



**By-laws of Our Community Cooperative of
Cheltenham Township, Inc.**

d/b/a CreekSide Co-op

A Non-Profit Cooperative Corporation Organized Under
The Pennsylvania Cooperative Corporation Law of 1988

Effective June 27, 2018

Article 1: Purposes

- 1.1. General Purpose. The purpose of Our Community Cooperative of Cheltenham Township, Inc. (the "Co-op") is to establish and operate facilities and programs for the benefit of the Members and the community for production, distribution, purchase and/or consumption of consumer goods and services, and to provide related community services and activities; to associate with other cooperative societies for mutual and cooperative development; to advance the cooperative movement and serve its Members within the scope of the Articles of Incorporation and to the fullest extent permitted by statute.
- 1.2. Mission Statement. The Co-Op is a cooperative Member-owned food market in Cheltenham Township, providing products and services that are responsive to the values of its ownership and fostering connections between the people of its diverse community.
- 1.3. Statement of Values. The Co-op is: (i) trustworthy, accountable and responsive to its membership, (ii) ethical and transparent in its business practices, (iii) respectful of the planet and its inhabitants, and (iv) a comfortable and friendly place to shop and work that fosters a spirit of community through the selling of high-quality products at a fair price.

Article 2: Offices

- 2.1 The principal office of the Co-op shall be at 7909 High School Road, Elkins Park, PA 19027, or such other location or locations as the Board of Directors (the "Board") may from time to time determine.

Article 3: Membership and Corporate Sponsorship

- 3.1. Regular Membership - Eligibility. A household may apply for a single, regular membership to be held in the names of all persons in the household who are at least eighteen (18) years old. As used

in these by-laws, regular membership ("Member") shall mean a household unit of one or more persons eighteen (18) years or older residing at the same address who live together as a unit.

- 3.2. Nondiscrimination. Membership shall be open without regard to any characteristic that does not directly pertain to eligibility.
- 3.3. Active Membership. Membership shall be deemed active and in good standing upon satisfaction of the following requirements:

- 3.3.1. The Member is current on Minimum Annual Member Capital ("Equity") payments due upon the annual anniversary of the original date on which such Member became a Member of the Co-op, until the Member has contributed a Minimum Aggregate Amount, both amounts to be determined by the Board. If modified at any time, the new amounts shall apply only to new membership applications effective the date of the change; and
- 3.3.2. Other requirements as may be established by the Board of Directors from time to time; provided that the Board shall not establish any requirement for membership that discriminates on the basis of race, religion, gender, political affiliation, country of origin, sexual orientation or other criteria that would generally be considered discriminatory.

- 3.4. Inactive Status. Membership shall be deemed inactive if any of the following conditions apply:

- 3.4.1. A Member's failure to meet the requirements of active membership; or
- 3.4.2. A Member may elect to take Inactive Status by written notice to the President or the General Manager of the Co-op.

During the period that such Member is inactive, the Member:

- 3.4.3. Shall not be entitled to any return of equity;
- 3.4.4. Shall not be required to pay any additional equity to the Co-op;
- 3.4.5. Shall not be entitled to any Member discounts on merchandise or similar Member-only benefits;
- 3.4.6. Shall be entitled to such Member's share of Patronage Rebates, to the extent earned prior to such Member taking Inactive Status;
- 3.4.7. Shall be entitled to be reinstated as an Active Member upon payment of at least that portion of Minimum Annual Equity allocable to the period from the date of reinstatement to the next

occurring anniversary of the original date on which such Member became a Member of the Co-op (it being the intention hereof that such Member not be required to pay retroactively for capital that would otherwise have come due during such Member's period of Inactive Status).

