

BY-LAWS
EAST END FOOD CO-OPERATIVE, INC.

ARTICLE I: ORGANIZATION

- 1.1 Name. The name of the organization shall be East End Food Co-operative, Inc., and shall be referred to herein as “EEFC” or “the Co-op”.
- 1.2 Purpose; Effective Date; State of Domicile; and Relevant Law. These By-Laws shall take effect upon the acceptance of the EEFC Articles of Domestication by the Pennsylvania Department of State, Corporation Bureau. As of that date, EEFC shall be domiciled in the Commonwealth of Pennsylvania, with the purpose to conduct all lawful business authorized by and subject to the domestic corporation provisions of the Pennsylvania Cooperative Corporation Law of 1988, and the applicable domestic corporation provisions of the Pennsylvania Nonprofit Corporation Law of 1988.
- 1.3 Fiscal year. The fiscal year of the Co-op shall run for a period of 52 or 53 weeks, ending on the Sunday nearest to June 30, resulting in a 53 week period every sixth year.

ARTICLE II: MEMBERSHIP

- 2.1 Eligibility. Membership in the Co-op shall be open to any individual who is in accord with its purposes and is willing to accept the responsibilities of membership.
- 2.2 Nondiscrimination. Membership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility.
- 2.3 Admission. Any eligible individual may be admitted to membership upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Directors (referred to herein as the “Board”).
- 2.4 Return of Equity. Equity shall be returned upon termination of membership in the Co-op, under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary for the reasonable or prospective capital needs of the Co-op. Equity investments not claimed within one year of termination of membership shall be subject to forfeiture to the Co-op.
- 2.5 Rights. Members have the right to elect the Co-op’s Board, to attend meetings of the Board, to receive notice of and attend membership meetings and to approve amendments to these by-laws. Other than the rights specified herein, management of the Co-op shall be vested in the Board. A member who has not fully paid his or her financial obligations to the Co-op shall not be eligible to be elected as a director, or to serve as a director, but shall otherwise have the membership rights set forth in this section.
- 2.6 Responsibilities. In addition to any qualification for membership established by law or by the articles of incorporation, in order to acquire and maintain membership in good standing, a person shall purchase, or subscribe to purchase, such amount of share capital as is determined by the Board of directors. A member who becomes delinquent by thirty days in meeting his or her financial obligations shall be placed into inactive status, and his or her membership may be terminated in accordance with Section 2.7. In order to maintain active membership in the Co-op, members shall keep current in equity investments due to the Co-op, shall keep the Co-op informed of any changes in name or current address, and shall abide by these by-laws and the decisions of the membership or the Board. References in these by-laws to the rights of members shall be understood to refer only to active members in good standing.
- 2.7 Termination of Membership. A member may terminate his or her membership voluntarily at any time by written notice to the Co-op. Membership may be terminated involuntarily only: (a) for failure to pay fees, dues and assessments, in accordance with Section 2.6; or (b) for other cause by vote of the Board after a hearing; or to the extent the Board delegates the matter, then by vote of the Executive Committee, or by a vote of such other committee, as may be determined by the Board. The member against whom charges are brought shall be informed thereof in writing at least three (3) days in advance of the meeting, and shall have the opportunity to be heard at such meeting either in person or by counsel. Upon termination of membership, all rights and interests of such person in the co-op shall cease, except for rights to redemption of shares and redemption of retained patronage dividends. A member who remains delinquent in equity investment for more than one (1) year or who

fails to patronize the Co-op for three (3) consecutive years shall, upon notice by the Co-op, be considered to have voluntarily terminated membership. Voluntary termination of membership under this section shall not preclude a person from again applying for membership in the Co-op at a later time.

- 2.8 Nontransferability. Membership rights and interests may not be transferred to any person.
- 2.9 Access to information. Members shall be provided reasonably adequate information as to the organiaffairs of the Co-op at reasonable times and for proper purposes, with appropriate limitations as determined by the Board.
- 2.10 Settlement of disputes. In any dispute between the Co-op and a member or former member that involves normal membership transactions and that cannot be resolved through informal negotiation, it shall be the policy of the Co-op to use mediation whereby 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 shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

