

Dear Kingston Food Co-op members,

We are excited to announce that voting for the proposed changes to the bylaws will begin next week. We want to remind all members that the changes to the bylaws will not be detailed on the voting ballot, so it is crucial to become familiar with all the changes before voting.

We highly encourage all members to watch the [February Open Council Meeting](#), where Nina gave a detailed explanation of the bylaw changes. Additionally, you can review all of the changes on our website's Bylaws page at <https://www.kingstonfoodcoop.com/bylaws>. If you have any questions or comments, please don't hesitate to send an email to council@kingstonfoodcoop.com.

We will also be able to answer any questions at the annual meeting, on April 1st, where voting will begin. As co-op members, voting is an essential part of being involved in our community. We rely on your votes to continue moving our co-op forward.

Thank you for your continued support, and we look forward to your participation in this important process.

Sincerely,
The Kingston Food Co-op Council

Voting Guide

2023 Kingston Food Co-op Elections and Referenda

Summary and Explanations of Revisions to the Kingston Food Co-op Bylaws

Referenda Questions:

The following five (5) questions will appear on your ballot:

1. *Do you authorize the Council of Directors to make amendments to the Mission and add the vision to the by laws as follows:*

MISSION

Through each individual's participation in our community-owned grocery store, we build relationships around food toward the goal of a thriving and equitable local food system that reflects the people and abundance of Kingston.

VISION

We envision a transformed Kingston food system that is upheld by a culture of collective ownership for intergenerational community wealth.

2. *Do you authorize the Council of Directors to make amendments to sections II, V, VII, VIII bylaws as published and presented to the membership on February 21st and subsequently posted publicly on the website.*
3. *Do you authorize the Council of Directors to add Proposed Article XI Committees to the bylaws as published and presented to the membership on February 21st and subsequently posted publicly on the website.*
4. *Do you authorize the Council of Directors to add Proposed Article XII Miscellaneous Provisions to the bylaws as published and presented to the membership on February 21st and subsequently posted publicly on the website.*
5. *Do you authorize the Council of Directors to add Proposed Article XIV Dissolution to the bylaws as published and presented to the membership on February 21st and subsequently posted publicly on the website.*

What does a “YES” vote mean?

A “YES” vote means you accept the proposed changes and additions to the bylaws as recommended by the Kingston Food Co-op Council and the NFCA (Neighboring Food Cooperative Alliance).

What does a “NO” vote mean?

A “NO” vote means you DO NOT accept the proposed changes and additions to the bylaws as recommended by the Kingston Food Co-op Council and the NFCA (Neighboring Food Cooperative Alliance) and are voting them to remain in their current edition.

The complete REVISED bylaws can be found [here](https://www.kingstonfoodcoop.com/bylaws) or by visiting <https://www.kingstonfoodcoop.com/bylaws>

Overview FAQ

What prompted the change to the bylaws?

- Initially one of our advisors Erbin Crowell at the Neighboring Food Cooperatives Association (NFCA) informed us that our bylaws lacked strength for the worker-member class to form.
- In order to make sure that we could have a true multi-stakeholder cooperative - meaning being both a WORKER cooperative and a CONSUMER cooperative, we decided to revise our bylaws using the multi-stakeholder cooperative template recommended by

NFCA as a guide. While doing so, we took the opportunity to clarify member rights in general and clean up language throughout the document to create greater consistency and clarity.

What are bylaws and why are they important?

- Bylaws are the core governing document for the cooperative. They state how the cooperative will conduct business and must be consistent with both State statutes and the articles of incorporation. All actions we take as a co-op must be in alignment with our Bylaws. The bylaws can only be changed by a vote of the membership.

How many votes do we need for it to pass?

- The bylaws must be approved with a majority vote. However, for this vote to be legitimate, we need one third of our members to participate in the vote (this includes votes against, abstain and in favor.)

Note: In 2022, we voted to add in core values shaped by members.

