

MISSOULA COMMUNITY FOOD COOPERATIVE (MCFC)

BY-LAWS

COOPERATIVE STATEMENT OF PURPOSE

As a community of cooperating consumers, the MCFC wishes to promote equitable nutritional access, food security, community sustainability and ecological responsibility. The MCFC is a member-owned cooperative enterprise committed to advancing its own financial prosperity within a context of mutual participation and aid. Rather than be motivated solely by profit maximization, MCFC strives to provide its members products at the lowest commercially feasible price. This is largely accomplished through membership working-requirements.

The MCFC seeks to democratize access to healthy and locally produced foods and non-food products for its membership. Beyond that, the MCFC strives to create and nurture relationships with farmers, local producers, small businesses and other cooperative organizations. MCFC hopes, thereby, to strengthen production and distribution networks that provide regional alternatives to larger, more exploitative, global systems. MCFC values participatory democracy and human equality. In the tradition of the international cooperative movement, MCFC members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

ARTICLE I: OFFICES

Sec. I.1 The principal office of the MCFC, Inc. in the state of Montana shall be located at 1500 Burns, in the city of Missoula, Missoula County. The MCFC may have such other offices as the Board of Directors (subsequently referred to as BOD) may designate or as business of the MCFC may require.

Sec. I.2 Any change of registered office will be submitted to the Secretary of State in the organization's annual report.

ARTICLE II: CONDITIONS OF MEMBERSHIP

Sec. II.1 Any person irrespective of race, creed, religion, physical or mental handicap, sexual orientation, gender identity, or national origin is eligible to become a member of the MCFC.

Sec. II.2 Description of MCFC membership:

- a) There shall be no classes of membership.
- b) Membership fees shall be established, and may be refundable, pursuant to policies and procedures established by the BOD in consultation with the Membership.
- c) The BOD, as determined by policy, may permit memberships to be paid on an installment basis.
- d) Upon acceptance for membership by the BOD, each MCFC member will own one (1) share of common stock, with a \$15 par value.

e) Each member shall have one vote in matters requiring a vote of the Membership.

Sec. II.3 Membership is contingent on each member signing an agreement to comply with the conditions of membership as stated in these by-laws and MCFC membership policy as established by the BOD in consultation with the Membership. A membership manual containing these by-laws and other MCFC policies shall be given to each new member.

Sec. II.4 Membership may be terminated, voluntarily, by any member upon notice to the MCFC BOD. The BOD may elect to terminate a membership, involuntarily, if a member dies, fails to patronize MCFC for a period of two (2) years, or fails to comply with any other duly enacted requirement of MCFC membership. When membership is terminated, the MCFC may, at its discretion, repurchase the stock of the terminated member, subject to the terms and conditions governing all stock repurchases, including availability of replacement capital.

Sec. II 5 Stock is not transferable.

ARTICLE III: ANNUAL MEMBERSHIP MEETINGS

Sec. III.1 At least one meeting of the general membership shall be held each fiscal year in October or November. The purpose of the meeting shall be to hold an annual BOD election, present membership with an annual financial report and transact any other pertinent business. Balloting in the election of the BOD will accord with Section 35-15-302, MCA.

Other regularly scheduled general membership meetings shall be held as determined by the policies established by the BOD.

Sec. III.2 Special meetings of the membership will be called in accordance with the Montana Cooperative Association Statute, as set forth and contained in Section 35-15-302, MCA. Any notice of a special meeting shall set forth the purpose(s) of the meeting, and the meeting agenda shall be limited to those purposes set forth in the notice.

Sec. III.3 The location and time for any general meeting shall be designated to be in accord with Section 35-15-302, MCA. If no designation is made, the location shall be the principal office of the MCFC.

Sec. III.4 Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose for which the meeting is called, shall be given not less than 7 or more than 30 days before the date of the meeting. Written notice shall be prominently posted in the store, by email and on the MCFC website.

ARTICLE IV: MEMBERSHIP VOTING AT ANNUAL OR GENERAL MEETINGS

Sec. IV.1 All members in good standing are entitled to receive notice and to vote. They shall be those members who meet all the membership conditions set forth in **Article II (above)** at the close of business on the 30th day prior to any meeting. Each member shall

have only one vote.

Sec IV.2 Membership election of the BOD shall occur at the annual general membership meeting in October or November and for a period of seven days prior to the meeting. The slate of candidates will be posted in the store and noticed by email one week prior to, and throughout the voting week. Ballots may be cast in the store, online or at the annual membership meeting, itself.

Sec IV.3 A quorum for member votes needed for BOD elections shall consist of at least 75 percent of the average number of members in attendance for the previous three general membership meetings. The BOD shall post the number of voters needed for quorum for each election in the store during balloting.

