

**BYLAWS OF THE LOS ALAMOS COOPERATIVE MARKET, INC.**

*Adopted May 15, 2007*

**ARTICLE I- ORGANIZATION**

**Section I.1. Name**

The name of the Cooperative is “Los Alamos Cooperative Market”, referred to in these bylaws as “the Cooperative”.

**Section I.2. Purpose and Mission**

The purpose of the Cooperative is to provide groceries and other consumer goods and services to its owners and other patrons and to engage in other lawful activities. The mission of the Cooperative is to serve Los Alamos County and surrounding communities by providing fairly priced, wholesome foods and other goods in an ecologically sustainable, socially responsible, and economically appropriate manner. The Cooperative will further strive to emphasize food for people, not for profit; to maintain a high standard of quality for the products it sells; to foster the development of northern New Mexican growers and producers through its purchasing policies; to employ a democratic and cooperative governance structure and ethical business practices; to promote fairness, participation, and empowerment in the workplace and the community; to work to encourage and implement appropriate environmental practices; to promote awareness about food, nutrition, health, and cooperative values; and to be responsive and accountable to the community it serves. The Cooperative is organized and shall be operated exclusively on a cooperative and nonprofit basis and in accordance with cooperative principles adopted by the International Cooperative Alliance.

**Section I.3. Nondiscrimination**

The Cooperative shall not discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, political affiliation or other arbitrary basis.

**Section I.4. Principal office**

The principal office of the Cooperative shall be at 2610 Trinity Drive, Suite 14, Los Alamos, NM 87544 until a store is established.

**Section I.5. Fiscal year**

The fiscal year of the Cooperative shall be the calendar year.

**ARTICLE II- MEMBERSHIP**

**Section II.1. Eligibility.**

Any household shall be eligible for membership. A household may consist of one or more adults and any number of minor children who live, buy and eat jointly in one dwelling. A single dwelling may consist of more than one such household. In general a household may not consist of individuals from more than one dwelling. Exceptions to this rule may be

made for elderly persons choosing to be included in a household with a child or other caretaker; for homeless persons choosing to designate themselves as one household; or by written petition to the board of directors.

### **Section II.2. Application for membership.**

An applicant will acquire a membership in the Cooperative by completing a membership certificate and by paying annual membership fees of \$30 or by paying a lifetime membership fee of \$250.

Membership certificates shall be filed under the name of an individual "primary member" of the household. The annual rebate check (if any) will be issued in the name of this "primary member". The certificate shall contain the name, signature, and address of the primary member, the date of issue and date(s) of renewal. Charter annual memberships subscribed before the opening of the store shall be dated for renewal one year after the store opens.

### **Section II.3. Members**

The members shall consist of households who have filled out membership applications and whose membership fees are current. Each member household shall have one and only one vote. Membership is not transferable. Each new member shall receive a copy of the Articles of Incorporation, the Bylaws, and the Cooperative Principles.

### **Section II.4. Ownership**

The members of the Cooperative are its owners. The ultimate control of the Cooperative shall be vested in the membership specifically to:

1. Support the Cooperative economically by making capital contributions and patronizing its services.
2. Elect a representative Board of Directors to manage the affairs of the Cooperative, and remove them from office if they are derelict in their duties.
3. Develop, in concert with the Directors, long range goals and objectives for the Cooperative.
4. Delegate appropriate powers to the Board of Directors and its committees and managers in conjunction with overall guidelines for their performance.
5. Hear and act on reports of officer, managers, and committees of the Cooperative.

### **Section II.5. Member Benefits**

The Board of Directors shall be authorized to approve appropriate discounts to members who provide administrative, executive (including committee and professional assistance), or independent contractor services to the Cooperative. The Board of Directors shall set up additional benefits for all members that reflect their valuable contribution to the Cooperative.

