

BYLAWS
OF
DAILY GROCERIES CO-OP

Article I
Organization

Section 1.1 - Name. The name of the organization is Daily Groceries Co-op (referred to in these bylaws as "the Co-op").

Section 1.2 - Purposes [and mission]. Consistent with its articles of Incorporation, the purpose of the Co-op is to operate a retail food store on a cooperative and not-for-profit basis.

Section 1.3 - Nondiscrimination. The Co-op shall not discriminate on the basis of race, nationality, religion; age, gender, sexual orientation, political affiliation, disability or other arbitrary basis.

Section 1.4 - Principal office. The principal office of the Co-op shall be located at 523 Prince Avenue in the City of Athens, Georgia.

Article II
Ownership

Section 2.1 - Admission. Ownership in the Co-op shall be voluntary and open to any individual whose purpose in seeking ownership is to use its services and is willing to accept the responsibilities of ownership. Applicants will be admitted to ownership upon submitting required information and purchasing one or more shares at a price that is in accordance with the current level of investment as determined by the Board of Directors. Payment for shares may be made in the form of contributed services. In case of doubtful eligibility, ownership shall be subject to approval by the Board.

Section 2.2 - Rights. Each owner shall be entitled to make purchases from the Co-op on terms generally available to owners and to receive a copy of these bylaws. Each owner who has attained the age of sixteen years shall be entitled to participate in the governance of the Co-op as set forth in these bylaws. Owners may also contribute labor or services and thereby be entitled to receive discounts as determined by the Board.

Section 2.3 - Responsibilities. Each owner shall keep reasonably current in payment of the share purchase requirement described in Section 2.1 above and shall notify the Co-op of any change to his or her name or address. An owner who becomes delinquent in meeting his or her share purchase obligation to an extent determined by the Board shall, no sooner than thirty days after delivery of written notification, be placed into inactive status. His or her participation rights shall then be suspended. An owner in inactive status may attain good standing only upon full payment of all arrearages. References herein to the rights and entitlements of owners shall be understood to refer only owners in good standing.

Section 2.4 - Access to information. Owners shall be provided reasonably adequate and

timely information as to the organizational and financial affairs of the Co-op. Owners shall be provided access to the books and records of the Co-op at all reasonable times and for any proper purpose.

Section 2.5 - Settlement of disputes. In any dispute between the Co-op and any of its owners or former owners which cannot be resolved through informal negotiation, it shall be the policy of the Co-op 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 2.6 - Nontransferability. Ownership rights and interests may not be transferred except with the express prior approval of the Board of Directors, provided that the transferee is eligible for and admitted to ownership in the Co-op and there is no element of profit accruing to the transferor. Ownership interests may not be pledged as security for a loan. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

Section 2.7 - Termination. Ownership may be terminated voluntarily by an owner at any time upon notice to the Co-op. Ownership may be terminated involuntarily only for cause by the Board, provided such person is accorded the opportunity to respond to the charges either in person or in writing. Upon termination of ownership, all rights and interests in the Co-op shall cease except for rights to redemption of capital pursuant to Article VIII of these bylaws.

Article III **Meetings of Owners**

Section 3.1 - Annual meeting. An annual meeting of owners shall be held at least once each year to review the operations of the Co-op, to elect directors and to conduct such other business as may properly come before the meeting.

Section 3.2 - Special meetings. Special meetings of owners may be called by the Board and shall be called by the Clerk as soon as practicable upon receipt of petitions signed by twenty owners or ten percent of all owners, whichever is lesser, such petitions stating the business to be brought before the meeting. Any business conducted at a special meeting other than that specified in the notice of the meeting shall be of an advisory nature only.

Section 3.3 - Time and place. The date, time and place of all meetings of owners shall be determined by the Board or, in the event that the Board fails to so act, by the Clerk. Meetings shall be held at a time and place convenient to owners,

Section 3.4 - Notice. Written notice of the time, date and place of any meeting of owners, and, in the case of a special meeting, the purpose or purposes of the meeting, shall be given to each owner not less than ten days nor more than six months before the date of the meeting.

Section 3.5 - Record dates. Unless otherwise determined by the Board, only persons who are owners at the close of business on the business day immediately preceding the date of distribution of notices shall be entitled to notice of any meeting of owners and to vote at such meeting.

Section 3.6 - Quorum. The presence in person or by ballot at the opening of the meeting of twenty owners or ten percent of all owners, whichever is lesser, shall be necessary and sufficient to constitute a quorum for the transaction of business at a meeting of owners.

Section 3.7 - Voting. At all meetings of owners, each owner shall have one and only one vote on each issue submitted to a vote of owners. Voting by proxy shall not be permitted. Unless otherwise required by law or by these bylaws, issues shall be decided by having received a majority of votes cast, or in the case of more than two candidates for a single position or more than two options on a single issue, by having received the greatest number of votes cast. Meetings of owners shall be conducted generally in a manner that is consistent with parliamentary procedure.

