



# OWNER'S MANUAL

We're so glad

you've joined!

Serving Austin since 1976

Welcome to Wheatsville Food Co-op!

## TABLE OF CONTENTS

Big Direction	2
Democratic Owner Benefits	2
The Wheatsville Election	2
Fall Owner Gathering	2
Financial Owner Benefits	3
Owner Deals	3
Owner Appreciation Days	3
Patronage Rebates	3
Staying Informed	3
Powers of the Ownership	3
Powers of the Board of Directors	3
Board Meetings	3
The Cooperative Principles	4
Rights of Wheatsville Owners	4
Responsibilities of Wheatsville Owners	5
Resigning	5
Co-op History: The Beginning of Cooperatives	5
History of Wheatsville	6
Wheatsville Bylaws and Mission Statement	7-9

3101 GUADALUPE  
AUSTIN TX 78705  
(512) 478-2667  
DELI (512) 478-1164  
FAX (512) 478-2081

4001 S. LAMAR  
AUSTIN TX 78704  
(512) 814-2888  
FAX (512) 814-2887

OPEN DAILY: 7:30AM TO 11PM

EMAIL OWNER COORDINATOR: [MEMBERSHIP@WHEATSVILLE.COOP](mailto:MEMBERSHIP@WHEATSVILLE.COOP)

[WWW.WHEATSVILLE.COOP](http://WWW.WHEATSVILLE.COOP)

# Wheatsville Food Co-op's BIG Direction



## Congratulations!

You have made an investment, received your Owner Card, and now you're a full-fledged owner of Wheatsville Food Co-op! Our goal, as a community owned co-op, is to support more local, organic, sustainable food, to help grow the co-op economy and to make more people happy! We call this our **BIG Direction**. Your investment will help us achieve our goal by providing the co-op with the owner capital needed to fund improvements to our stores, purchase new equipment, and open additional locations. In return, we promise to operate for the good of our community and co-op owners as our primary purpose.

While anyone can shop at Wheatsville, you will receive some unique benefits as an owner. The most important benefit is that this is your store. You will help us decide how the business is run and are involved in keeping ourselves, our community, and our co-op healthy.

## Democratic Owner Benefits

To get the most out of your experience as a co-op owner, utilize all of your benefits. This will ensure good health of the co-op and owners.

### The Wheatsville Election

Each fall, you will get a chance to vote for three candidates running for a seat on Board of Directors as well as which Community Action Groups you would like us to support in the following year.

Voting in the Wheatsville Election is an opportunity for you to elect fellow owners who you think will best represent you and the co-op ownership as a whole. By selecting the Community Action Groups that mean the most to you, you are helping the co-op decide how to utilize some of the money you will spend at Wheatsville in the upcoming year.

You can even run for the board! If you are interested, please contact the nominations committee at [nominations@wheatsville.coop](mailto:nominations@wheatsville.coop).



### Fall Owner Gathering

Prior to the close of the Wheatsville Election, the co-op hosts a gathering for our owners to mingle with each other, meet the Board of Directors, and attend stump speeches by board candidates. This is a great opportunity for the board to gather ideas and interests from our owners as well as place your vote in the Wheatsville Election!



# Financial Owner Benefits



## Owner Deals

Since the co-op is owned by and for the benefit of our owners, we offer exclusive sale items called Wheatsville Owner Deals. Select products are marked with Owner Deals signs on the shelf and will automatically ring up at the sale price after you present your Owner Card to the clerk.

## Owner Appreciation Days

Receive 20% off purchases during Owner Appreciation Days in April and October.

## Patronage Rebates

When the co-op is sufficiently profitable, we are able to share our profits with the owners by distributing Patronage Rebates. If you have invested in full, have a current address on file, and have met the minimum purchase requirement set by the Board of Directors you may receive a percentage of your purchases distributed back in the form of an in-store rebate.



## Ownership Usage & Benefit Redemption

Spouses, partners, and children are welcome to use an owner's account when shopping. Only the owner listed on the account may exercise the full rights of ownership (i.e. voting, Patronage Rebate redemption, Owner Appreciation discounts, account updates).

## Don't Miss Out

If there have been any changes to your mailing address, phone number, or email address, let us know. If we do not have your current address on file, you will not receive the Breeze, Patronage Rebates, or other important co-op communications. Here are some other ways you can keep up with exciting Wheatsville events and news:

- Visit our website, [www.wheatsville.coop](http://www.wheatsville.coop)
- Sign up on our website for Wheatsville's Weekly E-mail List
- Like Wheatsville's Facebook page or follow us on Twitter and Instagram
- Read the *Wheatsville Breeze*, available on our website and in-store
- Keep an eye out for in-store signs and announcements
- Stop by and visit with us at the Hospitality Desk

# Powers of the Ownership

The basic governance power within the co-op lies with the ownership as a whole. Co-ops are founded on the principle that democracy should extend to both the economic and political realms. The formal exercise of this power, in which every owner's vote has equal weight, can be exercised during the Wheatsville Election and initiative and referendum petitions. Any matter that the owners wish to put before the ownership via co-op vote may be placed on the ballot by a petition signed by the co-op owners. For details, please refer to section 3.3.3 of the co-op bylaws located at the end of this manual. Since the ownership can change the bylaws and replace the directors, it can choose to exercise any power of the organization.

