

# WILLIMANTIC FOOD COOPERATIVE

## PROPOSED BY-LAWS

### Comparison of Bylaws adopted April 22, 2018 to Proposed New Cooperative Bylaws, October 2022

The proposed new bylaws will become the bylaws of the reincorporated Willimantic Food Cooperative after all legal documents have been accepted by the State of CT, and will take effect for members upon the merging of the existing Co-op into the new Cooperative. The new bylaws have simpler language, and are aligned with current good practice and CT legal requirements.

This document has the text of the current bylaws of the Willimantic Food Co-op, Inc. on the left and the new bylaws in the center, laid out to permit better side-by-side comparison of equivalent sections. In some cases this means sections of the WFC bylaws on the left are out of order. An explanation of purpose and of significant changes is provided in the right column.

Members are encouraged to ask questions at the Member Reincorporation information sessions or to submit them via the Contact form on WFC’s web page at <https://www.willimanticfood.coop>

WFC Bylaws Adopted April 2018	PROPOSED NEW COOPERATIVE BYLAWS	<i>Explanation</i>
<b><u>Article I: Organization</u></b>	<b>ARTICLE I ORGANIZATION, OWNERSHIP AND PURPOSE</b>	
<p><b>Section 1.1: Purposes</b> As more fully stated in its amended and restated certificate of incorporation, the purpose of the Co-op is to operate a retail food cooperative for the primary and mutual benefit of the members of the Co-op as patrons of its goods and services. The Co-op is organized and shall be operated exclusively on a nonprofit and cooperative basis.</p>	<p>Section 1.01 <u>Organization</u>. Willimantic Food Cooperative has been organized as a cooperative corporation (the “<i>Cooperative</i>”) under the laws of the State of Connecticut.</p>	<p>Opening clause consistent with new law, with “Purpose” moved into next section.</p>
<p><b>Section 1.2: Cooperative Principles</b> The Co-op shall be operated in accordance with cooperative principles, including the following:</p> <ul style="list-style-type: none"> <li>a) open and voluntary membership without artificial restriction or arbitrary discrimination;</li> <li>b) democratic governance with equal voting rights among members and opportunity for participation in important decisions affecting the Co-op;</li> <li>c) strictly limited monetary return on member-provided capital;</li> <li>d) earnings equitably applied to development of the business or provision of common services;</li> </ul>	<p>Section 1.02 <u>Ownership and Purpose</u>. The Cooperative shall be owned by its members and shall operate on the cooperative plan for their mutual benefit. The Cooperative is formed for the purpose of conducting a full-service grocery store and other purposes that are lawful under Title 33, Chapters 595 (Cooperative Associations) and 601 (Corporations), as amended, of the Connecticut General Statutes. Without limiting the generality of the foregoing, the Cooperative’s purposes include:</p>	<p>Defines the core purpose of the Co-op. Other activities should be consistent with this basic description.</p> <p>The substance is the same as the “old” bylaws but the Cooperative Principles are referred to, not listed. This makes the Principles central to our values while accommodating changes to them.</p>

<p>e) education of members and the general public in the principles of cooperation; and</p> <p>f) active cooperation in every practical way with other cooperative organizations.</p>	<p>(a) To operate a member owned, full-service grocery store for the benefit of its members and patrons in and around Willimantic, Connecticut, and the surrounding communities;</p> <p>(b) To operate in a manner consistent with the Principles and Values of the International Cooperative Alliance (ICA); and</p> <p>(c) To undertake any other activities consistent with the above purposes and permitted by the Connecticut General Statutes.</p>	
<p><b>Section 1.3: Operating Year</b></p> <p>The operating year of the Co-op shall coincide with the calendar year.</p>		<p>Not needed in bylaws.</p>
<p><b>Section 1.4: Principal Office</b></p> <p>The principal office of the Co-op shall be at 91 Valley Street in Willimantic, Connecticut.</p>		<p>This is in the Articles of Association; not needed in bylaws.</p>
<p><b><u>Article II: Membership</u></b></p>	<p><b>ARTICLE II</b></p> <p><b>MEMBERSHIP</b></p>	
<p><b>Section 2.1: Admission</b></p> <p>Membership in the Co-op shall be voluntary and open to any individual who is in accord with its purposes, will use its services, and is willing to accept the responsibilities of membership. Applicants will be admitted to membership upon submitting required information, paying an initial fee and paying, or agreeing to pay in installments, the issuing price of a Member Capital Certificate. In case of doubtful eligibility, membership shall be subject to approval by the Board of Directors.</p>	<p>Section 2.01 <u>Eligibility</u>. Membership in the Cooperative shall be open to any individual who is in accord with its purposes and willing to accept the responsibilities of membership.</p> <p>Section 2.02 <u>Nondiscrimination</u>. Membership shall be open without regard to any characteristic that does not directly pertain to a person's eligibility.</p> <p>Section 2.03 <u>Admission</u>. Any eligible person may be admitted to membership upon submitting an application and investing equity in an amount as determined by the Board of Directors of the Cooperative (the "Board") and on such terms as defined by policy.</p>	<p>Establishes both the foundational rights and the foundational responsibilities of the Co-op to the Members, and of the Members to the Co-op. Others may be described in policies.</p>
<p><b>Section 2.2: Rights</b></p> <p>Each member shall be entitled to make purchases from the Co-op on terms generally available to members, to participate in the governance of the Co-op as set forth in these by-laws including election of member-owners to the Co-op's Board of Directors; to participate in member benefit programs as established by the Board and management; and to</p>	<p>Section 2.04 <u>General Rights</u>. Members have the right to elect the Cooperative's Board; to attend meetings of the Board, except those that are closed for confidentiality reasons; to receive notice of and attend membership meetings; to petition as described in these Bylaws; to approve amendments to these Bylaws; to participate in member benefit programs as established by the Board and management; and to</p>	<p>Substance same as before but pulls together other clauses that were previously scattered through other sections, to provide one comprehensive statement.</p>