Section 3.8 - Balloting. The Board may authorize balloting by mail in conjunction with, or in lieu of, a meeting of owners. In such case, ballots, together with a brief statement of the qualifications of each candidate for available director positions or the text or a full description of any other issue for decision, shall be included in the notice of the meeting to which they relate. Ballots may be returned by mail or at a polling place in the Co-op's store. The results of the balloting shall be reported to owners by any reasonable means.

Section 3.9 - Issues submitted by owners. Notices of a meeting of owners shall include any proper issues submitted by petition of twenty owners or ten percent of owners, whichever is lesser. Petitions must be received at the Co-op not less than sixty days before the date of the meeting at which they are to be presented to a vote of owners.

Article IV Board of Directors

Section 4.1 - Powers and duties. Except as to matters reserved to owners by law or by these bylaws, the business and affairs of the Co-op shall be directed and overseen by the Board of Directors (sometimes referred to in these bylaws as "the Board"). The powers and duties of the Board shall include, but not be limited to, overseeing the operations and finances of the Co-op and planning with respect to such functions, overseeing compliance with applicable laws and regulations, engaging one or more managers and monitoring and evaluating their performance, maintaining communications with owners and staff, maintaining good community relations, securing good conditions of employment, and assuring that the purposes of the Co-op are properly carried out. ..

Section 4.2 - Number and qualifications. The Board shall consist of seven individuals. All directors shall be owners and shall not have any overriding conflict of interest with the Co-op. Management hired by, and responsible to, the Board shall not be eligible to serve as directors (e.g. GM, Co-managers). Otherwise, one employee is eligible to serve as a director. This employee would not be eligible for the position of President, Liaison or Treasurer nor would they have a vote on any disciplinary action, evaluation or salary considerations of the Management. Furthermore, certain discussions pertaining to the Management may be deemed sensitive by the rest of the Board. In these cases the employee member must not be present for, or otherwise participate in such discussions.

Section 4.3 - Nominations, election and terms. Directors may be nominated by a nominating committee selected by the Board or by petitions signed by at least twenty owners or 5% owners, whichever is less, and submitted to the Co-op at least thirty days before the date of the annual meeting. Directors shall be elected by owners annually by plurality of votes cast. After adoption of these bylaws and periodically thereafter as may be necessary, directors shall be elected specific one or two year terms In order to assure that no more than five terms expire in each year. At other times directors shall be elected for terms of two years. Directors shall hold office until their successors are elected or until their offices are terminated sooner in accordance with these bylaws.

Section 4.4 - Compensation and reimbursement. Directors shall not be compensated for their services as directors other than through discounts pursuant to Section 2.2 of these bylaws. Directors shall, as authorized by the Board, be reimbursed for actual expenses incurred in connection with business of the Co-op.

Section 4.5 - Standards of conduct. Directors shall be responsible at all times for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of the Co-op and with the care that an ordinarily prudent person in a like position would use under similar circumstances.

Section 4.6 - Contracts for profit. During her or his term of office, a director shall not be a party to a contract for profit with the Co-op differing in any way from the business relations accorded each owner or upon terms differing from those generally current among owners.

Section 4.7 - Conflicts of interest. Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such an interest may not participate in the decision or discussion of the matter.

Section 4.8 - Indemnification. The Co-op shall indemnify its current and former directors to the maximum extent permitted under the law and its Articles of Incorporation and these bylaws. Indemnification payments shall be made on a priority basis but only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its other obligations as they become due.

Section 4.9 - Committees. The Board may appoint standing or special committees to advise the Board or to exercise such authority as the Board shall designate. Members of all committees shall be appointed or approved by the Board and may be removed or replaced by the Board whenever the best interests of the Co-op would thereby be served. To exercise any authority of the Board a committee must be composed exclusively of director and may take action only upon reasonable notice to all of its members and a quorum of at least three persons. An executive committee shall include the President, Clerk and Treasurer. No committee shall operate to relieve the Board of any of its legal responsibilities in the oversight of the Co-op.

Section 4.10 - Termination. The term of office of a director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a director upon notice to the Co-op; (ii) automatically upon termination of ownership in the Co-op; (iii) by action at a meeting of owners whenever the best interests of the Co-op would thereby be served; and (iv) for cause by the Board, provided such person is accorded the opportunity to respond to the charges either in person or in writing. A director who is absent from two consecutive Board meetings, unless excused by the Board for good cause, shall be presumed to have resigned.

Section 4.11 - Vacancies. Any vacancy among directors occurring between annual meetings may be filled by the Board until the next annual meeting of owners.

Article V

Meetings of the Board

Section 5.1 - Meetings. The Board of Directors may determine the times and places of

regular meetings. Special meetings may be called by the President and shall be called by the Clerk upon request of any three directors. Meetings of the Board shall be held no less frequently than once in each calendar quarter.