- 3.5. Voluntary Termination of Membership. A Member may, at any time, terminate membership in the Co-op by submitting to the President or the General Manager of the Co-op a written statement stating that the Member wishes to terminate membership. Such statement shall be signed by the Member or, where applicable, an adult person representing all persons in the Member household. Voluntary termination shall not affect the terminating Member's existing liabilities to the Co-op. The Member's equity shall, upon written request and subject to the availability of funds, be returned in cash subject to deductions for debts owed to the Co-op.
- 3.6. Transfer of Membership. Membership can be transferred for a fee to be determined by the Board, by submitting to the President or the General Manager of the Co-op a written statement stating that the Member wishes to transfer membership and the information deemed necessary by the Co-op for completion of the transfer.
- 3.7. Death of a Member. Upon the death of the last or only person included in a membership, the membership shall immediately terminate. Upon written request, the Co-op shall return the Member's equity to the party designated by the executor of the Member's estate. If no such request is made within two years after the Member's death, all of the Member's capital shall be forfeited and transferred to the reserve capital account.
- 3.8. Suspension or Expulsion. The Board of Directors may suspend or expel any Member for cause. A Member proposed for suspension or expulsion shall be given reasonable notice of the pending action. The Board shall be authorized to prescribe procedures under which the proposed suspension or expulsion shall be considered. The Member shall have the right to appeal to the membership at the next regularly scheduled membership meeting. Suspension or expulsion of a Member shall not affect that Member's existing liabilities to the Co-op. If a Member is expelled, the Member's equity shall be returned, subject to the availability of funds and deductions for debts owed to the Co-op.
- 3.9. Orientation. The Board of Directors may implement such orientation and similar programs for Members under such rules, procedures and policies as the Board of Directors may, from time to time, determine.
- 3.10. Records. Records shall be kept showing the names, addresses, phone numbers and date of membership for each Member, including all persons in a household as applicable.

- 3.11. No Work Requirement. The Co-op shall have no work requirement as a condition to membership. However, reasonable efforts shall be made to provide volunteer work opportunities for those Members who desire same.
- 3.12. Limits on Members. The Board of Directors may, from time to time, decide to limit the number of Members of the Co-op, and may decide to limit new applications for membership.
- 3.13. Corporate Sponsorship. The Board of Directors may, from time to time, establish rules and procedures to allow corporations, limited liability companies, organizations and other non-household entities to become Sponsors of the Co-op. The Board of Directors shall establish the rights, obligations and benefits of such sponsorship. However, Corporate Sponsors shall not be voting Members of the Co-op.
- 3.14. Special Membership. The Board of Directors may, from time to time, establish rules and procedures to allow individuals or households to become members of the Co-op with reduced or eliminated annual equity requirements based on criteria such as income status, student enrollment or hardship. The Board of Directors shall establish the rights, obligations and benefits of such membership. However, such members shall not be voting members of the Co-op unless all requirements of Active Membership (as defined above) have been met.
- 3.15. Non-Member Relations. The Board may establish such policies as to foster positive relationships with non-Members of the Co-op (including individuals, organizations, businesses and other non-household entities) as the Board may determine in its reasonable discretion.

Article 4: Meetings of Members and Decision Making

- 4.1. Semi-Annual Meetings. Regular meetings of the Members shall be held semi-annually, one in the Fall and one in the Spring at a date, time and place to be determined by the Board of Directors. The purpose of such meetings shall be to hear reports on governance, operations and finances, to review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the meeting.
- 4.2. Special Meetings. Special meetings of the Members may be called by a resolution of the Board of Directors, or by a petition signed by at least ten percent (10%) of the Active Members stating the purpose of the requested meeting and delivered to the President. Upon receipt of such a request, the President shall call a special meeting which shall take place within thirty (30) days. If the President fails to call the meeting and issue notice of it within seven days after receipt of the petition, the petitioning Members may issue the notice, and the Co-op shall pay the reasonable costs of such notice.