The normal and usual political actions of the co-op owners are to:

- Define the purposes/basic form of the co-op
- Specify major objectives to be pursued
- Elect, advise, and replace (if necessary) directors seated on the board

## Powers of the Board of Directors

The Board of Directors is elected by the ownership and has final legal authority and responsibility for all actions of the cooperative. Subject to the bylaws, the Board decides how the co-op is run.

Specifically, the duties of the Board are to:

- Hire and evaluate the General Manager
- Approve the General Manager's annual business plan
- Perform long-range planning
- Take legal and fiscal responsibility

## Board of Directors Meetings

The Board of Directors has monthly meetings at Wheatsville's Administrative Offices usually on the third Tuesday of each month. Owners are welcome to attend and speak during Open Time at the beginning of each meeting. Meeting times and places are posted on our website [wheatsville.coop/membership/board-of-directors](http://wheatsville.coop/membership/board-of-directors) under Announcements.

If you would like to speak before the board, we encourage you to fill out and submit an Open Time Form in advance (available at [wheatsville.coop/membership/board-of-directors/board-meeting-open-time-form](http://wheatsville.coop/membership/board-of-directors/board-meeting-open-time-form)).

# The Cooperative Principles

To ensure that ideals of social transformation toward a more cooperative society are nurtured, all co-ops follow the principles adopted by the Cooperative Alliance in 1995. Here is how Wheatsville supports each principle.

## 1. Voluntary and Open Membership

To ensure that all of our owners agree to responsibilities of co-op ownership, each new owner must be present and join in-store. Wheatsville ownership is open to all people, free of gender, social, racial, political, or religious discrimination.

## 2. Democratic Member Control

Wheatsville is run by owners who volunteer to serve on the Board of Directors. Additionally, these directors are elected by the ownership each year during the Wheatsville Election.



## 3. Member Economic Participation

Upon signing up, co-op owners contribute equitably by making an investment in Wheatsville. If Wheatsville has been sufficiently profitable, we issue Patronage Rebates to qualifying owners after the close of each fiscal year.

## 5. Autonomy and Independence

Wheatsville is operated by and for the co-op owners. We were founded by a group of cooperators who saw a need that was not being met by traditional grocery stores of the time. After pooling together their time and resources, Wheatsville was born. It supported a different way of doing business and a different kind of food that people could not find anywhere else like whole wheat flour, organic rice, and tofu.

## 5. Education, Training, and Information

We are always looking for ways to better educate our staff and owners. This manual, along with other owner communications like the Breeze and our Weekly Email Newsletter provide an inside look into the operations of the co-op and information about the products we carry and support.

We believe that offering thorough and engaging training for our staff contributes to more happy employees and an enjoyable shopping experience for our owners. Furthermore, staff members participate in weekly "casts" where we forecast sales and labor expenses. This is a practice known as Open Book Management.



## 6. Cooperation amongst Cooperatives

Wheatsville holds strong connections with other co-ops in the community. We continually work together to grow our organizations and support the advancement of the cooperative principles in society. Some of our cooperative partners include the Inter-cooperative Council (ICC), College Houses, University Federal Credit Union, Black Star Co-op, and the Austin Cooperative Business Association.

## 7. Concern for the Community

Each fall, our owners select ten Community Action groups, local organizations they would like us to support the following year. During their designated month, each group receives a donation from Wheatsville and additional cash contributions donated by our shoppers. The Wheatsville Staff frequently attends volunteer activities for our Community Action groups and looks for other opportunities to contribute and lend support!



## Rights of Wheatsville's Owners

Tangible expressions of the Cooperative Principles:

- **To receive owner benefits** in return for your investment. Owners receive: Owner Deals, Owner Appreciation Days discounts, Patronage Rebates (enjoy economic owner benefits)
- **To be treated with respect** as a fellow co-op owner
- **To enjoy a pleasant shopping experience** in clean, well-stocked, easy-to-use stores
- **To be informed** of the co-op's financial position, long-term goals, and help define its purpose (education)
- **To participate in co-op elections** (vote, help organize the co-op-vote, run for the board, or submit owner petitions)
- **To Have fun** at Wheatsville

# Responsibilities of Wheatsville's Owners

## What am I REALLY responsible for as an owner?

- Contribute a capital investment in the co-op and shop at Wheatsville
- Vote in the Wheatsville Election
- Abide by board and store policies and understand that they are subject to change
- Respect the rights and opinions of other co-op owners
- Stay informed and participate in co-op events
- Use owner benefits only for whom the ownership was created
- Act responsibly as owners of the co-op
- Help Wheatsville serve the community by encouraging others to support the co-op

## Resigning your Ownership

You may resign your ownership in the co-op at any time and have your investment refunded. While we will be sad to see you go, we would be delighted to know that your investment will be applied to another co-op in your new city! Owner Resignation Forms are available at the Hospitality Desk and [www.wheatsville.coop](http://www.wheatsville.coop). Investments are normally refunded within 30 days.