ARTICLE III: MEMBER MEETINGS

- 3.1 Annual Meeting. A membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on operations and finances, to review policy issues that vitally affect the Co-op, and to transact such other business as may come before the meeting.
- 3.2 Special Meetings. The Board shall cause a special meeting of the membership to be called upon either a majority vote of the Board, or the written petition of at least ten percent (10%) of members. The notice of meeting shall be issued within thirty (30) days after the presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting.
- 3.3 Notice of meetings. Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Co-op and mailed to members not less than four (4) weeks prior to the date of the meeting, provided however that the Board may determine to use notice by publication in lieu of mailing meeting notices to the members.
- 3.4 Quorum. At any annual or special members' meeting, a quorum necessary for the transaction of business shall be ten percent (10%) of the total number of members if the Co-op has 500 or fewer members; or the lesser of five percent (5%) or one hundred fifty (150) if the Co-op has more than 500 members. In determining a quorum at a meeting, on a question submitted to a vote by mail, members present in person or represented by mail vote shall be counted. The attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members present in person or by mail ballot at the meeting.
- 3.5 Voting. Each membership shall have only one vote. There shall be no proxy voting on any matter.
- 3.6 Voting by mail. For a period of at least one month prior to the annual membership meeting, and for a period of at least one month prior to any special membership meeting at which members will vote, the Co-op shall provide members with an opportunity to vote by absentee ballot, either by mail or at a location or locations, as determined by the Board. Absentee ballots shall be mailed to all members and shall also be available at a location or locations, as determined by the Board. Absentee balloting procedures shall be determined by the Board. Absentee votes shall be counted together with votes cast at a meeting for a total vote count on any issue.

ARTICLE IV: BOARD OF DIRECTORS

- 4.1 Powers, Duties and Terms. The Board shall be composed of nine members, elected from among the fully-paid members of the Co-op. One of the nine directors may be elected from the staff, by the membership, if there is a candidate available. A staff member must compete in the same manner as all other members in order to be elected. In order to be elected as a director, an eligible staff member candidate must receive sufficient votes in the membership balloting, which places the staff member candidate among the top three (3) ballot totals. Only one staff member may serve on the Board at any given time. The Board shall have full power to govern the Co-op, including, but not limited to, hiring management and evaluating its performance, approving budgets and fiscal controls, borrowing money and granting security therefore, ensuring fair and equitable conditions of employment, leadership in the realm of long range policy, and assuring that the mission of the Co-op is carried out. Board members shall serve a term of three (3) years. Directors' terms shall be staggered, so that three directors' terms expire each year on a rotating basis. Each director shall hold office until a successor is elected or until the director resigns or is removed.

- 4.2 Meetings. Regular meetings of the Board shall be held at a time and place as the Board shall determine. A special meeting of the Board shall be convened at the discretion of the President, or within two weeks upon receipt of a written request by at least three (3) members of the Board to the President. One or more directors may participate in a meeting of the Board, or a meeting of any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting by means of conference telephone or similar communications equipment shall constitute presence in person at the meeting. No notice shall be required for regularly scheduled meetings, but directors shall receive from the secretary at least five days written notice or three days notice delivered in person or by direct telephone contact of the time and place of special meetings. Attendance at Board meetings is open to the general membership, but the Board in its sole discretion may limit member participation. The Board may meet in closed session when it determines that such a session is appropriate.
- 4.3 Board Quorum. A majority of the current Board members shall constitute a quorum.
- 4.4 Conflicts of Interest. Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board or a committee. Directors having such an interest may not participate in the decision of the matter nor, unless the Board or committee otherwise directs, in the discussion of the matter.
- 4.5 Vacancies. Any vacancy among Directors elected by the members may be filled by appointment by the Board. A Director so appointed to fill a vacancy shall serve for the remainder of the term of his or her predecessor.
- 4.6 Officers. The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business.
- 4.7 Indemnification. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit, proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person, or another of whom the person is or was the legal representative, is or was a director, officer, employee, volunteer or agent of the Co-op shall be indemnified and held harmless to the fullest extent permissible under the law against all expenses, liability, and loss (including attorney's fees), judgments, damages, punitive damages, fines, and amounts paid or to be paid in settlement reasonably incurred or suffered by the person in connection therewith), so long as such person acted in good faith and in a manner he or she reasonably believed to be within the scope of his or her authority and for a purpose that person reasonably believed to be in, or not opposed to, the best interests of the Co-op and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Such right of indemnification shall not be exclusive of any other right which such directors, officers, employees, volunteers or agents may have or thereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, provision of law, or otherwise, as well as their rights under this Section. The Co-op shall be entitled to purchase insurance for such indemnification, as determined from time to time by the Board.
- 4.8 Directors Not Personally Liable. To the fullest extent that the laws of the Commonwealth of Pennsylvania as in effect on the date of the adoption of this section or as such laws are thereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Co-op shall be personally liable as such for monetary damages for any action taken, or any failure to take action, as a Director. Specifically, a Director shall not be personally liable for monetary damages, unless (1) the Director has breached or failed to perform the duties of his/her office and (2) the breach or failure to perform constitutes self-dealing, willful misconduct, or recklessness. Any amendment or repeal of this section or adoption of any other provision of these Bylaws or the Co-op's Articles of Incorporation which has the effect of increasing Director liability shall operate prospectively only and shall not have any effect with respect to any action taken, or failure to act, prior to the adoption of such amendment, repeal, or other provision. In performing his/her duties, a Director may rely in good faith upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by (a) one or more officers or employees of the Co-op whom the Director reasonably believes to be reliable and competent in the matters presented, or (b) counsel, public accounts, or other persons as to matters with the Director reasonably believes to be within the professional or expert competence of such person, or (c) a committee of the Board of Directors or Co-op upon which the Director does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence. A Director shall not be considered to be acting in good faith, however, if such Director has knowledge concerning a matter which would cause his/her reliance on any of the foregoing to be unwarranted. In discharging the duties of their respective positions, the Board of Directors, committees of the Board of Directors and Co-op, and individual Directors may, in considering the best interests of the Co-op, consider the effects of any action upon employees,

