

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

JANUARY 8, 2011
AMENDED APRIL 26TH, 2014
AMENDED APRIL 25TH, 2015
AMENDED APRIL 28TH, 2019

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.

The Co-op shall annually 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 11.35 of the Michigan Nonprofit Corporation Act, MCL 450.3135, as may be amended. The net savings of the Co-op derived from the excess or deficit of revenues over costs and expenses shall be determined in accordance with generally accepted accounting principles.

Net savings shall be distributed or allocated in accordance with the provisions of this section. If at any time a change in federal or state law renders the provisions of this section void, unenforceable, or materially changes the tax consequences associated with the method of distribution, the allocation and distribution of net savings shall be made in accordance with section 1135(3) of the Michigan Nonprofit Corporation Act, as may be amended.

- a. **DISTRIBUTION OF NET SAVINGS TO MEMBER-PATRONS.** Net savings attributable to member-patrons may be distributed partially in cash or voucher and partially in allocated retained patronage credited to the account of each such member, but in no event shall the cash/voucher portion be less than the percentage necessary to qualify the distributions as “qualified written notices of allocation” as that term is defined in 26 U.S.C. Liber 1388, as may be amended.
- b. **CALCULATION OF DISTRIBUTION TO MEMBER-PATRONS.** The distribution amount a member-patron shall receive shall be proportional to the total dollar amount of purchases made by the member-patron during the time frame for which net savings are calculated. 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.
- c. **ALLOCATION OF NET SAVINGS OF NON-MEMBER PATRONS.** Net savings attributable to non-member patrons shall be allocated to retained earnings, operating expenses or capital expenditures and shall be used to further the common benefit of all patrons or may be allocated to a fund used for charitable donations or activities.
- d. **USE OF PATRONAGE DIVIDEND; FAILURE TO CLAIM OR REDEEM.** The cash/voucher portion of any patronage dividend distributed to a member may be used for the purchase of goods at the Co-op or redeemed for cash. The cash portion of a patronage dividend distributed to an owner that is not claimed, used, redeemed or donated within 90 days from issuance shall revert to the Cooperative as a donation without further notice to the member. Such cash portions of patronage dividends that are donated or that revert to the Cooperative as provided in this subsection shall be distributed and allocated as the Board may determine.
- e. **CONSENT OF MEMBER TO DISTRIBUTION OF NET SAVINGS.** Each person who hereafter applies for and is accepted to membership in this Cooperative and each member of this Cooperative on the effective date of this bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any distributions with respect to their patronage occurring after April 25th, 2015 which are made in written notices of allocation as defined in 26 U.S.C. Liber 1388, as may be

amended, and which are received by the member from the Cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a), as may be amended, in the taxable year in which such written notices of allocation are received by the 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 notice of annual and special membership meetings by any reasonable means as directed by the Board, 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.
- 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 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) authorized ballots delivered to the Board under Article 4.5.

4.5 **VOTING PROCEDURES.** The Co-op shall utilize the following voting procedures at membership meetings:

- a. Voting shall be accomplished through any reasonable means established by the Board.
- b. 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.
- c. Each member shall have as many votes in the election of directors as there are vacancies to fill.
- d. Proxy votes are not permitted.
- e. The opening and counting of ballots shall be done by an Election Committee appointed by the Board. The Election Committee shall consist of one Board member not up for election, one Grain Train employee, and one Grain Train member owner (not up for election) who is not a member of the Board.
- f. If the Election Committee can determine the intention of the voter, the vote is valid, regardless of the method used to mark the ballot.
- g. A majority of valid votes cast shall decide any issue except as the by-laws otherwise specify.
- h. In the election of directors, the candidates given the largest number of valid votes cast are elected.
- i. At each membership meeting, the Election Committee shall register members and provide them with ballots, unless they shall have already voted.
- j. Voting is limited to one (1) vote per membership.

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. The Co-op's assets and books will be audited by an accredited CPA at least every two years unless a super-majority of the Board determines, in a recorded vote, that predetermined financial oversight and internal controls monitoring are sufficient to protect Co-op assets. The audit interval shall not exceed 4 years. Additionally, the Board will provide oversight of investments and loans, and establish 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 special meetings when the Board may meet to address issues needing action. Special meetings require 48 hours' notice, unless that notice is unanimously waived in writing. If all Directors do not waive 7 day notice, the board at its next regular meeting shall review and ratify any decisions made. The Board may conduct special meetings by any means necessary.
- 5.10 **QUORUM AND APPROVAL.** The presence at a Board meeting of a majority of Directors then in office, whether physical or by other means, 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.** 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. The election shall be held according to the established Board calendar. Officers serve for one (1) year or until their successors are elected.
- 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.