

THE
VILLAGE CO-OP
MARKET OF WILLIAMSVILLE



By-Laws

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Article 1: NAME

The name of the corporation is The Village Cooperative Market of Williamsville (hereinafter, the "VCMW" or "Corporation").

Article 2: OFFICES

2.1 Principal Office.

The principal office of the VCMW is located in Williamsville, New York.

2.2 Other Offices.

The VCMW may also have offices at such other places as the Board of Directors ("Board"), from time to time, may designate.

Article 3: MEMBERSHIP-OWNERSHIP

3.1 Eligibility and Admission.

Membership-ownership in the VCMW shall be voluntary and open to any individual whose purpose in seeking membership-ownership is to use its services and is willing to accept the responsibilities of membership-ownership. Any individual may become a member-owner of the VCMW by: i) submitting a completed application for membership-ownership; ii) making full payment for the purchase of one share of common stock at a price determined by the Board; iii) providing for consent to take patronage distributions received from the VCMW into income in the manner provided in federal and state tax laws; iv) being 18 years of age at the time of the application; and v) meeting such other membership requirements as established from time to time by the Board. The price of one share of common stock of the VCMW may be increased by the financial needs of the VCMW. The eligibility of any applicant for membership-ownership shall be determined by the Board in its sole discretion. The Board shall determine the VCMW's policies with regard to the refunding of payments made by applicants for the purpose of acquiring membership-ownership interests in the VCMW.

3.2 Notification to Member-Owners.

Each member-owner and each applicant for membership shall be provided with a copy of these by-laws.

3.3 Rights.

Each member-owner shall be entitled to make purchases from the VCMW on terms generally available to member-owners, to receive benefits and entitlements on an equal or ratable basis with other member-owners, and to participate in the governance of the VCMW as set forth in these by-laws. Each fully paid member-owner shall have one vote on all matters submitted to member-owners and have the right to participate in patronage dividends. The rights and entitlements of member-owners shall apply only to member-owners in good standing. All rights and responsibilities of member-owners are subject to the by-laws as they may be amended from time to time.

3.4 Responsibilities.

Each member-owner shall: i) keep current in payment for his or her purchase of a common share of the VCMW as described in Article 3.1; ii) promptly notify VCMW of any change to his or her name, address, or contact information; iii) abide by these by-laws and the policies and decisions of the VCMW and the Board. A member-owner who upholds these responsibilities shall be considered a member in good standing. A member-owner who becomes delinquent in the payment of his or her purchase of a common share in the VCMW shall be placed into inactive status. His or her rights as a member-owner shall be suspended. A member-owner in inactive status may attain good standing only upon full payment of all arrearages.

3.5 Non-transferability.

Member-ownership rights and interests may not be transferred, with the exception of redemption of member-owner shares by the VCMW. Any attempted transfer contrary to this section shall be void and shall confer no rights on the intended transferee.

3.6 Limited Liability of Member-Owners.

Member-owners shall not be liable for any debts or obligations of the VCMW except as otherwise provided by law.

3.7 Nondiscrimination.

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

3.8 Access to Information.

Member-owners shall be provided access to information of the VCMW relating to the organizational and financial affairs of VCMW in accordance with Section 624 of New York's Business Corporation Law or as determined by the Board. Such access shall be at a reasonable time and for a proper purpose as determined by the Board in its sole discretion.

3.9 Settlement of Disputes.

In any dispute between the VCMW and a member-owner or former member-owners which cannot be resolved through informal negotiations, it shall be the policy of the VCMW to use 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 the parties have attempted to mediate and resolve the dispute in good faith.

3.10 Termination.

Member-ownership may be terminated voluntarily by a member-owner at any time upon the member-owner's written notice to the VCMW. Member-ownership may be terminated involuntarily for cause by the Board, provided that the member-owner is given notice of the reasons for the proposed termination and has an opportunity to respond to the charges either in person or in writing. Cause may include: i) intentional or repeated violation of a provision of the VCMW's by-laws or policies or the policies or decisions of the Board; ii) actions that will impede the VCMW from accomplishing its purposes; iii) actions or threats that adversely affect the interests of the VCMW or its member-owners; iv) willful obstruction of any lawful purpose or activity of the VCMW or v) breach of any contract with the VCMW. Upon termination of member-ownership, all rights and interests of the member-owner in the VCMW shall cease.

Article 4: MEETINGS OF MEMBER-OWNERS

4.1 Annual Meeting of Member-Owners.

A meeting of the member-owners will be held annually at a place and time determined by the Board.