What did we base our changes on?

- Many of our changes are based on a recommended multi-stakeholder cooperative bylaws template from Erbin Cowell at the Neighboring Food Cooperatives Association (NFCA), a mentorship and advocacy member co-op of which we are part. Multi-stakeholder food cooperatives are less common than consumer food cooperatives. NFCA developed this multi-stakeholder template as a way to strengthen and support multi-stakeholder endeavors and ensure their success. This was not a resource that was available when we first started organizing in 2018.

How should you utilize this document?

- Until the bylaws revision is ratified by the membership, our existing bylaws are our governing document and can be found at [here](https://www.kingstonfoodcoop.com/governance) or by visiting the website <https://www.kingstonfoodcoop.com/governance>
- Each proposed revision to the existing bylaws is listed in the below document along with the corresponding **article and section reference (in purple)** to the existing language so that you may easily compare the revision to the existing bylaws.
- Text of the original (existing) bylaws are shown in Yellow highlight.
- Text of the proposed bylaws are shown in Green highlight.
- If a section is not referenced here, then that means no substantive changes to the existing language are being proposed.

Overall simple formatting changes:

For clarity and consistency, we made some overall changes to language:

- Changed “cooperative” to Co-op
- Changed “owner” to be “consumer-member” or “worker-member” depending on class of membership

- Changed “Council members” to “Council Directors” in order to minimize confusion between classes of membership and the Council

Summary of Changes by section:

Proposed Article I, section 2, 3, 4 **Previously Article I B**

Mission & Vision Updates

- **EXPLANATION:** During the summer of 2021- The Council updated the Mission statement and crafted a Vision statement in response to our shift in direction of our co-op from being a traditional food co-op to being an active participant and necessary part of an equitable local food system that increases access to nutritious local food. With the shift in direction, a new mission and vision were needed. Although we have been operating under these updated M/V, we have yet to officially codify them.
- **ORIGINAL TEXT:** Kingston Food Coop is a member-owned, cooperative market committed to providing fresh, local, nutritious, and affordable food to the Kingston community. Together, we work to support the changing needs of our members and to promote the well-being of our city and our planet.
- **PROPOSED TEXT:** **Mission:** Through each individual’s participation in our community-owned grocery store, we build relationships around food toward the goal of a thriving and equitable local food system that reflects the people and abundance of Kingston.
Vision: We envision a transformed Kingston food system that is upheld by a culture of collective ownership for intergenerational community wealth.

Proposed Article II Membership *****This is an area of significant change*****

Section 1 **Previously Article III A**

EXPLANATION: Member Rights and Authority. We reorganized to move member rights and authority up to the top of the document and added a few clauses (i/j/k) in order to clarify rights of members

ORIGINAL TEXT:

MEMBER RIGHTS AND AUTHORITY. The following shall be exclusive powers of the Owners:

- Adoption, amendment or repeal of these Bylaws. (*See Article VIII*)
- Adoption or modification of the Mission Statement of the cooperative.
- Election of Council members. (*See Article VIII*)

- Approval of the purchase or sale of real property by the cooperative, opening additional store sites, or the rental of any real property that commits the cooperative for a term of more than five years.
- Establishment of a debt ceiling for the cooperative, which ceiling may be exceeded only by vote of the Membership.
- Taking of binding action through referenda (*see Article IX*).
- Merger with another entity
- Dissolution of the cooperative

PROPOSED TEXT:

Member Rights and Authority.

The following shall be exclusive powers of the Member:

- a. Adoption, amendment, or repeal of these Bylaws. (*See Article XIII*)
- b. Adoption or modification of the Mission Statement of the Co-op.
- c. Election of Council members. (*See Article VIII. Section 2*)
- d. Approval of the purchase or sale of real property by the Co-op, opening additional store sites, or the rental of any real property that commits the Co-op for a term of more than five years.
- e. Establishment of a debt ceiling for the Co-op, which ceiling may be exceeded only by a vote of the Membership.
- f. Taking of binding action through referenda (*see Article VII*).
- g. Merger with another entity.
- h. Dissolution of the Co-op.
- i. Receive notice of and attend meetings of the Membership.
- j. Each Member shall have one vote and no more on all matters submitted to Members.
- k. Only Members in good standing shall have the right to vote.

