

Amended and Restated
Bylaws
Of the
Just Food: Northfield Community Co-op, Inc.

Adopted October 16, 2007

ARTICLE 1. PURPOSE AND PRINCIPLES.

Section 1. Purpose. The purpose of the association is to operate a financially sound retail grocery to provide the Northfield area with natural and healthful foods and other household and personal items and services at the lowest possible cost, and to serve as a marketing distribution point for area food producers. We will provide a model of responsible business practices based on co-operative principles, giving consideration to the needs of all members and recognizing the right of workers to participatory management

Section 2. Principles. The business of the Co-op shall be operated in accordance with the International Co-operative principles, as follows:

- First Principle: Voluntary and Open Membership
- Second Principle: Democratic Member Control
- Third Principle: Member Economic Participation
- Fourth Principle: Autonomy and Independence
- Fifth Principle: Education, Training, and Information
- Sixth Principle: Cooperation among Co-operatives
- Seventh Principle: Concern for Community

ARTICLE II. MEMBERSHIP.

Section 1. Eligibility. Any person, household, firm, cooperative, non-profit corporation or corporation may, on approval of his, her or its application by the Board of Directors, be accepted into membership on terms established by the Board of Directors. This association shall not discriminate on social or political grounds including but not limited to race, color, ethnic or national origin, creed, religion, sex, gender identity, sexual orientation, marital status, age, status with regard to public assistance, or disability.

Section 2. Application and investment requirement. Application for membership shall be made in writing on a form provided by the association. Pending approval by the Board of Directors of the membership application, the prospective members shall purchase one (1) share of Class A stock and a number of shares of Class B stock as determined by the Board of Directors.

Section 3. Approval. Each application shall be acted on by the Board of Directors at the first meeting after it is received. The Board of Directors shall have full authority to approve or reject a membership application based on policies established and approved by the Board.

Section 4. Information. Each new member shall receive a copy of the Articles of Incorporation and Bylaws of the association.

Section 5. Membership rights. Each member shall have one vote in the affairs of the association. Corporate or household memberships shall designate one person to vote on their behalf.

Section 6. Termination. Membership may be terminated in any of the following ways: 1) voluntarily by a member upon notice to the association; 2) automatically if a member shall die, cease to exist, or fail to patronize the association for a period of one (1) year; 3) for failure to keep current on equity investment payments; 4) for failure to pay past due debts to the association; and 5) for cause, including but not limited to willful violation of the bylaws, by the Board of Directors. Members who are to be terminated for cause will receive notice of the proposed termination and be provided an opportunity to address the board if requested by the member prior to the termination. When a membership is terminated, the association shall either: a) purchase the Class A stock of the member by tendering to the member, or his, or her, or its heir or successors in the appropriate case, the par value or the book value, whichever is less, together with any cash portion of a patronage dividend due or unpaid, less any indebtedness due the association; or b) purchase the Class A stock of the member by tendering to the member, or his, her or its heirs or successors in the appropriate case, Class B stock, together with any cash portion of a patronage dividend due or unpaid, less any indebtedness due the association. Regardless of the reasons for termination, repurchase of the association's stock by the association shall be subject to the same terms and limitations governing all stock repurchases, including availability of sufficient replacement capital and the discretion of the Board of Directors to determine terms of repurchase. In any case, the Class A stock of the member shall be canceled and he, she or it shall no longer have voting rights in the association.

Section 7. Restrictions upon withdrawal and transfers of membership. Every member upon uniting with this association agrees that in case the member shall desire to withdraw his, her or its membership in the association, that the stock can only be transferred to the association and only upon approval by the Board of Directors. The stock of this association is not transferable in any other event. The association shall repurchase a terminating member's shares when the association has sufficient capital as determined by the Board of Directors.

ARTICLE III. MEETINGS.

Section 1. Annual meeting. The annual meeting of the members shall be held in the territory served by this association at such time as may be determined by the Board of Directors of the association.

