

Port Orford CommUnity Co-op Bylaws

Article I Organization

Section 1.1 - Name. The name of the organization is Port Orford CommUnity Co-op (referred to in these bylaws as "the Co-op").

Section 1.2 – Mission: The mission of the Co-op is to enhance our community by establishing a year-round market to showcase food, crafts, and services from local and regional sources.

Section 1.3 – Vision: The vision of the Co-op includes providing local and regional food, education and products with a focus on local farmers and producers, in a friendly country store atmosphere. The Co-op is organized and will operate on a cooperative basis. Products will be sourced locally when possible.

Section 1.4 - Cooperative principles. The Co-op will operate in accordance with cooperative principles adopted by the International Co-operative Alliance, including the following: (i) voluntary and open ownership without arbitrary discrimination; (ii) democratic governance by Owners with equal voting rights among Owners and opportunity for participation in setting policies and making decisions; (iii) economic participation by Owners with Owners equitably contributing to and democratically controlling the capital of the Co-op, and with earnings being equitably applied to the benefit of Owners in proportion to their patronage of the Co-op, to the development needs of the Co-op, and to the provision and extension of common services; (iv) autonomy and independence of the Co-op as a self-help organization controlled by its Owners being strictly maintained; (v) educating and training Owners, directors, managers and employees so they can contribute effectively to the development of the Co-op, and informing the general public about the nature and benefits of cooperation; (vi) strengthening the cooperative movement by working with other cooperative organizations at all levels; and (vii) working for sustainable development of the Co-op's community.

Section 1.5 - Nondiscrimination. The Co-op shall not discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, political affiliation or other arbitrary basis.

Section 1.6 - Principal office. The principal office of the Co-op is 42164 N Fork Hubbard Creek Road, Port Orford, Oregon 97465.

Section 1.7 - Fiscal year. The fiscal year of the Co-op is the calendar year.

Section 1.8 – Notice by mail. For purposes of these bylaws, notice by mail is given when deposited in the mail with first class postage.

Article II Ownership

Section 2.1 - Admission. Ownership in the Co-op is voluntary and open to any individual who desires to use the services of the Co-op and is accepts the responsibilities of Ownership. Applicants will become Owners upon submitting a completed Owner Subscription Agreement form provided by the Board of Directors, paying the membership fee determined by the Board of Directors, and paying an additional annual fee for each year in which the person wishes to be a Owner in an amount determined by the Board of Directors. (collectively, "the Board" and individually, "Directors").

Section 2.2 - Rights. Each Owner is entitled to make purchases from the Co-op on terms generally available to Owners and to participate in the governance of the Co-op as set forth in these Bylaws. An Owner may authorize individuals who are related to the Owner and reside in the same household as the Owner to make purchases from the Co-op using the Owner's account, but these individuals do not have the right to participate in the governance of the Co-op.

Section 2.3 - Access to information. The Co-op will give a copy of these Bylaws to each Co-op applicant. The Board shall provide Owners with adequate information as to the organizational and financial affairs of the Co-op at the annual Owners' meeting. The Board shall provide Owners access to the books and records of the Co-op at reasonable times and for a proper purpose as determined by the Board and as detailed in ORS 62.440.

Section 2.4 - Settlement of disputes. In any dispute between the Co-op and any of its Owners or former Owners that cannot be resolved through informal negotiation, an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other may have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

Section 2.5 – Restriction on Transfer. An Owner may not transfer its rights and interests except to the Co-op. Any attempted transfer contrary to this Section is void.

Section 2.6 - Termination. An Owner may voluntarily withdraw from the Co-op at any time upon notice to the Co-op. The Board may terminate an Owner's right, but only for cause after first according the Owner an adequate opportunity to respond to the charges in person or in writing. Upon termination, the Owner's rights and interests in the Co-op cease **except for the Owner's right to receive a refund of any unpaid patronage refunds pursuant to Article VII and any amount paid towards its membership fee (but not any additional annual fees it paid).**

Article III Meetings of Owners

Section 3.1 - Annual meeting. The Co-op shall hold an annual meeting of Owners. At the annual meeting, the Board will receive reports on operations and finances, and conduct such other business as may properly be brought before the meeting.