## The Beginnings of Co-ops

Even before agriculture had become the basis of the human economy, cooperation was a necessity. Hunting and gathering societies shared their food in order to survive. In many early agricultural societies, land was used communally, with perhaps small parcels set aside for personal use. In Europe, communal villages and cooperative economics lasted until the Industrial Revolution. But even in western society, old habits of cooperation persist: Rural Americans still have barn raisings and volunteer fire departments continue to protect thousands of small towns. There is obviously, something very old about cooperativism. And although both early and modern cooperativism share a common human impulse, today's co-ops are a product of the Industrial Revolution and the rise of capitalism.

Driven from the countryside, many of England's poor citizens found themselves in the factories of an industrializing nation; with little choice other than to work long hours for little pay in dangerous and filthy mills, their lives were filled with hardship and disease. The devastating effects of the Industrial Revolution spawned many radical social movements, among them modern cooperativism. One of these reformers was Dr. William King whose idea was to start small distributive ventures with co-op members supplying the capital. By 1830 about three hundred stores had begun under King's influence, but they had faded significantly by 1840 due to mismanagement.

It was in 1844 in Rochdale England that the modern-day consumers' cooperation really began. It was here that twenty-eight flannel weavers registered with the Parliament under the hopeful title, "Rochdale Society of Equitable Pioneers." Among mill workers, flannel weavers were some of the lowest paid. The previous year they had been fired and then blacklisted by their factory employers after they had organized a strike for better wages and failed. The one woman of the group, Ann Tweeddale, suggested that if they



could not organize for better wages, at least they might organize as consumers for lower prices. (Note: Co-ops held very progressive views of women's rights. At that time, women could not legally hold property and could not exercise a public voice. Within the Rochdale Co-op, the Pioneers explicitly allowed women to hold and control property and to exercise a vote in the co-op.)

It took them a year to save the necessary capital to begin the venture. These cooperators opened their storefront on December 21, 1844, a bitterly cold night, on the ground floor of an old warehouse on Toad Lane. Their initial goods were flour, butter, sugar, and oatmeal. Later candles were added to the stock. Anyone was welcome to join. In only fifty years, the society had 12,000 members and \$1,500,000 in sales.



Beginning with a grocery department, the co-op expanded and opened bakeries, dairies, building and painting services, laundry and coal delivery. From the very start, the Pioneers had been concerned about the adulteration of food. In protest against the tainting of flour, these cooperators opened and operated their own corn mills. Later they bought the very mill from which they had been blacklisted and began producing clothing and shoes for the cooperative. The Pioneers valued education. At the time there was no public education or free libraries in England and the cost of books and reading papers were beyond the reach of working people. The opportunities to move into skilled positions to increase their earnings were few. The Pioneers were clear in their focus—education would advance their members' progress toward economic freedom and democracy.

"As the Pioneers made progress, a coherent philosophy emerged. The cooperative idea was born in a revolutionary era, but the Pioneers launched a unique "counter-revolution." When members exchanged money over the counter for cooperative goods, an empire was born, an empire meant to equalize, not to exploit. The Pioneers believed that trading together could build a better world, one without conflict. Revolutions were occurring frequently throughout the world and groups secretly plotted to overthrow governments. While others urged armed revolt, strikes, and mass action on the streets, the cooperators quietly built the people's business."

*From Weavers of Dreams by David J. Thompson*

# The Early History of Wheatsville

Like the Rochdale Pioneers, the founders of the present day "Third Wave" co-ops found themselves fighting a battle to revolutionize the world. The headiness of the sixties was holding strong and young people were looking for ways to put into practice their belief for world change. In Austin, co-ops abounded. There were The Avenues, Woody Hills in Clarksville and Milo Minderbenders (named after the Catch-22 procurement officer character) in someone's West Campus garage. At these co-ops you could find food that you couldn't find anywhere else, like whole wheat flour, organic rice, and tofu. Just as they supported a different kind of food, co-ops supported a different way of doing business. As worker collectives, most co-ops relied entirely upon the free labor of their members to see that the daily business was done. At Milo Minderbenders, they did away with accounting as we know it, and just placed a basket by the front door—you dropped what you thought you owed for the food that you took and called it even. There were no prices, no cash registers, and no checkout stands. Needless to say, this experiment didn't last too long, but it gave these Austin cooperators valuable experience which they then put to use when they all joined forces and opened Wheatsville.

In 1975, a ZZ Top concert was held as a benefit for the UT Student Association. After the concert, a few co-ops appealed to the student government senate and secured some of the concert proceeds for the Austin Co-op Project. ACP made about \$5,000 available for Wheatsville's start-up, and other funds came from College Houses and Frank Cook. Wheatsville co-



opers rented the basement at 29th and Lamar, bought as much equipment as they could afford, and stocked up on the bare necessities. On March 16th, 1976, Wheatsville opened its doors. Wheatsville took its name from the 1869 freedom town, Wheatville, named after James Wheat, a former slave.

After the Civil War, thousands of

freed blacks moved away from their former homes and into all-black neighborhoods. James Wheat and his family were one of the families that bought land and founded their own communities in the woody hills surrounding the city limits of an earlier Austin.

