

BYLAWS OF
Woven Dream Anacortes Food Coop
A Cooperative Organized Under
Washington Statutes, Chapter 24.03 RCW

BYLAW I: MEMBERSHIP

Section 1.01 Eligibility for Membership. Persons may, upon the approval of the Board of Directors of this cooperative, become a member of this cooperative by:

- (a) becoming the holder of one Class A Unit (“Membership Unit”) of this cooperative by paying-in-full for one membership unit; and
- (b) receiving from this cooperative written acceptance of membership;
- (c) meeting other membership criteria or requirements established from time to time by the Board of Directors, including, but not limited to, payment of annual dues.

Section 1.01.01 Voting and Non-Voting Members. If a member has not paid their annual dues or their membership payments are more than 60 days overdue, they are considered a non-voting member. When the Articles of Incorporation and/or Bylaws refer to a “member” or “membership”, the reference is exclusively to “voting” members.

Section 1.02 Rights and Responsibilities of Membership

Section 1.02.01 Voting members have the right to:

- (a) elect the board of directors
- (b) be a candidate for the board of directors
- (c) participate in the democratic management of the Coop by voting on any issues submitted to members
- (d) participate in such membership pricing and special promotions as may be in existence from time to time
- e) have reasonable access to minutes and records of the cooperative for proper purpose at any reasonable time to the extent required by RCW 24.06.160.

Section 1.02.02 All voting and non-voting members have the responsibility to follow bylaws and policies of the Coop.

Section 1.03 Termination of Membership. Membership in this cooperative may be terminated if

- (a) a member requests to terminate their membership;
- (b) a member has died or ceased to exist as a legal entity and leaves no successor; or
- (c) the Board of Directors by resolution finds that a member has:
 - (1) intentionally or repeatedly violated any provision of the Articles, the Bylaws, or Board policies of this cooperative;
 - (2) taken or threatened actions that adversely affect the interests of this cooperative or its members;
 - (3) willfully obstructed any lawful purpose or activity of this cooperative; or
 - (4) breached any contract with this cooperative.

1.03.01 The Board of Directors may terminate the membership of a member only at a meeting of the Board of Directors, having given 20 days prior written notice of which was served upon the last known mailing address of the member alleged to be ineligible by United States Certified Mail. The notice must state with reasonable particularity the grounds upon which the member is alleged to be ineligible and that the member will be entitled to be heard on the matter of termination at the meeting.

1.04 Consequences of Membership Termination.

- (a) In the case of termination of membership, the Board of Directors, upon written request, shall return the value of the membership unit, provided that the Board has determined that the membership unit is no longer required by the cooperative. Absence such request, the Board may choose to use such membership unit for a gift membership or retain in capital funds.
- (b) Other than as provided in Section 1.03(a), the termination of membership or other action taken by this cooperative with respect to a member or the member's Membership Units will not modify the obligations and liabilities of any holder thereof to this cooperative under any supply contract, service contract, or other contract between the holder and this cooperative, nor impair the rights of this cooperative under such contracts.
- (c) A non-voting membership interest may be terminated without prior notice, and the Board shall have the same options for the financial interest, if any, associated with the non-voting membership.

BYLAW II: MEETINGS OF MEMBERS

Section 2.01. Annual Meetings. The annual meeting of the members of this cooperative shall be held following the close of each fiscal year of this cooperative, during the month of April, at such time and place as shall be determined by the Board of Directors. The notice of the meeting shall state the date, place and hour of the meeting. The Secretary shall give notice of annual members' meetings in the manner prescribed herein. The officers of this cooperative must submit reports to the members at the annual meeting covering the business of this cooperative for the previous fiscal year that show the condition of this cooperative at the close of the fiscal year. At the annual meeting, the members shall elect directors of this cooperative for the terms of office and in the manner prescribed by the Bylaws and transact such other business as may properly come before the meeting.

