

BY-LAWS OF FAIR TRADE NORTHWEST

ARTICLE I—NAME

The name of the organization shall be Fair Trade Northwest and hereinafter shall be designated as “FTNW”.

ARTICLE II—PURPOSE

FTNW is organized and shall be operated exclusively for the purposes of:

- Creating an economic network which embodies the values of fair trade, cooperation, economic justice, democracy, and sustainability;
- Developing and encouraging the experience of community and the building of social bonds;
- Providing an alternative to capitalism and consumer culture;
- Stimulating the creation of social and economic benefits by and for its members, and by extension the people of the Pacific Northwest;

ARTICLE III—FAIR TRADE OF SERVICES

FTNW's unit of currency will be based on one hour of time, and shall hereafter be referred to as a “Time Dollar”.

Whereas economic justice is essential to healthy community, FTNW will have a minimum wage of 1 Time Dollar and a maximum wage of 3 Time Dollars for each hour of services rendered.

Since net and gross income may differ due to overhead expenses, the maximum wage shall apply to net hourly wage, while the rate charged by a member may exceed the maximum as necessary. FTNW reserves the right to enforce minimum and maximum wage requirements and to apply penalties, as deemed appropriate by The Board, up to and including the removal of a member from FTNW.

Members may charge fixed amounts for services as long as actual hourly wage falls within the parameters of the minimum and maximum wage.

Exceptions to the minimum wage will be made for services which are deemed passive in nature, such as house-sitting or pet-sitting. As a rule of thumb, if it is acceptable to the purchaser that the seller read a book while performing the service, the minimum wage does not apply.

ARTICLE IV—FAIR TRADE OF GOODS

FTNW will recommend an approximate exchange rate for valuation of goods (initially, 1 Time Dollar ≈ \$15 USD), and will automatically adjust that rate in accordance with inflation of the US Dollar, according to the Consumer Price Index. Adjustments for inflation shall be made in whole dollar amounts, every January as needed. The Board will notify the membership at least two months prior to each adjustment.

FTNW will maintain, in the membership handbook, a Fair Trade definition to be applied to the manufacture and sale of goods. FTNW may charge additional fees for the sale of goods which do not meet the Fair Trade definition. All fees collected on non-Fair Trade items will be disbursed to members via the Fair Trade Development Fund.

FTNW may in the future disallow the sale of goods which do not meet Fair Trade requirements.

Fair Trade requirements shall include:

- Employees must be paid a living wage as defined by the appropriate municipal, county or state authority.
- Member businesses must freely allow organization of collective bargaining.
- No business may engage in predatory business practices such as dumping of goods.
- Healthy and safe working conditions must be provided.
- Must be open to public accountability.

ARTICLE V—USURY

FTNW will be a usury-free environment and all loans by members must be offered at zero-interest terms. Violation of this rule will result in penalties, up to and including the removal of a member from FTNW.

ARTICLE VI—ADVERTISEMENT

FTNW will provide a Directory of goods and services to its members. All members will have the same access to create listings in the Directory, and all listings will be free of charge.

ARTICLE VII—BALANCES

All members will begin with a zero account balance. Any balance less than zero is hereafter referred to as “commitment”.

Commitment Limit levels shall be established by The Board and all new accounts will begin with the same Commitment Limit.

Members, whether individuals or organizations, have a right to apply for an extension of their Commitment Limit with The Board or a committee appointed by The Board. All applications must be made in writing.

Applications for commitment extension will be considered based on two criteria:

- The relative security of the extension, as decided using established actuarial methods.
- Whether the overall risk to the community is outweighed by the potential benefits.

Since extending an organization's Commitment Limit represents investment in that organization, on behalf of FTNW's members, it is the goal of FTNW to invest in organizations cautiously and responsibly.

Commitment Limits of all accounts may also be automatically increased by objective criteria such as number of exchanges performed by a member, such that a member's Commitment Limit increases over time with responsible use.

ARTICLE VIII—COMMUNITY RULES

Members must abide by all rules outlined in the Members Handbook. The Members Handbook may be changed at the discretion of The Board, in compliance with the Bylaws and Articles of Incorporation.

In addition:

- Members are required to settle their accounts before leaving FTNW. If they cannot bring their account to zero, due to time limitations or other reasons, they may settle it using national currency. National currency funds collected will be distributed via the Community Fund.
- Members have a right to be treated with dignity and respect, and to are expected to conduct their affairs with goodwill. If Members cannot resolve differences in a respectful manner, they may file a grievance with The Board or appointed committee.
- All exchanges in FTNW will be open to view of Active Members. Financial books will also be opened upon request of an Active Member.
- It is each member's individual responsibility to pay taxes on legally taxable income.

ARTICLE IX—COMMUNITY FUND

As part of our mission for building community in its fullest sense, FTNW will establish a Community Fund for the purpose of helping members to meet basic needs.