Back then, Wheatsville was run by "turnups," co-ops who "turned up" to work. They stocked the 2x4 and cinder block shelves, unloaded the trucks, did construction work, cleaned the floors, counted the money, and locked up at night. As we grew, co-op politics became heated. Coming from a background of a worker collective, the debate escalated over whether or not it was ethically right to pay any people for their work. One woman had a mop bucket dumped over her head as we fought over whether to hire a manager.



In 1980 an opportunity arose to move into a larger location and thus expand selection and service. The Kash Karry grocery store on Guadalupe was gutted and completely remodeled by volunteers. However, the large debt accumulated during the remodel nearly put the co-op under.

The move was a major factor in increasing the professionalism of running the business. A manager and a paid staff was hired and took the co-op to a more highly organized and efficient level of operation.

Wheatsville went through several lean years before becoming stable in the late 80s. From then on the store grew slowly more successful (with a few lean years) until we did a complete renovation of 3101

Guadalupe which was completed in 2009. Our growth since the renovation was so strong that we were able to open our second store at 4001 S. Lamar in September, 2013.

From small beginnings, Wheatsville has grown into the most successful food co-op in Texas.

However, we still remember our roots—dedicated to the principles of cooperation, we remain committed to our founding ideals of community control, social action, and environmental responsibility.



# BYLAWS OF WHEATSVILLE CO-OP

## Preface

The purpose of Wheatsville Co-op is to create a self-reliant, self-empowering community of people that will grow and promote a transformation of society toward cooperation, justice, and non-exploitation. The mission of Wheatsville Co-op is to serve a broad range of people by providing them goods and services, using efficient methods that avoid manipulation of the consumers and minimize exploitation of the producers or damage to the environment. The primary focus for this mission is supplying high-quality food and non-doctrinaire information about food to people in Austin, Texas.

### Article I - Organization

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

1.2 Purpose. The Co-op was organized for the principal purpose of distributing goods and services for the benefit of its owners.

1.3 Cooperative Principles. The Co-op shall be operated in accordance with the cooperative principles adopted by the 1995 General Assembly of the International Co-operative Alliance, such principles being: (i) voluntary and open ownership without arbitrary discrimination; (ii) democratic governance; (iii) economic participation by owners; (iv) autonomy and independence of the Co-op; (v) providing education and training; (vi) cooperation with other cooperatives; and (vii) concern for community.

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

1.5 Fiscal Year. The fiscal year of the Co-op shall begin on the first day of June in each year and end on the last day of May of the succeeding year unless otherwise determined by the Board of Directors.

### Article II - Ownership

2.1 Owner/Members. The terms "owner" and "ownership" shall mean "member" and "membership" (respectively) as those terms are used in the provisions of the Texas Business Organizations Code, as amended (the "Code"), applicable to cooperative associations.

2.2 Eligibility and Acceptance. A natural person or household, an unincorporated group or other entity organized on a cooperative basis, or a nonprofit group, upon approval of application and the receipt of any required payments, as established by the Board of Directors, may be accepted into ownership on terms established by the Board of Directors. Each owner that is not an individual shall designate a person to act on the owner's behalf in conducting the affairs of this Co-op, which designation shall remain in effect until written notice of a properly authorized change in the designated person is received by the Co-op.

2.3 Rights. Each owner in good standing shall have one vote in the affairs of the Co-op. Each owner in good standing shall be eligible for other benefits as may be offered from time to time by the Co-op. An owner who has paid any required ownership fees and member capital in full (or is paying required ownership fees and member capital in a manner approved by the Board of Directors) shall be an owner in "good standing." Failure by an owner to provide the Co-op with a current mailing address may result in that owner not receiving Co-op notices and loss of other owner benefits not guaranteed by law, as may be determined by the Board of Directors.

2.4 Termination. Ownership may be terminated voluntarily by an owner upon written notice to the Co-op or automatically if an owner shall fail to patronize or participate in the Co-op for a period of time not less than two years in accordance with procedures, including those for reinstatement, that may be determined by the Board of Directors. Ownership may be terminated involuntarily through the expulsion procedure provided for in Section 251.152 of the Code. Regardless of the reasons for termination, on termination all ownership rights of the terminated owner shall cease.

### Article III - Meetings and Decision-Making

3.1 Decision-making Methods. There shall be two separate methods by which the general ownership of the Co-op shall make binding ownership decisions: (i) votes of the ownership at Ownership Meetings and (ii) Co-op Votes. An owner must be in good standing in order to vote.

3.2 Ownership Meetings. The Board of Directors shall call an annual meeting of owners in each fiscal year. A special meeting of the owners may be requested by a majority vote of the Board of Directors or by written petition signed by at least 500 or five percent (5%) of the total number of owners in good standing, whichever is fewer. The Secretary shall call a special meeting to be held within thirty days after receipt of a valid petition for the special meeting.

3.2.1 Notice of Meetings. Owners shall be notified of all regular and special meetings not later than the 10th day and not earlier than the 60th day before the date of the meeting. Notification of meetings shall be given in a manner prescribed by the Board of Directors in compliance with requirements of the Code and shall be posted at all Co-op locations. Notices may be delivered to electronic and/or postal addresses provided by the owners, as reflected in the ownership records of the Co-op. Each notice shall include the date and time of the meeting, the proposed agenda, and the location of the meeting, which shall be in Austin, Texas. Notice of a special meeting must specify the purpose for which the meeting is called. No business shall be transacted at any special meeting other than that referred to in the notice.