Sec. IV.4 Other than voting for the BOD, member voting, as required by these by-laws, by organizational policy, or by request of the BOD, may occur at any general membership meeting as held throughout the year. Posting of any meeting at which a vote will be taken shall be noticed **as in Article III.4 (above)** and include a full description of the item(s) to be voted on. For an item to pass, a simple majority of those present and voting shall be required.

Sec. IV.5 The ballot used for the BOD election shall provide for voting ‘yes’ or ‘no’ or ‘abstain’ for each candidate. Any candidate who receives more ‘no’ votes than ‘yes’ votes is deemed ineligible for election. Directors elected at the Annual Meeting shall be elected by a plurality of ‘yes’ votes cast unless the candidate has been deemed ineligible pursuant to this paragraph.

Sec. IV.6 Proxy voting is not allowed.

ARTICLE V. BOARD OF DIRECTORS

Sec. V.1 Powers

Powers of the BOD include the following:

- a) The business and affairs of the MCFC shall be directed by the BOD. The BOD shall have the authority to establish policies with respect to the management and membership of the MCFC that are consistent with these by-laws.
- b) The BOD shall have the power to hire and dismiss the store coordinator(s), to fix compensation, and prescribe staff duties.

Sec. V.2 Number, Tenure, and Qualifications of Directors

- a) The number of Directors shall be not less than five (5) and not more than nine (9). Directors shall be members in good standing of the MCFC for at least one year and will be elected for a term of three years, without term limit. Election of Directors shall be staggered so that no more than three Directors are elected at any election.
- b) Up to two (2), but not more than 33 percent of the BOD shall be Staff Director(s). The Staff Director(s) will be elected every three years by a majority vote of the Staff, casting

ballots in an election separate from the election of General Membership Directors. The Staff Director(s) shall be involved in all decisions of the BOD, except for the following: any decisions regarding the hiring, firing, evaluations or salary of the Store Coordinator(s).

Sec. V.3 Election of General Member Directors

- a) General Member Directors shall be elected by a majority vote of the membership, generally during the week of the annual membership meeting, as detailed in **ARTICLE IV** (above). A Director whose term is expiring may be re-elected for a succeeding term.
- b) A vacancy on the General Membership BOD not coinciding with the annual membership meeting, may be filled by a majority vote of the remaining Directors. A Director appointed or elected to fill a vacancy shall be appointed until approved by majority membership vote at the next duly noticed general membership meeting (**see Sec. III.4 and Sec. IV.3 above**). The position will again be open to a vote of the membership at the annual meeting but not for a period longer than the un-expired term of the recently vacated office.

Sec. V.4 Removal of Directors

- a) Any Director may be removed for cause by missing, without legitimate explanation, three consecutive BOD meetings. Such removal requires the unanimous vote of the attending BOD constituting a quorum and exclusive of the Director whose removal is proposed. What constitutes “legitimate explanation” is the prerogative of BOD policy.
- b) The office of any Director may, additionally, be vacated by unanimous vote (as above) if the Director falls in any of the following categories:
 - 1. ceases to be a MCFC member in good standing;
 - 2. is evidenced to the satisfaction of the rest of the BOD to have an undisclosed conflict of interest; or,
 - 3. submits a written resignation to the BOD.
- c) A Director, involuntarily removed, can petition an appeal of that removal to the membership at a duly noticed general membership (**see Sec. III.4 and Sec. IV.3 above**).

Sec. V.5 Director Quorum

A majority of the number of directors shall constitute a quorum for the transaction of business at any BOD meeting.

Sec. V.6 Notice and Conduct of BOD Meetings

The following are required of BOD meetings:

- a) The schedule of any regular BOD meetings or any special, non-emergency meetings should be prominently posted in the store, by email to the membership and on the MCFC website at least one week prior to the meeting. The meetings shall be open to the attendance of any interested members.
- b) Opportunities for membership comment and influence on decision-making shall be provided as determined by policies of the BOD made in consultation with the Membership.
- c) The President, or in the President’s absence, the Vice-president, or in their absence any person chosen by the Directors present shall call the meeting of the BOD to order and shall

act as the chairperson of the meeting. The chairperson, or the chairperson's designee, shall establish rules of the meeting that will freely facilitate debate and decision-making. The Secretary of the corporation shall act as the secretary of all meetings of the Directors, but in the Secretary's absence, the presiding officer may appoint any other person to act as the secretary of the meeting.

Sec. V.7 Board Deadlock. If the BOD is equally divided on any aspect of the management of the property, business and affairs of the corporation, or corporation transactions, or if the BOD is equally divided on any question, dispute or controversy, and the deadlock is preventing action or non-action by the BOD, then the BOD shall submit the deadlock to a decision of the general membership at a general, duly noticed meeting (**see Sec. III.4 and Sec. IV.3 above**).

Sec. V.8 BOD Compensation. The Directors shall not be paid a salary or fee for attending meetings or participating on committees. Expenses associated with meeting or committee materials may be reimbursed. A Director may, however, serve the corporation as an employee or provider of contract labor and receive compensation. A Director shall recuse herself or himself from voting on matters relating to that Director's employment.