A minimum of 5% of Time Dollar dues collected (as outlined in Article XV) will be designated for the Community Fund.

The Community Fund will be used solely for the purpose of meeting basic needs such as food, housing, utilities, clothing, and medical care. In particular, the fund will emphasize the needs of the elderly and people with disabilities.

ARTICLE X—FAIR TRADE DEVELOPMENT FUND

As part of our mission to increase the goods and services following Fair Trade practices, the Fair Trade Development Fund will disburse grants to organizations selling Fair Trade goods. Grantees will be chosen based on commitment to fair trade values, value to the community, and organizational merit.

ARTICLE XI—BOARD OF DIRECTORS

Section 1. Structure

The affairs of FTNW shall be managed by the Membership through a Board of Directors (Board) in accordance with the By-laws and Articles of Incorporation.

The Board shall consist of between five (5) and nine (9) members and shall include two (2) Co-Chairs and up to seven (7) other Directors. All Board members shall be elected by the Membership as Directors. After each election cycle the new Board will elect its Co-Chairs from among its elected Directors.

The Board shall appoint a General Manager and a Treasurer. These positions are not Directors and do not have voting authority. It is possible, however, for an elected Director to be appointed to either position, in which case all responsibilities and authority apply.

The Board shall be responsible for overall policy and direction of FTNW and delegates responsibility for day-to-day operations to the General Manager. The General Manager will consult with The Board as necessary regarding issues raised between monthly meetings.

The Board shall operate by majority vote.

The Board will establish no political or religious affiliations.

Section 2. Elections, Appointments, and Board Terms

Board Members shall serve 2-year terms, and are eligible for re-election. Terms shall alternate such that four Board positions will be elected one year and five the following year.

Candidates for The Board shall be elected each November, via mail-in ballot or web-based voting, or at an Election Forum if one is held; General Manager and Treasurer are appointed by The Board in January of the year in which their 2-year terms expire.

Nominations shall begin 60 days prior to elections, and each Board Member shall be installed immediately following the elections or appointments. Board Members will be elected or re-elected by the Membership.

Candidates for any elected position are restricted to campaigning within the following parameters:

- Candidates will be given equal website space, equal space in the newsletter, and equal space in any other voting materials.
- Candidates are prohibited from: a) spending money or Time Dollars campaigning, or encouraging anyone to spend on their behalf, b) having a paid campaign staff, c) advertising or encouraging anyone to advertise on their behalf.

Board Members must be Established Members in good standing as described in Article XIII.

Upcoming elections will be announced at least three months prior.

Voting for Board Members will be decided using the Condorcet method (Shulze variation).

Voting on issues by the Membership, when called for, will follow the same procedures and restrictions as voting for Board Members. Restrictions shall be applied to those campaigning on behalf of a given issue as outlined for candidates.

Section 3. Board Meetings

The Board shall meet at least quarterly, at an agreed upon time and place, except when all existing Board Members vote unanimously to temporarily postpone a meeting. Any two members may call for an extra meeting. An official Board meeting requires that each Board member have written notice via e-mail or regular mail at least one week in advance, or verbally at the prior meeting.

Meetings may be held online or via phone conference, if agreed upon by all members.

Any FTNW action required or permitted by the Articles of Incorporation or By-laws, or by the laws of the State of Washington, to be taken at a meeting of The Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a majority of Directors entitled to vote with respect to the subject matter thereof. Actions and votes taken without a meeting may include an e-mail forum and constitutes a written form. Such consent shall have the same force and effect as a vote taken at meeting, and may be described as such.

Section 4. Quorum

A quorum must be attended by at least one half of The Board Members before business can be transacted or motions made or passed.

Section 5. Removal, Suspension, or Resignation

An elected Board Member of FTNW may be removed or suspended for cause by a unanimous vote of the other Board Members.

Resignation from The Board must be in writing and received by a Co-Chair. A Board member shall be removed for excess absences from The Board if she/he has two unexcused absences from Board meetings in a year.

In the event of a vacancy on The Board of Directors, the remaining members of The Board of Directors shall seek to appoint a Member to serve temporarily until the next regularly scheduled election to fill the vacancy. If a permanent Director is not elected within 90 days after the vacancy occurs, the temporary officer shall automatically become permanent for the remainder of the unexpired term.

Section 6. Powers and Duties

The Board of Directors shall have the authority to act on any and all matters concerning FTNW.