**Section II.6. Settlement of Disputes**

In any dispute between the Cooperative and any of its members or former members which cannot be resolved through informal negotiation, it shall be the policy of the Cooperative to prefer the use of 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.

**Section II.7. Termination**

Membership may be terminated voluntarily by a member at any time upon notice to the Cooperative. Membership may be terminated involuntarily only for cause by the Board, provided the member is first accorded an adequate opportunity to respond to the charges in person or in writing. Annual membership fees are not refundable. The balance of a lifetime membership fee, after subtracting the annual fee for each year or part of a year for which the member has been subscribed to the Cooperative, may be returned by the Board of Directors upon request.

**ARTICLE III- MEETINGS OF MEMBERS****Section III.1. Annual Meetings.**

There will be at least one general meeting of the member-owners each year to hear and act on reports of officers, managers and committees of the Cooperative and to discuss major issues. The annual meeting shall be held in February.

**Section III.2. Special Meetings.**

The President shall call a special meeting of the membership within thirty (30) days of receipt of written request to consider one or more specific agenda items signed by one-tenth (1/10) of member households, or when called by a vote of the Board of Directors. If one or more of the agenda items is a change in the Bylaws, then the special meeting shall be called within forty-five (45) days of receipt of written request.

**Section III.3. Notice of Meetings.**

The proposed agenda for each meeting shall be mailed to each member as notification at least two weeks in advance of the general meeting. The agenda shall also be posted in the store and on the web site of the Cooperative. The agenda shall include the exact wording of any proposal to be acted upon at the meeting.

**Section III.4. Quorum.**

A quorum of members from ten per cent (10%) of member households, or from 25 member households, whichever is smaller, shall be required for conducting business and making decisions at annual and special meetings. Members who cannot attend the meeting in person may request an absentee ballot prior to the meeting. The Secretary shall send to each of these members an exact copy of any proposal to be acted upon at the meeting. Those ballots that are returned within twenty (20) days of being mailed by the Secretary will count toward the vote and the establishment of a quorum.

**Section III.5. Voting by Mail.**

The Board may order a mail ballot without calling a meeting, and the results of the ballot will be valid. A ballot will be mailed to the address on record at the Cooperative for each member. The wording for measures placed on mail ballots shall be the same as the wording for that measure voted upon at a meeting. All ballots that are to be returned by mail will show the deadline for returning such ballots.

**ARTICLE IV- BOARD OF DIRECTORS****Section IV.1. Number and Qualifications of Directors.**

The affairs of the Cooperative shall be managed by its Board of Directors, composed of nine (9) members. The term of each Director shall be three (3) years. The terms shall be staggered so that three terms begin in any one year. Candidates for Director shall declare their candidacy by submitting a statement of qualifications Secretary at least four (4) weeks before the elections begin. A Director shall have been a member in good standing of the Cooperative for the four (4) months prior to Board elections. A Director shall be committed to find sufficient time to devote to duties as a Director and to cooperation as a viable economic relationship. The following are not eligible to serve on the Board: the General Manager of the Cooperative, anyone directly supervised by the General Manager, or anyone supervised by the Board.

**Section IV.2. Election of Directors.**

Open board positions shall be filled by the candidates receiving the greatest number of votes cast in the annual membership ballot. If one or more of the vacancies is to fill an unexpired term of less than three (3) years, the candidate receiving the greatest number of votes will fill the vacancy with the longest term. Members will have a two (2) week period of voting. Ballots and ballot boxes will be available at the principal offices of the Cooperative. The Board may institute a mail-in ballot procedure. Election results shall be reported at the next meeting and in the newsletter.

To prevent ties, an instant runoff system may be used. In order to implement such a system, voters will have the option to vote preferentially by indicating first, second, third choices and so on. All candidates may be so ranked by the voter, not merely as many as the number of vacancies to be filled.