Section 2. Notice of meeting. Notice shall be given by the secretary of all meetings of the members by publication in a legal newspaper published in the county of the principal place of business of the

association, or by publication in a magazine, periodical, or house organ regularly published by or on behalf of the association and circulated generally among its members, or by mailing or emailing a notice thereof to each member at his, her or its last known address, at least two weeks prior to the date of the meeting. The secretary shall document compliance of this provision by preparing a copy of the notice given to members with proof of the mailing or publication attached. The failure of any member to receive any such notice of the annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such annual or special meeting.

Section 3. Special meetings. The president shall cause a special meeting of the members to be called upon a written petition of at least twenty percent (20%) of the members, or upon a majority vote of the Board of Directors. If the special meeting is called by member petition, the notice of the time, place and purpose of the special meeting shall be issued within ten (10) days from the receipt of the petition by the president, and the special meeting shall be held within thirty (30) days from the receipt of the petition by the president. No business shall be considered at the special meeting except as has been mentioned in the call and included in the notice of the meeting.

Section 4. Voting. Each member shall have one vote upon any matter submitted to a vote of the members. Voting by mail or electronic means, shall be allowed on all matters that members are entitled to vote upon, as authorized by the Board of Directors. Election of directors, except to fill a vacancy, shall always be conducted by mail or electronic ballots, with the opportunity for members to bring ballots to the annual meeting or to the store for counting at the annual meeting, within the election period and timeline authorized by the Board of Directors and specified in the voting packet sent to each member with the ballot. There shall be no proxy voting.

Section 5. Presiding officer. The president or his or her designee of the association shall preside at all meetings of the members and directors.

Section 6. Quorum, members. At any regular or special meeting of the members, a quorum necessary for the transaction of business shall be at least fifty (50) members or ten percent (10%) of the total number of holders of voting stock of the association, whichever is less. Only members in actual attendance at the meeting shall count towards a quorum, except for matters submitted to the membership by mail. Mail or electronic ballots cast shall be counted towards fulfillment of the quorum requirement.

ARTICLE IV. BOARD OF DIRECTORS.

Section 1. Number of directors, eligibility and terms. The number of directors of this association shall be not less than five (5) nor more than nine (9), each of whom shall be a member of the association. Only one individual per membership shall be eligible to be on the Board of Directors at a time. Directors shall be elected by ballot at the time of the annual meeting for a term of three (3) years, and shall hold office until their successors are selected. The terms of office shall be so arranged that as nearly as possible the terms of office of an equal number shall expire each year. If

any director shall cease to be a member, his or her office shall be automatically vacated. No more than one (1) member of the Board of Directors shall be a paid employee of the association. This includes the director elected pursuant to section 2 below.

When filling vacancies caused by resignation the position(s) will be filled for the remainder of the original term(s). Candidates with the highest vote totals shall get three-year terms, and the candidate(s) with the next-highest vote total(s) shall fill the vacated seat(s) for the remainder of the term(s).

Section 2. Employee director. When the association employs three (3) paid employees and one of them is willing to be a director, one director shall be a paid non-management employee. The employee director shall be elected each year for a one-year term by the members of the association. This director may not serve as an officer and is subject to all other provisions pertaining to directors of the association.

Section 3. Organizing meeting. At the first Board of Directors meeting after the annual member-owners meeting, the Board of Directors shall elect officers.

Section 4. Directors' meetings and quorum. Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors shall from time to time determine. A majority of the directors shall constitute a quorum at all meetings of the Board, and a majority vote of the members present shall decide all questions. Presence at a meeting shall constitute a waiver of notice of such meeting. Directors' meetings may be held by telephone conference call, if so approved by all directors, providing all persons participating can hear each other at the same time.

Section 5. Special directors' meeting. Special meetings of the Board of Directors may be called by the president or by a majority of said Board. Each member of the Board of Directors shall be duly notified of all such meetings.

Section 6. Action without a meeting. Any action or decision of the Board of Directors may be made without a meeting if a majority of Directors agree to the action. Such agreement is to be determined by polling the Directors individually before such action is taken and verified by a document signed by all Directors stating their position for or against the action and stating when and how she or he was polled before the action was taken. Such document may be signed after the action is taken and is to be filed with the minutes of the meeting following the action.

