

BYLAWS
of the
FOOD FOREST COOPERATIVE
A Worker Cooperative

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Approved and Ratified by Entrepreneurs on August 8, 2022

Article 1: Organization

1.1 Name. The name of the organization shall be **Food Forest Cooperative** (henceforth “the Cooperative”).

1.2 Ownership and Purpose. The Cooperative shall be owned by its Worker Owners, and shall operate in a manner which advances and is consistent with the cooperative identity as defined by the International Cooperative Alliance:

a) Definition. A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

b) Values. Cooperatives are based on the values of democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative worker owners believe in the ethical values of honesty, openness, social responsibility and caring for others. The Food Forest Cooperative gives special emphasis to accessibility, transparency, and sustainability, as well as community, inclusivity, and integrity.

c) Principles. The cooperative principles are guidelines by which cooperatives put their values into practice:

1) Voluntary and Open Membership. Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without discrimination on the basis of age, sex, race, color, religion, disability, marital status, national origin, immigration or refugee status sexual orientation, or gender identify or expression.

2) Democratic Member Control. Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. People serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3) Member Economic Participation. Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions and contributions to the cooperative; and supporting other activities approved by the membership.

4) Autonomy and Independence. Cooperatives are autonomous, self-sufficient organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5) Education, Training, and Information. Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of cooperation.

6) Cooperation among Cooperatives. Cooperatives serve their members most effectively and strengthen the Cooperative Movement by working together through local, national, regional and international structures.

7) Concern for Community. Cooperatives work for the sustainable development of their communities through policies approved by their members.

1.3 Fiscal Year. The fiscal year of the Cooperative shall end on December 31st, unless changed by the Board.

Article 2: Membership

2.1 Classes of Members. The Cooperative shall have one class of Members.

2.2 Becoming a Member. To become a Member of this Cooperative, a person must:

- a. Be a resident of Arizona;
- b. Pay an Initial Capital Contribution; the amount of the Initial Capital Contribution will be determined by the Board of Directors;
- c. Work for the Cooperative for 650 hours or six months, whichever period is longer; this period of time is called the “Candidacy Period;”
- d. Be approved by the existing Members, by means of the process described in Section 2.3; and
- e. Receive a copy of the Cooperative's Disclosure Statement, Bylaws, and a receipt for payment of the Initial Capital Contribution.

2.3 Acceptance of Members. The application review and approval process for a Prospective Member is as follows:

- a. The Board of Directors or Members shall receive the membership application from a Prospective Member. The Members shall then decide by the decision-making process described in Article 3 whether to approve the application.
- b. If the application is not approved, the applicant’s employment shall be immediately terminated, unless the Members choose to specify a further

Candidacy Period to be followed by a second decision of the Members on whether to approve the application.

- c. Upon approval of the application, and meeting the qualifications listed in Section 6 the applicant shall immediately become a Member.
- d. The Cooperative may waive the Candidacy Period and renew a former Member's Membership immediately by a 51% vote of all the Members.

2.4 Members May Not Transfer their Memberships. No Member may transfer his/her/their Membership or any right arising from that Membership. Any attempted assignment or transfer of Membership shall be void, and will not confer rights on the intended assignee or transferee.

2.5 Resignation of a Member.

1. Every Member has the right to resign from the Cooperative.
2. When a Member resigns from the Cooperative his/her/their Membership will be terminated.
3. To resign from the Cooperative, a Member must provide the Secretary of the Cooperative with a written notice of resignation. The resignation shall become effective immediately without any action on the part of the Cooperative. The individual who resigned from the Cooperative will not be allowed to work for the Cooperative for one month following voluntary termination of Membership unless his/her/their Membership is renewed by the Cooperative.
4. If a Member resigns, he/she/they are still responsible for any charges, dues, or other obligations that the Member owes to the Cooperative. The Cooperative shall still have the right to enforce any such obligation or obtain damages for its breach.

2.6 Termination of Membership. No Membership may be terminated except according to procedures satisfying the requirements of this section:

- a. An Employee Member may terminate his/her/their membership voluntarily at any time by written notice to the Cooperative.
- b. A Member may, for any lawful reason, be expelled from the Cooperative by a vote of 51% or greater of the Members at a duly called meeting at which a quorum is present. Cause for termination may include intentional or repeated violation of any provision of the Cooperative's bylaws or policies, actions that will impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.
- c. The Member must be given 15 days' prior notice of the termination, and the reasons for that termination.
- d. The Member shall have an opportunity to be heard, orally or in writing, not less than five days before the effective date of termination, by a person or body authorized to decide that the proposed termination not take place.
- e. Any notice required under this section may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by

first-class or registered mail sent to the last address of the Member shown on the Cooperative's records.