All rights and responsibilities of Members are subject to applicable state law, the bylaws as they may be amended from time to time, and to policies and decisions of the Co-op adopted by the Council.

Section 2 **Previously Article III B**

EXPLANATION: Member Conduct. Light edits were made to connect the member conduct section to our member-approved co-op values and to use less dubious language. Specifically; clarified what “unreasonable” conduct is and added termination of membership as a potential repercussion for wrong conduct.

ORIGINAL TEXT:

Member Conduct. Our Coop values the cooperative spirit and expects the same of its individual owners. To that end, the Coop expects respectful behavior from its owners to each other and to staff, employees, customers, and all others at all times while on Coop premises. Accordingly, while on the Coop premises, including its website and phone lines, Members shall act reasonably at all times. For the purposes of this part, conduct

that is not reasonable shall include, but not be limited to, actual or threatened violence, battery, assault, harassment, and/or physical or verbal abuse, towards any Coop employee, owner, customer, or other individual lawfully permitted on Coop premises.

PROPOSED TEXT:

Member Conduct.

Our Co-op values the cooperative spirit and expects the same of its Members. To that end, the Co-op expects its Members to respect each other and the staff, employees, and customers of the Co-op. If a Member engages in unacceptable conduct, their membership can be terminated for cause in accordance with Sections 7(c) and 8(c) below. If a Member engages in dangerous conduct or acts of actual or threatened violence, battery, assault, harassment, and/or physical or verbal abuse, such conduct shall be grounds for immediate termination from the Co-op by a vote of the Council, without notice or the opportunity for the Member to be heard.

Section 7, 8 Previously Article II C

EXPLANATION: Stock Rights. In the original version, all stock rights eligibility were in one section about General Membership. In the new version we separated this into two sections: a worker membership section and a consumer membership section.

ADDED: Section 7, Subsection B Previously unclarified in Article II

EXPLANATION: Qualification and Transfer of Shares. Expanded on shares, and clarified workers' path to worker ownership.

ADDED: Section 7, 8 subsection D Previously Article II C, F

EXPLANATION: Termination of Membership. Added cause for termination and bolstered the fair process, such as required notice for reasons for termination as well as the opportunity to respond.

ORIGINAL TEXT:

Worker Ownership Stock and Rights. The price of a worker ownership share shall be set by the Council. An ownership share will function for all intents and purposes as an ownership certificate. Workers who have begun paying for an ownership share as part of a payroll deduction plan are entitled to all the rights and privileges of ownership, including voting and dividend rights. Each Worker Owner shall be entitled to a certificate of Ownership Stock. The Worker Ownership Stock of this corporation may be purchased, owned, and/or held only by Worker Owners of the company. Each Worker Owner may own no more than one share of Ownership Stock, which will entitle its holder to vote in any meeting of the Owners according to Article VI of these By-laws. No Worker Owner may sell, assign any interest in, or otherwise transfer his or her Ownership Share during the period of his or her working for and membership in the corporation. All certificates representing Ownership Shares shall, in accordance with the law.

PROPOSED TEXT:

Section 7. Worker Membership Share & Rights.