- 4.3. Notice of Meetings. Notice of the date, time, place, purpose and agenda of each meeting of the membership shall be posted in a conspicuous place at the Co-op and communicated to members via any physical delivery or electronic means deemed practicable by the Board, which may include regular mail, email, web site, newsletter and/or social media, not less than two weeks prior to the date of the meeting. Membership may be required as a condition of attendance at the meeting.
- 4.4. Quorum. For the purposes of decision-making at any meeting of Members, or for any vote of the members, a number of household Members equivalent to either five percent (5%) of the Active Members or fifty (50) Members, whichever is less, shall constitute a quorum. The Members present at a properly organized meeting may continue to do business, despite the withdrawal from the meeting of enough Members to leave less than a quorum. In the event that a quorum is not attained, a meeting or vote may be adjourned and a Special Meeting called by the Board of Directors in accordance with the requirements for scheduling and notice of Special Meetings, for the purpose of completing such decision-making. Those who attend such adjourned meeting, although less than a quorum, shall be deemed to constitute a quorum at that meeting only for the transaction of business from the meeting or vote that was adjourned.
- 4.5. Voting. Voting on all matters that Members are entitled to vote upon will be accomplished through paper or electronic ballots, or both, as authorized by the Board. Unless otherwise stated in the articles of incorporation, or these bylaws, or required by law, all questions shall be decided by a vote of a majority of the Members voting thereon. Proxies shall not be permitted.
- 4.5.1. A list of Active Members in good standing shall be produced prior to any meeting of Members or vote by Members. Listing in such membership records shall be prima facie evidence of a Member's eligibility to vote.
- 4.5.2. Each Member household shall have one and only one vote upon any single matter.
- 4.5.3. All questions brought before the membership shall be determined by the votes of a majority of the Members voting, except as otherwise provided by statute or these by-laws.

Article 5: Board of Directors

- 5.1. Number and Eligibility of Directors. The administration of the Co-op shall be vested in a Board of Directors, herein referred to as the "Board of Directors" or the "Board", comprised of a minimum of nine (9) and a maximum of thirteen (13) persons who are Active Members in good standing and who shall act for the Co-op in all matters, except those required by statute, the Articles of Incorporation or reserved by these by-laws for the Members. Paid staff members may not be elected to the Board and may not serve as officers of the Co-op.

- 5.2. Officers. The officers of the Co-op shall be selected from the Directors of the Co-op (except as expressly set forth in Section 6.4 below) and shall consist of a President, Vice-President, Secretary and Treasurer, all of whom shall be elected to their offices by the Board of Directors at the first Board meeting following the annual election of Directors. The officers shall be elected by a majority vote of those Directors present and voting. Officers shall be elected for a term of one (1) year and may serve for any number of terms until that officer's successor is elected and assumes office and subject to the term limits set forth in Section 5.3.
- 5.3. Terms of Office. Each Director shall be elected for a term of two (2) years and shall serve from and until the first Board meeting following the annual election of Directors corresponding with their term. Membership on the Board of Directors shall be limited to three (3) consecutive two-year terms. After being elected and serving a third consecutive term on the Board of Directors, a Member shall retire from the Board of Directors for at least one year before regaining his or her eligibility for election.
- 5.4. Staggered Terms of Office. The number of Director positions posted for election may be determined by the Board of Directors such that terms are staggered so that under normal circumstances approximately half the Directors are elected in even-numbered years and half in odd-numbered years, provided that the total number of Directors remains in compliance with Section 5.1.
- 5.5. Vacancies. Vacancies on the Board of Directors occurring between elections shall be filled by a majority vote of the remaining Directors, and each person so elected (a "Replacement Director") shall be a Director until his or her successor is elected by the Members in the next annual election regardless of whether the seat of the Director whose vacancy is being filled would have been up for election at that time. A Replacement Director may run for reelection at such next annual election and, if duly elected by the Members, the term served by such Director pursuant to such election shall be deemed to be the first two-year term of such Director. If the size of the Board falls below the 9-Member minimum, the Board may continue to function, but must make a good faith effort to bring the size back to the minimum as soon as practicable.
- 5.6. Election of Directors.

5.6.1. Notice: No later than sixty (60) days prior to the Fall membership meeting the President shall post a notice of elections in a conspicuous place at the principal place of business of the Co-op, which notice shall state the date of the elections, the positions for which elections are to be held, and the procedure for nomination of candidates for the positions. The notice shall also be communicated to members via any electronic means deemed practicable by the Board, which may include email, web site, newsletter and/or social media.