<p>receive a copy of these by-laws. Members may also contribute labor or service to the operational needs of the Co-op and thereby be entitled to receive discounts on their purchases. All issues involving the fundamental purpose and structure of the Co-op and financial rights and interests of members must be approved by members. Reference in these by-laws to the rights and entitlements of members, other than the right to redemption of capital funds, shall be understood to refer only to members in good standing (“active” members).</p>	<p>contribute labor or service to the Cooperative as determined by its operational needs, which service may thereby confer discounts on purchases. Each member shall have one vote per membership, and no more than one vote, on all matters submitted to members, which shall include decisions affecting the fundamental purpose and structure of the Cooperative and financial rights of members. The rights of members shall be understood to apply only to members in good standing. All rights and responsibilities of members are subject to these Bylaws as they may be amended from time to time, and to policies of the Cooperative.</p>	
	<p>Section 2.05 <u>Member Preferences</u>. Members shall have the right to express their preferences regarding product selection. The Board and management shall establish processes to periodically determine the product selection preferences of the membership.</p>	<p>New; pertinent to our being a retail cooperative.</p>
<p><b>Section 2.3: Responsibilities</b></p> <p>Member-owners shall keep current in equity investments due to the Co-op, shall keep the Co-op informed of any changes in name or current contact information, and shall abide by these bylaws and the policies and decisions of the Co-op and the Board. A member-owner who upholds these responsibilities is considered an active member.</p>	<p>Section 2.06 <u>Responsibilities</u>. Members shall remain current in making Member Equity Share payments under the terms established in Board policy (if not paid in full); keep the Cooperative informed of any changes in name or current address and contact information as required by Board policy; and shall abide by these Bylaws and the policies of the Cooperative. A member who upholds these responsibilities is considered a member in good standing.</p>	<p>Essence of “old” bylaws are maintained.</p>
<p><b>Section 2.4: Inactive Status</b></p> <p>A member who becomes delinquent by three months in meeting his or her capital payment obligation, or who fails to keep the Co-op advised of current contact information as evidenced by two communications having been returned as undeliverable, shall be placed into inactive status. Inactive members may not be notified of meetings of members nor participate in member votes, but retain their right to redemption of capital pursuant to Article VII. A member in inactive status may attain active status upon meeting the responsibilities of membership, including resuming regular payments and paying a reinstatement fee, if any, as determined by the Board or by resuming communication with the Co-op and providing correct contact information.</p>		<p>This is now addressed in 2.06, 2.08 and 2.09</p>