Section 3.2 - Special meetings. The Board may call special meetings of Owners. Owners may call a special meeting by submitting a petition to the Secretary signed by at least ten percent of Owners and stating the business to be brought before the Owners at the meeting. The Secretary shall call a special meeting as soon as practicable. Any business conducted at a special meeting other than that specified in the notice of the meeting will be of an advisory nature only.

Section 3.3 - Time and place. The date, time and place of all meetings of Owners will be determined by the Board.

Section 3.4 – Notice of meetings. The President or Secretary shall give written notice stating the place, day, hour of each annual or special meeting of the Owners to all Owners at least 7 (seven) days but not more than 30 (thirty) days prior to the meeting in person or by email, US mail, or fax. Notice of each special meeting will also state the purpose of the meeting, including but not limited to any issues submitted by Owners under Section 3.9. The Co-op shall also post notices of the meeting at least 3 (three) days prior to the meeting in a conspicuous place in the Co-op's store.

Section 3.5 - Waiver of notice. Any notice of a meeting required under these bylaws may be waived in writing at any time before or after the meeting for which notice is required.

Section 3.6 - Record dates. Unless otherwise determined by the Board, only persons who are Owners at the close of business on the business day immediately preceding the date of distribution of notices are entitled to notice of any meeting of Owners and to vote at such meeting.

Section 3.7 - Quorum and voting. The lesser of 50 (fifty) Owners or 10% (ten percent) of all Owners is necessary and sufficient to constitute a quorum for the transaction of business at any meeting of Owners. Each Owner has one and only one vote on each issue submitted to a vote at a meeting of Owners. Voting by proxy is not permitted. Unless otherwise required by law or by these bylaws, issues will be decided by a simple majority of votes cast. In the event of a tie, an instant runoff system will be used. Meetings of Owners will be conducted generally in accordance with reasonable and accepted rules of parliamentary procedure.

Section 3.8 - Balloting by mail. The Board may authorize balloting by mail on any issue that may properly be brought before Owners in lieu of or in conjunction with a meeting of Owners. When balloting by mail is used, the President or Secretary shall give notice which includes a copy of the issue to be voted upon, a ballot and a voting envelope, and the deadline by which the Owners must return their ballots. Owners voting by ballot must return their ballot in a sealed envelope which is authenticated by the Owner's signature. If the Co-op uses ballots in conjunction with a meeting, it will count votes cast by mail ballot together with and at the same time that it counts votes cast in person at the meeting. A vote cast by mail ballot is

equivalent to presence in person by the Owner at a meeting of Owners for purposes of establishing a quorum.

Section 3.9 - Issues submitted by Owners. Owners may submit any issue to decision by Owners by submitting a petition signed by no fewer than 50 (fifty) or 10% (ten percent) of Owners to the Secretary or President not less than 45 (forty-five) days before the date of the meeting at which the issue will be decided.

Article IV Board of Directors

Section 4.1 - Powers and duties. Except as to matters reserved to Owners by law or by these bylaws, the corporate powers of the Co-op will be exercised by or under the authority of the Board, and the business and affairs of the Co-op will be managed under the direction of the Board.

Section 4.2 – Qualifications and Number. All Directors must be Owners. No individual may be nominated or serve as a Director who has an overriding conflict of interest with the Co-op, as determined by the existing Board. No more than one Co-op employee may serve as a Director at any time. Either 5 (five) or 7 (seven) Directors will serve on the Board.

Section 4.3 - Nominations, election and terms. The Board, a nominating committee appointed by the Board, or a petition signed by at least 10% (ten percent) of the Owners and submitted to the Co-op at least 30 (thirty) days before the election may nominate Owners as Directors. Owners will elect Directors at the annual meeting. Directors' terms will be staggered so that one-third of the terms will expire every year. Directors will usually be elected for terms of three years, but some Directors may be elected for one or two year terms to facilitate staggering of terms,. Directors will hold office until their successors are elected or until their terms are terminated in accordance with these Bylaws.