Section 2.02. Special Member Meetings. Special meetings of the members of this cooperative shall be held at the place specified in the notice of the meeting. The notice shall state the time, place and purpose of the special members' meeting. A special meeting of the members may be called by a majority vote of the Board of Directors, or upon the written petition of at least twenty (20) members submitted to the Chair of this cooperative. The Chair shall give notice of a special members' meeting in the manner prescribed herein. In the event a special members' meeting is called by the written petition of members, the notice of the special members' meeting shall be given within thirty (30) days from and after the date of the presentation of the members' petition, and the special members' meeting must be held by sixty (60) days after the date of the presentation of the members' petition. No business shall be considered at a special members' meeting except as covered in the notice of the meeting.

Section 2.03. Notice. Notice of all annual and special members' meetings shall be given ten (10) days in advance by at least one of:

- (a) publication in a legal newspaper published in the county of the principal place of business of this cooperative;
- (b) publication in a magazine, periodical, or other publication of this cooperative that is regularly published by or on behalf of this cooperative and circulated generally among members;
- (c) mailing the notice of the meeting to each member personally at the member's last known post office address, or
- (d) otherwise providing notice in a manner prescribed by applicable law.

Failure of a member to receive notice of an annual or special members' meeting shall not invalidate an action that is taken by the members at a members' meeting. The Secretary shall execute a certificate containing a correct copy of the mailed or published notice; the date of mailing or publishing the notice; and a statement that the notices were mailed or published as prescribed by Washington Statutes, Section 24.03.080 RCW. The certificate shall be made a part of the record of the meeting.

Section 2.04. Quorum. At any annual or special members' meeting, a quorum necessary for the transaction of business shall be the number of voting members present at the meeting. On a question submitted to a vote by mail, members present in person or represented by mail vote shall be counted. Eligibility for voting shall be established by a registration at the meeting.

Section 2.05. Voting. Each member shall be entitled to only one vote. A member's vote at a members' meeting must be in person or may be by absentee ballot if absentee vote is authorized by the Board of Directors. Voting by proxy and cumulative voting is not permitted. Members that are not individual persons must designate a representative (and may also designate an alternate representative) authorized to cast their vote in the affairs of this cooperative. The designation must be in writing, must be properly authorized by the member, and must be provided to the Secretary of this cooperative at or before the member meeting. The written designation will remain effective until it is superseded by a more recent written designation meeting the same criteria. Except where a higher percentage is specified in the Bylaws or required by applicable law, members shall act on all matters submitted to them by the affirmative, majority vote at a duly held meeting, either in person or by absentee vote if an absentee ballot has been authorized by the Board of Directors.

Section 2.06. Absentee Vote. If an absentee ballot has been authorized, a member who is absent from a members' meeting may vote on the ballot prescribed hereunder on any motion, resolution, or amendment that the Board of Directors submits for vote to the members. The vote must be cast on a ballot that is in the form prescribed by the Board of Directors, that contains the exact text of the proposed motion, resolution or amendment to be acted upon at the meeting, that contains spaces in which the member may indicate an affirmative or negative vote thereon, and that otherwise meets the requirements of Washington law. The ballot, when completed by an absent member and received by this cooperative in the manner prescribed by the Board of Directors, shall be counted as the vote of the member at the meeting.

BYLAW III: DIRECTORS

BYLAW III: DIRECTORS

Section 3.01. Number, Qualifications and Terms of Office. The business and affairs of this cooperative will be governed by the Board of Directors, with the Board of Directors upon the adoption of these Bylaws consisting of five (5) to nine (9) directors. Each director must be a voting member of this cooperative, provided, however, that the

Board of Directors may, in its discretion, specify that up to one (1) director at any time may be a non-member. Except as otherwise provided herein, all directors shall serve two-year terms and until their successors are duly elected and qualified. In order to preserve continuity of-governance and harmonious transition the terms of the directors of the Board of Directors shall be staggered such that one half of the directors shall be elected at the annual members' meeting. One director position shall be held by an employee and the term will be for one (1) year.