<p><b>Section 2.5: Access to Information</b></p> <p>Members shall be provided reasonably adequate and timely information as to the organizational and financial affairs of the Co-op. Members shall, in accordance with applicable law, be provided access to records and reports of the Co-op during regular business hours pursuant to a request made in good faith and for a proper purpose, provided that the request describes with reasonable particularity the purpose, the records to be inspected, and the connection of the records to such purpose. Information that is sensitive may be provided in a manner that best safeguards its sensitive character.</p>	<p>Section 2.07 <u>Access to Information</u>. Members shall be provided reasonably adequate and timely information regarding the organizational and financial affairs of the Co-op. Members shall, in accordance with applicable law, be provided access to records and reports of the Co-op during regular business hours pursuant to a request made in good faith and for a proper purpose, provided that the request describes with reasonable particularity the purpose, the records to be inspected, and the connection of the records to such purpose. Information that is sensitive may be provided in a manner that best safeguards its sensitive character.</p>	<p>Same.</p>
<p><b>Section 2.6: Settlement of Disputes</b></p> <p>In any dispute between the Co-op and any of its members or former members which cannot be resolved through informal negotiation, it shall be the policy of the Co-op to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.</p>	<p>Section 2.08 <u>Settlement of Disputes</u>. In any dispute between the Co-op and any of its members or former members which cannot be resolved through informal negotiation, it shall be the policy of the Co-op to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.</p>	<p>Same; was not included in draft posted in October 2022.</p>
<p><b>Section 2.7: Termination</b></p> <p>Membership may be terminated voluntarily by a member at any time upon notice to the Co-op. Membership may be terminated for cause by the Board of Directors provided that the member is given opportunity to respond to the charges in person or in writing. Upon termination of membership for any reason, all rights and interests in the Co-op shall cease except for rights to redemption of capital pursuant to Article VII of these by-laws.</p>	<p>Section 2.09 <u>Termination of Membership</u>.</p> <p>(a) <u>Voluntary Termination</u>. A member may terminate his or her membership voluntarily at any time by written notice to the Cooperative.</p> <p>(b) <u>Involuntary Termination</u>. Membership may be terminated involuntarily by the Board for cause after the member is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing. “Cause” may include intentional or repeated violation of any provision of the Cooperative’s Bylaws or policies, actions that will impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative or its members, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.</p>	<p>Clarifies that a member acting against the interests of the Co-op and other members could be grounds for termination of membership.</p> <p>Reformatted from draft posted October 2022 to add sub-headings <i>and</i> to add clause (c).</p> <p>Clause (c) is similar to part of old 2.4 and protects the Co-op from having to perpetually send communications to and manage equity for members who have dropped out of contact and are no longer using the Co-op.</p>

	<p>(c) <u>De Facto Termination</u>. If a member fails to adhere to the Responsibilities of Membership as described in Section 2.06, the Cooperative will deem the membership terminated for purposes of this section. A membership so terminated may be appealed and the member reinstated to good standing by meeting the Responsibilities of Membership.</p>	
	<p>Section 2.10 <u>Return of Equity</u>. Upon termination of membership in the Cooperative, equity shall be returned to the former member at the Board’s sole discretion. At the Board’s discretion and consistent with cooperative principles and applicable state and federal laws, equity of terminated members not redeemed by the member shall be repurposed for use in a way that furthers the Cooperative’s mission as determined by the Board. Said equity shall be redesignated as member equity in the event the member is reinstated as a member in good standing.</p> <p>Section 2.11 <u>Non-transferability</u>. Membership rights and member equity may not be transferred in any manner without the prior written consent of the Cooperative, which shall be at the sole discretion of the Board.</p>	<p>Comparable to part of “old” Article VII with clarification that equity of members who drop out of contact can be applied to Co-op goals instead of perpetually carried on the books. If the member recontacts the Co-op their equity payment will be re-credited to them.</p>
<b><u>Article III: Meetings of Members</u></b>	<b>ARTICLE III MEMBER MEETINGS</b>	
<p><b>Section 3.1: Annual Meeting</b></p> <p>An Annual meeting of members shall be held, whenever practicable, during the second quarter of the operating year at any place convenient to members. The time and place of the meeting shall be determined by the Board of Directors. The purpose of the meeting shall be to hear reports on the operations and finances of the Co-op, to elect directors and to conduct such other business as may properly come before the meeting.</p>	<p>Section 3.01 <u>Annual Meeting</u>. A member meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on operations and finances, to review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the meeting.</p>	<p>Comparable to “old” bylaws but with simpler language, and more flexibility in scheduling meetings and elections as the Co-op’s needs change.</p>
<p><b>Section 3.2: Special Meetings</b></p> <p>Special meetings of members may be called by the Board or by the President. Members may request that a special meeting be called by</p>	<p>Section 3.02 <u>Special Meetings</u>. Special meetings of the members may be called by the Board, either by decision of the Board or in response to a written petition of 10% of the members in good</p>	<p>Cooperative values encourage dialog among members, and between members and the management and board. Members can</p>

