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**WOOSTER LOCAL FOODS COOPERATIVE, INC.  
BYLAWS**

**Article One**

**Mission**

To establish a year-round market place for the purpose of connecting consumers and producers of locally grown foods and other agricultural products. Our goals are to encourage healthy eating, expand local economic development, promote community involvement, and sustainable living

**Article Two**

**Stock**

This cooperative shall be a non-stock cooperative.

**Article Three**

**Membership**

**Section 1. Qualifications**

Any person, family, firm, partnership, LLC, corporation or association, who or which agrees to sign and abide by a membership agreement with the Association, and meets such other conditions as may be prescribed by the Board of Directors, may become a member of the Association. Membership becomes effective upon signing the membership agreement provided that all membership requirements are met.

**Section 2. Suspension or Termination**

In the event the Board of Directors of the Association shall find that any Member has ceased to be an eligible Member under Section 1, above, the board shall give the Member written notice of the violation and allow 30 days to cure the violation. If the violation is not cured, the board shall set a hearing date within 60 days of the mailing notice. Following the hearing, the board shall determine whether the Member is eligible to retain membership or whether a suspension or termination is required in the best interests of the Association. If an affirmative vote of a majority of the Directors casting votes finds for suspension or termination, the subject matter shall be suspended or terminated as the case may be.

Written notice may be given using any of the following methods; by mail, by electronic or telephonic transmittal. If mailed, the notice is given when it is deposited in the U.S. Mail, with postage prepaid, addressed to the person at the person's address as it appears on the records of the Association. If notice is sent by electronic or telephonic transmittal, notice is given when an electronic or telephonic confirmation of delivery is received by the Association.

A suspended or terminated Member shall have no rights or privileges, nor vote or voice in the management or affairs of the Association other than the right to participate in accordance with law in the event of dissolution.

**Article Four**  
**Meetings of Members**

**Section 1. Annual Meeting**

The annual meeting of the Members of this Association shall be held in the State of Ohio, during the month of September or on such date as the Board of Directors may determine. The board shall designate the time and place of meetings.

**Section 2. Special Meetings**

Special meetings of the Members of the Association may be called at any time by order of the Board of Directors. A special meeting shall be called by the Directors upon receipt of a written petition signed by at least 51% of the Members entitled to vote. The petition must state the specific business to be brought before the Association and demand a special meeting at any time for consideration of such business. The Directors shall designate the time and place for a special meeting.

**Section 3. Notice of Meetings**

Written notice of every regular and special meeting of Members shall be prepared and mailed to the last known post office address of each Member at least 10 days before such meetings. Notice is given when it is deposited in the U.S. mail. The meeting notice may also be delivered by electronic means. Such notice shall state the nature of the business expected to be conducted and the time and place of the meeting. No business shall be transacted at any special meeting other than that referred to in the notice.

**Section 4. Voting**

Unless required by applicable law, all questions requiring a decision of the Members shall be decided by a vote of a majority of the Members present at the meeting and voting on the question. Each Member shall be entitled to only one vote. Voting shall be permitted in person or by mail, e-mail, or other electronic means approved by the Board of Directors. Proxy voting shall be allowed. Each proxy shall be in writing, signed by the voting Member and no Members shall vote more than one proxy. If a membership is held by a household, partnership, LLC, or other legal entity, the Member shall designate in writing the person who shall vote on behalf of the Member. That designation shall remain in effect until written notice of a properly authorized change in the designated voter shall be received by the Association.

**Article Five**  
**Directors, Officers, and Executive Director**

**Section 1. Number and Qualifications of Directors**

The Association shall have a Board of Directors of between 5 and 12 Directors; provided, however, if the Association has fewer than five Members, the number of Directors shall equal the number of Members. Each Director shall be a designated voting Member of this Association in good standing. If a majority of the Board of Directors of the Association finds at any time that any Director or Officer is so engaged or affiliated and has failed to follow the provisions set forth in Article 14 of these Bylaws dealing with conflicts of interest, the procedure for Removal of Directors and Officers as set forth in Article Five, Section 10 shall be followed, with the board requesting removal in the place of the Member petition.