Duties of Directors are as follows:

- The Co-Chairs or their designees shall preside over regularly scheduled Board meetings or delegate the task to another Director.
- The Directors or their designees shall be responsible for keeping records of Board actions; conduct Member Recruitment, Education, and Outreach; maintain the web site, Members Handbook, and literature; chair committee's for special projects; recruit new officers or appointees; and perform all other duties that properly pertain to this office.
- The Treasurer or their designee shall receive all FTNW money and maintain an account in a federally insured depository; make all authorized disbursements; post account balances; make an annual and bi-monthly report of the official transactions; assist in the preparation of the budget and required financial reporting; help develop fundraising plans; make transparent financial information available to Board Members, the Membership, and the public; and perform all other duties as properly pertain to this office.
- The General Manager shall supervise day-to-day operations for FTNW consistent with recommendations made by The Board; provide regular information updates to Board Members and the Membership; help develop strategic plans for FTNW; coordinate the efforts of other Board Members and volunteers; be responsible for organizing and/or identifying periodic continuing education opportunities and disseminating that information to FTNW Members; and perform all other duties as properly pertaining to this office.

Section 7. Committees

The Board may create committees as needed. The Board shall appoint all committee chairs.

Section 8. Compensation

Positions appointed by The Board (such as General Manager) may receive reasonable compensation for their time and expenses as approved by The Board Members. Wages shall be paid exclusively in Time Dollars.

Approved expenses for appointed positions which were paid for in US Dollars may be reimbursed in US Dollars.

ARTICLE XII – MEMBERSHIP

Membership in FTNW shall be open to all persons on an equal basis upon approval by The Board. FTNW shall not discriminate on the basis of race, gender, color, religion, sexual orientation, or national or ethnic origin.

Section 1. Member Classifications

Membership shall be classified as Active Member, Inactive Member, Suspended Member, Established Member, and Approved Volunteer.

A. Active Members

An Active Member shall be considered one who has signed a Membership Form, attended a Member Orientation (or been waived of this requirement), and who is not in the Inactive status. He/she shall be tendered all privileges and benefits within the power of FTNW to bestow.

Memberships are not transferable or refundable.

B. Inactive Members

An Inactive Member shall be considered as one who has been assigned such status by The Board or the General Manager due to either a request by that member or by outstanding dues.

In order for an Inactive Member to regain Active status, the General Manager or Board must approve a written or verbal request for reinstatement. In addition, approval of reinstatement as an Active Member will require that the Member's dues be paid in full

C. Suspended Members

A Suspended Member shall be considered as one who has been assigned such status by The Board or the General Manager due to either abusive or inappropriate behavior in violation of these Bylaws.

Suspended Members may be temporarily prohibited from selling goods or services. Suspended Members are, however, generally allowed to continue to spend any positive balance they have accrued. In exceptional circumstances in which the member has, after repeated warnings, been engaged in highly abusive behavior or behavior in flagrant violation of these Bylaws, as determined by a two-thirds vote of The Board, a Suspended Member with a positive balance in their account may be terminated, with the balance of their account being moved to the Community Fund.

In order for a Suspended Member to regain Active status, the General Manager or Board must approve a written or verbal request for reinstatement. In addition, approval of reinstatement as an Active Member will require that the Member's dues be paid in full.

D. Established Members

An Established Member shall be considered as one who has been an Active Member for at least one year, and who has made exchanges with at least 10 other members. This status is gained automatically once the requirements have been met.

Only Established Members may run for The Board, as experience with the system is regarded as necessary for administering it.

Established Members are a subset of Active Members, and all rights conferred upon the latter also apply to the former.

Section 2. Member Duties

The duties of Members shall be to elect a Board of Directors responsible to their majority views; to conduct themselves in a proper and fitting manner as Members of FTNW; to be alert and mindful of FTNW's interest; and to observe all local, state, federal, and FTNW rules and regulations.

Section 3. Maintenance of Membership Status

Membership requires the payment of all dues and fees as determined by The Board.

Any Member who is in arrears of any money due to FTNW may be subject to suspension by The Board. Arrears is considered to be non-receipt of full payment by FTNW within 30 days of the due date. If any member's account is more than 60 days in arrears, he/she will be notified by the Treasurer or their designee, and if payment is not made within 10 days, will automatically have their Membership terminated.

Arrears (balance due in national currency) is not to be confused with Commitment, which is a negative Time Dollar balance (as defined in Article VII).

Members in Commitment are expected to make a good faith effort over time to sell goods and/or services. If a member has been continuously in Commitment for one year or more, The Board may choose to notify the member of this requirement if it determines that such effort has not been made. Upon receiving notification, the member has six months to make a good faith effort to sell goods and/or services. The Board may then determine, by a two-thirds vote, to terminate the Member's account, convert the value of their Commitment to U.S. dollars, according to the FTNW exchange rate, and send an invoice to the member. If after 30 days, the invoice remains unpaid, the member is then considered to be in arrears.

Section 3. Membership Applications, Resignations, and Terminations

Applications for membership and resignations shall be made at New Member Orientation meetings, or addressed to the General Manager, or their designee. Applications for resignation must be brought to the attention of The Board for action not later than the next regular Board meeting.

