

Bylaws  
Iowa Food Cooperative

December 12, 2008

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## **1. Members**

### **1.1 Membership types**

Producer members are members whose sales to the cooperative exceed purchases from the cooperative. Consumer members (including restaurants and grocers) are members whose purchases from the cooperative exceed sales to the cooperative. Each applicant for membership will select the applicant’s initial class of membership on the application form. The board may reclassify members by applying a uniform set of criteria based on each member’s purchases from and sales to the cooperative.

### **1.2 Membership applications**

An applicant becomes a member by completing an application form and paying a \$50 membership fee.

### **1.3 Family memberships and organizational members**

The residents of a household may obtain a family membership, in which case all of the residents of the household may use the cooperative’s services. Membership interests owned by two or more individuals may be voted by any one of them, unless the cooperative receives written notice from any one of them denying the authority of that person to vote those membership interests. A corporation, partnership, estate or trust may become a member, in which case the organization will specify the person or persons with membership voting rights.

### **1.4 Assignment of membership**

A member may assign his or her membership interest to anyone who is not already a member. An assignment of membership interest will become effective when the cooperative receives notification of the assignment. The cooperative may prescribe a form that must be used for such purpose.

### **1.5 Ending a membership**

A membership will end upon the occurrence of any of the following events:

#### **A. Transfer**

A member may transfer a membership to someone who is not already a member by submitting the transfer form provided by the cooperative for this purpose. A transfer of membership will also result in the transfer of the member’s patronage refunds to the new member.

#### **B. Withdrawal**

A member may withdraw from membership by notifying the cooperative in writing. Following a voluntary withdrawal from membership, the cooperative will redeem the membership by paying \$50 within one year. A withdrawal from membership will not affect the member’s patronage refund rights.

**C. Death**

Following the death of a member, the member's family can transfer the membership to someone who is not already a member by submitting the transfer form provided by the cooperative for this purpose. A transfer of membership will also result in the transfer of the deceased member's patronage refunds to the new member. As an alternative, the deceased member's family can request that the cooperative redeem the membership by paying \$50 within 60 days. Such a redemption will not affect the deceased member's patronage refund rights, which will pass to the member's heirs.

**D. Failure to Pay Annual Membership Fee**

If a member fails to pay the annual fee set by the board for a year, the board may: (a) suspend the member's right to sell to or buy from the cooperative during the year; or (b) terminate the member's membership in the cooperative. The board will apply a uniform set of rules for suspending or terminating memberships. Following the board's termination of a membership, the cooperative will redeem the membership by paying \$50 within 60 days. Such a termination will not affect the member's patronage refund rights.

## **2. Meetings of Members**

### **2.1 Absentee ballots**

The board shall determine the issues on which members may cast absentee ballots, and the cooperative shall provide absentee ballots for those issues. A member voting by absentee ballot must use the ballot form provided by the cooperative. Members will not have the ability to grant a proxy to vote on their behalf.

### **2.2 Closing of transfer books**

The members of record according to the member record books on the date notice is given of any meeting will be the members entitled to notice of and to vote at that meeting.

### **2.3 Conduct of meetings**

**A. Motions at member meetings**

The board may propose a resolution to be considered by the members by passing a board resolution. Any two members may propose a resolution to be considered by the members by filing a signed letter containing the resolution with the board secretary or general manager at least twenty days before a member meeting. The notice of each meeting will include all of the resolutions to be considered at the meeting. Only resolutions made pursuant to this section, and germane amendments of such resolutions, will be considered at member meetings.

**B. Quorum**

Unless a different quorum is required by law, a quorum at a member meeting will consist of 10% of the producer members and 10% of the consumer members. The written ballots of members who are not present will be counted in determining a quorum on the matters covered by the written ballots. If a quorum is not present, then the affirmative vote of the majority of the members attending a meeting in person may recess the meeting to another time and place. At a reconvened meeting where a quorum is represented, any business may be transacted which might have been transacted at the meeting for which the members were originally notified.

**C. Action by the members represented at a meeting**

If a quorum is present, a member resolution will become effective if it is approved by a majority of the producer members represented at the meeting and it is also approved by a majority of the consumer members represented at the meeting. A motion to amend or table a resolution requires the same vote. The members represented at a meeting are those who attend in person and those who have cast written ballots on the resolution being considered.

**D. Voting**

Each member may cast one vote on each issue.

**2.4 Special meetings**

The board may call a special meeting of the members at any time. The board shall call a special meeting of the members upon the receipt of a written request from 20% of the members.

**3. Directors**

**3.1 General powers**

The board of directors (the “board”) shall take all action for and on behalf of the cooperative, except those actions reserved or granted to members. The board will be responsible for setting the policies under which the cooperative will operate. The fiduciary duty of each director is to represent the best interests of the cooperative and all members collectively.