Section 7. Vacancies. Any vacancy in the Board of Directors, except as may be caused by removal by the members, may be filled by appointment by the remaining directors until the next regular election.

Section 8. Election of officers. The Board of Directors shall elect from their number a president, one or more vice presidents, a secretary, and a treasurer. The offices of the secretary and treasurer may be combined and when so combined shall be termed secretary-treasurer. Any officer may be removed by the Board when, in its judgment, doing so is in the best interests of the cooperative.

Section 9. Compensation and reimbursement. Compensation of the Board of Directors shall be determined by the members of the association at any regular or special meeting called for that purpose. Officers and directors may, at the discretion of the Board, also be entitled to reimbursement for actual expenses incurred in attending board meetings or other business of the association. Such expense claims shall be approved by a majority of the Board. Compensation and/or reimbursement to directors shall not constitute payments to them as employees.

Section 10. Removal. Any director of the association may, for cause, at any annual or special meeting of the members, be removed from office by a majority vote. Failure of a director to attend two consecutive directors' meetings or one-third of the directors' meetings during a year, except for cause as determined by a majority vote of the remainder of the Board, shall result in automatic removal from office. No director shall be removed from office at either an annual or special meeting unless he or she has been informed of the meeting at which the matter is to be considered at least ten (10) days before such meeting. Such notice shall be by certified mail addressed to him or her at his or her last known address, and he or she shall be entitled to be heard at such meeting. In case of removal by action of the members, the members shall fill the vacancy for the unexpired term of such director by special election at the meeting where the removal takes place.

ARTICLE V. DUTIES AND POWERS OF DIRECTORS.

Section 1. Management of business. The Board of Directors shall govern the business and the affairs of the association and make all necessary rules and regulations not inconsistent with law or with these bylaws. The Board of Directors shall have power to employ and dismiss a manager of the association and to determine his or her duties and compensation.

Section 2. Bonding of employees. The Board of Directors may require the manager and/or other officers, agents, and employees charged with the custody of any of the association's funds or property to provide a fidelity bond in such sum as the Board of Directors shall determine. Such bond shall be furnished by a responsible bonding company approved by the directors, and the cost of such bonding coverage shall be paid by the association.

Section 3. Audit. The Board of Directors shall review all financial statements prepared and presented by management at their regular meetings but no less than four times a year. The Board may, in addition, have the books audited or reviewed at least once a year by a Certified Public Accountant. Such audit or review shall be made between the date of the close of the fiscal year and the date of the annual meeting, and a report of findings, containing at least a balance sheet showing the financial condition of the association at the close of the fiscal year and a summarized statement of income and expenses for the year, shall be submitted to the members at their annual meeting.

ARTICLE VI. DUTIES AND POWERS OF OFFICERS

Section 1. President. The president shall:

- a) preside over all meetings of the association and of the directors;
- b) sign as president, with the secretary, all notes, deeds and other conveyances of real estate, as well as all certificates of stock of the association.

Section 2. Vice President. In the absence or disability of the president, the vice president shall perform the duties of the president.

Section 3. Secretary. The secretary will:

- a) ensure that a complete record of the meetings of the association and of the Board of Directors is kept;
- b) sign as secretary, with the president, all notes, deeds and other conveyances of real estate, as well as all certificates of stock of the association, and affix the corporate seal to all documents requiring attestation;
- c) shall cause to be prepared and submitted to the annual meeting of the members a complete and detailed report of the current year's business. The annual report shall contain a statement of assets and liabilities, a statement of income and expenses, and such other statements and statistical memoranda as the Board of Directors shall require. The Board of Directors may delegate these duties to some employee or employees of the association.
- d) provide that all notices required by law be served;
- e) perform such other duties as may be required of him or her by the association or the Board of Directors.

Section 4. Treasurer. The treasurer shall:

- a) oversee the receipt and disbursement of all funds of the association;
- b) ensure that complete records of all financial transactions of the association are kept; and,
- c) perform such other duties pertaining to his or her office as may be required by the Board of Directors.