3.2.2 Voting at Meetings. Each owner shall be entitled to one vote upon any matter proposed at a meeting, and no votes by proxy shall be allowed. Owners may cast ballots in person at a meeting, or they may vote by facsimile transmission, by electronic message, or by mail as provided in Code Sections 251.256 (b) and (c), or by any combination of those methods.

3.2.3 Meeting Quorum. At any regular or special meeting of the owners, a quorum necessary for the transaction of business shall be at least 500 or five percent (5%) of the total number of owners in good standing, whichever is fewer. Votes cast by any method specified in Bylaw Section 3.2.2 above upon any question presented at a regular or special meeting shall be counted towards fulfillment of the quorum requirement, provided such votes are submitted within the designated timeframe.

3.3 Co-op Vote. The voting process described in this Bylaw Section 3.3 (a "Co-op Vote") can be used to vote on any matter that may be considered at a regular or special meeting of the owners.

3.3.1 Procedure for Co-op Vote. The Board of Directors shall define procedures consistent with these Bylaws for Co-op Votes to assure that owners are properly informed and have a fair opportunity to participate. A Co-op Vote may be initiated by a majority of the Board of Directors, by a majority of owners voting at a regular or special ownership meeting where a quorum is present, or by petition as described in Bylaw Section 3.3.3 below. The exact content of any proposal being submitted for a Co-op Vote shall be made available to the ownership at least fourteen days before the vote commences. The vote shall terminate at a date and time specified in the notice by which the vote was initiated (described in Bylaw Section 3.3.2), not less than 60 days from commencement of the vote. The Board of Directors shall schedule a Co-op Vote Confirmation Meeting open to the ownership to be held at the conclusion of the Co-op Vote, in accordance with Board of Directors policies, at which the Co-op Vote will be concluded. The Board of Directors may provide for Co-op Votes to include ballots cast in the store, ballots cast at ownership meetings or events, votes by mail, votes by electronic transmission, or other means provided that appropriate measures shall be taken to assure that each owner has only one vote and no votes by proxy are allowed, as required by the Code.

3.3.2 Notice of Co-op Vote. Notification of Co-op Votes shall be posted on prominent signs at all locations maintained by the Co-op and shall be given in a manner prescribed by the Board of Directors in compliance with requirements of the Code for regular and special meetings. Such notice may include delivery to electronic and/or postal addresses provided by the owners, as reflected in the ownership records of the Co-op.

3.3.3 Petitions. Any matter that the owners wish to put before the ownership via a Co-op Vote may be placed on the ballot by a petition signed by at least 500 or five percent (5%) of the total number of owners in good standing, whichever is fewer. Proposals initiated by such a petition shall be included in the next regularly scheduled Co-op Vote, except that if a petition is signed by at least 1,000 or ten percent (10%) of the total number of owners in good standing, whichever is fewer, then the Co-op Vote shall be scheduled to commence no sooner than thirty days and no later than 60 days from the date the petition is submitted.

### Article IV - Annual Reports and Owner Review

4.1 Annual Financial Condition Report. Within 120 days after the end of its fiscal year, Wheatsville shall have on file at its principal office an Annual Report of the Co-op's financial condition stating, at a minimum: (1) the name of the Co-op; (2) the address of the Co-op's principal office; (3) the name, address, occupation, and date of expiration of the term of office of each officer and director; (4) any compensation paid by the Co-op to each officer or director of the Co-op; (5) the amount and nature of the authorized, subscribed, and paid-in capital; (6) the total number of shareholders; (7) the number of shareholders who were admitted to or withdrew from the Co-op during the year; (8) the par value of the Co-op's shares; (9) the rate at which any investment dividends have been paid; (10) the total number of owners; (11) the number of owners who were admitted to or withdrew from the Co-op during the year; and (12) the amount of ownership fees received.

4.1.1 Additional Requirements. The Annual Financial Condition Report must also (1) include a balance sheet and income and expense statement; and (2) be signed by the President and Secretary of the Co-op.

4.1.2 Filing Requirements. The Co-op must file a copy of the Annual Financial Condition Report with the Texas Secretary of State.

4.2 Annual Report to Owners. The Co-op shall provide to its owners annually and at each annual meeting an Annual Report which, at a minimum, must contain (1) a balance sheet; (2) an income and expense statement; (3) the amount and nature of the Co-op's authorized, subscribed and paid-in capital; (4) the total number of shareholders; (5) the total number of shareholders who were admitted to or withdrew from the Co-op in the year; (6) the par value of the Co-op's shares; (7) the rate at which any investment dividends have been paid; (8) the total number of owners; (9) the number of owners who were admitted to or withdrew from the Co-op during the year; (10) the amount of ownership fees received; and (11) any compensation paid by the Co-op to each officer or director of the Co-op.

4.3 Review Committee. The Board of Directors shall appoint a committee of owners who are not principal bookkeepers, accountants or employees of the Co-op to review the Co-op's books and records. Such committee shall report on the quality of the Annual Report and the bookkeeping system of the Co-op at the annual meeting.