5.6.2. Nominations: Nominations of candidates for positions on the Board of Directors may be made by any person in a Member household, including on their own behalf, to the Chairperson of the Nominations Committee no later than forty (40) days prior to the Fall membership meeting, at which time nominations shall be closed. A representative of the Nominations Committee shall contact each nominee and determine the nominee's eligibility and willingness to serve. Nomination shall consist of the name of the nominee(s) together with all information identified in the procedure disseminated in accordance with Section 5.6.1. In the event that required information is missing, the nominee shall be notified in a timely manner and confirmation communicated only upon receipt of all missing information. Nominees must be Active Members in good standing at the time of nomination.

5.6.3. Voting: Voting shall commence no later than thirty-five (35) days prior to the Fall membership meeting, allowing time for the preparation of electronic and paper balloting. Voting shall close no sooner than five (5) days prior to the Fall membership meeting, allowing time for the counting of notification of results to candidates. There shall be opportunity for the presentation of brief statements by each candidate which shall be made available to the membership at the principal place of business of the Co-op and at the Co-op web site throughout the voting period. Voting shall be conducted in accordance with Section 4.5 of these bylaws.

5.6.4. Tie Breaker: Upon close of voting, candidates shall be selected in rank order according to the number of votes received by each until all open positions have been filled. In the event of a tie for the last open position(s) – for example, two tied for the last position or three tied for the last two positions, the winner(s) shall be determined by coin toss (for two tied candidates) or drawing of lots (if more than two tied candidates).

5.6.5. Results: The results of the election may be disseminated by the President to the membership after final results have been determined to the satisfaction of the President and the Chair of the Nominations Committee and all reasonable efforts have been made to inform the candidates, and shall be announced at the Fall membership meeting.

5.7. Referendum on Acts of Directors. Any action taken by the Board of Directors shall be referred to the Members for approval or disapproval if demanded by petition of at least ten percent (10%) of the Members delivered to the President within sixty (60) days after the date that the action is authorized by the Board of Directors. Upon receipt of a petition demanding a referendum, the President shall stay execution of the action until approved or disapproved by the Members at the next regular membership meeting or by conducting a vote in accordance with Section 4.5. Rights of third parties which vest between the time that the action is authorized by the Board of Directors and the time that the referendum is held shall not be impaired by a vote of the Members.

5.8. Removal of Directors.

5.8.1. Removal by Member Vote: A Director may be removed with or without cause, by a vote of at least two-thirds of the Members present and entitled to vote at a regular or special membership meeting held in accordance with Article 4. Any Member or Members may request removal by bringing formal charges against a Director by following the procedures which are set forth in the by-laws for the calling of a special membership meeting. The Director whose removal is proposed shall be given the opportunity to be heard at the membership meeting. A vacancy caused by removal shall be filled in accordance with Section 5.5.

5.8.2. Suspension: A Director may be suspended for cause by a vote of at least two-thirds of the remaining Directors. During the suspension, the suspended Director shall not be permitted to attend meetings of the Board of Directors or to vote on Board matters. The suspension shall continue until a special meeting of the Members can be held, wherein the Director shall be subject to a vote of removal in accordance with Section 5.8.1 above.

5.8.3. Removal for Unexcused Absence: Directors who incur three (3) consecutive unexcused absences from Board meetings shall be automatically removed. An unexcused absence shall be determined by the President.

5.9. Compensation of Directors. Directors shall receive no monetary compensation from the Co-op for their services as Directors. A Director may be engaged by the Board to provide professional services (unrelated to the duties of a Director generally) to the Co-op for monetary compensation, provided such Director is selected pursuant to a fair and impartial selection process that is open to the general public and equitably administrated. The Board of Directors may, by a majority vote, establish a standing policy requiring that Directors seeking such engagement by the Board resign from the Board as a condition to such engagement.

5.10. Meetings. The Board of Directors may hold meetings, both regular and special, at such time and place as they may, from time to time, determine.

5.10.1. The date, time and place of each meeting of the Board of Directors shall be posted by the Secretary in a conspicuous place at the principal place of business of the Co-op for at least three (3) days prior to a special meeting, and two (2) weeks prior to a regular meeting, and such notice shall be included in the regular print and electronic publications of the Co-op.