**3.2 Composition and initial directors**

The board will be composed of three directors who are consumer members and three directors who are producer members. The board will initially be composed of the following six directors:

Directors whose initial terms end at the 2009 annual member meeting:

Robb Origer  
Ron Bartelt

Directors whose initial terms end at the 2010 annual member meeting:

Ken Henrichsen  
Linda Gobberdiel

Directors whose initial terms end at the 2011 annual member meeting:

Carolyn Ross  
Jason Jones

**3.3 Vacancies**

A director may resign by submitting a resignation to the president. At any member meeting called for that purpose, a majority of all of the members of the class represented by a director may remove that director. A vacancy created by a member vote will be filled for the remainder of its term at the same meeting by the same members. A vacancy resulting from an increase in the number of directors may be filled by the board for the term of up to three years specified by the board. A vacancy created in any other manner may be filled by the board until the next annual meeting of the members, at which time the members will elect a director to serve the unexpired portion of the term.

### **3.4 Elections of directors**

#### **A. Eligibility**

Every consumer member is eligible to serve as a director elected by the consumer members. Every producer member is eligible to serve as a director elected by the producer members.

#### **B. Election contests**

There will be two election contests at each annual member meeting, one to elect the director or directors elected by the consumer members and the other to elect the director or directors elected by the producer members.

#### **C. Nominating committee**

The board will appoint a nominating committee prior to each annual member meeting. The nominating committee will nominate one or more candidates to fill the director position for each election contest. The nominating committee will submit its report at least thirty days before the annual meeting.

#### **D. Other nominations**

Any two members may nominate another member as a candidate for a director position by filing a nomination letter with the board secretary or the general manager at least twenty days before an annual member meeting. The person nominated must declare his or her willingness to serve as a director at least twenty days before the annual member meeting.

#### **E. Notice of annual meeting**

The notice of annual meeting will contain the names of all of the candidates nominated under sections C and D.

#### **F. Conduct of elections**

The candidate receiving the most votes in each election contest is elected, even if that candidate did not receive a majority of the votes cast. If directors are being elected to varying terms in a single election contest, then the candidate in that election contest with the most votes will serve the longest term. Cumulative voting in which a member casts two or more votes for one candidate is not allowed.

### **3.5 Associate directors**

The board may appoint associate directors. An associate director will serve the term specified in the board resolution, and may be reappointed to serve additional terms. An associate director may participate in board discussions and may serve on board committees, except that the board may exclude associate members from any meeting or part of any meeting. An associate director may not make or second motions or vote at board meetings.

### **3.6 Committees**

#### **A. Executive committee**

The executive committee will be composed of the officers then serving. The executive committee, by the affirmative vote of a majority of its voting members, may determine that the best interests of the cooperative require action prior to the time that a board meeting could reasonably be held, and in such a case, the executive committee has the authority to take any action that the board could take, except that the executive committee does not have the authority to buy property for a purchase price in excess of \$500 or hire or fire the general manager.

**B. Audit committee**

The cooperative shall have its financial information audited or reviewed for presentation to the members. The board shall appoint an audit committee to review the financial information and accounting report of the cooperative. The board may appoint individuals to this committee who are not directors. The audit committee shall ensure an independent review of the cooperative's finances and audit.

**C. Other committees**

A resolution approved by the affirmative vote of a majority of the board may establish committees having the authority of the board in the management of the business of the cooperative only to the extent provided in the resolution. The board may appoint individuals to any committee who are not directors. Committees may include a special litigation committee consisting of one or more independent directors or other independent persons to consider legal rights or remedies of the cooperative and whether those rights and remedies should be pursued. Committees other than special litigation committees are subject at all times to the direction and control of the board.

**3.7 Compensation and expenses**

The board will set the compensation and expense reimbursement policy for the directors, officers and general manager.

**4. Board Meetings**

**4.1 Organizational meeting**

The board will hold its organizational meeting within 30 days after the annual members meeting. At the organizational meeting the board will set the time and place for the regular meetings for the upcoming year.

**4.2 Special meetings**

The president or the vice president may call special meetings of the board. Any three directors may call a special meeting by notifying the other directors. The person or persons calling the meeting will set the time and place for the meeting.

**4.3 Telephone attendance**

Any director who is unable to attend a meeting in person may attend all or part of the meeting by telephone if the necessary arrangements can be made so that all of the directors can hear each other during the meeting.