upon suppliers of the Co-op, and upon communities in which offices or other establishment of the Co-op are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of such person's fiduciary standard of care. In addition, absent breach of fiduciary duty, lack of good faith, or self-dealing, actions taken by a Director or failure to take action shall be presumed to be in the best interests of the Co-op.

- 4.9 Committees. The Board shall have the power to establish committees composed of Board members with such powers as are designated by the Board.
- 4.10 Removal. A member of the Board may be removed by a two-thirds vote of the Co-op's membership whenever the best interests of the Co-op would be served by doing so, provided the director has been given the opportunity to be heard. A member of the Board may be removed by action of the Board for cause at a regular or special Board meeting by a vote of two-thirds of all Board members. Board members shall be obligated to the best of their ability to attend all Board meetings. A director who misses three Board meetings in one fiscal year, shall be considered to have automatically resigned from the Board.
- 4.11 Action without a meeting. Actions of the Board, or any committee, may be taken without a meeting if a consent in writing, stating the action to be taken, is signed by all directors (or by all committee members, as the case may be) and filed with the minutes of the Board or committee meeting, as the case may be.

ARTICLE V: PATRONAGE DIVIDENDS

- 5.1 Allocations to members. The Co-op shall allocate and distribute to members the net profit from business done with them in such a manner as to qualify them as patronage dividends consistent with Co-op principles, applicable state and federal laws and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made, and may establish reasonable reserves.
- 5.2 Consent of members. By obtaining or retaining membership in the Co-op, each member shall be deemed to consent to take into account, in the manner and to the extent required by federal and state tax law, any patronage refund received from the Co-op.
- 5.3 Retained amounts. Patronage dividends not currently distributed by check or rebate shall be credited or charged to revolving capital accounts in the names of recipient members. Retained patronage dividends shall accrue no dividend or interest. Retained amounts that are no longer needed for capital purposes of the Co-op may be redeemed in such amounts and at such times as may be determined by the Board. At that time they shall be redeemed only in the order of the oldest outstanding amounts and only on a ratable basis among such amounts for each fiscal year, except that redemptions may be made payable only to members who are then in good standing or become so within a period of time determined by the Board.

ARTICLE VI: EEFC STAFF

- 6.1 Management. The Board shall have the power to hire, define duties, fix compensation and dismiss a General Manager. Under the direction of the Board, the General Manager shall have the authority to hire and direct all other staff members, consistent with the bylaws, Board policies or directives and Board approved budgets.
- 6.2 Eligibility to be hired. The staff shall be chosen from among EEFC members. If a non-member applicant is selected, he or she shall become a member before starting work.
- 6.3 Management authority. The General Manager is responsible for the day-to-day operation of EEFC, in accordance with the Board's policies and these bylaws.

ARTICLE VII: BY-LAWS

- 7.1 Amendments. These by-laws may be amended or repealed in whole or in part by a majority of the members who participate in the vote. An amendment may be proposed by majority vote of the Board or by petition of at least ten percent (10%) of active members. The proposed amendment shall be publicized to the membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.