<p>submitting a written petition stating the business to be brought before the members and signed by at least five percent of active members. Notice of the special meeting shall be issued within fifteen days of receipt of the petition by the Board. The special meeting will be held no less than two months after receipt of the petition. No business shall be conducted at a special meeting except that specified in the petition and notice of the meeting.</p>	<p>standing. Notice of special meetings shall be issued to members. In the case of a petition, notice of the special meeting will be issued within ten (10) days after a presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting.</p>	<p>formally request a meeting after those approaches have been tried, if a moderate number agree it is needed.</p>
<p><b>Section 3.3: Notice</b></p> <p>Notice of the time, place and purpose of any meeting of members shall be posted in a conspicuous place at the Co-op and communicated to member-owners not less than ten nor more than fifty days before the date of the meeting.</p>	<p>Section 3.03 <u>Notice of Meetings</u>. Notice of the date, time, place and purpose of each meeting of the members shall be communicated to members. In the case of meetings where business will be conducted, notice shall be given to the members not less than three (3) weeks nor more than six (6) weeks prior to the date of the meeting.</p>	<p>No substantive change.</p>
<p><b>Section 3.5: Voting</b></p> <p>Each active member shall have one vote on each matter submitted to a vote of members. Voting in person at a meeting shall be accomplished through procedures established by the Board assuring fairness of the process, secrecy of ballots and convenience to members. The members may vote at a meeting without attending in person by authorizing a proxy to cast that member's vote; provided, however, that any proxy authorization is valid only if the authorization directs the proxy to vote in a prescribed manner on each question. Voting by proxy shall be equivalent to presence in person at a meeting of members. Unless otherwise required by law or by these by-laws, issues shall be decided by two-thirds majority vote or, in the case of the election of directors by plurality vote.</p>	<p>Section 3.04 <u>Voting</u>. Voting shall be accomplished through methods and means established by the Board, which may include electronic or absentee voting. Notice of the opportunity to vote shall be communicated to members not less than three (3) weeks prior to the election. Unless otherwise stated in the Articles of Association of the Cooperative, or these Bylaws, or required by law, all matters shall be decided by a vote of a majority of the members in good standing voting thereon or, in the case of the election of directors, by plurality vote. A member may not appoint a proxy to vote or otherwise act for them.</p>	<p>Simpler language about the voting process, and proxies, still indicating that only the member themselves can vote.</p>
<p><b>Section 3.4: Quorum</b></p> <p>The presence of twenty-five members shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of members. The Board is authorized to reduce the number required for a quorum if a quorum is not attained at two successive meetings of members, to ensure that the Co-op is not prevented from conducting business.</p>	<p>Section 3.05 <u>Quorum</u>. At any meeting of the members, or for any vote of the members, a quorum necessary for decision making shall be one percent (1%) of the total number of active members or twenty-five (25) members, whichever is more. The Board is authorized to reduce the number required for a quorum if a quorum is not attained at two successive meetings of members, to ensure that the Co-op is not prevented from conducting business.</p>	<p>Takes into account that the Co-op has grown substantially; changes should not be made without adequate member participation.</p>
<p><b>Section 3.6: Issues Submitted by Members</b></p>		<p>This is replaced by section 3.02.</p>

<p>Notices of a meeting of members shall include any proper issues submitted by petition of not less than fifty members. Petitions must be received at the principal office of the Co-op not less than two months before the date of the meeting.</p>		
<p><b>Article IV: Board of Directors</b> [order changed to make comparison easier]</p>	<p><b>ARTICLE IV BOARD OF DIRECTORS</b></p>	
<p><b>Section 4.1: Powers and Duties</b></p> <p>Except as to matters reserved to members by law or by these by-laws, the business and affairs of the Co-op shall be directed and controlled in the interests of members by the Board of Directors (sometimes referred to in these by-laws as “the Board”). The powers and duties of the Board shall include, but not be limited to, establishing policies for guidance of the Co-op, overseeing the operations of the Co-op by engaging the general manager and monitoring and evaluating his or her performance, and assuring that the purposes of the Co-op are properly carried out, in accordance with its Policy Governance manual.</p>	<p>Section 4.01 <b>Powers and Duties.</b> The Board shall be composed of not less than five (5) nor more than eleven (11) Directors (the exact number to be determined by the Board), elected by and from the members of the Cooperative, one of whom shall be nominated by and from the non-managerial staff. Except for matters for which member voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, hiring the general manager and evaluating their performance, and assuring that the mission of the Cooperative is carried out.</p> <p>Section 4.02 <b>Advisory Position.</b> The Board shall designate one non-voting advisory position open to the General Manager or a member of the managerial staff selected by the General Manager.</p>	<p>The Board represents the interests of the Members and the Cooperative as a whole, and guides its activities.</p> <p>Consistent with recommended cooperative practice, oversight and voting is done by Directors <i>elected by the members</i>; in keeping with our long-standing values, retaining a seat for a non-management employee preserves a “voice” for staff.</p>
<p><b>Section 4.2: Classification, Election, and Terms</b></p> <p>The Board shall consist of not less than five nor more than eleven consumer directors, one management director and one staff director. All directors shall be members of the Co-op. Consumer directors may be nominated by the Board, or by petition of not less than ten members. Consumer directors shall be elected at the annual meeting of members to serve for terms of three years or until election of their successors. Terms of consumer directors shall be staggered so that as nearly as may be possible, one-third of such terms shall expire in each year. The management director shall be nominated and elected by the management members and the staff director shall be nominated and elected by non-managerial staff members from their number. The management director shall serve one year and the staff director shall serve two years and until election of their successors.</p>	<p>Section 4.03 <b>Eligibility, Terms and Elections.</b> Only members in good standing of the Cooperative shall be eligible to serve on the Board of Directors. Elections shall occur annually in a manner prescribed by the Board. Directors shall serve a term of three (3) years and shall serve staggered terms so that as nearly as may be possible, one-third (1/3) of the Board is elected each year. No Director may serve more than two (2) consecutive terms.</p>	<p>CT Cooperative Statute limits board terms to six consecutive years.</p>