**Section IV.3. Removal of Directors**

Board members may be temporarily suspended for cause, which shall include but not be limited to failure to attend three (3) consecutive meetings of the Board of Director, by a simple majority of Board members present and voting at a regularly scheduled meeting of the Board of Directors. Impeachment of a suspended Director will be voted upon at the next general membership meeting.

Board members may be impeached by a two-thirds (2/3) majority of members voting either in person at a scheduled membership meeting or by mail ballot after thirty (30) days' written notice has been given to the membership. The Board member shall have an opportunity to be heard at the meeting.

**Section IV.4. Vacancies.**

If membership on the Board should fall below nine (9) members for any reason, the Board may select as many members as may be required to have nine (9) Board members. Board members selected in this manner shall serve only until the next member meeting or election, at which time the membership shall elect Board members to fill the unexpired terms of any Board positions filled by the Board. Candidates considered for this selection shall meet the same requirements as candidates during regular elections.

**Section IV.5. Compensation.**

Directors shall receive no compensation for their services except as may be provided under Article II, Section 5, Member Benefits, of these Bylaws.

**Section IV.6. Board Meetings.**

The Board shall have regular meetings at least eight times yearly. The dates of regular meetings shall be set by the Board. All meetings of the Board of Directors, staff and committees, shall be open to all members in good standing. Sessions of a meeting may be closed only when issues of a particularly sensitive nature must be discussed. Action at a closed session shall be read into the minutes of meetings at the first opportunity which would not compromise the sensitivity of the matters at issue. Members may otherwise be excluded from Board or committee meetings only for cause.

**Section IV.7. Special Meetings.**

Any three (3) directors may call a special meeting of the Board.

**Section IV.8. Notice of Board Meetings.**

Each director and alternate shall be notified personally by telephone or by e-mail at least seven days prior to each meeting. Notice of the time, place and major agenda items shall be posted in the store and on the website of the Cooperative at least seven days prior to the meeting.

**Section IV.9. Emergency Board Meetings.**

The Board may hold an emergency meeting, with at least 48 hours' notice to all Board members. At the emergency meeting, the Board shall be empowered to deal only with those matters which, because of their immediacy, cannot wait for a duly called meeting of the Board. Any three (3) directors may call such a meeting and personal, telephone, or e-mail notice shall be given to all Board members. Absence from an emergency meeting of the Board shall not be deemed an absence from a Board meeting.

**Section IV.10. Emergency Polling of the Board.**

When an urgent decision must be made by the Board between regular meetings, the President may call and/or e-mail the members of the Board. Board members must be given full information about the issue to be decided and sufficient time to share opinions before the final decision is given. A quorum of the Board must respond. The emergency decision

must be presented to the next Board meeting for ratification and official report in the minutes.

#### **Section IV.11. Quorum.**

Five (5) Directors shall constitute a quorum for any meeting of the Board of Directors. The Board shall strive to make decisions by consensus, attempting to reconcile differing points of view based upon the best interests of the Cooperative. Any decision made by consensus shall be deemed to be inclusive of a vote in any required percentage. If, in the opinion of a majority of directors present, diligent efforts have failed to produce a consensus and the issue requires immediate action, then such issue shall be decided by a majority vote of a quorum of the Directors present. All decisions shall be recorded with the yeas and nays of each Director or the unanimous approval of the Board in the public minutes of the Board meeting.

#### **Section IV.12. Duties of Directors**

The Directors are vested with the legal responsibility to carry out the provisions of state statutes, the Articles of Incorporation, and these Bylaws, specifically to:

1. Convene membership meetings.
2. Oversee the implementation of decisions of the membership.
3. Oversee the management of the business, property, funds, operations, and affairs of the Cooperative, and enter into legal contracts on behalf of the membership.
4. Hire and fire managers and establish committees, make policies for their guidance, and approve their job descriptions.
5. Oversee an active publicity and education program for the membership on cooperative principles.
6. Develop long-range goals and objectives for the Cooperative, based on membership input.
7. Maintain records of the total number of members, number of members admitted or withdrawn during each year, and the amount of membership fees and/or capital contributions collected, and the rate of any interest dividends paid.
8. Prepare an annual budget and present it to the membership as part of the annual meeting.
9. Have the books of the Cooperative reviewed at the end of each fiscal year by a CPA selected by the Board.
10. Present a written financial report annually to a membership meeting, including a statement of the amount of business transacted with nonmembers and with members, a balance sheet, and income/expense statement.
11. Make an annual report to the New Mexico Public Regulation Commission within sixty (60) days of the end of the Cooperative's fiscal year and keep a copy on file at the principal office of the Cooperative.

12. Require adequate bonding, at the expense of the Cooperative, for all officers and employees handling more than \$1,000 in one year.
13. Delegate preceding duties when appropriate.

#### **Section IV.12. Indemnification of Directors**

The Cooperative shall, to the fullest extent authorized by Section 53-4-9.1 NMSA 1978, indemnify any Director or officer of the Cooperative against reasonable expenses and against liability incurred by a Director or officer in a proceeding in which he or she was a party because he or she was a Director or officer of the Cooperative. These indemnification rights shall not be deemed to exclude any other rights to which the Director or officer may otherwise be entitled. The Cooperative may, to the fullest extent authorized by Section 53-4-9.1 NMSA 1978, indemnify, reimburse, or advance expenses of Directors or officers.

### **ARTICLE V- OFFICERS**

#### **Section V.1. Selection of Officers**

The officers of the Cooperative shall be a President, a Vice-President, a Secretary, a Treasurer, and such other officers as may be determined from time to time by the Board of Directors. The offices of the Secretary and Treasurer may be filled by the same person. The Board of Directors shall elect the officers at the regular Board meeting immediately following the election of new Directors. The officers, who must be Directors of the Cooperative, shall serve one-year terms or until their successors are elected. A vacancy in any office for any reason will be filled by the Board of Directors for the unexpired portion of the term.

#### **Section V.2. Duties of the President.**

The President shall designate the chair and/or facilitator of meetings of the Board of Directors and general membership. In the President's absence, the Vice-President shall designate the chair and/or facilitator. The President shall sign, with the Secretary or any other person of the Cooperative authorized by the Board of Directors, any deeds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by Statute to some other officer or agent of the Cooperative, and, in general, s/he shall perform all duties incident to the office of President.

#### **Section V.3. Duties of the Vice President.**

The Vice-President shall: (1) in the absence or disability of the President, perform the duties of the President; (2) carry out any other duties that the Directors may require.

#### **Section V.4. Duties of the Secretary.**

The Secretary shall: (1) keep a complete and accurate record of meetings and prepare such records for approval within twenty (20) days after the meeting or delegate this task to other competent persons; (2) act as a legal signer for the Cooperative; (3) see that notices are duly given in accordance with the Statutes, Articles and Bylaws; and (4) carry out any other duties that the Directors may require.

**Section V.5. Duties of the Treasurer.**

The Treasurer shall: (1) receive and disburse of all funds of the Cooperative; (2) keep a complete and accurate record of all financial transactions of the Cooperative, and make adequate and timely financial reports to the Directors and the membership; (3) carry out any other duties that the Directors may require; and (4) may delegate her/his duties to other competent persons.

**ARTICLE VI- COMMITTEES**

The Board may appoint special or standing committees to advise the Board or to exercise such authority as the Board shall designate. Advisory committees shall include at least one director. Committees exercising any authority of the Board shall consist only of directors and shall conform to all procedural requirements applicable to the Board.

**ARTICLE VII- FINANCES****Section VII.1. Cooperative Operation.**

The Cooperative shall be operated for the mutual benefit of its members, who shall patronize the Cooperative. The participation rights of the members shall be equal and no member shall have more than one vote. The property rights and interest of the members shall be unequal and shall be determined by their capital investments resulting from retained patronage refunds and the purchase of member investment certificates.