Section 3.02. General Powers. The Board of Directors shall govern the business and affairs of this cooperative and shall exercise all the powers of this cooperative, except those powers that are conferred upon or reserved to the members by law, the Articles of Incorporation, or these Bylaws. The Board of Directors shall adopt such policies, rules, and regulations and shall take such actions as it may deem advisable, provided the Board of Directors does not act in a manner inconsistent with law, the Articles of Incorporation, or these Bylaws.

Section 3.03. Executive Committee. The Board of Directors shall elect three or more directors, as officers to constitute an Executive Committee. The officers are Chair, Vice-Chair, Secretary and Treasurer. The Executive Committee shall have and exercise only such authority of the Board of Directors in the management of this cooperative to the extent provided in the resolution.

Section 3.03.01 Employee and Volunteer Committee. The Employee and Volunteer Committee shall have and exercise only such authority over hiring, management, and recruitment as resolved by the Board of Directors.

Section 3.03.02 Outreach, Marketing, and Growth Committee. The Outreach, Marketing, and Growth Committee shall have and exercise only such authority as resolved by the Board of Directors. Said committee should address issues such as member recruitment, fundraising, grant writing, and other issues involving the growth of Anacortes Food Coop.

Section 3.03.03 Other Committees The Board of Directors may establish such other committees from time to time as it deems advisable, having such authority as provided by the Board of Directors. Committees are always subject to the direction and control of the Board of Directors.

Section 3.04 *reserved for later*

Section 3.05. Financial Matters. The Board of Directors shall have the power to select one or more banks or other financial institutions to act as depositories of the funds of this cooperative, and to determine the person or persons who shall have authority to sign checks and other instruments.

Section 3.06. Nomination and Election of Directors. Nominations for director may be made by the board or by a voting member submitting a letter to the Secretary at least

thirty (30) days before the annual meeting. Directors shall be elected by ballot at the annual meeting as provided by Section 2.05 and 2.06 of these Bylaws. The nominees receiving the highest number of votes cast shall be elected and shall take office at the adjournment of the Annual Meeting.

Section 3.07. Annual Meeting. In May of each calendar year, the Board of Directors shall meet to elect officers of this cooperative and for the transaction of such other business as shall come before the meeting. The annual meeting of the Board of Directors shall be held at such time and place as may be fixed by the Board of Directors.

Section 3.08. Regular Meeting. Regular meetings of the Board of Directors shall be held from time to time at such time and place as may be fixed by the Board of Directors.

Section 3.09. Special Meetings. Special meetings of the Board of Directors may be called by the Chair, and must be called upon request by any three of the directors. Special meetings of the board shall be held from time to time at a time and place as may be designated in the notice of the meeting.

Section 3.10. Notice of Meetings. Notice of each annual, regular or special meeting of the Board of Directors shall be given by the Chair or Secretary who shall give at least five days' prior notice of the meeting to each director by mail, telephone, telephonic facsimile transmission, telegram, electronic mail or in person unless, a shorter time is otherwise agreed to. Notice shall be deemed given upon mailing, if notice is given by mail.

Section 3.11. Waiver of Notice. Notice of any meeting of the Board of Directors may be waived either before, at, or after the meeting, in writing signed by each director. A director, by attendance at any meeting of the Board of Directors, shall be deemed to have waived notice of such meeting, except when a director attends the meeting and objects to the transaction of business because the meeting was not lawfully convened.

Section 3.12. Quorum; Board Action. A majority of the members of Board of Directors shall constitute a quorum for the transaction of business except that, when a vacancy or vacancies exist, a majority of the remaining directors shall constitute a quorum. The Board of Directors shall act by the affirmative vote of a majority of the directors present at a duly held meeting.

Section 3.13. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken by written action signed by all the directors. The written action is effective when signed by all the directors, unless a different effective time is provided in the written action. Documentation of action taken will be filed with the minutes of the next meeting of the Board of Directors.

Section 3.14. Electronic Communications. Any meeting of the Board of Directors may be conducted by telephone or other electronic means of communication through which the directors may simultaneously communicate with one another.