5.10.2. Except as set forth below, all meetings for the transaction of business of the Board of Directors shall be open to the membership of the Co-op. Notwithstanding the foregoing, informal non-voting working sessions of the Board of Directors intended to facilitate the

ongoing operations of the Co-op need not be publicized and shall not be open to the Members except as may be determined by the Board of Directors.

5.10.3. Quorum: At all meetings of the Board of Directors, a majority of those who are presently serving on the Board shall be necessary to constitute a quorum for the transaction of business. If a quorum is not present at any meeting of Directors, the Directors present may adjourn the meeting and determine a time and place for an adjourned meeting. Notice of the adjourned meeting shall be given to each Director, and shall be posted at least three (3) days prior to the adjourned meeting.

Article 6: Officers

The Board will designate officers as necessary for the effective conduct of Board business, consistent with any requirements of state law and at a minimum consisting of the following:

- 6.1. President. The President shall preside at all meetings of the Board of Directors. The President shall oversee all operations of the Co-op and shall see that all orders and resolutions of the Board of Directors and of the Members are carried into effect. Except as otherwise provided by these by-laws or resolution of the Board of Directors, the President shall sign all contractual notes, bonds and other evidences of indebtedness issued by the Co-op, and other official instruments or documents of the Co-op. The President shall be a Member ex-officio of all committees of the Co-op.
- 6.2. Vice-President. The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the power of the President. In the event of the death, resignation or mid-term withdrawal from office by the President, the Vice-President shall complete the unexpired term of the President. The Vice-President shall perform such other duties and have such other powers as the Board of Directors may, from time to time, prescribe.
- 6.3. Secretary. The Secretary shall record or cause to be recorded the minutes of all meetings of Board of Directors and meetings of the membership convened for the purposes of decision making. Such minutes shall be made reasonably available to all Members by publication or dissemination in such manner as the Board may determine and shall not be made available to non-Members unless otherwise determined by the Board.
- 6.4. Treasurer. The Treasurer shall monitor the operations accounts on at least a monthly basis and report to the Board as appropriate. The Treasurer shall chair the Finance Committee, assist in the preparation of the budget, and advise and assist on making financial information available to Members and the Board. In addition, the Treasurer shall serve as the liaison between the Board and

its auditor. Notwithstanding anything herein to the contrary, the Board may, by majority vote, elect a Treasurer that is not a Director.

Article 7: Committees

7.1. Standing Committee Process. Standing Committee activity shall be within the scope of these by-laws and the Co-op's Mission Statement, and shall be subject to Board supervision. The Board may establish such Standing Committees as the Board may deem necessary or desirable. At a minimum, the Co-op shall have the following standing committees: Membership, Finance and Nominations. Additional Standing Committees may be established by the Board to provide a means for Members to participate directly in furthering the Co-op's mission and to support the work of the Board or the General Manager.

7.1.1. Election of Chairpersons: Standing Committee Chairpersons shall be appointed ex officio in accordance with Section 7.2, by majority vote of the Board, or, at the direction of the Board, by the committee Members at the first formal meeting of the committee. Chairpersons and shall serve for 1 year or until a successor has been elected and assumes office.

7.1.2. Vacancies: Vacancies caused by the resignation of a Committee Chairperson between elections shall be filled in accordance with Section 7.2.

7.1.3. Removal of Committee Chairpersons: Provisions of Section 5.8, Removal of Directors, shall apply with respect to removal of Committee Chairpersons.

7.2. Required Standing Committees. At a minimum, the following Standing Committees shall be established by the Board.

7.2.1. Membership Committee: The Membership Committee shall assist and advise the General Manager and the Board on issues relating to membership, including instructing new Members as to the philosophy and procedures of the Co-op, and the recruitment of and outreach to new Members.

7.2.2. Finance Committee: The Finance Committee shall be chaired ex officio by the Treasurer and shall serve in an advisory capacity to both the General Manager and the Board in the oversight and reporting of the financial status of the Co-op.