**Section 2. Election of Directors**

Prior to the annual meeting of the Members of the Association, the Nominating Committee shall nominate a slate of Directors, who shall be approved by the Board of Directors by majority vote before presentation to the Members of the Association. At the annual meeting, the Membership shall vote on the proposed slate of Directors according to the procedure in Article Four, Section 4 herein. In the event the Members present and voting at the annual meeting reject the proposed slate of Directors, the Members shall vote on the

proposed Directors individually by secret ballot. Those nominated Directors who receive a majority positive vote of the Members so voting shall be elected.

New Directors shall be elected, for a term of two years each, to succeed those Directors whose terms are expiring. No Director shall be eligible for more than three consecutive terms without first taking a two-year leave between terms. This requirement shall apply to all current Directors' years of service retroactively. At the end of each current Director's term, any Director with at six or more years consecutive on the Board shall be ineligible to serve again until after a two-year leave. A Director who is barred from serving for another consecutive term may be appointed to fill in a vacancy due to the resignation or termination of a Director, as outlined in Article Five, Section 4 herein. In addition, and Director ineligible to serve again due to term limits may continue to participate in committees of the Board upon request of the chair of such committees.

If the number of Members of the Association is ever five or fewer, all Members shall serve as Directors until the next annual meeting held after membership has increased to more than five Members.

### **Section 3. Election of Officers**

after each annual election of Directors, the Nominating Committee shall meet to determine those individuals who desire to be an Officer of the organization. Thereafter, the Board of Directors shall elect, by ballot, oral vote, or other means as decided by a majority of the Directors, a President, Vice President, Secretary, and Treasurer, each of whom shall hold office for a period of two years, unless earlier removed by death, resignation, or for cause. The President and Vice President shall be Directors. The Secretary and Treasurer need not be Directors or Members of the Association. The Secretary and Treasurer offices may be held by the same person, but no Officer shall execute or acknowledge any instrument in more than one capacity if the instrument is required by law or by the Articles of Incorporation or the Bylaws to be executed, acknowledged, or verified by two or more officers.

### **Section 4. Vacancies**

Whenever a vacancy occurs in the Board of Directors, other than from the expiration of a term of office, the remaining Directors, by majority vote, shall appoint a new Director to fill the vacancy for the remainder of the term. If one or more officer positions become vacant, such offices shall be filled by the Board of Directors, through election by ballot, at either a regular or special meeting of the Board.

### **Section 5. Regular Board Meetings**

In addition to the meetings mentioned above, regular meetings of the Board of Directors shall be held at such times and at such places as the board may determine. Materials for all such regular meeting shall be provided to the Directors at least three business days prior to scheduled meeting date.

### **Section 6. Special Board Meetings**

A special meeting of the Board of Directors shall be held whenever called by the president or a majority of the Directors. Only the business specified in the written notice shall be transacted at a special meeting. Each call for a special meeting shall be in writing or electronic and delivered to the secretary, and shall state the time and place of such meeting.

### **Section 7. Notice of Board Meetings**

Oral, written, or electronic notice of each meeting of the Board of Directors shall be given each Director by, or under the supervision of, the secretary of the Association prior to the time of meeting. But such notice may be waived by any Director, and their appearance at a meeting shall constitute a waiver of notice.

### **Section 8. Quorum**

A majority of the Board of Directors shall constitute a quorum at any meeting of the board.

### **Section 9. Reimbursement and Compensation**

The Association may reimburse Directors for all reasonable expenses incurred in carrying out their duties and responsibilities. The compensation, if any, of the Members of the Board of Directors shall be determined by the Members of the Association at any annual or special meeting of the Association. No Director of the Association, during the term of his office, shall be a party to a contract for profit with the Association differing in any way from the business relations accorded regular Members.

### **Section 10. Removal of Directors and Officers**

Whenever any Director shall fail to meet qualifications as described in Section 1 of this Article, or fails to attend three consecutive board meetings either regular or special, without just cause and provided that notice of such meetings has been given in accordance with these bylaws, then it shall be the duty of the board to remove said Director and to fill the vacancy in accordance with Section 4 of this Article.