**Section VII.2. Capital.**

The Cooperative may establish any or all of the following vehicles for capitalization:

1. Earnings retained from each year's operations.
2. Portions of the annual patronage refunds retained as Patronage Retains Certificates in members' equity accounts.
3. Sale of Member Investment Certificates.

As equity, the above capital vehicles are subordinate to all debt of the Cooperative. Annual membership fees are not considered as member investment or capital certificates, they are a requirement for membership.

**Section VII.3. Patronage Refunds and Patronage Retains Certificates.**

Patronage refunds may be issued annually from the excess receipts of the Cooperative as follows:

1. Patronage refunds shall be allocated at the same uniform rate to all members in proportion to each member's total purchases from the Cooperative during the previous fiscal year. The rate shall be determined by the Board of Directors after the end of each fiscal year.
2. In the case of non-member patrons, their proportionate amount of patronage refund shall be set aside in a general fund for such patrons and shall be allocated to individual non-member patrons only upon request and presentation of evidence of

the amount of their purchases. Any such patronage refund shall be reduced by the annual membership fee, in effect admitting the non-member patron to membership retroactively for the previous year. All other provisions of this section then apply to such a patron the same as to any member. The Board of Directors shall specify a period of time in which non-member patrons may request a patronage refund, after which time the remainder of the general fund for such patrons shall go to an educational fund, as required by law.

3. At least twenty percent (20%) of each annual patronage refund shall be paid in cash and the balance shall be paid as Patronage Retains Certificates. After assuring satisfaction of the twenty percent (20%) requirement, the Board of Directors shall determine the proportion of cash and certificates for the remainder. The total equity represented by all outstanding Patronage Retains Certificates shall be considered the Members' Patronage Retains Fund.
4. The members of this Cooperative have agreed to take the amount of any patronage refund received into account in computing income in the taxable year that the refund is received, to the extent that this is required by law.

#### **Section VII.4. Member Investment Certificates.**

Member Investment Certificates may be issued by the Cooperative as follows:

1. Member Investment Certificates may be issued in a total amount not to exceed \$1,000,000. There is no limit on capitalization acquired through retained earnings or retained patronage refunds. The total equity represented by all outstanding Member Investment Certificates shall be considered the Members' Investment Fund.
2. Up to 50,000 Member Investment Certificates, with par values of \$20 per certificate, may be issued.
3. Only individuals who are listed as belonging to member households of the Cooperative are eligible to purchase Member Investment Certificates. Each Member Investment Certificate shall be issued in the name of an individual person, rather than being issued to a household.
4. No person may own more than one percent (1%) of the Member Investment Certificates authorized by this article, that is, no more than \$10,000 total par value.
5. The Board of Directors shall make all decisions needed to implement this section.

#### **Section VII.5. Revolving Funds.**

The Members' Patronage Retains Fund and Members' Investment Fund shall both be considered revolving funds, which shall be administered as follows:

1. At the discretion of the Board of Directors, certificates in these funds may earn dividends not to exceed fifteen percent (15%) per year, and shall be non-cumulative. The annual dividend rate for each fund shall be independent of the other fund's rate.
2. The total of all dividends on certificates for any single fiscal year shall not exceed fifty percent (50%) of the Cooperative's excess receipts for that year.

3. Certificates may be redeemed at par value in full or on a pro-rated basis by the Cooperative, as determined annually by the Board of Directors. Redemption of certificates rests in the sole discretion of the Board of Directors, who may redeem certificates when to do so is deemed prudent for the Cooperative.
4. Within each fund, certificates shall be redeemed in order of the time of the original investment, with the oldest certificates being redeemed first. Exceptions may be made to this rule, at the discretion of the Board of Directors, in the event that redemption of a particular certificate will allow the settling of a dispute or the settling of an estate, or in response to the request of a member withdrawing from membership of the Cooperative.
5. The Board of Directors shall consider redemption of certificates at least once a year, including specific requests for redemption submitted in writing by members. Applicants for redemption shall be notified of any decisions.

