** A Director may be removed by decision of two-thirds (2/3) of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies.
- 4.5 **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 ten (10) days in advance. The time and place of all meetings shall be posted in a conspicuous place at the principal offices of the Cooperative not more than one day after calling of the meeting. Meetings shall be open to all owners 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.
- 4.6 **Action Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken by written action affirmed by all of the Directors. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action.
- 4.7 **Quorum.** A majority of the current Directors shall constitute a quorum and no decisions will be made without a quorum.
- 4.8 **Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the board. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board. No employee of the Cooperative may serve on the Board.
- 4.9 **Officers.** The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business.
- 4.10 **Indemnification.** The Cooperative shall indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorney's fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director. Such indemnification shall be made only if it is determined by the Board that the Director acted in good faith in the reasonable belief that his or her action was in the best interests of the Cooperative, or as otherwise allowed by law.

Article V: Capital Ownership

- 5.1 **Common Shares.** Each owner shall have a single unit share of ownership interest and have a single, equal vote in the governance of the cooperative association.
- 5.2 **Patronage Rebate.** The Cooperative shall allocate and distribute to owners the net profit from business done with them in such a manner as to qualify them as patronage rebate consistent with cooperative principles, applicable state and federal laws, and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made.
- 5.3 **Consent of Owners.** By obtaining or retaining ownership in the Cooperative, each owner consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage rebate received from the Cooperative.
- 5.4 **Preferred Shares.** Preferred shares of the Cooperative may be issued as needed to help finance capital needs. Preferred shares shall carry no voting rights, and may be transferred only to the Cooperative with the consent of the Board of Directors. Preferred shares may not be transferred in any other manner.

ARTICLE VI: Dissolution

- 6.1 **Asset Distribution:** The Cooperative may be dissolved upon a decision of the Board and a two-thirds (2/3) vote of the owners who participate in the vote. Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming any equity accounts which, if they cannot be paid in full, shall be paid in the order of the oldest outstanding amounts; (iii) by distributing any remaining assets in a way that furthers the Cooperative's mission, as determined by the Board.

ARTICLE VII: Bylaws

- 7.1 **Amendments.** These bylaws may be amended or repealed in whole or in part by a two-thirds (2/3) majority of the owners who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least five percent (5%) of active owners. The proposed amendment shall be publicized to the ownership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.

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Approved by owners on November 9, 2013

Previous revisions: 2005, 2007, 2009, 2011