Section 4.4 - Termination. The term of office of a Director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a Director upon notice to the Co-op; (ii) automatically upon termination of Ownership in the Co-op; (iii) by absence from two consecutive or three meetings in a calendar year unless excused by the Board for good cause; and (iv) by vote of the Board or the Owners, provided that written reasons for removal are included in by the Secretary in the notice of the meeting, and Director whose removal is sought is given reasonable opportunity to answer the charges in person or in writing at the meeting.

Section 4.5 - Vacancies. If a Director's position is vacant, the Board may appoint an Owner to fill the Director's position until the next annual or special Owners' meeting. At the next annual or special Owners' meeting, the Owners will elect a Director to fill the unexpired term of the vacant Director's position. The Owners may elect the Owner appointed by the Board.

Section 4.6 - Compensation of directors. Directors may be reimbursed for expenses directly related to their duties as Directors upon approval of the Board. Directors receive no compensation for their service on the Board.

Section 4.7 - Standards of conduct. Directors will be responsible at all times for discharging their duties in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner that they reasonably believe to be in the best interests of the Co-op. The Co-op may not lend money to or guarantee the obligation of a Director.

Section 4.8 - Conflicts of interest. Pursuant to ORS 62.284, Directors and Director-nominees are under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board, and such interest will be made a matter of record in the minutes of the meeting. Directors having an actual conflict of interest shall neither participate in the decision of the matter nor in deliberations leading to such decision. A transaction in which a Director has an interest may be approved only by a majority of Directors who have no interest in the transaction and upon a determination by the disinterested Directors that the transaction is fair to the Co-op.

Section 4.9 - Committees. The Board may appoint special or standing committees to advise the Board.

Section 4.10 - Indemnification. Subject to limitations in ORS 62.462 to 62.482 and in the Co-op's Articles of Incorporation, the Co-op shall indemnify its current and former Directors against all reasonable expenses to which they may become subject by reason of their positions with the Co-op or their service in its behalf to the fullest extent permitted by law. Indemnification payments and advances of expenses will be made on a priority basis but only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its ordinary and necessary obligations as they become due. All such payments made will be reported in writing to Owners with or before the notice of the next scheduled meeting of Owners.

Article V Meetings of the Board

Section 5.1 – Regular and Special Meetings. The Board will determine the times and places of regular meetings. The President may call special meetings. If at least 3 (three) Directors request, the Secretary shall call a special meeting. The Board shall meet at least once each quarter.

Section 5.2 - Notice. Regular meetings require no notice other than the Board's resolution. Special meetings require written notice be delivered at least 5 (five) days before the meeting date or oral notice given in person or by phone at least 48 (forty-eight) hours before the meeting begins. The Co-op will post notice of all meetings of the Board in a conspicuous place in the Co-op's store at least 24 (twenty-four) hours before the meeting begins.

Section 5.3 - Waiver of notice. Any notice of a meeting required under these Bylaws may be waived in writing at any time before or after the meeting for which notice is required. A Director who attends a meeting is presumed to have waived notice unless the Director attends for the express purpose of objecting to the transaction of business because the meeting is not convened in compliance with these Bylaws.

Section 5.4 - Quorum. The presence of a majority of Directors then in office is necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.

Section 5.5 – Electronic communications. Any meeting of the Board may be conducted by telephone or other electronic means of communication through which each of the Directors may simultaneously hear and communicate with all of the other Directors.

Section 5.6 - Decision making. The Board will strive to make decisions by consensus, attempting to reconcile differing points of view based upon the best interests of the Co-op. If, in the opinion of a majority of Directors present, the issue requires immediate action and diligent efforts to reach consensus have failed, then such issue will be decided by a majority vote of the Directors.

Section 5.7 - Open meetings. Meetings of the Board and all committees are generally open to Owners. The Board may close a portion or all of a meeting devoted to issues of a particularly sensitive nature. Action at a closed session will be read into the meeting minutes at the first opportunity that would not compromise the sensitivity of the matters at issue. Owners may otherwise be excluded from Board or committee meetings only for good cause.