Section 5. Secretary-Treasurer. In the event that the office of secretary-treasurer are combined, his or her duties shall be a combination of the duties of the secretary and the treasurer and his or her office shall be known as secretary-treasurer.

Section 6. Manager. The Board of Directors shall have power to employ and dismiss a general manager of the association. The general manager shall have general charge of the ordinary and usual business operations of the association subject to the direction and approval of the directors. The manager shall be required to maintain all business records and accounts in such a manner that the true and correct condition of the business may be determined whenever practical. He or she shall provide annual and periodic reports in a form and manner prescribed by the directors. The manager shall employ and discharge employees subject to direction and guidelines approved by the Directors. The manager shall handle and account for all monies belonging to the association which come into his or her possession in the manner and form prescribed by the Directors.

ARTICLE VII. CAPITAL STOCK.

Section 1. Certificates or proof of membership. Proof of membership shall be issued, in lieu of certificates for Class A stock, when the initial required stock is fully paid for and the membership application has been received. Class B stock received as patronage dividends shall be evidenced by written notice of allocation mailed to the members. Class C stock shall be evidenced by certificates issued by the association. The association retains the right to terminate all memberships as provided in the bylaws and to purchase or recall all stock. Redemption of capital stock by the association is subject to any indebtedness owing the association by the member.

Section 2. Non-transferability. Shares of stock shall be transferable only to the association with the consent and approval of the Board of Directors. Shares of stock may not be transferred in any other manner.

Section 3. Refund or repurchase by the association. The association shall repurchase all shares of stock of terminating members, whether for cause or for voluntary or involuntary reasons, on the condition that the association has sufficient capital as determined by the Board of Directors. The Board of Directors may establish additional conditions and terms for repurchase of members' shares of stock, provided such conditions and terms apply to all members equitably.

Section 4. Classes and issue. In order to further the cooperative character of this association and provide a means whereby its current and active members will finance the association, this association is authorized to issue Class B stock, Class C stock, equity reserve or capital interest certificates, or any other media as determined by the Board of Directors and as permitted by the law under which this association is organized. Funds and credits arising from the issue of such stock, certificates or other media may be used for creating a revolving fund for the purpose of building up an amount of working capital to meet the association's financing needs. Whenever the association determines that all of its funds are not necessary for the proper financing of the operations of the association, the Board of Directors may choose to retire Class B stock, Class C stock, liquidate equity or capital reserves or any other media previously issued.

Section 5. Payments upon dissolution or liquidation. Upon dissolution or liquidation of the association the debts and liabilities of the association shall first be paid according to their respective priorities. Members or other holders of equity, capital reserve credits or other media issued by the Board of Directors shall then be paid in the order of preference stated in the Articles of Incorporation. Such members or other holders of equity, capital reserve credits or other media issued by the Board of Directors shall receive the par value of their shares or credits with holders of the shares of Class C stock also receiving the amount of all declared but unpaid dividends thereon. Any additional property remaining after members and other equity holders have been paid shall be distributed to another association doing business on a cooperative basis or a non-profit organization exempt from taxes under Section 501(c)(3) of the Internal Revenue Code, as shall be determined by the Board of Directors or Trustees.

ARTICLE VIII. DISTRIBUTION OF SURPLUS.

Section 1. Annual net savings.

- a) Gross receipts. Gross receipts shall be all proceeds from the sale of goods and services to members and non-members and all other sums received (including patronage dividends and all non-patronage income).
- b) Deductions from gross receipts. The association shall deduct from "gross receipts" all expenses incurred in generating the "gross receipts" including, but not limited to, marketing expenses, costs of goods or services sold, taxes, depreciation, reserves for doubtful accounts and all other necessary expenses.
- c) Total annual net savings. The amount remaining after reducing the "gross receipts" by these deductions shall constitute the annual net savings (net earnings) of the association.

Section 2. Member patronage income.

- a) Member patronage. Annual net savings shall be divided into
 - 1) annual net savings from member patronage and
 - 2) annual net savings from non-member patronage and
 - 3) non-patronage sources.