7.2.3. Nominations Committee: The Nominations Committee shall be chaired ex officio by the Vice President for the purpose of developing interest, skill and participation in the Co-op's governance among the membership by seeking candidates for Board elections and vacancy appointments. In preparation for the annual election, the Nominations Committee shall

support the announcement of the election and conduct the appeal for candidates and the nominations process in accordance with Section 5.6, including the development and distribution of a standard application form on which each candidate states their qualifications and opinions on issues or goals of the Co-op.

7.3. Other Committees. The President and Board of Directors may designate other standing committees, special committees or ad hoc working groups for such purposes and such times as the Board shall decide.

Article 8: Miscellaneous

8.1. Manager. The Board of Directors of the Co-op shall hire a manager who shall be subject to the direction, management and control of the Board of Directors (the "General Manager"). The General Manager shall perform such duties and shall have such responsibilities as the Board of Directors shall, from time to time, determine.

8.2. Bonding. All persons authorized to sign checks or withdraw funds of the Co-op, bookkeepers performing services for the Co-op and any other persons handling funds of the Co-op amounting to a minimum amount to be determined by the Board in any one year shall be covered by an adequate bond or similar insurance in an amount to be determined by the Board of Directors. This bonding coverage shall be maintained at the Co-op's expense.

8.3. Auditing. The Books of the Co-op shall be audited at least once every three (3) years with no less than a review in the intervening years by a certified public accountant who shall be independent of the Co-op. Additionally, the Board will ensure that an annual review of the financial controls of the Co-op is conducted.

8.4. Checks. All checks of the Co-op shall be signed by such persons as the Board of Directors shall designate.

8.5. Fiscal Year. The fiscal year of the Co-op shall begin on January 1 and end on December 31 of each year.

8.6. Seal. The Board may authorize the purchase of a corporate seal, in such form as the Board may determine.

8.7. Amendment of By-Laws. These by-laws may be altered, amended or repealed by a majority of the Members present and entitled to vote at any regular or special membership meeting duly convened after notice to the Members of this purpose, which notice shall contain the text of the proposed amendments. Any proposed amendments to these by-laws must be posted in a conspicuous place

at the principal place of business of the Co-op, and shall be distributed to the Members in the regular print and electronic publications of the Co-op least fourteen (14) days prior to the meeting at which they will be acted upon.

8.8. Fiduciary Duty

- 8.8.1. A Director of the Co-op shall stand in a fiduciary relation to the Co-op and shall perform his or her duties as a Director, including his or her duties as a Member of any committee of the Board upon which he or she may serve, in good faith, in a matter he or she reasonably believes to be in the best interest of the Co-op, and with such care, including reasonable inquiry, zeal and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared by any of the following: (1) one or more officers or employees of the Co-op whom the Director reasonably believes to be reliable and competent in the matters presented; (2) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person; (3) a committee of the Co-op as to matters within its designated authority, which the Director reasonably believes to merit confidence.
- 8.8.2. In discharging the duties of their respective positions, the Board of Directors may, in considering the best interests of the Co-op, consider the effects of any action upon employees, suppliers, Members of the Co-op and the community in which the Co-op is located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of this section. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interest of the Co-op.
- 8.8.3. A Director of the Co-op shall not be personally liable for monetary damages for any action taken or for any failure to take any action, unless: (1) the Director has breached or failed to perform the duties of his or her office under this section; and (2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this section shall not apply to: (1) the responsibility or liability of the Director pursuant to any criminal statute; or (2) the liability of a Director for the payment of taxes pursuant to local, state or federal law.
- 8.8.4. The Co-op shall indemnify, defend and hold harmless each of its Directors, officers, committee chairs and employees who was or is an authorized representative of the Co-op and who was or is a "party" (which shall include for purposes of this provision the giving of

testimony or similar involvement) or is threatened to be made a party to any "proceeding" (which shall mean for purposes of this provision any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil administrative or investigative, whether formal or informal, and whether brought by or in the right of the Co-op or otherwise) by reason of the fact that such person was or is an authorized representative of the Co-op, to the fullest extent permitted by law, including without limitation, indemnification against expenses (which shall include for purposes of this provision attorney's fees and disbursements), damages, punitive damages, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such proceeding, unless the act or failure to act giving rise to the claim is finally determined by a court to have constituted willful misconduct or recklessness. If an authorized representative is not entitled to indemnification in respect of a portion of any liabilities to which such person may be subject, the Co-op shall nonetheless indemnify, defend and hold harmless such person to the maximum extent for the remaining portion of the liabilities.