### Article V - Board of Directors

5.1 Number, Eligibility. The Co-op shall have a Board of Directors consisting of nine members, each of whom shall be an owner of the Co-op in good standing.

5.1.1 Competitors' Conflict of Interest. No person shall be eligible for nomination, election or appointment as a director if that person is determined by a majority of disinterested directors to have a substantial conflict of interest arising from an affiliation with any enterprise that is in competition with the Co-op.

5.1.2 Staff Directors. No more than two directors shall be on the staff of the Co-op.

5.2 Nominations. The Board of Directors may establish a procedure to solicit and qualify applications for nomination to the Board of Directors in accordance with policies established by the Board of Directors. Owners in good standing not qualified through the Board of Directors procedure shall be placed on the ballot upon submitting a petition signed by 100 or one percent (1%) of the total number of owners in good standing, whichever is greater.

5.3 Terms, Limits. Director's terms shall be three years. Directors may not serve more than three consecutive 3-year terms and thereafter shall not be eligible to serve again until two full years have elapsed. No Director may serve more than eleven consecutive years within a 13-year period. At the first election of directors after adoption of these Bylaws and periodically thereafter as may be necessary, directors shall be elected for one, two or three year terms so that three terms are scheduled to expire every year.

5.4 Election. All directors shall be elected by confidential ballot in a Co-op Vote, and each owner may vote for as many nominees as there are positions to be filled. Those nominees with the most votes will be elected without a run-off, as follows: if there are any positions to be filled in addition to the three terms regularly scheduled to expire, the 3-year terms will be filled by the nominees with the most votes, and the next longest terms will be filled by the nominees with the next most votes, respectively. In case of a tie, the Board of Directors will draw straws to determine which nominee will serve on the Board of Directors and/or which term lengths will be filled by each, as necessary, unless the nominees can come to agreement on these matters amongst themselves.

5.5 Vacancies. Any vacancy on the Board of Directors may be filled by appointment by the Board of Directors. A director so appointed shall serve until the next election and seating of a director to complete the vacated term.

5.6 Meetings. Regular meetings of the Board of Directors shall be held at least quarterly, at such times and places as the Board of Directors may determine. The Board of Directors shall meet within thirty-five (35) days after the annual election of directors is concluded. The Board of Directors shall operate according to the rules and procedures decided upon by the Board of Directors, except that Robert's Rules of Order, Revised, as amended by previous Board of Directors policy, shall be used upon request by 1/3 of the Directors present. Board of Directors decisions shall be made by majority vote, except where these Bylaws or the Rules of Order provide otherwise. Meetings of the Board of Directors shall be open to owners, except that on the determination of the Board of Directors, sessions of a meeting may be closed as to matters of a confidential or sensitive nature, including without limitation personnel matters and matters the disclosure of which could compromise business transactions of the Co-op. For all regular meetings, a draft of the meeting agenda shall be made available to owners at least four days in advance of the meeting.

5.7 Action Without a Meeting. Decisions of the Board of Directors may be made without a meeting if unanimous written consent, stating the action to be taken, is signed and dated by all directors. Any such resolution of the Board of Directors so adopted shall be filed with the Secretary in person or via electronic mail and included with the minutes of the next Board of Directors meeting.

5.8 Special Meetings. A special meeting of the Board of Directors shall be held whenever called by the president or by a majority of the directors. Each call for a special meeting shall be in writing, shall be signed by the person or persons calling the meeting, shall be addressed and delivered to the Secretary, and shall state the time and place of such meeting. Only the business specified in the written notice shall be transacted at a special meeting. For all special meetings, a meeting agenda shall be made available to owners at least four days in advance of the meeting or as soon as practicable.

5.9 Notification. Written notice of each meeting of the Board of Directors shall be given to each director by, or under the supervision of, the President or the Secretary of the Co-op not less than seventy-two (72) hours prior to the time of meeting. Notice may be waived by any director, and appearance at a meeting shall constitute a waiver of notice.

5.10 Quorum. A simple majority of the Board of Directors shall constitute a quorum at any meeting of the Board of Directors.

5.11 Compensation. The compensation, if any, of the directors shall be determined by the Board of Directors. Compensation shall be disclosed annually in the Annual Report and within a reasonable time following any change in compensation amount. Changes in director compensation shall not take effect until the beginning of the next Board of Directors term. The Co-op may reimburse directors for reasonable expenses incurred in carrying out their duties and responsibilities.

5.12 Removal. A Director who fails to attend three or more regular meetings annually may be removed by the action of the majority of the other Directors. Any Director of the Co-op may be removed from office for cause, by a 2/3 majority vote of the remainder of the Board of Directors, or by a majority vote of the owners voting at any ownership meeting where a quorum as defined in Bylaw Article III is present, provided any Director so removed shall first be given a chance to be heard at the ownership meeting.