**4.4 Notice**

The setting of a meeting at a board meeting will serve as notice of those meetings to those directors in attendance. The general manager will notify any absent director of any scheduled meeting within seven days after it is scheduled. The person calling a special meeting will notify all directors in writing or by telephone of the special meeting at least forty-eight hours before it occurs. Whenever any notice is required to be given to a director, a waiver of notice signed by that director will be treated as the equivalent to the giving of the notice. The attendance of a director at a meeting will constitute a waiver of notice of the meeting, except where a director attends a meeting for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of directors need be specified in the notice or waiver of notice of the meeting.

#### **4.5 Quorum**

Four directors will constitute a quorum for the transaction of business at any meeting of the board. A majority of the directors present (though less than such quorum) may adjourn the meeting from time to time without further notice.

#### **4.6 Manner of acting**

The affirmative vote of four directors will constitute the action of the board. The meeting chair will have full voting rights, but may not make or second motions.

#### **4.7 Attendance at board meetings**

Each voting director is entitled to be notified of and to attend each board meeting. The president may invite other individuals to attend all or part of a board meeting. The president may delegate to the general manager the authority to invite a member to make a presentation of limited duration at the beginning of a board meeting, with the understanding that the member will leave after making his or her presentation.

#### **4.8 Informal action by directors**

Any action required to be taken at a meeting of the directors may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the directors. This consent will have the same effect as a unanimous vote and may be stated as such in any document filed with the secretary of state. The provisions of this section will be applicable whether or not the law requires that an action be taken by resolution. This provision also applies to any action required or permitted to be taken by a committee of the board.

#### **4.9 Presumption of assent**

A director who is present at a meeting of the board at which a vote is taken will be presumed to have assented to vote unless the director asks the secretary of the meeting to note his or her dissent. This presumption may be overcome if the director dissents to the action, and this dissent is either entered in the minutes of the meeting, or the director files a written dissent with the secretary. This dissent may be filed either personally or by registered or certified mail immediately after the adjournment of the meeting. No director will have a right to dissent to an action for which the director voted in favor.

#### **4.10 Conflicting interests**

A director who has a conflicting interest regarding any issue before the board will disclose that conflicting interest to the other directors, and refrain from voting on that issue. The fact that a director sells products to or buys products from the cooperative will not be treated as a conflict of interest.

### **5. Officers**

#### **5.1 Number**

The cooperative will have a president, a vice president, a secretary and a treasurer. The board may also select such other officers and assistant officers as it deems appropriate. The same director may serve as both secretary and treasurer.

#### **5.2 Selection, tenure and qualifications**

The officers will be selected at the board's organizational meeting. Only directors will be eligible to serve as officers. An officer will serve until a successor is elected and appointed.

### **5.3 Vacancies**

An officer may resign at any time. An officer who is no longer serving as a director must resign as an officer. The board may remove any officer whenever, in its judgment, the best interest of the cooperative will be served by removal. The board may fill any vacancy of any office for the unexpired portion of the term, or the board may leave an office vacant until the next organizational meeting of directors.

### **5.4 Duties of officers**

Each officer will perform the duties that are customarily performed by the person holding that office, except to the extent that these customary duties are modified by these Bylaws or by board resolution. In addition, each officer other than the president will perform those duties specified by the president, provided that those duties are not in conflict with the explicit directions of these Bylaws or a board resolution.

#### **A. President**

The President will perform the following duties:

- Preside at all meetings of the cooperative and oversee the cooperative's affairs
- Serve as the main communication link between staff and other directors
- Call special meetings as deemed necessary
- Appoint committees for special or regular purposes as the board of directors deems advisable for the proper conduct of the cooperative

#### **B. Vice-President for Producers**

The Vice-President for Producers will perform the following duties:

- Represent the views and needs of producer members of the cooperative
- Fulfill the duties of the President in the event of his or her absence or disability during the first six months of each calendar year

#### **C. Vice-President for Consumers**

The Vice-President for Consumers will perform the following duties:

- Represent the views and needs of customer members of the cooperative
- Fulfill the duties of the President in the event of his or her absence or disability during the last six months of each calendar year

#### **D. Vice President for Membership and Education**

The Vice President for Membership and Education will perform the following duties:

- Be responsible for member communications and educational programming

#### **E. Secretary**

The Secretary will perform the following duties:

- Keep a complete record of all meetings of the board of directors and general membership
- Serve as official custodian of the cooperative's seal, bylaws, and membership records
- Sign papers pertaining to the association as authorized or directed by the board of directors
- Serve all notices required by law and by the articles of incorporation and bylaws
- Keep all books of blank membership stock certificates
- Complete and countersign all membership stock certificates issued
- Keep complete membership certificate ownership records
- Make a full report of all business pertaining to the office to members at the annual meeting



## **F. Treasurer**

The Treasurer will perform the following duties:

- Be responsible for the keeping and disbursing of all monies of the cooperative
- Assure that accurate books of accounts of all transactions of the cooperative are kept
- Perform duties with respect to the cooperative's finances as may be prescribed by the Board
- Present periodic financial reports
- Make a full report of all business pertaining to the office to members at the annual meeting