Any Member of the Association may bring charges against an Officer or Director of the Association by filing them in writing with the secretary of the Association, together with a petition, signed by twenty percent (20%) of the Members, requesting the removal of the officer or Director in question. The removal shall be voted upon at the next regular or special meeting of the Association and, by a majority of the Members voting, the Association may remove the officer or Director and fill the vacancy. The Director or Officer against whom such charges are brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present witnesses, and the person bringing the charges against him shall have the same opportunity.

### **Section 11. Executive Director**

The Board of Directors shall be entitled and empowered to hire and retain an Executive Director to handle the day-to-day responsibilities of the Association. The Executive Director shall serve with such specific authority and duties, and with such compensation, as determined by the Board of Directors, but shall generally be responsible for, and have authority to direct the operations of the Association's food market, including but not limited to the management and hiring of employees of the Association, all daily operations and other income-producing activities.

The Executive Director shall provide the Board of Directors with reports on the Market's operations at the Board's regular meetings, including sales of product and other income producing activities, as well as any goals and results set by the Board. The Board of Directors may provide feedback and oversight of the Executive Director. Outside of regular meetings, the President of the Board, or another Officer or Director so tasked by the Board, shall communicate any questions or concerns regarding the Executive Director's actions and duties.

The Executive Director shall be a member *ex-officio* of any committee of the Board of Directors, including the Standing Committees outlined in Article Six, Section 5.1 herein.

## **Article Six**

### **Duties of Directors**

#### **Section 1. Management of Business**

The Board of Directors, including any committees for which it has delegated authority to pursuant to Article Six, Section 5, shall have general supervision and control of the business and the affairs of the Association and shall make all rules and regulations not addressed by law, the Articles of Incorporation, or these Bylaws for the management of the business and the guidance of the Members, Officers, employees, and agents of the Association.

## **Section 2. Bonds and Insurance**

The Board of Directors may require the manager and all other Officers agents and employees charged by the Association with responsibility for the custody of any of the funds, negotiable instruments, or other property of or for the Association to give adequate bonds. Such bonds, unless cash security is given, shall be furnished by a responsible company and approved by the Board of Directors, and the cost shall be paid by the Association. The Board of Directors shall provide for adequate insurance, in the opinion of the Board, covering (1) the property of the Association, or property which may be in the possession of the Association, or stored by it, and not otherwise adequately insured, (2) liability for accidents to all employees and the public, and (3) Directors and Officer of the Association, as provided in Article Twelve herein.

## **Section 3. Accounting System and Audits**

The Board of Directors shall utilize an accounting system which shall be adequate to meet the requirements of the Association's operations and shall require proper records to be kept of all business transactions. As may be recommended by the Finance Committee, but no less than every two years, the Board of Directors shall, by majority vote, obtain an audit of the Association's financial accounts from an independent, third party selected and approved by the Finance Committee, for the purposes of assuring good accounting practices or such other purposes as the Finance Committee may determine.

## **Section 4. Depository**

The Board of Directors shall select one or more banks to act as depositories of the funds. The Board of Directors shall also determine the manner of receiving, depositing, and disbursing the funds, form of checks and the person or persons with signing authority for such checks and accounts.

## **Section 5. Committees.**

### **Section 5.1 Standing Committees.**

The Board of Directors shall establish the following committees:

#### **Section 5.1.1 Executive Committee.**

Consisting of the Officers of the Board of Directors, the Executive Committee's function is to act on behalf of the Board and facilitate decision making in between regular meetings of the Board. The Board may delegate to the Executive Committee all or any stated portion of the functions and powers of the Board, subject to the general direction, approval, and control of the Board.

#### **Section 5.1.2 Nominating Committee.**

Consisting of at least three Directors of the Board of Directors, the Nominating Committee shall be empowered to seek out and review potential candidates for the Board of Directors as well as determine those Directors that may fit best in an Officer role.