4.2 Special Meetings.

A special meeting of the member-owners may be called by the Board at any time. The Board must call a special meeting of member-owners within thirty (30) days of the Board's receipt of a written petition signed by at least ten (10) percent of the member-owners. The agenda will be limited to the specific items listed on the petition. If the matter requires a vote of the member-owners, the petition must include the wording of the motion so that all member-owners have notice and an opportunity to vote on the matter.

4.3 Notice.

Written notice of the place, date and time of any meeting of member-owners shall be provided to each member-owner. In the case of a special meeting, the notice shall also include the purpose of the meeting and by whom the meeting was called. Notice of any meeting shall be given not fewer than ten (10) nor more than sixty (60) days before the date of the meeting. Such notice shall be provided by first class mail, electronic communication, or third class mail. If such notice is transmitted electronically, the notice is given when directed to the member-owner's electronic mail address as supplied by the member-owner to the Secretary of the Corporation or as otherwise directed pursuant to the member-owner's authorization or instructions. If such notice is provided by third class mail, the notice shall be mailed not fewer than twenty-four (24) nor more than sixty (60) days before the date of the meeting.

4.4 Quorum.

The presence in person or by written ballot at the opening of a meeting of 50 member-owners or ten (10) percent of all member-owners, whichever is lesser, shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of member-owners. Meetings of member-owners shall be conducted in conformity with generally accepted parliamentary procedures.

4.5 Record Dates.

Unless otherwise determined by the Board, only persons who are fully paid member-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 or member-owners and to vote at such meeting.

4.6 Voting.

Each member-owner shall have one (1) vote upon any matter submitted to a vote of the member-owners. Voting shall be accomplished through methods and means established by the Board, including by written ballots which must be provided to all member-owners with the notice of a meeting. Unless otherwise stated in the Certificate of Incorporation or these by-laws, or required by applicable law, all questions shall be decided by a vote of the majority of the member-owners voting thereon. Voting to elect directors, except to fill a vacancy, must be by written ballots, as authorized by the Board. Member-owners shall be allowed to vote on written ballots until the close of the election period as set by the Board. Vacant seats will be awarded to the candidate(s) with the greatest number of votes, and so on until all seats are filled. In the event of a tie for the final seat, the deciding vote will be cast by the Board. Written ballots can be either paper ballots or electronic ballots, which may be cast electronically, as authorized by the board.

Article 5: BOARD OF DIRECTORS

5.1 Number and Composition.

The Board of Directors will consist of no less than five (5) and no more than nine (9) member-owners elected by the member-owners. Paid employees and spouses or partners of paid employees may not serve as directors. A director must meet the requirements necessary to obtain and maintain all licenses and permits for providing the services of the VCMW, and cooperate fully in any application process for obtaining and maintaining such licenses and permits. A person with an overriding conflict of interest with the VCMW shall not be qualified to serve as a director. Persons seeking candidacy for election to the Board must disclose any potential conflict of interest they may have that could affect their serving on the Board. The Board shall determine in its sole discretion whether any given circumstance represents a conflict of interest.

5.2 Terms and Elections.

Directors will be elected for three (3) year terms at the annual meeting of member-owners commencing at the beginning of the first regular meeting of the Board of Directors held after the annual meeting of the member-owners. Terms of office shall be staggered so that one-third (1/3) shall expire in each year. In the event that the total number of directors' terms (for example, a board having eight directors) cannot be staggered precisely in "thirds", then the Board may take practical measures to adjust the terms or the staggering of such terms in order to best satisfy the intent of having one-third (1/3) of directors' terms expire each year.

5.3 Nominations.

The Board is responsible for recruiting and reviewing interested candidates throughout the year. At least three (3) months prior to the annual meeting of the member-owners, a Nominating Committee will be established by the Board and a Chair appointed. The Chair will call upon directors and member-owners to sit on the Committee, which will use its best efforts to propose a slate of a number of qualified candidates greater than or equal to the number of vacancies of more than one year. A slate of qualified candidates equal to or less than the number of vacancies of more than one year will be sufficient for proceeding with the election if the Board determines in its sole discretion that reasonable but unsuccessful efforts were made by the Committee to obtain a greater number of qualified candidates. Candidates can also be proposed by any member-owner. Voting shall be conducted according to Article 4.6. The Committee shall also be impaneled in the event of vacancies with a balance in the term of less than one (1) year and such vacancies shall be filled in accordance with Article 5.5 of these by-laws.