<p><b>Section 4.8: Vacancies</b></p> <p>Any vacancy among directors occurring between regularly scheduled times for election of directors may be filled for the balance of the period remaining until the next opportunity for a vote of members by the Board in the case of consumer director positions; and for the balance of the term by management members in the case of the management director, and by non-managerial staff members in the case of the staff director position.</p>	<p>Section 4.04 <u>Vacancies</u>. Any vacancy among Directors elected by the members may be filled by appointment by the Board. A Director so appointed shall serve until the next opportunity for a vote of members to select a director to complete the pertinent term.</p>	<p>Aligned with new board makeup.</p>
<p><b>Section 4.7: Termination</b></p> <p>The term of office of a director may be terminated prior to its expiration in any of the following ways: (1) voluntarily by a director upon notice to the Co-op; (2) automatically upon termination of membership in the Co-op or upon termination of employment in the case of management and staff directors; and (3) involuntarily, with or without cause, by the members entitled to vote for the election of such person, provided in either case that removal is at a meeting the notice for which states that a purpose of the meeting is to remove the director.</p>	<p>Section 4.05 <u>Termination</u>. The term of office of a Director may be terminated prior to its expiration in any of the following ways: automatically upon termination of membership in the Cooperative; voluntarily, upon submission to the Board of Directors of a notice of resignation; or involuntarily, with or without cause, by the members entitled to vote for the election of such person, provided that removal is at a meeting the notice for which states that a purpose of the meeting is to remove the director.</p>	<p>No substantive change.</p>
<p><b>Section 4.5A: Indemnification</b></p> <p>In order to attract and retain qualified persons to serve as directors and officers, the Co-op shall indemnify its directors and officers as provided in the certificate of incorporation. All indemnification payments shall be reported to members at the next-scheduled meeting of members.</p>	<p>Section 4.06 <u>Indemnification</u>. The Cooperative shall indemnify its directors and officers as provided in the Certificate of Incorporation. All indemnification payments shall be reported to members at the next-scheduled meeting of members.</p>	<p>Same.</p>
<p><b>Section 4.6: Committees</b></p> <p>The Board may designate standing or special committees and appoint committee members to advise the Board and to exercise such authority, as the Board shall designate. Such committees shall consist only of members of the Co-op and shall, whenever practicable, include at least one director.</p>		<p>Committees: boards are assumed to have this power and they are adequately addressed in our Policy Manual.</p>
<p><b><u>Article V: Meetings of the Board</u></b></p>		
<p><b>Section 5.1: Meetings</b></p> <p>A regular meeting of the Board of Directors shall be held, without any other notice, immediately after the annual meeting. The Board may</p>	<p>Section 4.07 <u>Meetings</u>. The Board shall hold regular and special meetings at such time and place as it shall determine, and all Directors shall be notified of said meeting by reasonable advance notice.</p>	<p>Shortened and combined.</p>

<p>determine the times and places of additional regular meetings. Special meetings shall be called upon request of at least three directors. Meetings of the Board should, whenever practicable, be held at least once every month.</p> <p><b>Section 5.7: Open Meetings</b></p> <p>Meetings of the Board of Directors and of all committees shall be open to all members of the Co-op, and members are encouraged to attend and share their concerns about issues on the meeting agenda. Sessions of a board or committee meeting may be closed only as to issues of a particularly sensitive nature. Such closed session shall be for purposes of discussion only and no decisions shall be made in closed session.</p>	<p>Meetings shall be open to all members unless the Board decides to go into executive session regarding confidential or proprietary matters such as: labor relations or personnel issues; negotiating contracts; discussing strategic goals or business plans, the disclosure of which would adversely impact the Cooperative’s position in the marketplace; and/or discussing a matter that may, by law or contract, be considered confidential.</p>	
<p><b>Section 5.5: Action Without a Meeting</b></p> <p>Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent to the action is signed by all directors and filed with or recorded in the minutes of meetings.</p>	<p>Section 4.08 <u>Action Without a Meeting</u>. Any action required or permitted to be taken at a meeting of the Board may be taken by written action affirmed by all of the Directors. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action.</p>	<p>No substantive change.</p>
<p><b>Section 5.2: Notice</b></p> <p>Regular meetings called by the Board shall require no further notice than the decision of the Board. Special meetings shall require notice to all directors. Written or electronic notice shall be delivered not less than ten days before the date of the meeting, or oral notices in person or by telephone shall be given not less than three days before the date of the meeting. Notices of meeting of the Board shall also be posted in a timely manner and in a conspicuous place at the principal office of the Co-op, but failure to do so shall not affect the validity of the meeting.</p>	<p>Section 4.09 <u>Waiver of Notice</u>. Notice of any meeting of the Board may be waived either before, at, or after such meeting in writing, signed by each director or consented to in a manner determined by the Board. Each Director, by his or her attendance and participation in the action taken at any meeting of the Board, shall be deemed to have waived notice of such meeting.</p>	<p>Confirms legitimacy of emergency meetings of the Board if the Directors attended or confirm they had appropriate notice.</p>
<p><b>Section 5.3: Quorum</b></p> <p>The presence in person at the opening of the meeting of a majority of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.</p>	<p>Section 4.10 <u>Quorum</u>. A majority of the current Directors shall constitute a quorum and no decisions shall be made without a quorum.</p>	<p>Protects members more; decisions cannot be made if no longer have a quorum.</p>