Section 3.15. Vacancies. If a director's position is vacant, the Board of Directors may appoint a member of this cooperative to fill the directors' position until the next annual or special members' meeting. At the next annual or special members' meeting, the members shall elect a director to fill the unexpired term of the vacant director's position.

Section 3.16. Removal. Any individual director may be removed from office for cause by a vote of a majority of the members entitled to vote at any annual or special meeting at which said removal of directors is considered. For purposes of this Section, "for cause" shall include failure of a director to attend three consecutive or four meetings of the Board of Directors held in the prior fiscal year, misfeasance or malfeasance. In case any director is so removed at an annual or special meeting, a successor director shall be elected at the same meeting. Any director may also be removed from office by the Board of Directors for cause if a two-thirds majority of the other directors affirmatively vote in favor of removal.

Section 3.17. Removal of Directors by Board. Each director shall fully comply with the Board of Director's policy manual established by the Board of Directors. The Board of Directors, not including a director thought to be in violation of the manual, may remove a director who is disqualified by the policies in that manual. The remaining directors may also fill any vacancy caused by such removal until the next annual meeting of the members. This removal power shall be in addition to the power of the members under Section 3.16 above, but the process for removal under this Section 3.17 shall be governed exclusively by the policy manual.

Section 3.18. Compensation. Directors shall receive such fixed sum per meeting attended or such fixed annual sum as shall be determined, from time to time, by resolution of the Board of Directors. All directors shall be reimbursed for their expenses, if any, of attendance at meetings of the Board of Directors or any committee thereof. Nothing in these Bylaws shall be construed to preclude any director from serving this cooperative in any other capacity and receiving proper compensation for the service.

BYLAW IV: OFFICERS

Section 4.01. Officers. The officers of this cooperative shall be a Chair, a Vice-Chair, a Secretary and a Treasurer, who shall be elected in the manner as provided in Section ~~5.07~~ 4.07 of these Bylaws. The office of the Secretary may be held by another office-holder. The Chair and Vice-Chair must be directors and members of this cooperative. The Board of Directors may elect other officers from time to time as it deems advisable or as required by these Bylaws, and in such event, shall establish appropriate duties and responsibilities for any such other officers.

Section 4.02. Chair. The Chair shall see that all orders and resolutions of the Board of Directors are carried into effect and shall preside at all meetings of the members and directors. The Chair shall be the official representative of this cooperative to all outside associations or organizations of which this cooperative is a member, unless another

person is appointed by the Chair or other action is taken by the Board of Directors. The Chair shall sign and deliver in the name of this cooperative any deeds, mortgages, bonds, contracts and other instruments pertaining to the business of this cooperative, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles or the Bylaws or the Board to some other officer or agent of this cooperative. This broad signing authority shall not be construed to preclude the Board of Directors from authorizing any other officer or agent of this cooperative to sign any deeds, mortgages, bonds, contracts and other instruments pertaining to the business of this cooperative on behalf of this cooperative. The Chair shall have such other duties as may, from time to time, be assigned by the Board of Directors.

Section 4.03. Vice-Chair. The Vice-Chair shall have powers and perform duties as may be specified in the Bylaws or prescribed by the Board of Directors or by the Chair. In the event of the absence or disability of the Chair, the Vice-Chair shall perform the duties and exercise the powers of the Chair.

Section 4.04. Secretary. Subject to the discretion of the Board of Directors, the Secretary shall attend all meetings of the members and Board of Directors; record all votes at and keep minutes of all the meetings; and record all proceedings of the meetings in the minute book of this cooperative. The Secretary shall give proper notice of meetings of the members and of the Board of Directors. The Secretary shall perform such other duties as may, from time to time, be prescribed by the Board of Directors or by the Chair.

Section 4.05. Treasurer. Subject to the discretion of the Board of Directors, the Treasurer shall be the custodian of all funds, securities and properties of this cooperative and shall perform such other duties with respect to the finances of this cooperative as may be prescribed by the Board of Directors or by the Chair. This function may be delegated by the board to management with oversight by the treasurer or the board.