- f. The Cooperative may direct a Member whose termination is being considered to refrain from conducting business as a Member until the termination decision is made, provided the Cooperative pays the Member his/her/their average weekly wage or compensation – calculated based on the three months preceding the date of the notice given pursuant to this section – until the termination decision is made. The Cooperative may also direct a Member whose termination is being considered to stay away from the Cooperative's places of business except as necessary to exercise his/her/their rights under law.

Article 3: Member Meetings and Decision Making

3.1 Distinction between Member Meetings and Director Meetings. All Members are elected Directors of the Board when they become Members. Meetings of the Members in their capacity as Members shall be governed by this Article 3. Meetings of the Members in their capacity as Directors shall be governed by Article 4. Except as required by law or these Bylaws, votes are cast as Directors rather than as Members. The following acts require voting as Members, rather than as Directors:

- a. Acceptance of Members;
- b. Expulsion of Members;
- c. Election of Directors, if applicable; and
- d. Bylaw changes that would:
 - i. Materially and adversely affect the rights or obligations of Members as to voting, dissolution, redemption, transfer, distributions, patronage distributions, allocations, patronage, dividends, property rights, or rights to repayment of contributed capital;
 - ii. Increase or decrease the number of Members authorized in total or for any class;
 - iii. Effect an exchange, reclassification or cancellation of all or part of the Memberships;
 - iv. Authorize a new class of Memberships;
 - v. Specify or change the maximum or minimum number of Directors or change from a variable number of Directors to a fixed number;
 - vi. Increase the terms of Directors; and
 - vii. Increase quorum for meetings.

3.2 Voting.

1. Each Member will have one vote on each matter submitted for a vote.
2. If a vote requires that Members cast a written ballot, only Members that have been Members of the Cooperative for more than 10 days prior to the meeting date may be entitled to cast ballots.
3. Cumulative voting shall not be permitted for any purpose.
4. Proxy voting shall not be permitted for any purpose.

5. Unless otherwise specified, all votes shall be conducted using the modified consensus process in Article 5.

3.3 Annual Members Meeting.

1. A membership meeting (henceforth “Annual Meeting”) shall be held each year at a time and place to be determined by the Board.
2. The purpose of such meetings shall be to hear reports on governance, operations and finances, to review issues that vitally affect the Cooperative, and transact such other business as may properly come before the meeting.
3. At this meeting, the Members shall elect all of the Members to the Board. The Members shall also elect Officers and conduct any other proper business.
4. If the bylaws are amended to increase the number of Board Members, Board elections shall be held at the Annual Members Meeting, and these Bylaws shall be amended to provide for reasonable election procedures and procedures for the removal of Directors.

3.4 Special Meetings.

1. The Board may call special meetings of the membership.
2. The procedure for calling a special Members meeting shall be as follows:
 - a. The person(s) requesting the special meeting shall submit a written request to the Cooperative addressed to the attention of the President or Secretary;
 - b. Within 20 days after receipt, the President or Secretary shall cause notice to be given to the Members entitled to vote that a meeting will be held at a time fixed by the Board not less than 35 nor more than 90 days after the receipt of the request.

3.5 Notice of Meetings.

1. Notice of the date, time, place, and purpose of each meeting of the membership shall be communicated to members via a commonly used platform and via email not less than 7 days prior to the date of the meeting.
2. Any of the following decisions, other than by unanimous approval by those entitled to vote, shall be valid only if the general nature of the proposal was stated in the notice of meeting or in any written waiver of notice:
 - a. Removal of Directors;
 - b. Election of a Director to fill a vacancy;
 - c. Approval of a contract or other transaction between the Cooperative and one or more of its Directors, or between the Cooperative and any corporation, firm, or association in which one or more of its Directors has a material financial interest or is a Director;
 - d. Amendment of the articles of incorporation; and
 - e. Approval of a plan of distribution upon winding up of the Cooperative.
3. A Member shall be entitled to notice of any meeting, so long as their Membership became official 30 days before the meeting date.
4. For meetings held without proper notice:
 - a. The transactions of a meeting, whether or not validly called and noticed, are valid if a quorum is present and each of the absent Members who is entitled to vote, either before or after the meeting, signs either: a written waiver of notice, a

consent to the holding of the meeting, or an approval of the minutes of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

- b. A Member's attendance at a meeting shall constitute a waiver of notice of and presence at the meeting, unless the Member objects at the beginning of the meeting. However, attendance at a meeting is not a waiver of any right to object to the consideration of matter required to be included in the notice but not included, if an objection is made at the meeting.