5.13 Conflicts of Interest. Directors are under affirmative obligation to disclose any actual, potential or perceived conflicts of interest. The remaining directors by majority vote shall determine the process for participation, if any, by those with such conflicts. If a director or member of the immediate family or immediate household of any director is engaged by the Co-op in any capacity other than as a director, this capacity shall be fully disclosed in a manner sufficient for the voting owners and other Directors to determine whether a conflict of interest might arise. Directors with actual and substantial conflicts of interest may not participate in the discussion or decision in matters related to the conflict.

#### **Article VI - Officers**

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

6.2 Election, terms and removal. Following the annual election of the Board of Directors, officers shall be elected by and from the Board of Directors at the Board of Directors meeting when the newly elected Directors are seated. Officers shall serve for terms of one year or until the election of their successors. Officers may be removed and replaced by the Board of Directors at any time whenever the best interests of the Co-op would thereby be served.

6.3 Duties. In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board of Directors, officers shall have the duties described in this Bylaw Section 6.3 and such additional duties as are determined by the Board of Directors. The officers shall perform such duties as are ordinarily assigned to such officers in the normal course of business, except that the President, Secretary and Treasurer shall have authority to sign all documents only within the scope of the express authorization of the Board of Directors, the Code, and the Certificate of Formation and Bylaws of the Co-op.

#### **Article VII - Member Capital**

7.1 Authorization. The Board of Directors is authorized to establish capital investment requirements for various categories of ownership. Capital investment requirements for owners are intended to assure a sound level of capital funding and may be changed from time to time by a 2/3 majority vote of the Board of Directors.

7.2 Transfer and Refunds. Ownerships are not transferable, and membership capital may only be transferred between existing ownership accounts by written authorization of the owner of the account from which the funds are proposed to be transferred. Membership capital is refundable to owners, by request, upon termination of their ownership, provided that the total membership capital remaining is adequate to meet current and projected needs of the Co-op as determined by the Board of Directors and subject to offset by any debt owed by the owner to the Co-op. Any additional conditions and terms for the refund of membership capital that may be established by the Board of Directors shall apply to all owners equitably.

7.3 Evidence of Ownership. The Co-op is organized without a requirement for membership certificates. Ownership cards may be issued as evidence of ownership in the Co-op and the various categories of ownership. Records shall be maintained of each owner's investment, and an accounting shall be provided within a reasonable time to any owner upon request.

#### **Article VIII - Investor Shares**

8.1 Authorization. The Board of Directors is authorized to issue investor shares upon the terms and conditions set forth in this Bylaw Article VIII.

8.2 Legal Requirements for Issuance. Prior to the issuance of any investor shares, the Board of Directors must assure itself that all legal requirements concerning the issuance of investor shares, including the provisions of Article VIII of the Certificate of Formation, as amended, have been met.

8.2.1 Written Evidence. Before any investor shares shall be issued, each prospective investor must first furnish evidence to the Board of Directors, the sufficiency of which shall be determined by the Board of Directors, that (1) the investor is an owner of the Co-op, (2) the investor is a bona fide resident of the State of Texas, and (3) the investor is acquiring the share(s) for investment purposes only and not with a view toward a public distribution of shares. The Board of Directors shall require a written statement to that effect from each prospective investor.

8.2.2 Consideration. The consideration received by the Co-op for any investor shares issued by the Co-op shall be equal at least to the par value of the share(s) to be issued.

8.3 Restriction on Transfer; Option to Repurchase. Investor shares may not be transferred, except by gift to an immediate family member, unless the shareholder first gives the Board of Directors written notice offering to sell the shares to the Co-op at par value. The Board of Directors shall have 90 days from receipt of such notice to exercise the Co-op's right of first refusal; if the Co-op does not elect to repurchase the investor shares, or any part thereof, the investor shares not so re-purchased by the Co-op may be sold, transferred or conveyed to another owner of the Co-op, provided the proposed transferee shall have first furnished written evidence reasonably satisfactory to the Board of Directors to the effect that the proposed sale, transfer, or conveyance would not violate the Securities Act of 1933, as amended, or the Texas Securities Act, as amended, or any other applicable securities law, rule, regulation, or administrative order. Any purported transfer in violation of any provision of these Bylaws shall be void and ineffectual, shall not operate to transfer any interest or title to the purported transferee, and shall give the Co-op an immediate option to purchase such investor shares in the manner and on the conditions provided herein. Each transferee of investor shares or of any interest in investor shares shall hold such investor shares subject to the terms and provisions of these Bylaws.

8.4 Certificates. The certificates evidencing the issuance of investor shares shall contain the full corporate name of the Co-op, the fact that it is incorporated as a cooperative association under the Code, the par value for investor shares, the number of investor shares being issued, and the name of the record shareholder. The certificates shall be numbered in the order they are issued. Each investor share certificate must state plainly on its face that the shares represented by the certificate are non-assessable when fully paid, are non-voting, are without preemptive rights, and that investors must be owners. Investor share certificates shall be dated and executed by the President and by the Secretary.