<p><b>Section 5.4: Decision-making</b></p> <p>Directors shall strive to reach consensus on all issues. If after diligent efforts, the majority is of the opinion that consensus cannot be reached on a particular issue, resort may be taken to majority voting.</p> <p><b>Section 5.6: Referendum</b></p> <p>At the request of three or more directors, a decision of the Board shall be referred to a meeting of members. A decision referred to members will stand until annulled or modified by members. Modification of members shall not impair rights previously acquired by third parties.</p>		<p>The Board follows governance practices recommended by supporting cooperative organizations that emphasize consensus decision-making.</p> <p>Directors are expected to “speak with one voice”. Those with dissenting opinions have the right of petition as <i>members</i>.</p>
<p><b>Section 4.3: Standards of Conduct</b></p> <p>Directors are responsible at all times for discharging their duties in good faith, in a manner which they reasonably believe to be in the best interests of the Co-op, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.</p> <p><b>Section 4.4: Contracts for Profit</b></p> <p>Except for employment contracts in the case of management and staff directors, no director shall, during her or his term of office, be a party to a contract for profit with the Co-op differing in any way from the business relations accorded each member or upon terms differing from those generally current among members.</p> <p><b>Section 4.5: Conflicts of Interest</b></p> <p>Directors shall be under an affirmative duty to disclose the existence and nature of, and all material facts concerning, any actual or potential conflicts of interest they may have in any matter under consideration by the Board or by a committee exercising any authority of the Board. Such matter shall be made a matter of record in the minutes of the meeting. Directors having such an interest may not participate in the decision of the matter nor in discussions leading to decision of the matter.</p>	<p>Section 4.11 <u>Conflicts of Interest</u>. Directors shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board. Directors may not do business with the Cooperative except in the same manner as other members generally do business with the Cooperative or under other conditions that are procedurally defined to avoid preferential treatment.</p>	<p>Standards of Conduct are those legally assumed to apply to any Board; not necessary to restate in bylaws. Contracts are a specific instance of potential conflict, so are covered by the Conflict of Interest.</p>
<p><b><u>Article VI: Officers</u></b></p>	<p><b>ARTICLE V OFFICERS</b></p>	
<p><b>Section 6.1: Designation</b></p>	<p>Section 5.01 <u>General</u>. The officers of the Cooperative shall consist of Chair, Vice Chair, Secretary, and Treasurer, and such other</p>	<p>Describes specific roles required by law, and their responsibilities. No significant</p>