## **6. Patronage Distributions and Redemptions**

### **6.1 Allocation of patronage to members**

After the end of each fiscal year, the board will set aside the amount it determines proper to establish a capital reserve and to establish and accumulate reserves for new buildings, machinery and equipment, depreciation, losses, and other proper purposes. The remaining net savings will be distributed to the members as patronage refunds in proportion to the business each member did with the cooperative during the preceding fiscal year. One-half of the patronage refunds will be issued to consumer members and the other one-half will be issued to producer members. The net savings may be separately calculated for two or more categories of business, and allocated to the two types of members on the basis of business done within each of these categories. At least 20% of patronage refunds will be paid in cash.

### **6.2 Redemption of patronage refunds**

The board will determine the funds available to redeem members' patronage refunds. These funds will be used to redeem the oldest outstanding year of patronage refunds, or a uniform portion of that year. The cooperative will not give a priority to the redemption of the patronage refunds owned by former members or the heirs of deceased members.

### **6.3 Assignment of patronage refunds**

A member or former member may assign his or her patronage refunds to any member. An assignment of patronage refunds will become effective when the cooperative receives notification of the assignment. The cooperative may prescribe a form that must be used for such purpose.

### **6.4 Organizational Members**

An organizational member having ten or fewer beneficial owners may elect to have the cooperative transfer its patronage refunds into the names of its beneficial owners upon the termination of the existence of the organizational member.

### **6.5 Losses**

The board will determine the manner in which a loss is handled. A loss that is carried forward may be used to reduce the net savings of the same allocation department in the future year or may be used to reduce the net savings of different allocation departments in the future year. A loss may be allocated to the equity holders by canceling part of the outstanding allocated patronage refunds, or by establishing a negative patronage account against which future patronage refunds are credited. If a loss in one department is used to reduce the net savings of another department, then the cooperative will give the members the notice required by Internal Revenue Code section 1388(j).

## **7. Miscellaneous**

### **7.1 Written instruments**

The board may authorize any representative of the cooperative to execute a written contract on behalf of the cooperative, and this authorization may be general or confined to specific instances. If the board does not specify who is to sign a contract on behalf of the cooperative, then a written contract made by the cooperative will be executed by the president or the vice president.

### **7.2 Loans**

The board of directors will have the exclusive authority to borrow money on behalf of the cooperative. The board may delegate to the general manager or any officer the authority to draw on an existing line of credit.

### **7.3 Bylaw amendments**

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a vote of three-fourths of the directors then serving at any regular or special meeting of the board.

### **7.4 Fiscal year**

The fiscal year of the cooperative will end on the last day of June each year.

### **7.5 Reversion of disbursements**

#### **A. Abandonment of an equity interest**

A member's entire interest in the cooperative is deemed abandoned if (1) the member does not claim a disbursement due from the cooperative for a period of three years after the amount is due, and (2) the cooperative does not know the location of the member at the end of this three year period.

#### **B. Notice**

After determining that an abandonment of the interest of an equity holder worth \$50 or more has occurred pursuant to §A, the cooperative will publish a notice in a publication regularly distributed to its membership or in a newspaper having a general circulation in the county in which the cooperative's main office is located. This notice will include: (1) the name and address of the cooperative, (2) the name of the equity holder whose interest has been abandoned, (3) a brief description of the disbursement that is due to the equity holder, and (4) a statement that the disbursement and the equity holder's interest in the cooperative will be forfeited to the cooperative unless the person files a claim for the disbursement within six months after the publication of the notice.

#### **C. Claim procedures**

An equity holder whose interest in the cooperative has been deemed abandoned may claim the interest within six months after the publication of the notice specified in §B. If the equity holder is no longer alive, then the beneficiaries of the equity holder's interest in the cooperative may claim the interest within this time period. Following receipt of a proper claim to the abandoned interest, the cooperative will pay the disbursement to the claimant and acknowledge the claimant's ownership of the equity holder's interest in the cooperative. The cooperative may honor claims received more than six months after publication of the notice, but it will be under no legal obligation to do so.

**D. Transfer to reversion fund**

If the cooperative does not receive a claim for disbursements due from the cooperative within six months after the publication of the notice specified in §B, then: (1) all disbursements due to the equity holder will be transferred to the reversion fund; and (2) the equity holder's entire equity interest in the cooperative will be transferred to the reversion fund. The reversion fund will be used under the direction of the board solely for the teaching and promotion of cooperation or for economic development. "Economic development" includes private or joint public and private investments involving the creation of economic opportunities for the cooperative's members or the retention of existing sources of income that would otherwise be lost.