8.4.1 Legend on Certificates. The following legend shall be printed on each certificate. If printed on the back of the certificate, a boldfaced reference thereto shall be printed on the front of the certificate. The restrictive legend shall include the following statement:

"These shares have not been registered for sale with either the United States Securities and Exchange Commission, the Texas Securities Board or other securities agency. The shares represented by this certificate may not be transferred except in accordance with Article VIII of the Cooperative's Bylaws, including a 90-day right of first refusal by the cooperative, and then only if such sale would be exempt from all applicable registration requirements. During the period in which the securities represented by this certificate are part of an issue being offered and sold by the Cooperative, as issuer, and for a period of 9 months from the date of the last sale by the Cooperative of such securities, all resales of any part of the issue, by any person, shall be made only to persons resident within the State of Texas."

8.5 Transfer of Records. Within a reasonable time after the occurrence of any authorized transfer of investor shares, the Co-op shall reflect the transfer on its share records.

8.6 Redemption and Dividend Terms. The Board of Directors shall have the power to set the redemption and dividend terms and rates for investor shares, consistent with the provisions in Bylaw Section 8.7. If the Board of Directors so specifies, the dividend rates may exceed 8% and dividends may be cumulative.

8.7 Changes in Redemption and Dividend Terms. Any change in dividend or redemption policy that applies to previously issued shares shall not take effect until 60 days after notice has been mailed to all shareholders affected by the change. To qualify as notice, such mailing must prominently show (1) the terms in the old policy that are being changed, (2) the terms adopted in their place in the new policy, and (3) the method by which shareholders can notify the Co-op that they request redemption of their shares under the terms of the old policy. If a shareholder requests redemption of some or all shares, the dividend and redemption policies that exist at the time of the redemption request will continue to apply to those shares until redeemed.



#### Article IX - Allocation and Distribution of Net Savings

9.1 Allocation. At least once a year, with a full reporting in the Annual Report to the ownership, the Directors shall apportion any net savings of the Co-op in the following order:

(1) No net savings of any particular year may be distributed to patrons unless the net worth of the Co-op exceeds the amount to be distributed.

(2) The Board of Directors may use a portion of net savings for payment of investor dividends in accordance with the Board of Directors policy and the Code.

(3) Of the amount of net savings not needed to produce a positive retained earnings, a portion may be allocated by the Board of Directors to an education fund to be used in teaching cooperation.

(4) A portion of the net savings may be set aside or disbursed for the general welfare of the ownership.

(5) A portion of the net savings may be allocated to retained earnings.

(6) Any remaining portion of the net savings shall be allocated by written notices of allocation (as defined in 26 U.S.C. 1388) at the same uniform rate to all eligible patrons in the proportion each one's patronage bears to total patronage, provided that:

(a) For eligible owner patrons with fully paid capital, the proportionate amount of net savings return distributed to the owner shall be in the form of cash for at least the minimum required by law and the remainder may be in the form of cash, property, ownership certificates, investment certificates, or in any combination of these.

(b) For eligible owner patrons whose required capital investment is not yet fully paid, the proportionate amount of net savings return distributed to the owner shall be in the form of cash for at least the minimum amount required by law; the remainder may be credited to the owner's account until the amount of the required capital investment has been fully paid. If an owner has any savings return remaining after the minimum required cash distribution and the capital investment credit, that amount shall be distributed in the same form as the distribution for owners with fully paid capital.

9.2 Tax on Owner Allocations. Each person who hereafter becomes an owner of the Co-op and each owner of the Co-op on the effective date of this Bylaw Section 9.2 who continues as an owner after that date shall, by that act alone, be deemed for all purposes to have consented and agreed that the amount of any distributions with respect to their patronage occurring after the effective date of this Bylaw Section 9.2 which are made in written notices of allocation (as defined in 26 U.S.C. 1388) and which they receive from the Co-op, will be taken into account at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable years in which such written notices of allocation are received from the Co-op.

9.3 Donating Owner Allocations. The Board of Directors may establish a procedure for owners to donate all or a portion of their allocations to designated organizations.

#### Article X - Loss or Losses

10.1 Losses. In the event that the Co-op incurs a net loss in any fiscal year, the net loss may be charged against any one or more of the several equity accounts of the Co-op as the Board of Directors, in its discretion, may deem appropriate for the business needs of the Co-op. In any event, treatment of owners similarly situated shall be equivalent. This Bylaw Section 10.1 shall not be construed or administered in such a way as to deprive the Co-op of the right to carry back or carry forward net operating losses to past or future years, in accordance with the applicable provisions of the Internal Revenue Code or any state taxing statutes.

#### Article XI - Interpretation and Amendment of Bylaws

11.1 Interpretation. The Board of Directors shall have the power, with or without advice of legal counsel, to interpret these Bylaws, apply them to particular circumstances, and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these Bylaws.

11.2 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.

11.3 Amendment. These Bylaws may be adopted, amended, or repealed by a simple majority vote of the owners. Bylaws amendments may be proposed by a 2/3 vote of the Board of Directors or by ownership voting at an ownership meeting.

# Mission Statement

The purpose of Wheatsville is to create a self-reliant, self-empowering community of people that will grow and promote a transformation of society toward cooperation, justice, and non-exploitation.

The mission of Wheatsville is to serve a broad range of people by providing them goods and services and by using efficient methods which avoid manipulation of the customer and minimize exploitation of the producer and the environment.

The focus of this mission is to supply high-quality food and non-doctrinaire information about food to people in Austin, Texas.  
*Adopted by membership in 1981*