Article VI Officers

Section 6.1 - Designation and qualifications. The principal Officers of the Co-op are President, Vice President, Secretary and Treasurer. The Board may designate other Officers or assistant Officers. The offices of Secretary and Treasurer may be held by one Director. Only Directors may be principal officers.

Section 6.2 - Election, terms and removal. The Board will elect Officers at its first meeting following election of new Directors. Officers serve for terms of 1 (one) year or until election of their successors. Officers may be removed and replaced by the Board at any time whenever the best interests of the Co-op would thereby be served.

Section 6.3 - Duties. In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board, officers have the following duties and such additional duties as are determined by the Board:

- (a) The President will coordinate the activities of the Board and assure the orderly conduct of all meetings;
- (b) The Vice President will perform the duties of the President if the President is absent and, as requested, assist other Officers in the performance of their duties;
- (c) The Secretary will record and keep adequate minutes of all meetings of the Board and of Owners, issue notices required under these Bylaws, maintain current and accurate Ownership lists, and authenticate records of the Co-op; and
- (d) The Treasurer will oversee the deposit of money into the Co-op's account and disbursement of Co-op funds, the maintenance of financial records, reporting of financial information and filing of required reports and returns.

Article VII Patronage Refunds

Section 7.1 - Distribution of net proceeds or savings. The Co-op shall allocate and distribute the net proceeds or savings of the Co-op to Owners attributable to the patronage of Owners among the Owners in accordance with the ratio which each Owner's patronage during the period involved bears to the total patronage of all Owners during that period. The Co-op shall allocate and distribute the net proceeds or savings according to ORS 62.415 and in such a manner as to constitute patronage dividends within the meaning of federal income tax law. "Net proceeds or savings" is taxable income and is generally defined as the Co-op's total income minus its costs of operation for the fiscal year. The Board will determine the form of patronage refunds (e.g., in cash, credits, etc.).

Section 7.2 - Exceptions. First, the Board may allocate and/or pay all, part, or none of the net proceeds or savings in order to accumulate reserves reasonably necessary for business purposes as the Board determines is prudent or on account of losses incurred in prior years. Second, the Co-op is not required to pay a patronage dividend to an Owner whose aggregate amount of patronage transactions in a fiscal year is less than \$100.00. Third, the Board may exclude from distribution any allocation of such a nominal amount as not to justify the expenses of distribution provided that it does not distribute an allocation of such a nominal amount to other Owners. Fourth, Owners may waive in whole or in part any patronage refunds to which they may be entitled.

Section 7.3 - Consent of Owners. By obtaining or retaining Ownership in the Co-op, each Owner understands and agrees that patronage refunds may be taxable income to the Owner and are governed by Subchapter T of the Internal Revenue Code.

Section 7.4 - Retentions. A portion of patronage refunds may be retained for the reasonable capital needs of the Co-op. Such retentions will be credited to revolving capital accounts in the names of recipient Owners, accrue no monetary return on investment, and are not transferable. They will be redeemed when determined by the Board to be no longer needed as working capital. At that time they will be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts. Retentions may also be redeemed under compelling circumstances as determined by the Board.

Section 7.5 - Forfeiture. The Co-op may forfeit unclaimed patronage refunds as allowed by ORS 62.425. The Co-op will act in accordance with ORS 62.245 when records showing Ownership ownership or payment or patronage refunds are missing.

Article VIII Interpretation and Amendment of Bylaws

Section 8.1 - Severability. In the event that any provision of these Bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision will be deemed inoperative to such extent and deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these Bylaws.

Section 8.2 - Amendment. These Bylaws may be amended or repealed only by a majority vote of the Owners.

Certification by Secretary

I certify that these Bylaws are a true copy of the Bylaws of the Port Orford CommUnity Co-op adopted by the Board of Directors in its meeting on October 25, 2012 at which a quorum was present and acting.

SIGNATURE BY SECRETARY:

_____ DATE: _____

Printed Name