5.4 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 written notice to the VCMW; ii) automatically upon termination of member-ownership in the VCMW; iii) by action at a meeting of member-owners whenever the best interests of the VCMW would thereby be served; and iv) for cause by member-owners or by the Board. The VCMW will follow the process for removing a director in accordance with New York's Cooperative Corporations Law and Business Corporation Law. A director who is absent from two (2) consecutive Board meetings, unless excused by the Board for good cause, shall be presumed to have resigned.

5.5 Vacancies.

The Board must fill vacancies on the Board of one (1) year or less. Only the member-owners can fill vacancies on the Board of more than one (1) year remaining in the term by voting as described in Article 4.6.

5.6 Compensation.

Directors shall be entitled to reimbursement for actual expenses incurred in attending Board meetings or other business of the VCMW. Such expense claims shall be approved by a majority of the Board. Directors shall receive no compensation or other remuneration for their service as a director.

5.7 Contracts for Profit.

During her or his term of office, a director shall not be a party to a contract for profit with the VCMW which in substance shall differ in any way from similar contracts by it with member-owners or with others, or which shall vary from terms generally current among member-owners.

5.8 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 a conflict of interest may not participate in the discussion or decision of the matter. A transaction in which a director has an interest shall be prohibited unless the transaction is fair to the VCMW and is approved by no less than a two-thirds (2/3) majority of all disinterested directors.

5.9 Standards of Conduct.

Directors shall be responsible at all times for discharging their duties in good faith and with that degree of care which an ordinarily prudent person in a like position would use under similar circumstances.

5.10 Powers and Duties

The business and affairs of the VCMW shall be governed by the Board of Directors. The Board shall make all necessary rules and regulations not inconsistent with law or with these by-laws. The Board shall have power to hire, oversee and terminate the VCMW's General Manager.

5.11 Committees.

The Board may establish standing and ad hoc committees. The Board may establish an Executive Committee of the Board so long as the Executive Committee does not have all of the powers of the Board.

5.12 Limitation on Director Liability.

No director shall be liable personally to the VCMW or to any member-owner for damages for any breach of duty in his or her capacity as a director, provided that this provision shall not eliminate or limit the liability of any director if a judgment or other adjudication adverse to the director established that his or her actions or omissions: i) were in bad faith; ii) involved intentional misconduct or a knowing violation of the law; iii) resulted in the director personally gaining a financial profit or other advantage to which the director was not legally entitled; or iv) violated Section 719 of the Business Corporation Law, as amended, or any successor statute.

5.13 Indemnification.

To the fullest extent permitted by law, the VCMW shall indemnify any person who was or is a party or is threatened to be a party to any civil, criminal, administrative, or investigative action, suit, or proceeding by reason of the fact that the person was a director or officer of the VCMW against expenses (including attorney's fees), judgments, fines, and liabilities reasonably incurred or imposed upon him or her in connection with or resulting from any claim, action, suit,

or proceeding, provided that said officer or director acted in good faith and a manner he or she believed to be in or not opposed to the best interests of the VCMW. The Board of Directors may obtain insurance on behalf of any person who is a director, officer, employee or agent against any liability arising out of their status such as, whether or not the VCMW would have power to indemnify her/him against such liability. The Board of Directors may, at any time, approve indemnification of any person which the VCMW has the power to indemnify. The indemnification provided by this section shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or contract.

Article 6: MEETINGS OF THE BOARD OF DIRECTORS

6.1 Regular Meetings.

Regular meetings will be held according to a schedule determined by the Board of Directors. Regular meetings will be open to member-owners. A portion of the meeting may be devoted to hearing member-owners' concerns. Additional member-owner participation during meetings is at the discretion of the Chair. Sessions of a Board or Committee meeting may be closed to discuss confidential matters such as personnel and labor relations, litigation, negotiation of a contract, discussion of strategic goals or business plans, the disclosure of which would adversely affect the VCMW's position in the marketplace; and/or discussion of a matters that may, by law, be considered confidential. The Board in its sole discretion may include or exclude from closed sessions whomever it chooses.

6.2 Annual Board Meetings.

The incoming board will hold an annual board meeting within one (1) month after the election of new directors at the annual meeting of the member-owners.

6.3 Special Meetings.

Special meetings can be called by two-thirds (2/3) of the directors at any time.

6.4 Notice.

Regular meetings called by resolution of the Board shall require no notice other than such resolution, 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 (5) days before the meeting and oral notice shall be given in person or by a telecommunications device at least twenty-four (24) hours before the meeting. Notices of meetings of the Board shall also be posted in a timely manner and in a conspicuous place in the VCMW's store, but the failure to do so shall not affect the validity of the meeting or any actions taken at such meeting.