Section 4.06. Compensation of Officers. The officers of this cooperative shall receive compensation for their services as may be determined, from time to time, by resolution of the Board of Directors. No officer who is a director may take part in the vote on his or her salary for services rendered to the cooperative.

Section 4.07. Election of Officers. Election for persons to fill offices established by these Bylaws or by the Board of Directors pursuant to Section 4.01 of these Bylaws shall be held at the annual meeting of the Board of Directors or at any other meeting of the Board of Directors, provided notice of such election has been given in the notice of such meeting if other than the annual meeting. The officers shall hold their offices until their successors have been elected and have qualified, subject to any removal provisions of these Bylaws.

Section 4.08. Removal of Officers. The members may remove an officer at a members' meeting for cause related to the duties of the position of the officer and fill the vacancy

caused by the removal. In addition, any officer may be removed by the Board of Directors whenever in its judgment the best interests of the cooperative will be served. Any vacancy among the officers caused by such removal shall be filled by the Board of Directors. No election or appointment to an office of this cooperative shall itself create any contract rights.

BYLAW V: INDEMNIFICATION AND INSURANCE

Section 5.01. Indemnification. This cooperative shall indemnify each person who is or was a director, officer, manager, employee or agent of this cooperative, and any person serving at the request of this cooperative as a director, officer, manager, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred to the extent to which such directors, officers, managers, employees or agents of this cooperative may be indemnified under the law of Washington.

Section 5.02. Insurance. This cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, manager, employee, or agent of this cooperative against liability asserted against and incurred by the person in the person's capacity as a director, officer, manager, employee or agent, or arising from the person's status as a director, officer, manager, employee, or agent of the cooperative.

BYLAW VI: FINANCE

Section 6.01. Financial Operation. This corporation operates on a cooperative basis and allocates earnings and losses to patron-members based on the business done with or for such patrons. Thus, in accordance with section 1381 of the Internal Revenue Code of 1954, this corporation shall declare a patronage dividend to be distributed among the members in accordance with the total amount of purchases made by each such patron during the preceding fiscal year.

Section 6.02. Patronage Dividend. The patronage dividend, as determined by the Board of Directors, shall be non-cash payments in the form of "qualified written notes of allocation" as defined in section 1388 of the Internal Revenue Code of 1954. In accordance with Section 1382 of the Internal Revenue Code, the patronage dividends declared by the corporation are deductible from the taxable income of the corporation and must be included in the taxable personal income of the member to the extent provided by law.

Each member shall have an internal capital account in his or her name. The surplus earnings of the company after paying taxes, interest on loans, and allocations to the Reserve Fund (See Section 10 below) shall be allocated to members as a patronage dividend. Unless otherwise decided by the Board of Directors, the patronage dividend

shall be credited to the owners' Internal Accounts. At least 20% of each year's patronage allocation must be paid out in cash/check to members.

Section 6.03. Equity Capital. The Board of Directors shall manage the Cooperative's equity capital in a way to preserve and build upon the Cooperative's financial position while also allowing for redemptions of equity as and when the Cooperative has the financial strength to redeem equity. The Board of Directors may, from time to time, establish policies for redeeming equities, stock, or other forms of equity used for qualified or non-qualified notices of allocation, or the Board may eliminate equity redemption policies in favor of a capital management policy. Any of these policies may contain offers of discounts or required retentions of capital as part of any redemption of allocated equity. The Board retains the power to amend, modify or repeal these policies and may do so retroactively, all in the Board's sole discretion. For example, if the application of a policy to a specific circumstance suggests that the equity of a deceased member should be paid to the member's estate, the Board of Directors retains the right and power to determine whether to approve the expenditure. In each case, the Board of Directors may refuse any expenditure(s) if the Board determines that such expenditure(s) is (are) not in the interest of the cooperative. Therefore, no equity redemption policy shall be interpreted to require any expenditure of capital and the Board of Directors retains all right and power to the final review and approval of each expenditure of capital for any redemption of equity. No person shall have any right whatsoever to require the retirement or redemption of any patrons' equities except in accordance with their term, or of any allocated capital reserve. Any redemption or retirement is solely within the discretion and on such terms as determined from time to time by the Board of Directors of this Cooperative, which may, in making any such redemption or retirement, distinguish natural members from unnatural members (corporations, partnerships, LLCs and other business organizations, etc.) and, in doing so, favor natural members with respect to estate retirements and redemptions at specified ages.