#### **Section 5.1.3 Finance Committee**

Consisting of at least the Treasurer of the Board and two (2) Directors, the Finance Committee shall routinely review the financial records of the Association in between regular meetings to ensure accuracy and completeness and shall present a summary of such financial records to the Board of Directors at its regular meetings.

**Section 5.2 Additional Committees.**

In addition to the committees discussed above, the Board of Directors may, at its discretion, appoint such other committees as it deems appropriate., and determine the scope of such committee’s role as well as its authority and duties. The Board may delegate to such additional committee all or any stated portion of the functions and powers of the Board, subject to the general direction, approval, and control of the Board.

**Section 5.3 Committee Meeting Minutes.**

Copies of the minutes of any committee meeting of a standing or additional committee shall be provided to the Secretary of the Association within seven (7) days following such meeting, and shall be provided to the Board of Directors with the regular meeting materials required under Article Five, Section 5 herein.

**Article Seven**

**Officers**

**Section 1. President.**

The President shall (1) preside over all meetings of the Association and of the Board of Directors; (2) call special meetings of the Board of Directors; (3) appoint such committees as the Board of Directors may deem advisable for the proper conduct of the Association; and (4) perform all acts and duties usually performed by a presiding officer.

**Section 2. Vice President.**

In the absence or disability of the president, the vice president shall perform the duties of the president; provided, however, that in case of death, resignation, or disability of the president, the Board of Directors may declare the office vacant and elect any eligible person president.

**Section 3. Secretary.**

The secretary shall keep a complete record of all meetings of the Association and of the Board of Directors and shall have general charge and supervision of the books and records of the Association. The secretary shall sign papers pertaining to the Association as authorized or directed by the Board of Directors. The secretary shall serve all notices required by law and by these bylaws and shall make a full report of all matters and business pertaining to the office to the Members at the annual meeting. The secretary shall perform such other duties as may be required by the Association or the Board of Directors. Upon the election of a successor, the secretary shall turn over all books and other property belonging to the Association to the successor.

**Section 4. Treasurer.**

The treasurer shall be responsible for the keeping and disbursing of all monies of the Association, and shall provide for keeping accurate books of accounts of all transactions of the Association. The treasurer shall perform such duties with respect to the finances of the Association as may be prescribed by the Board of Directors. At the expiration of the term of office, the treasurer shall promptly turn over to the successor all monies, property, books, records, and documents pertaining to the office or belonging to the Association.

**Article Eight**

**Patrons and Patrons’ Net Margins**

**Section 1. Operation at Cost.**

The Association shall at all times be operated on a cooperative service-at-cost basis for the mutual benefit of its Member patrons. The term “Patron” as used in these Bylaws and in the Articles of Incorporation shall mean Members doing business with this Association. Each transaction conducted on a cooperative basis

between this Association and each Patron shall be a “patronage transaction” and shall include as part of its terms each provision of the Articles of Incorporation and Bylaws of this Association, whether or not referred to in the transaction. Each Patron shall be entitled to a portion of Patrons’ Net Margins (patronage refunds), as provided in these Bylaws.

## **Section 2. Computation of Net Margins.**

The Net Margins shall be computed on a tax basis as of the end of each fiscal year as follows:

### **Section 2.1 Gross Receipts.**

Proceeds of sales of products marketed for Patrons, plus amounts received for supplies and services provided to Patrons, plus amounts received from any other source, shall be “gross receipts.”

### **Section 2.2 Net Margins.**

This Association shall deduct from gross receipts the sum of all costs and expenses and other charges that are excludable or deductible from this Association’s gross income for the purpose of determining federal income or related taxes payable by this Association, except the amount of such taxes, the amount of non-qualified allocations redeemed, and the amount of the Patrons’ Net Margins, as defined in 6.3 of these Bylaws. The gross receipts that remain after the foregoing deductions shall be called “Net Margins.”

## **Section 3. Allocation.**

### **Section 3.1 Association Net Margins.**

From the Net Margins, the Association shall set aside “Association Net Margins” to be applied to the Association’s federal income or related taxes. The funds to pay taxes shall first come from Net Margins attributable to sources other than patronage transactions (“non-patronage source margins”) to the extent allocable under federal income tax law. Any non-patronage source margins not so applied shall be set aside in the Capital Reserve.