<p>The officers of the Co-op shall consist of President, Vice president, Treasurer, Secretary, and such other officers or assistant officers as may be determined by the Board. The President, Vice President and Secretary shall be chosen from among the directors.</p>	<p>officers as the Board may appoint. The Chair, Vice Chair and Secretary shall be chosen from among the directors. All officers shall be appointed annually by the Board.</p>	<p>difference except changing wording from “President” to “Chair.”</p>
<p><b>Section 6.2: Election, Term, and Removal</b></p> <p>Officers shall be elected by the Board of Directors. Officers shall serve for terms of one year or until election of their successors. Officers may be removed by the affirmative vote of no less than a majority of all directors at any time whenever the best interests of the Co-op would thereby be served.</p>	<p>Section 5.02 <u>Resignation and Removal</u>. An officer may resign from office at any time by delivering written notice to the Board of Directors. A resignation shall be effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Cooperative accepts the future effective date, it may fill the pending vacancy before the effective date if the officer’s successor does not take office until the effective date. The Board may remove any officer at any time with or without cause.</p>	<p>Clarifies timing issues.</p>
	<p>Section 5.03 <u>Vacancies</u>. A vacancy in any office because of death, resignation, removal, disqualification or otherwise shall be filled by the Board.</p>	<p>Affirms the appointment power described in 5.01; a formality.</p>
<p><b>Section 6.3: Duties</b></p> <p>Officers shall have the following duties and such additional duties as are determined by the Board:</p> <ul style="list-style-type: none"> <li>a) The President shall coordinate the activities of the Board, shall present a report to the annual meeting on the organizational affairs of the Co-op, and shall, as authorized by the Board, sign formal documents on behalf of the Co-op.</li> <li>b) The Vice President shall oversee the maintenance of membership records, shall perform the duties of the President in her or his absence, and shall, as requested, assist the President in the performance of her or his duties.</li> <li>c) The Treasurer shall monitor the financial affairs of the Co-op and the filing of all required reports and returns, shall present a report to the annual meeting on the financial affairs of the Co-op, and shall, as authorized by the Board, sign formal documents on behalf of the Co-op.</li> <li>d) The Secretary shall oversee the issuance of required notices and the keeping of minutes of Board and member meetings, shall be</li> </ul>	<p>Section 5.04 <u>Chair</u>. The Chair shall preside at all meetings of the Members and the Board of Directors, discharge all the duties that devolve upon a presiding officer, and perform such other duties as these Bylaws or the Board of Directors may prescribe.</p> <p>Section 5.05 <u>Vice Chair</u>. The Vice Chair shall perform all duties incumbent upon the Chair during the absence or disability of the Chair, and shall perform such other duties as these Bylaws or the Board of Directors may prescribe.</p> <p>Section 5.06 <u>Secretary</u>. The Secretary shall oversee preparation and maintenance of custody of minutes of the Board’s and members’ meetings and authenticate records of the Cooperative. The Secretary shall keep or cause to be kept a true, complete and durable record of the proceedings of all meetings. The Secretary shall attend to the giving of all notices and shall perform such other duties as these Bylaws or the Board may prescribe.</p> <p>Section 5.07 <u>Treasurer</u>. The Treasurer shall oversee the custody of all the funds and securities of the Cooperative, and shall</p>	<p>A bit more general than prior bylaws to clarify that other responsibilities could be defined in policy or board operating procedures.</p>

<p>responsible for maintaining and authenticating records of the Co-op, and shall, as authorized by the Board, sign or attest to formal documents on behalf of the Co-op.</p>	<p>deposit or cause others to deposit the same in the name of the Cooperative in such banks or credit unions as the Board or designated management may select. The Treasurer shall perform such other duties as these Bylaws or the Board may prescribe.</p>	
	<p>Section 5.08 <u>Transfer of Authority</u>. In case of the absence of any officer of the Cooperative or for any other reason that the Board may deem sufficient, the Board may transfer the powers or duties of that officer to any other officer or to any Director or employee of the Cooperative.</p>	<p>Provides for coverage if an officer cannot perform their duties.</p>
<p><b><u>Article VII: Member Capital Certificates</u></b></p> <p><b>Section 7.1: Issuance</b></p> <p>To evidence capital funds provided by members, the Co-op shall issue Member Capital Certificates. Certificates shall be issued only upon full payment of their issuing price, as determined by the Board of Directors. They shall be subject to assessment for the reasonable capital needs of the Co-op, as determined at a meeting of members upon the recommendation of the Board. Certificates shall represent no proprietary interest in the income or property of the Co-op. They shall be non-transferable and shall be entitled to no dividend or other monetary return.</p> <p><b>Section 7.2: Accounting</b></p> <p>Proceeds from the issuance of Member Capital Certificates shall be credited on the books of the Co-op to capital accounts in the names of contributing members. To the extent practicable, the Co-op shall segregate the proceeds for use only in acquiring capital assets or discharging related liabilities.</p> <p><b>Section 7.3: Redemption</b></p> <p>Member Capital Certificates shall be redeemed following termination of membership when replacement capital is received from other members. Such certificates shall be redeemed at their carrying value on the books of the Co-op or their net book value, if lesser. No redemption shall be made when the Co-op is insolvent or when such payment would jeopardize the solvency of the Co-op. The certificates shall at all times, be subject to being offset by amounts otherwise due and payable to the Co-op. Re-</p>		<p>Original section was needed due to incorporation status as a non-stock corporation rather than a cooperative. Parts of Articles II, VI and VII serve a similar purpose under the Cooperative statute.</p>