ARTICLE VI: OFFICERS OF THE CORPORATION

Sec. VI.1

a) The Officers of the MCFC shall be a **President**, also referred to as Chair, a **Vice-President**, also referred to as Co-chair, a **Secretary**, and a **Treasurer** and constitute the **Executive Committee**. If desired, the Executive Committee may decide to have two Co-Chairs, rather than a Chair and Co-Chair, whereby the duties of both positions are equally shared.

b) At the discretion of the BOD, the offices of Secretary and Treasurer may be combined.

Sec. VI.2 Election of Officers.

Officers shall be elected yearly from the roster of the existing BOD by a vote of the BOD at its first meeting after the annual balloting (or as necessary to fill any position that is vacated at other times) to serve a one (1) year term. Each Officer shall hold office until her/his successor has been duly elected.

Sec. VI.3 The President shall be the principal executive officer of the MCFC. The President may sign, any deeds, mortgages, bonds, contracts, or other instruments which the BOD has authorized to be executed, or shall be required by law to be signed or executed. In the President's absence, the Vice President shall assume those duties.

Sec. VI.4 The Secretary shall be responsible for the following activities:

a) Ensure that the minutes of the proceedings of the membership and of the BOD are kept and stored in the files provided for that purpose, and

b) See that all notices are duly given in accordance with these by-laws.

c) In the absence of the President and Vice President, be a signatory for the corporation

Sec. VI.5 The Treasurer shall be responsible for the following activities:

- a) Serve on the Finance Committee, and ensure that timely reports are made to the BOD of the Finance Committee's meetings,
- b) Be responsible for the oversight of an annual compilation, review, or audit of the MCFC financial statements, and
- c) Oversee banking relationships and loan agreements.
- d) In the absence of the President, Vice President and Secretary, be a signatory for the corporation .

ARTICLE VII: COMMITTEES

Sec. VII.1 The BOD may create permanent and ad hoc committees and appoint members of the BOD and Membership to serve on them. When there are more potential applicants than the number of positions available on any committee, election of committee members should be made at a duly noticed general membership meeting by a vote of members in attendance.

Sec. VII.2 Standing committees of the MCFC should always include, but not limited to, the following:

- a) **Executive Committee of the BOD**
- b) **Finance Committee**
- c) **Product Committee**

ARTICLE VIII: CONTRACTS, LOANS, AND DEPOSITS

Sec. VIII.1 No loans shall be contracted on behalf of the MCFC and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the BOD.

Sec. VIII.2 Loans to Directors and Officers of the MCFC are prohibited.

Sec. VIII.3 All funds of the MCFC not otherwise employed shall be deposited to the credit of the MCFC in such banks, trust companies, or other depositories as the BOD may select.

ARTICLE IX: FISCAL YEAR

The fiscal year of the MCFC shall begin on October 1 and end on September 30 in each year.

ARTICLE X: RECORDS

By appointment, all books and records of the MCFC may be inspected by any member in good standing.

ARTICLE XI: BY-LAW AMENDMENTS

Amendments of MCFC by-laws may only occur by a vote of two-thirds of the members voting during the annual balloting period or at a duly noticed special membership meeting (see **Sec. III.4** and **Sec. IV.3** above).

ARTICLE XII: DISTRIBUTION OF SURPLUS

The net retained proceeds of the MCFC, after expenses and a reasonable allowance for reserves, may be distributed at least once every twelve months to the membership by uniform distribution on such basis as the directors shall, by resolution, fix. The directors may from time to time adopt rules and regulations for such distributions, provided, however, that no such rule or regulation shall provide that the cash portion of any such patronage refund shall exceed the proportion of refund permitted under the applicable provisions of the Internal Revenue or Montana State Code.

ARTICLE XIII: CONSENT BY MEMBERS

Each member of the MCFC shall, by becoming a member, consent to the amount of any distributions with respect to patronage occurring any fiscal year in which qualified written notices of such allocations are made by the BOD (as defined in 26 U.S.C. 1388)

ARTICLE XIV: INDEMNIFICATION

The MCFC shall indemnify each person who is or has been Director, Officer or employee of the MCFC and each person who is or who has served at the request of the MCFC as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against incurred expenses to the fullest extent of right to indemnify under current Montana corporation law.

ARTICLE XIII: DISSOLUTION

In the event of dissolution, all corporation assets shall be converted to cash and shall be disseminated in the following fashion:

- 1) payment of all costs of dissolution shall be made first;
- 2) payment of all remaining debts of the MCFC shall be made second;
- 3) payment, in full, at par shall be made to the holders of preferred stock; and finally,
- 4) the remaining assets of the MCM shall be distributed equally to all active members in good standing at the time of dissolution.