6.5 Waiver of Notice.

Any notice of a meeting required under these by-laws may be waived in writing by a director whether before or after the meeting for which notice is required, or by attending the meeting without protesting, prior thereto, or at its commencement, the lack of notice to said director.

6.6 Quorum.

A majority of the entire Board of Directors shall constitute a quorum for the transaction of business.

6.7 Official Acts of the Board.

A vote of the majority of the Directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board of Directors.

6.8 Action Without a Meeting.

Unless otherwise restricted by the Certificate of Incorporation or these by-laws, any action required or permitted to be taken by the Board or any Committee thereof may be taken without a meeting if all directors of the Board or the Committee consent in writing to the adoption of the resolution authorizing the action. The resolution and the written consents by the directors or Committee shall be filed with the minutes of the proceedings of the Board or Committee.

Article 7: OFFICERS

7.1 Designation and Qualifications.

The principal officers of the VCMW shall consist of President, Vice President, Secretary and Treasurer. The Board may designate other officers or assistant officers. The President and Vice President shall be directors. Employees of the VCMW are not eligible for the offices of President, Vice President or Treasurer. No person shall hold more than one office, except in the case of a combined Secretary/Treasurer office.

7.2 Election, Terms or Removal.

Officers shall be elected by the Board at its first meeting following the annual meeting of member-owners. Officers shall serve for terms of one year or until election of their successors. Officers shall serve at the will of the Board. The term of office of a Board officer will be terminated prior to its expiration automatically upon removal from the Board or termination of his or her member-ownership in the VCMW. An officer may be removed and replaced by the Board at any time whenever the best interests of the VCMW would thereby be served as determined by the Board in its sole discretion.

7.3 Duties.

In addition to signing or attesting to formal documents on behalf of the VCMW as authorized by the Board, officers shall have the following duties and such additional duties as are determined by the Board:

- i) The President shall be responsible for assuring the orderly conduct of all meetings, coordinating the activities of the Board, maintaining effective communication with the General Manager, and shall deliver a report of operations of the Board to the annual meeting of member-owners.
- ii) The Vice President shall perform the duties of the President in his or her absence and assist the President in the performance of his or her duties.
- iii) The Secretary shall be responsible for the recording and keeping of adequate minutes of all meetings of the Board and of the member-owners, assuring the safe-keeping of corporate records, issuing notices required under these by-laws, and authenticating records of the VCMW.
- iv) The Treasurer shall oversee the maintenance of financial records, reporting of financial information and filing of required reports and returns, and shall deliver a financial report at the annual meeting of member-owners.

7.4 Standard of Conduct.

Officers shall be responsible at all times for discharging their duties in good faith and with that degree of care which an ordinarily prudent person in a like position would use under similar circumstances.

7.5 Compensation.

Officers shall be entitled to reimbursement for actual expenses incurred in attending Board meetings or other business of the VCMW. Such expense claims shall be approved by a majority of the Board. Officers shall receive no compensation or other remuneration for their service as an officer.

Article 8: CAPITAL STOCK

8.1 Common Shares.

Only member-owners of VCMW may be holders of common shares. One (1) common share shall be issued to each member-owner of the VCMW upon full payment of his or her purchase price and shall entitle that member-owner to one (1) vote in the affairs of the VCMW as provided in these by-laws.

8.2 Preferred Shares.

The Board of Directors may authorize the issuance of non-voting, non-transferable preferred shares, upon such terms as determined by the Board in compliance with the Certificate of Incorporation, these by-laws and the law. Only member-owners of the VCMW may be holders of preferred shares. The VCMW, at its option, may redeem, at any time,

preferred shares issued to member-owners, in whole or in part, upon written notice to the holder of said shares and in accordance with the prospectus governing said shares. Member-owners who hold preferred shares shall sell said shares back to the VCMW in accordance with the prospectus governing said shares.

8.3 Certificates.

Member-owners of fully-paid shares of capital stock shall receive one (1) or more certificates evidencing such holdings. All certificates shall be signed by the President and Secretary and shall be numbered and registered by the VCMW. Certificates shall be issued only upon full payment of the purchase price associated therewith.