BYLAW VII: CONSENT

Section 7.01. Consent to Take Patronage Distributions into Income. Each person who hereafter applies for and is accepted to membership in this cooperative and each member of this cooperative as of 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 its patronage which are made in written notices of allocation (as defined in 26 U.S.C. § 1388), and which are received by the member from this 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) in the taxable year in which the written notices of allocation are received by the member.

BYLAW VIII: MERGER OR CONSOLIDATION; DISSOLUTION

Section 8.01. Merger or Consolidation. If the terms of a merger or consolidation of which this cooperative is a party do not provide the members of this cooperative with an economic interest in the surviving entity that is substantially similar to the economic interest possessed by such members in this cooperative immediately before such merger or consolidation, the value of the consideration received shall be divided among them in the same manner as a comparable amount of net liquidation proceeds would be distributed pursuant to Section 9.02. This shall not be construed to prevent issuance of differing forms of consideration to different groups of members to the extent allowed by law.

Section 8.02. Liquidation, Dissolution and Winding-Up. Subject to the Articles of Incorporation, in the event of any liquidation, dissolution or winding up of the affairs of this cooperative, whether voluntary or involuntary, all debts and liabilities of this cooperative shall be paid first according to their respective priorities. The remaining assets shall be distributed in the following manner and order of preference: (1) outstanding membership loans; (2) second to the holders of Membership Units in an amount equal to the value of the consideration for which the Membership Units were issued, without priority and on a pro rata basis if necessary; (3) third to payment of the stated dollar amount of all Patrons' Equities (other than Non-Patronage Earnings Certificates), in chronological order of year beginning with the oldest outstanding Patrons' Equities first and on a pro rata basis within a year if necessary; (4) fourth to payment of the stated dollar amount of Non-Patronage Earnings Certificates, in chronological order of year beginning with the oldest outstanding Non-Patronage Earnings Certificates first and on a pro rata basis within a year if necessary; and (5) fifth to the patrons in accordance with their interest in Capital Reserves. Any assets remaining after the foregoing payments have been made shall be allocated among the allocation units in the manner as the Board of Directors, having taken into consideration the origin of the amounts, shall determine to be reasonable and equitable. Amounts so allocated shall be paid to current and former patrons of each such allocation unit in proportion to their patronage of the unit over the period as may be determined to be equitable and practicable by the Board of Directors. The obligation to distribute shall be construed as a preexisting duty to distribute any patronage sourced net gain realized in the winding up process to the maximum extent allowable by law.

BYLAW IX: RESTRICTIONS ON SALES AND TRANSFERS

Section 9.01. Restrictions on Transfer. For purposes of this Bylaw, the term "transfer" shall mean, as a noun, any voluntary or involuntary transfer, sale, assignment, or other disposition and, as a verb, to voluntarily or involuntarily transfer, sell, assign or otherwise dispose of. The Membership Units of this cooperative are transferable only with the consent and approval of the Board of Directors and may not be pledged. Any purported transfer other than a transfer in accordance with these Bylaws shall be null and void and of no force or effect whatever.

BYLAW X: FISCAL YEAR

The fiscal year shall end on December 31. The Board of Directors may by resolution adopt a fiscal year of this cooperative from time to time.

BYLAW XI: AMMENDMENTS

Any bylaw may be adopted, amended or repealed by a simple majority of the members present at any regular or special meeting of the members.

The Board of Directors may make and amend any bylaws, which amendment is effective immediately. Provided, that any bylaw adopted or amended by said board shall be reported and submitted for approval at the next regular member meeting; and provided, further, that any bylaw adopted or amended by said board shall be at any time subject to amendment or repeal by the members upon prior notice.