Annual net savings from member patronage shall be determined by taking the percentage of gross receipts attributable to business done with or for members (including patronage dividends, etc.) and multiplying that percentage times the total annual net savings minus non-patronage savings. The amount resulting shall be annual net savings from member patronage, which shall be distributed to the member-patrons of this association in proportion to the amount of business done by them with the association, subject only to the deductions and the exceptions provided in Section 3 and 4 of this Article.

- b) Non-member patronage and non-patronage income. The difference between total annual net savings and net savings from member patronage shall be annual net savings from non-member patronage and non-patronage sources.

Section 3. Educational reserve. The Board of Directors may set aside a sum not to exceed five percent (5%) of non-member patronage and non-patronage income as an educational fund which shall be used for the purpose of promoting and encouraging cooperative associations.

Section 4. Capital reserve. The Board of Directors shall annually set aside all annual net savings from non-member patronage and non-patronage sources less any deductions for the educational reserve as a capital reserve. In addition, the Board of Directors may also place into the capital reserve fund all annual net savings from member patronage attributable to member-patrons who are unidentified, or who do not consent to take into account patronage dividends from the association in the manner provided in 26 U.S. C. Section 1385. Amounts previously set aside as capital reserves shall not be allocated to the member-patrons but shall be kept in the general reserve fund of the association. The Board of Directors may, by resolution duly adopted prior to the beginning of the fiscal year, set aside up to fifty percent (50%) of the total annual net savings or other reasonable amounts as a capital reserve.

Section 5. Patronage dividend distribution.

- a) The annual net savings from member patronage, less any deductions or exceptions as determined by Sections 3 or 4 of this Article, shall be distributed annually to the member-patrons of the association. Member-patrons shall, by their on-going membership in the association, consent to include in their income such patronage distributions from the association in the manner provided in and to the extent required by 26 U.S.C. Section 1385.
- b) Patronage dividends shall be distributed in cash or in equity (Class B stock) or by any combination thereof designated by the Board of Directors. Equity distributions (Class B stock) may be paid or redeemed in whole or in part at such time, in such manner and such order as shall be determined by the Board of Directors in its sole discretion. The Board of Directors may establish policies and programs for the payments of or redemption of such equities. No transfer or assignment of such equity (Class B stock) shall be allowed without the approval of the association.

Section 6. Allocation of losses. If this association has sustained an annual loss in net savings from member patronage, it shall have the power and authority to allocate such losses from member-patron business in the following manners:

- 1) to the member patrons for such year or years on a patronage basis and apply such losses against the equity credits or stock of said member-patrons;
- 2) to apply the loss to the association's capital reserve
- 3) or to carry forward or back such loss, as determined by the Board of Directors.

ARTICLE IX. CONSENT BY MEMBERS

Each member of this association shall, by becoming a member, consent that the amount of any distributions with respect to his, her or its patronage occurring in any fiscal year which are made by qualified written notices of allocation (as defined in 26 U.S.C. 1388) received by him, her or it from the association shall be included in his, her or its income in the manner provided in 26 U.S.C. 1385 during the taxable year in which the qualified written notices of allocation are received. It is the intent of this provision to provide a consent binding on all members who retain or obtain membership in this association and receive a written notification and copy of this bylaw, for the purpose of making such distributions "qualified" within the meaning of the Internal Revenue Code.

ARTICLE X. INDEMNIFICATION.

This association shall indemnify each person who is or has been a director, officer or employee of this association, and each person who is serving or who has served at the request of this association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him or her to the fullest extent of his or her right to indemnity under current Minnesota Corporation law.

ARTICLE XI. MISCELLANEOUS PROVISIONS.

Section 1. Fiscal year. The fiscal year of this association shall begin on the first day of July and close on the last day of June of each year.

Section 2. Amendments. These bylaws may be amended, repealed, or altered in whole or in part by a majority vote of the members present and/or voting at a meeting where the matter is considered, provided that all members receive written notice of the proposed changes to the bylaws.

Section 3. Dissolution. This association may be dissolved by a two-thirds vote of the members present and/or voting at a meeting called to consider the matter.

Section 4. 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 shall be deemed inoperative to such extent and shall be deemed modified to confirm with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.