8.4 Redemption.

Upon request following termination of member-ownership, common shares shall be redeemed under terms established by the Board, providing that the Board has determined that the common share is no longer necessary for the reasonable or prospective capital needs of the VCMW. Common and Preferred shares may also be redeemed upon involuntary termination of member-ownership, upon death of a member-owner, and other compelling circumstances as determined by the Board in its sole discretion. Reasonable processing fees may be imposed as determined by the Board. Any outstanding debt to the VCMW shall be subtracted from the amount returned to the member-owner.

Article 9: PATRONAGE REFUNDS

9.1 Distribution of Net Savings.

The realized net savings of the VCMW, to the extent that it is attributable to the patronage of member-owners, shall be received and held by the VCMW for and as the property of its member-owners, the basis of each member-owner's interest therein being as set forth in this article. Such net savings shall be allocated and distributed among fully paid member-owners as patronage refunds in proportion to their patronage and in such a manner as to constitute patronage dividends within the meaning of federal income tax law. In determining and allocating such adjusted net savings, the VCMW shall use a single allocation unit except to the extent that, subsequent to the adoption of these by-laws, it shall engage in any new and distinct line of business. The Board shall in compliance with law determine the timing and method of payment of the patronage dividends.

9.2 Exception.

Net savings may be reduced by such reasonable reserves for necessary business purposes as is determined by the Board. Any allocations of such nominal amounts as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other patrons. Member-owners shall retain the right to waive in whole or in part, by action at a meeting of member-owners, any patronage refunds to which they may be entitled.

9.3 Consent of Member-Owners.

By obtaining or retaining membership in the VCMW, each member-owner consents to take into account, in the manner and to the extent required by federal and state tax law, the stated dollar amount of any written notice of allocation in the year in which such notice is received.

9.4 Retentions.

A portion of patronage refunds may be retained for the reasonable capital needs of the VCMW. Such retention shall be credited to revolving capital accounts in the names of recipient member-owners, shall accrue no monetary return on investment, and shall not be transferable. They shall be redeemed when determined by the Board to be no longer needed for capital purposes. At that time, they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts. Retentions may also be redeemed under compelling circumstances as determined by the Board. Retentions shall be subject at all times to being offset by amounts otherwise due and payable to the VCMW.

Article 10: FISCAL MATTERS

10.1 Fiscal Year.

The fiscal year of the VCMW shall be January 1 - December 31.

10.2 Annual Audit and Report.

The operations of the VCMW for each fiscal year shall be audited by an experienced bookkeeper or accountant or firm of accountants not regularly employed by the VCMW. A written report of the audit, including a statement of services rendered by the VCMW, with total amount of business transacted, balance sheet, and income and expense statement, shall be submitted to the annual meeting of member-owners, and shall at all times be available for inspection by any member-owner.

10.3 Bonding.

Any officer or employee who handles funds or securities of the VCMW amounting to one thousand (\$1,000.00) or more dollars in a year shall be covered by an adequate bond approved by the Board. The costs of such bonds shall be paid by the VCMW.

Article 11: MISCELLANEOUS

11.1 Amendments to the Certificate of Incorporation.

Except as otherwise permitted or required by law, the Certificate of Incorporation may be amended by an affirmative vote of two-thirds (2/3) of member-owners voting thereon at any regular or special meeting held in accordance with Section 12 of the Cooperative Corporations Law. Amendments to the Certificate of Incorporation must be approved and filed with the New York Secretary of State and a certified copy must be submitted to the Department of Agriculture and Markets.

11.2 Amendments to the By-laws.

Except as otherwise permitted or required by law, these by-laws may be amended by the affirmative vote of two-thirds (2/3) of member-owners voting thereon at a meeting held after written notice setting forth the proposed action and the purpose of the meeting. These by-laws can also be amended by the Board, but any amendment adopted by the Board shall be reported to the next annual meeting of the member-owners and, if not affirmatively approved thereat, shall cease to be in effect. A certified copy of by-law amendments must be submitted to the Department of Agriculture and Markets within thirty (30) days after adoption.

11.3 Dissolution of the Corporation.

Dissolution can proceed with two-thirds (2/3) of the votes of member-owners voting thereon present in person or by written ballots at a meeting called and conducted in accordance with these by-laws. Notice of the proposed dissolution must be provided to the member-owners. A committee of three (3) member-owners, selected by the member-owners, acting on behalf of the VCMW shall carry out the dissolution in accordance with law.

11.4 Severability.

In the event that any provision of these by-laws 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 by-laws.

11.5 Authority to Sell or Serve Alcoholic Beverages.

The VCMW shall have the authority to sell and/or serve alcoholic beverages on the condition that it obtains and maintains the necessary licenses and permits which permit it to do so.

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