<p>application for membership following redemption of capital certificates shall be subject to repayment of redemption proceeds or a waiting period or both.</p>		
	<p><b>ARTICLE VI PATRONAGE DIVIDENDS</b></p>	
	<p>Section 6.01 <u>Allocations to Members</u>. The Cooperative shall allocate and distribute to members the net profit from business done with them in such a manner as to qualify them as patronage dividends consistent with cooperative principles, applicable state and federal laws and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made, including the amount if any distributed in cash and the form of any amount distributed as equity; whether the allocations will be made in one or more divisions, departments or allocation units; and whether all or part of the excess profit shall be set-aside in capital or other necessary reserves. Net profit from business done with persons that are not members (or eligible patrons) may be allocated to members and eligible patrons or set-aside in an unallocated surplus fund or retained earnings (if the allocation is made prior to the beginning of the fiscal year).</p>	<p>This entire section is new. It describes the legal structure for an option that <i>cooperatives</i> have in handling surplus income (profit) from sales, that are not permitted to the type of corporation WFC has been.</p> <p>This option can allow the Co-op to allocate more of any profit made from sales to be used for cooperative goals, while reduce the amount the Co-op pays in taxes.</p> <p>The bylaws must include language about this in case the Co-op chooses in the future take this step.</p>
	<p>Section 6.02 <u>Consent of Members</u>. By obtaining or retaining membership in the Cooperative, each member consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the Cooperative. Each member also agrees that if their patronage dividend is not cashed within ninety (90) days of the date on which it was issued by the Cooperative, the Cooperative will have the right to make a contribution in the name of that member to support other organizations aligned with the Cooperative's purpose in a manner as may be directed by the Board from time to time.</p>	<p>Protects the Co-op from perpetually having to hold the value of uncashed dividend checks in reserve.</p>

	<p>Section 6.03 <u>Reserves</u>. Amounts carried in reserves shall be allocated on the books of the Cooperative on a patronage basis or in lieu thereof the books and records of the Cooperative shall afford a means of doing so at any time so that in the event of distribution each member and eligible patron may receive a pro rata share of such distribution. Amounts carried in reserves or unallocated surplus and not allocated to the members and patrons may be so allocated by the Board at any time.</p>	<p>The Co-op must be able to show the value of each member's dividend, if any are assigned; and can choose to assign other reserve funds to members.</p>
	<p>Section 6.04 <u>Extraordinary Gains</u>. Profit produced by a transaction (such as income from the lease of premises, investment in securities, or from the sale or exchange of capital assets) which is directly related to the Cooperative's business will be deemed to be patronage-sourced profit and may be distributed to members in proportion, insofar as is practicable, to their patronage during any period to which such profits are attributable, as determined by the Board.</p>	<p>Income from unusual transactions with substantial financial benefit to the Co-op can be proportionally allocated to members.</p>
	<p>Section 6.05 <u>Allocation of Losses</u>.</p> <p>(a) <u>Operating Losses</u>. An operating loss will be apportioned among the members and eligible patrons during the year of loss so that the loss will, to the extent practicable, be borne by those members and patrons with respect to the loss year on an equitable basis, including charging the loss against allocated reserves, unallocated surplus, or the patronage equity. Members and patrons may not be directly assessed for any loss. The Board may also direct that all or part of any loss be carried forward or back so long as any carry-forward or carryback will not place an inequitable burden upon past or future members.</p> <p>(b) <u>Other Losses</u>. If, in any fiscal year, the Cooperative incurs a loss other than an operating loss, the Board may determine the basis on which patronage capital furnished by the members and eligible patrons may be reduced or such loss is to be otherwise equitably apportioned among the members and eligible patrons.</p>	<p>The Co-op must strive for fairness and minimal impact on members if it has financial losses.</p>

	<b>ARTICLE VII DISSOLUTION</b>	
	<p>Section 7.01 <u>Decision to Dissolve the Cooperative.</u> The Cooperative may be dissolved upon a decision of the Board and a vote of the membership in which thirty-three percent (33%) of the members in good standing participate and two thirds (2/3) of the members who participate vote in favor of dissolution.</p> <p>Section 7.02 <u>Asset Distribution.</u> Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming all outstanding preferred stock and any unpaid cumulated dividends; (iii) by redeeming outstanding Member Equity Shares at no less than the par value and no more than the purchase price plus any declared and unpaid dividends; (iv) by redeeming any retained patronage which, if it cannot be paid in full, shall be paid in the order of the oldest outstanding amounts; and (v) by distributing any remaining assets in a way that furthers the Cooperative’s mission as determined by the Board and which is consistent with applicable law.</p>	This section is new; the “old” bylaws did not talk about what would happen if the Co-op had to come to an end. This protects members’ economic rights once other obligations for payment have been met.
<b><u>Article VIII: By-laws</u></b>	<b>ARTICLE VIII BYLAWS</b>	
<p><b>Section 8.1: Severability</b></p> <p>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.</p>	Section 8.01 <u>Severability.</u> 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.	Same.
<b>Section 8.2: Amendment</b>	Section 8.02 <u>Amendments.</u> These Bylaws may be amended or repealed in whole or in part by a 2/3 vote of the members who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least ten percent (10%) of active members.	Better protects the rights of the members by requiring a higher proportion to approve changes.

<p>These by-laws may be amended or replaced only by a vote of members, provided that the proposed amendments are stated or fully described in the notice of the meeting at which the amendments are to be adopted.</p>	<p>The proposed amendment shall be publicized to the members not less than three (3) nor more than six (6) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.</p>	
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