Section 5.2 - Notice. Regular meetings shall require no notice other than the resolution of the Board, it being the responsibility of absent directors to inquire as to the time of further scheduled meetings. Special meetings shall require written or oral notice to all directors. Written notice shall be delivered at least five days before the date of the meeting and oral notices shall be given in person or by a telecommunications device at least forty-eight hours before the time of the meeting. Notices of meetings of the Board shall also be posted in a timely manner and in a conspicuous place in the Co-op's store.

Section 5.3 - Quorum. The presence in person of a majority of directors shall be necessary and sufficient to constitute quorum for the transaction of business at any meeting of the Board.

Section 5.4 - Decision making. Decisions at meetings of the Board shall be made by consensus, attempting to reconcile differing points of view based upon the purposes and best interests of the Co-op. 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 may be decided by a majority vote.

Section 5.5 - Telephone conferences. A meeting of the Board may be conducted by means of a telephone conference or other communications equipment whereby all persons participating can hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting. Telephone conferences shall not be used for the purpose of excluding owners.

Section 5.6 - Action without a meeting. Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if a written consent to the action is signed by all active directors and filed with the minutes of meetings. A meeting by written consent shall not be used for the purpose of excluding owners.

Section 5.7 - Open meetings. Meetings of the Board and all committees shall be open to owners. Sessions of a meeting may be closed only as to issues of a particularly sensitive nature. Such closed session shall be for purposes of discussion only and no decisions shall be made in closed session. Owners may otherwise be excluded only for cause.

Article VI Officers

Section 6.1 - Designation and qualifications. The principal officers of the Co-op shall consist of President, Clerk and Treasurer. The Board may designate other officers or assistant officers. All principal officers shall be directors. An employee of the Co-op is not eligible for the offices of President or Treasurer.

Section 6.2 - 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 be removed and replaced by the Board at any time whenever the best interests of the Co-op would thereby be served.

Section 6.3 - Duties. In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board, officers shall have the following duties and such additional duties as are determined by the Board:

(a) The President shall be responsible for assuring the orderly conduct of all meeting, coordinating the activities of the Board, and presenting an annual report to owners in accordance with 11 V.S.A. sec. 1026;

(b) The Clerk shall be responsible for the recording and keeping of adequate minutes of all meetings of the Board and of owners, issuing notices required under these bylaws, and authenticating records of the Co-op; and

(c) The Treasurer shall present financial reports on a periodic basis as determined by the Board and shall oversee the filing of required reports and returns.

Article VII Capital Stock

Section 7.1 - Issuance and terms. The Co-op shall issue shares to evidence capital funds provided by owners. Shares may be issued only to persons eligible for and admitted to ownership in the Co-op. Shares shall be issued only upon full payment of their purchase of subscription price which shall not be less than the par value of twenty five dollars per share. Payment for shares may be made by contributions of labor or services. Shares shall be entitled to no dividend or other monetary return on investment. The voting rights of shares shall consist only of the participation rights accorded owners in these bylaws.

Section 7.2 - Certificates. Every holder of a fully paid share shall be entitled to receive a certificate evidencing such holding. All certificates signed personally or by facsimile by the President and the Clerk shall be numbered and registered by the Co-op. Each certificate shall have printed upon it such information as is required by law. The Co-op may issue a replacement certificate for any share alleged to have been lost, stolen or destroyed without requiring the giving of a bond or other security against related losses.

Section 7.3 - Redemption. Shares shall be entitled to no dividend or other monetary return on investment. Shares shall be redeemable only upon liquidation of the Co-op.

Section 7.4 - Lien and offset. The Co-op shall have a first lien on shares to the extent of amounts due and payable to the Co-op by owners. The Co-op may, at any time after such amounts remain due and payable for thirty days, offset such amounts against accumulated payments for shares. Such offset may not be affected by an owner or by anyone acting in the right of an owner.

Article VIII Fiscal matters

Section 8.1 - Fiscal year. The fiscal year of the Co-op shall end on the last day of December in each year.

Section 8.2 - Operating policies. The Co-op shall be operated according to sound business practices in so far as they are consistent with cooperative principles.

Section 8.3 - Use of net earnings. In lieu of distributing patronage dividends, the net earnings of the Co-op shall be used for the development needs of the Co-op and for the provision and extension of its services.

Section 8.4 - Annual report. The Co-op shall prepare and submit at its annual meeting an annual report containing the name of the Co-op, its principal place of business, a general statement of its business operations during the fiscal year, the amount of capital stock paid for and the number of shareholders, the total expenses of operation, and the amount of its assets and liabilities.

Article IX

Interpretation and Amendment of Bylaws

Section 9.1 - Severability. In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

Section 9.2 - Amendment. These bylaws may be amended or repealed only at a meeting of owners, provided that the proposed amendments are stated or fully described in the notice of the meeting at which the amendments are to be adopted.

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