3.6 Quorum.

1. A majority of Members shall constitute a quorum at a meeting of Members. When a quorum is present, proposals shall be adopted using the modified consensus process as described in Section 5.1, unless otherwise required in the Articles or Bylaws.
2. If there is a quorum present at the beginning of a meeting and then some Members leave so that less than a quorum remains, the remaining Members may continue to conduct business, as long as any actions they take (other than adjournment) reflect consensus of, or when voting is called for, at least 51% of the Members required to constitute a quorum.
3. In the absence of quorum, a majority of present Members can vote to adjourn the meeting, and no other business may be transacted, except as provided in Section 3.5 above.

Article 4: Director Meetings

4.1 Directors and Board Composition.

1. All Members shall serve on the Board of Directors.
2. Only Members shall serve on the Board, except as provided in the next paragraph.

4.2 Terms of Directors.

1. The term of office of the Directors shall be one year or until the next Annual Member Meeting.
2. Notwithstanding the above, a person whose Membership is terminated shall immediately cease to be a Director.

4.3 Director Voting. Directors shall vote using the modified consensus process described in Section 5.1.

4.4 Waiver of Notice. Notice of a meeting need not be given to any Director who provides a waiver of notice or consent to holding the meeting or an approval of the minutes in writing, whether before or after the meeting, or who attends the meeting without protesting the lack of notice to that Director. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

4.5 Quorum.

- a. A majority of Directors shall constitute a quorum for a Board meeting.

- b. When a quorum is present, proposals shall be adopted using the modified consensus process as described in Section 5.1, unless otherwise required in the articles or bylaws.
- c. If there is a quorum present at the beginning of a meeting and then some Directors leave so that less than a quorum remains, the remaining Directors may continue to conduct business as long as any actions they take (other than adjournment) reflect consensus of, or when voting is called for, at least three-fourths of the Directors required to constitute a quorum.
- d. In the absence of quorum, a majority of present Directors can vote to adjourn the meeting. No other business may be transacted, except as provided in Section 3.5 above

4.6 Adjourned Meetings. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

4.7 Action without Meeting. The Board of Directors may take action without a meeting if all Directors individually or collectively consent in writing to the action. The written consents shall be filed with the minutes of the Board's meetings. Action by written consent has the same force and effect as a unanimous vote of the Directors.

4.8 Board Committees. The Board of Directors may, from time to time, appoint such committees as it deems appropriate and prescribe the duties and responsibilities of, and establish the number of members to be appointed to, each committee, either through direct vote or by approval of a charter for such committees. Minutes of the proceedings of such committees shall be kept as part of the books and records of the Cooperative.

Article 5. Decision-Making Process

5.1 Modified Consensus Decision-Making Process.

1. Matters to be decided by the Members will be discussed with the goal of reaching an agreement of over 51% of Members.
2. If consensus cannot be reached, Members will vote on whether the issue must be decided at the current meeting or can be tabled for future discussion.
3. If at least three-fourths of the quorum believe that an immediate decision is needed, voting will be held on proposals regarding the issue.
4. The proposals can then be carried by a three-fourths vote, except as otherwise provided in these bylaws.

Article 6. Officers

6.1 Designation and Qualifications. The principal officers of the Cooperative shall consist of President, Secretary, and Treasurer. The Board may designate other officers or assistant officers.

6.2. Duties.

1. Officers' duties include those duties:
 - a. Prescribed by law,
 - b. Granted by these Bylaws, and/or
 - c. Granted by resolutions of the Board.
2. **President.** The President shall oversee the orderly conduct of all meetings, coordinating the activities of the Board, and maintaining effective communication with the general manager, and shall present a report of operations at the annual meeting of owners.
3. **Secretary.** The Secretary shall oversee the keeping of adequate minutes of all meetings of the Board, overseeing the issuance of notices required under these bylaws, and both authenticating and filing records of the Cooperative.
4. **Treasurer.** The Treasurer shall oversee the maintenance of financial records, issuance of financial reports and the filing of all required reports and returns, and shall present a financial report at the annual meeting of owners.

6.3 Election, Terms, and Removal. Officers shall be elected by the Board at its first meeting following the annual meeting of owners. Officers shall serve for terms of one year or until election of their successors. Officers may resign, or be removed and replaced by the Board at any time whenever the best interests of the Cooperative would thereby be served.