### **Section 3.2 Patrons’ Net Margins.**

The balance of Net Margins after deduction of the Association Net Margins and any additional amounts needed to offset losses, as described in Article Eight, Section 6 herein, shall be the Patrons’ Net Margins. Subject to approval of the Board of Directors, the Patrons’ Net Margins may be distributed to the Patrons on the basis of their respective patronage transactions and may be allocated on the basis of their respective patronage of the Association and the Net Margins that resulted from the operations of the Association.

## **Section 4. Distribution of Patrons’ Net Margins.**

### **Section 4.1 Written Notice of Allocation.**

Before the end of each fiscal year, the Board of Directors shall determine whether any Patron’s Net Margins exist for the preceding year. If Patrons’ Net Margins are payable, the Association shall distribute Patrons’ Net Margins within eight and one-half (8 ½) months after the end of each fiscal year by written notice of the allocation. The written notice shall show the manner and amount of distribution, and the exact amount distributed in cash, or in Capital Credits (or any combination of the two). The Board of Directors may establish a plan for financing the Association that relates Patron investment to patronage transactions. Such plan may provide for the periodic adjustment of Patron investment by the application of a Patron’s patronage refunds to additional investment requirements prescribed by the plan.

**Section 4.2 Events of Forfeiture of Refund.**

If the Association distributes a patronage refund to a Patron who (a) does not consent to include the patronage refund in income as provided in the Consent Bylaw; or (b) is unable to receive distribution; or (c) cannot be located for redemption of such patronage refunds, such patronage refunds shall forfeit to this Association and be added to the Capital Reserve. Patronage refunds of less than Ten Dollars (\$10) shall be treated as non-distributable Net Margins and added to the Capital Reserve.

**Section 5. Capital Reserve.**

The Association shall maintain a Capital Reserve for the purpose of providing a reserve against which it may charge losses and other charges that could be charged against the surplus of a business corporation for profit.

**Section 6. Loss or Losses.**

If the Association incurs a net loss in any fiscal year, such net loss may be charged against the Capital Reserve. If the loss exceeds the Capital Reserve or, in any event, if the Board so elects, the loss may be recovered from prior, current, or subsequent years' Net Margins. The Board shall have no authority to make assessment for net losses against Members other than through retention of Net Margins. This section shall not be construed to deprive the Association of the right to carry back or carry forward net operating losses in accordance with the Internal Revenue Code or Ohio taxing statutes.

**Section 7. Consent Bylaw.**

Each person (including individuals, partnerships, corporations, limited liability companies) who is accepted to membership in this Association and each Member of this Association on the effective date of this Bylaw who continues as a Member shall, by such act alone, consent to include in gross income (for federal income tax purposes) the amount of any written notice of allocation (as defined in 26 U.S.C. Section 1388, the Internal Revenue Code) received from this Association with respect to his or her patronage transactions as provided in 26 U.S.C. Section 1385.

**Section 8. Records and Documentation.**

The books and records of the Association shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, so furnished by each Member is clearly reflected and credited in an appropriate record to the capital account of each Member.

**Section 9. Fiscal Year.**

The fiscal year of this Association shall commence on the first day of July and end on the last day of June.

**Article Nine**

**Equity Redemption**

**Section 1. Regular Redemption.**

If at any time the Board of Directors determines that the financial condition of the Association will not be impaired by a redemption, capital credited to Members' accounts may be redeemed in full or in part. Any such redemption of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Association being the first redeemed.

**Section 2. Discretionary Special Redemptions.**

Notwithstanding any other provision of these bylaws, the board, at its absolute discretion, shall have the power to retire any capital credited to Members' accounts on such terms and conditions as may be agreed upon by the parties in any instance in which the interests of the Association and its Members are deemed to be furthered thereby and funds are determined by the board to be available for such purposes.