#### **Section VII.6. Ascertainment of Excess Receipts**

The receipts of the Cooperative during each year shall be first employed for the payment of all its operating expenses, including without limitation, employee compensation and benefits, taxes, maintenance, repairs, upkeep, replacement, insurance, interest and payment of any other obligations of the Cooperative as they become due. The balance shall be considered as the excess receipts of the Cooperative.

#### **Section VII.7. Application of Excess Receipts**

At the end of each fiscal year, the Cooperative shall set aside a portion of the excess receipts as retained earnings in amounts determined by the Board of Directors to be prudent for the continuing operations of the Cooperative and as required by Section 53-4-31 NMSA 1978. In addition, up to five percent (5%) of the total excess receipts may be set aside by the Board of Directors for educational purposes. Any remaining excess receipts shall be distributed to the members or patrons in the form of patronage refunds and/or dividends on certificates as specified above. Receipts shall not be used for any other purpose without the prior consent of the members.

### **ARTICLE VIII- RECORDS**

To record its business operation, the Cooperative shall keep a set of books, which shall be audited at the end of each fiscal year by an experienced bookkeeper or accountant who shall not be an officer or director. A written report of the audit, including a statement of the amount of business transacted with members, and the amount transacted with nonmembers, the balance sheet, and the income and expenses, shall be submitted to the annual meeting of the Cooperative.

The Board of Directors shall keep copies of the minutes of the membership meeting and meetings of the Board of Directors.

The Board of Directors shall make available the record of accounts and the minutes of membership meetings and meetings of the Board of Directors for the examination and review of the members by appointment within seven days of the request by a member to review said record of accounts.

**ARTICLE IX- CONFIDENTIALITY OF MEMBER INFORMATION**

The Cooperative, like other enterprises, must generate, process and maintain many of its business records via electronic data processing. This includes point of sale information generated from transactions between the Cooperative and its members. The Cooperative will treat point of sale information obtained from its members (“member information”) as confidential. The Cooperative may organize and track member information which identifies individual members solely (1) to determine voting eligibility as set forth in the Articles of Incorporation and the Bylaws; (2) to track the status of each member’s purchases for possible use in determining the amounts of a patronage refund; and (3) for purposes of contacting inactive members to evaluate member retention and satisfaction. No other use of point of sale information identified to an individual member will be permitted without the advance express consent of that member. However, member information from which names and addresses (other than zip codes, carrier routes, and/or census tracts) have been deleted may be used for other legitimate purposes.

**ARTICLE X- DISPOSITION OF PROPERTY**

The Cooperative may not sell, convey, lease, exchange, transfer or otherwise dispose of all or any substantial portion of its property unless such sale, conveyance, lease, exchange, transfer or other disposition is authorized at regular or special meeting legally called by the affirmative vote of not less than two-thirds of all the members of the Cooperative. The notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting.

However, the Board of Directors shall have full power and authority to authorize the execution and delivery of a mortgage or deed of trust encumbering the property or assets of the Cooperative, as well as the revenues and income therefrom, to secure any indebtedness of the Cooperative.

The Cooperative may, at any regular or special meeting legally called, be directed to dissolve by a vote of two-thirds of the entire membership. In this event, any surplus shall be distributed in conformity with the requirement of Section 53-4-36, New Mexico Statutes Annotated, 1978 Compilation, or the corresponding provision of any future New Mexico Statute.

**ARTICLE XI- AMENDMENTS**

These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a majority of the membership present at any general membership meeting at which a quorum is present. Thirty (30) days written notice shall be given of intention to alter, amend, repeal, or to adopt new Bylaws. Amendments shall be ratified by a majority of the members voting either in person at a scheduled membership meeting or by mail ballot.