Upon approval of The Board, resignation shall become effective not less than five days from the date the General Manager, or their designee receives the formal request. The Board may recommend immediate effectiveness but, in no event, before all money due to FTNW has been collected.

For cause, The Board may remove or suspend an individual's Membership.

Membership in FTNW may be terminated for any action by a Member that is detrimental to the best interests of FTNW, or for failure to actively support community purposes, and removal shall require the affirmative vote of three-fourths (3/4ths) of The Board. In the event that any such termination is contemplated, The Board shall notify the member, in writing, of the reasons for the proposed action, and of the time and place of the meeting of The Board at which termination is to be considered, not later than ten (10) days prior thereto. At the meeting, the Member in question shall be entitled to respond to the stated reasons, and be heard in his/her own defense.

ARTICLE XIII—MEMBERSHIP VOTING

Only Active Members in good standing shall be allowed to vote.

Voting shall be conducted via mail ballots, web-based voting, or at Election Forums.

ARTICLE XIV –FISCAL OPERATIONS

Section 1. Board of Directors

The Board of Directors must approve the budget, or any major changes to it. The fiscal year shall be the calendar year.

Annual reports are required to be submitted to The Board showing income, expenditures, and pending income. The financial records of the organization are public information and shall be made available to the Membership, Board Members, and the public.

All operations shall be consistent with policies and procedures set forth in the Articles of Incorporation, By-laws, and Members Handbook of Fair Trade Northwest, as amended.

FTNW shall make no loans to any Board Member.

Section 2. Membership

Join fees for all new Members shall be payable when applications are submitted for approval. Members have an obligation to pay regular dues. The Board shall set rates to be charged for join fees and annual dues.

The Board may charge dues and joining fees progressively, with respect to the income of the member.

All property procured for FTNW shall be for the joint use of all Members.

No Member of FTNW shall make purchases in the name of FTNW except as authorized by The Board.

ARTICLE XV—CONFLICT OF INTEREST

Section 1. Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable Corporations.

Section 2. Definitions

A. Interested Person

Any Director, principal officer, or member of a committee with Board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

B. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,

- A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.
- Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Section 3.2, a person who has a financial interest may have a conflict of interest only if the appropriate governing Board or committee decides that a conflict of interest exists.

Section 3. Procedures

A. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors and members of committees with governing Board delegated powers considering the proposed transaction or arrangement.

B. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave The Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

C. Procedures for Addressing the Conflict of Interest

- An interested person may make a presentation at The Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- The Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- After exercising due diligence, The Board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, The Board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

D. Violations of the Conflicts of Interest Policy

- If The Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for

such belief and afford the member an opportunity to explain the alleged failure to disclose.

- If, after hearing the member's response and after making further investigation as warranted by the circumstances, the The Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Proceedings

The minutes of The Board and all committees with Board delegated powers shall contain:

- The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and The Board's or committee's decision as to whether a conflict of interest in fact existed.
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 5. Compensation

A voting member of The Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of The Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 6. Annual Statements

Each Director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

- Has received a copy of the conflicts of interest policy,
- Has read and understands the policy,
- Has agreed to comply with the policy, and

- Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- Whether partnerships, joint ventures, and arrangements with management Corporations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 8. Use of Outside Experts

When conducting the periodic reviews as provided for in Section 7, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve The Board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE XVI—INDEMNIFICATION

Each Board Member or their designee now or hereafter serving FTNW and each person who, at the request of or on behalf of FTNW, is now serving or hereafter serves as a Board Member of any other corporation, whether for profit, or not for profit, and his/her respective heirs, executors, and personal representatives, shall be indemnified by FTNW against expenses actually and necessarily incurred by him/her in connection with the defense of any action, suit, or proceeding in which he/she shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duties; but such indemnification shall not be deemed exclusive of any other rights to which such person may be entitled under any By-law, agreement, vote of The Board or Members, or otherwise.

ARTICLE XVII—LIABILITY

No warranty or undertaking as to the value, condition or quality of services or items exchanged is expressed or implied by virtue of the introduction of members to each other. Fair Trade Northwest publishes a list of the resources and services made available to members but cannot be held responsible for the actual goods and services offered.

ARTICLE XIII—AMENDMENTS

A two-thirds majority vote of The Board may propose amendment of these By-laws when necessary and when consistent with the Articles of Incorporation. Proposed amendments must be submitted to a Co-Chair to be sent out with regular Board announcements. Any proposed amendment or change shall be voted upon by the Membership and will require a two thirds (2/3) majority for approval. The vote may be held at an Election Forum or via regular mail ballot or web-based voting. In the event of favorable action, the amendment or change shall go into effect immediately.

Any change or amendment to these By-laws will be attached hereto.

These By-laws were approved at a meeting of The Board of Directors of Fair Trade Northwest on February 10 , 2007.

Attest: _____.