- 8.8.5. The Co-op shall pay the expenses (including attorney's fees and disbursements) actually and reasonably incurred in defending a proceeding on behalf of any person entitled to indemnification under these by-laws in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Co-op and may pay such expenses in advance on behalf of any employee or agent on receipt of a similar undertaking. The financial ability of such authorized representative to make such repayment shall not be a prerequisite to the making of an advance.
- 8.8.6. Each person who shall act as an authorized representative of the Co-op shall be deemed to be doing so in reliance upon the rights of indemnification provided by this provision.
- 8.8.7. All rights of indemnification under this provision shall be deemed a contract between the Co-op and the person entitled to indemnification pursuant to which the Co-op and each person intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not limit, but may expand any rights or obligations in respect of any proceeding, whether commenced prior or after such change, to the extent such proceeding pertains to actions or failures to act, prior to such change.
- 8.8.8. The indemnification, as authorized by this section, shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of disinterested Directors or otherwise. The indemnification and advancement of expense provided by, or granted pursuant to, this action shall continue as to

a person who has ceased to be an officer or Director in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors and administrators of such person.

- 8.9. Conflicts of Interest. Directors shall be under an affirmative duty to disclose their actual, potential or apparent conflicts of interest in any matter under consideration by the Board, and such interest shall be made a matter of record in the minutes of the meeting. Directors having such an interest may not participate in the decision of the matter. For the avoidance of doubt, it is acknowledged that actual, potential or apparent conflicts of interest may arise where a Director sits on multiple boards or is involved with business entities unaffiliated with the Co-op but engaged in business operations that may, directly or indirectly, impact on the business of the Co-op, and in such instance the Director shall be obligated to disclose his or her involvement with such entity and provide the Board of Directors with information about the activities of such entity (without breaching any fiduciary duty or obligation of confidentiality owed to such entity) reasonably sufficient to allow the Board of Directors to determine whether an actual, potential or apparent conflict of interest exists.
- 8.10. Newsletter. A newsletter and other Member communications shall be published via electronic or other media on a regular basis in accordance with the mission of the Co-op. The Board shall establish editorial and advertising policy, but may delegate publication responsibilities to the General Manager.
- 8.11. Website. A website shall be developed and maintained in accordance with the mission of the Co-op. The Board shall establish editorial and advertising policy, but may delegate development and maintenance responsibilities to the General Manager.
- 8.12. Insurance. The Co-op shall carry such insurance as the Board may reasonably determine, including without limitation insurance sufficient to cover the indemnity obligations set forth in Section 8.8.
- 8.13. Dissolution. If the Co-op dissolves, the board of directors shall distribute all business property and assets of the Co-op (i) first, to the repayment of all secured debts of the Co-op in their order of priority, (ii) second, to the repayment of all unsecured debts of the Co-op, and (iii) third, to the return of member equity. If any assets of the Co-op remain after the distributions described in clauses (i), (ii) and (iii) hereof, such assets shall be distributed to one or more non-profit corporations or public bodies. The choice of non-profit corporations and/or public bodies to receive such distributions shall be approved by 75% of the Members of the Co-op present at a Member meeting called for such purpose, and must serve the public welfare of the community. Other than as set forth in clause (iii) above, such assets may not be distributed to any Members, Directors, stockholders or others having a financial or managerial interest in the Co-op.