## **Article Ten**

### **Nonmember Business**

This Association may conduct business with non-members on either a patronage or non-patronage basis. However, this Association shall not market the products of non-members in an amount the value of which exceeds the value of the products marketed for Members. It shall not purchase supplies and equipment for non-members in an amount the value of which exceeds the value of the supplies and equipment purchased for Member

## **Article Eleven**

### **Dissolution and Property Interest of Members**

#### **Section 1. Voluntary Dissolution.**

At any member meeting held for the purpose of dissolving the Association, the Members may adopt a resolution of dissolution by the affirmative vote of sixty percent (60%) of the Members votes cast on the proposal. Notice of the meeting shall be given to all Members, whether or not entitled to vote.

#### **Section 2. Involuntary Dissolution.**

The Board of Directors may adopt a resolution of dissolution in the following cases:

##### **Section 2.1**

When the Association has been adjudged bankrupt or has made a general assignment for the benefit of creditors:

##### **Section 2.2**

By leave of the court, when a receiver has been appointed in a general creditors' suit or in any suit in which the affairs of the Association are to be wound up:

##### **Section 2.3**

When the Articles of Incorporation have been canceled for failing to file annual franchise or excise tax returns or to pay franchise and excise taxes and the Association has not been nor desires to be reinstated: or

**Section 2.4** When substantially all of the assets have been sold at judicial sale or otherwise.

The Board of Directors shall be responsible for seeing the appropriate state filings are made and notices given pursuant to Chapter 1729.

#### **Section 3. Disbursement of Assets.**

Upon dissolution, the Board of Directors shall disburse the Association's assets in the following order; first, to pay the Association's debts and liabilities; second, to retire all capital furnished through patronage (Member capital accounts) without priority on a pro rata basis; and third, to distribute the remaining property and assets of the Association among the Members and former Members in the proportion in which the aggregate patronage of each Member bears to the total patronage of all such Members insofar as practical, unless otherwise provided by law.

## **Article Twelve**

### **Indemnification**

The Association shall indemnify its officers, Directors, employees, and agents to the fullest extent possible under the provisions of the Ohio Revised Code 1729, as it may be amended from time to time. The Association may purchase liability insurance coverage for any person serving as an officer, Director,

employee or agent to the extent permitted by applicable Ohio law. The Directors of the Association shall be liable only as Members of the Association, unless otherwise provided by law.

**Article Thirteen**

**Amendment**

If notice of the character of the amendment proposed has been given in the notice of meeting, these Bylaws may be altered or amended at any regular or special meeting of the Members by the affirmative vote of the majority of the Member votes cast

**Article Fourteen**

**Conflict of Interest**

**Section 1. General policy.**

Recognizing that Directors and officers have a duty to loyalty and fidelity to the Association and must govern the Association's affairs honestly and economically, while exercising their best care, skill and judgment for the benefit of the Association, to avoid even the appearance of impropriety, the Directors and officers of the Association shall:

**Section 1.1**

Disclose to the Board any situation wherein the Director or officer has a conflicting or duality of interest that could possibly cause that person to act in other than the best interest of the Association; and

**Section 1.2**

Follow the procedures stated in Section 2, below, governing the participation on behalf of the Association in any transaction in which the person has, or may have, a conflict of interest.

**Section 2. Procedure.**

Any Director or officer having a known duality of interest or possible conflict of interest on any matter shall make a disclosure of such conflict to the other Directors. Such Director shall not vote or use his or her personal influence on the matter, but such Director may be counted in determining the quorum for the meeting. The minutes of the meeting shall reflect the making of the disclosure, the abstention from voting and the quorum situation. Any officer having a known duality of interest or possible conflict of interest on any matter before such officer for administrative action shall report the conflict to the president or, in the case of the president, to the vice president. Such officer shall abstain from taking any administrative action on the matter. The requirements in this Section 2 shall not be construed as preventing any Director or officer from briefly stating his or her position in the matter, nor from answering pertinent questions of the board or other officers.

Approved by the Board of Directors on August \_\_\_\_\_, 2020 and adopted by the Members of the Association on September \_\_\_\_, 2020

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\_\_\_\_\_, Secretary