Article 7: Member Dividends and Equity Capital

7.1 Allocations to Members. The Cooperative shall allocate and distribute to members the net profit from business done with them in such a manner either as (a) to qualify them as patronage dividends consistent with cooperative principles, applicable state and federal laws and generally accepted accounting principles, or (b) as non-qualified dividends. The Board shall determine when and how such allocations and distributions will be made, including the amount if any distributed in cash and the form of any amount distributed as equity, whether the allocations will be made in one or more divisions, departments or allocation units, and whether all or part of the excess margins shall be set-aside in capital or other necessary reserves. Net margins from business done with persons that are not member-owners (or eligible patrons) may be allocated to member-owners and eligible patrons or set-aside in an unallocated surplus or retained earnings (if the allocation is made prior to the beginning of the fiscal year).

7.2 Consent of Members. By obtaining or retaining membership in the Cooperative, each member consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the Cooperative.

7.3 Reserves. Amounts carried in reserves shall be allocated on the books of the Cooperative on a patronage basis or in lieu thereof the books and records of the Cooperative shall afford a means of doing so at any time so that in the event of distribution each member-owner and eligible patron may receive a pro rata share of such distribution. Amounts carried in reserves or unallocated surplus and not allocated to the member-owners and patrons may be so allocated by the Board at any time.

7.4 Extraordinary Gains. Margins produced by a transaction (such as income from the lease of premises, investment in securities, or from the sale or exchange of capital assets) which is directly related to the Cooperative's business will be deemed to be patronage sourced margins and may be distributed to member-owners in proportion, insofar as is practicable, to their patronage during any period to which such margins are attributable, as determined by the Board.

7.5 Allocation of Losses.

- a. Operating Losses. An operating loss will be apportioned among the member-owners and eligible patrons during the year of loss so that the loss will, to the extent practicable, be borne by those member-owners and patrons with respect to the loss year on an equitable basis, including charging the loss against allocated reserves, unallocated surplus, or the patronage equity. Member-owners and patrons may not be directly assessed for any loss. The Board may also direct that all or part of any loss be carried forward or back so long as any carry-forward or carryback will not place an inequitable burden upon past or future members.
- b. Other Losses. If, in any fiscal year, the Cooperative incurs a loss other than an operating loss, the Board may determine the basis on which patronage capital furnished by the member-owners and eligible patrons may be reduced or such loss is to be otherwise equitably apportioned among the member-owners and eligible patrons.

7.6 Payment Rights upon Membership Termination.

1. When a Membership is terminated for any reason, including a Member's death, the amount in the Member Account will automatically be converted to debt owed to the former Member, or, if necessary, to the Member's estate, or to another assignee designated by the Member.
2. The Cooperative shall repay the debt within five years of the Membership termination, with interest accruing at the discount rate plus two percent, on the amount outstanding at the end of each fiscal year. This time period is subject to extension by an agreement of over 51% of the Board based on the economic viability of the Cooperative at that time.
3. The Cooperative, in settling a Member Account, shall have the right to set off any and all indebtedness of the former Member to the Cooperative.

7.7 Equity Capital. The Board of Directors by resolution may establish and issue to any person (whether member, nonmember patron, or other person) one or more than one class or series of debt and/or equity instruments, may set forth the designation of classes or series of such debt and/or equity instruments, and may fix the relative rights, preferences, privileges and limitations of each class or series of debt and/or equity instruments, including, without limitation, one or more than one class or series of preferred equity instruments, which may be called preferred stock. Dividends may be paid on the equity capital of this cooperative which is evidenced by an equity instrument established pursuant to this Section 7.7. Dividends may be cumulative. Debt or equity instruments established pursuant to this Section 7.7 shall not entitle the holder to voting rights.

Article 8: Dissolution and Liquidation

8.1 Asset Distribution. The Cooperative may be dissolved or liquidated upon a decision of the Board. Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order:

- a) by paying or making provision for payment of all liabilities and expenses of liquidation;
- b) by redeeming any outstanding shares of preferred stock which, if they cannot be paid in full, shall be paid on a pro-rata basis, as provided in Article 7;
- c) by redeeming any equity accounts which, if they cannot be paid in full, shall be paid on a pro-rata basis, with initial capital contribution for Membership Shares paid prior to non-cash patronage equity;
- d) by distributing any remaining assets on the basis of patronage of members over a reasonable historical period determined by the Board or in a way that furthers the Cooperative's mission, as determined by the Board.

Article 9: Amendments to Bylaws

12.1 Amendment Process. The Bylaws can be amended only by a vote as Members in the circumstances defined in Section 3.3. All other Bylaws amendments can be effected by a vote as Directors.