Article 9: Disposition of Net Savings

- 9.1. Net Savings. Net Savings is the total income of the Co-op minus its costs of operation for the fiscal year.
- 9.2. Patronage. A Member's patronage is the total amount spent by the Member for purchases of goods from the Co-op. The total patronage is the total of all the Members' patronage.
- 9.3. Patronage Rebate of Net Savings. The net savings of the Co-op attributable to the patronage of its Members for each fiscal year shall be allocated and distributed among Members in proportion to their patronage and in such a manner as to constitute patronage rebates within the meaning of federal income tax law. Such net savings may be reduced by such reasonable reserves for necessary business purposes as may be determined by the Board of Directors. If the cash payment portion of a Member's patronage rebate would equal less than one dollar (\$1.00), such cash payment shall be allocated to the Member's regular capital account.
- 9.4. Written Notice to Members. An allocation of patronage rebates shall be evidenced by a written or electronic notice within eight (8) months and fifteen (15) days after the end of the fiscal year stating:
 - 9.4.1. The amount of net savings assigned to that Member's reserve capital account as part of the patronage rebate;
 - 9.4.2. The amount of net savings assigned to that Member's regular capital account as part of the patronage rebate;
 - 9.4.3. The amount of net savings being paid to the Member in cash as part of the patronage rebate;
 - 9.4.4. The total of 9.4.1, 9.4.2 and 9.4.3 designated "total patronage rebate";
 - 9.4.5. The Member's total reserve capital account;
 - 9.4.6. The Member's total regular capital account;
 - 9.4.7. That the cash portion will be assigned to the Member's regular capital account if not redeemed within four months of the date of this notice.
- 9.5. Consent of Members. By obtaining or retaining membership in the Co-op, each Member shall thereby consent to take into account, in the manner and to the extent required by the applicable section(s) of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

Article 10: Membership Capital (“Equity”)

10.1. Reserve and Regular Equity. The Co-op's reserve capital shall consist of the total of all of the Members' reserve capital accounts, and the Co-op's regular capital shall consist of the total of all of the Members' regular capital accounts.

10.1.1. Reserve capital accounts shall consist of amounts assigned to the Members and specifically designated as reserve capital at the time they are assigned. Reserve capital shall not be returned to Members until such time as the Co-op is dissolved. Reserve capital may be used in the general conduct of the Co-op's business.

10.1.2. Regular capital accounts shall consist of all payments to and investments in membership capital, including patronage rebates assigned to a Member's capital, that are not reserve capital. Regular capital shall be returned to the Member as provided in these by-laws. Regular capital may be used in the general conduct of the Co-op's business.

10.2. Member Loans. Loans made by members to the Co-op are not Member Capital. Loans from any source are debts, which are borrowed funds and do not represent ownership interests.

10.3. Minimum Equity. The minimum amount of membership capital that must be paid to qualify for continuing membership shall be determined in accordance with Section 3.3.1.

10.4. Additional Equity. The Co-op, by vote of the Members present and voting at a regular or special meeting of the Members, may require additional investments of capital for the continued privilege of using the facilities of the Co-op. No Member shall be required to make additional capital investments after the Member's regular capital account matches a limit which shall be determined by vote of the membership; except that assignments of patronage rebates to regular capital accounts shall continue after the limit has been reached.

10.5. Maximum Equity. Members may invest additional amounts in their regular capital account at any time. However, no Member shall own or control more than one percent (1%) of the Co-op's total membership capital.

10.6. Reduction of Equity. The Co-op may, by vote of the Members, reduce any Member's regular capital in excess of the maximum capital contribution as determined by the membership from time to time by repaying the Member a part of that capital.

10.7. Return of Equity. Whenever the Co-op is required to return a Member's regular capital under these by-laws, the Co-op may repay the capital in a lump sum or in such installments as the Board of Directors in its discretion sees fit.

10.8. Lien for Unpaid Debt. The Co-op shall have a first lien on a Member's capital accounts for unpaid debts owed by the Member to the Co-op. Whenever the Co-op is required to return the Member's regular capital, it may deduct the debts owed by that Member to the Co-op from the capital to be returned to the Member.

10.9. Forfeit. Whenever the Co-op is required to repay any of the Member's regular capital account to the Member, and no persons included in that Membership can be found for a period of two (2) years after repayment is initiated, the Member's regular and reserve capital shall be forfeited and transferred to the Co-op's reserves.

I hereby certify that the foregoing constitutes the complete by-laws adopted by Our Community Cooperative of Cheltenham Township, Inc., d/b/a CreekSide Co-op.

Name: _____ (Signed copy on file)

Title: Secretary

Date: June 27, 2018