- a. **Price of Subscription.** The price of a Worker Membership Share shall be established by the Cooperative's Council from time to time unless changed by resolution of the Council. A Worker Membership Share will function for all intents and purposes as a certificate of ownership. Workers who have begun paying for a Membership Share as part of a payroll deduction plan and are in good standing with regard to periodic payments are entitled to all the rights and privileges of Membership, including voting and dividend rights, as determined in operational policies.
- b. **Qualification and Transfer of Shares.** Upon accepting a permanent position with the Co-op, an employee enters a vesting period. A "permanent position" shall be defined as a specific paid role for which there is a job description and the intention by the Co-op to maintain the position over time. The vesting period shall be determined in the operational policies. Worker Membership Shares in the Co-op may be purchased, owned, and/or held only by Worker Members of the Co-op who have completed the vesting period. Each Worker Member may own no more than one Share of Worker Membership Stock, which will entitle its holder to vote in any meeting of the Members according to Article VI of these Bylaws. No Worker Member may sell, assign any interest in, or otherwise transfer their Membership Share during the period of their employment with and membership in the Co-op. All certificates representing Membership Shares shall, in accordance with the law, have a notation thereon referring to the restrictions governing the transfer of these Shares.
- c. **Termination of Membership.** A Worker Member may terminate their membership voluntarily at any time by written notice to the Co-op. Worker Membership may be terminated involuntarily by the Council for cause after the Worker-Member-Member is provided fair notice of the reasons for the 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 Co-op's Bylaws or policies, actions that will impede the Co-op from accomplishing its purposes, actions or threats that adversely affect the interests of the Co-op or its Members, willful obstruction of any lawful purpose or activity of the Co-op, or breach of any contract with the Co-op. When a Worker Member voluntarily or involuntarily ends their employment with Co-op, their Membership automatically ends and their Worker Membership Share shall be deemed transferred back to the Co-op. The Co-op shall redeem the Member's Share at its original price, after offsetting against the Share price any debts that the Member owes to the Co-op unless such redemption would impair the Co-op's finances as determined by the Council. At the time of termination of Worker Membership, if the former Worker Member was deemed by the Council to be in good standing, they are then free to purchase a Consumer Membership, if so desired, in

keeping with the provisions of Article II Section 8: Consumer Membership Share & Rights.

- d. **Suspension of Member Rights.** The Council may suspend the voting and other privileges of Membership of a Worker Member if they are delinquent in payments on their Membership or other provision of these Bylaws or policies after the Worker Member is provided fair notice of the reasons for proposed suspension and has an opportunity to respond in person or in writing. Such privileges may be reinstated upon satisfactory resolution of the issues identified by the Council in the suspension.

Section 8. Consumer Membership Share and Rights.

- a. **Price of Subscription.** The price of a Consumer Membership Share shall be established by the Co-op's Council from time to time in the Articles of Organization unless changed by resolution of the Council. A Consumer Membership Share will function for all intents and purposes as a certificate of ownership, and the Council may establish rules for assigning benefits to household members, separate from voting and patronage rights which would remain with the primary Consumer Member. Consumer Members who have begun paying for a Membership Share on an installment plan and are in good standing with regard to periodic payments are entitled to all the rights and privileges of Membership, including voting and patronage dividend rights, as determined in operational policies.
- b. **Qualification and Transfer of Shares.** Each Consumer Member may own no more than one Share of Membership Stock, which will entitle its holder to vote in any meeting of the Members according to Article VI of these Bylaws. No Consumer Member may sell, assign any interest in, or otherwise transfer their Membership Share during the period of their membership in the Co-op. All certificates representing Membership Shares shall, in accordance with the law, have a notation thereon referring to the restrictions governing the transfer of these Shares.
- c. **Termination of Consumer Membership.** A Consumer Member may terminate their membership voluntarily at any time by notice to the Co-op. A Consumer Member who remains delinquent in financial obligation for more than one (1) year or who fails to patronize the Co-op for five (5) consecutive years shall, upon notice by the Co-op, be considered to have voluntarily terminated membership. Consumer Membership may be terminated involuntarily by the Council for cause after the Member is provided fair notice of the reasons for the 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 Co-op's bylaws or policies, actions that will impede the Co-op from accomplishing its purposes, actions or threats that adversely affect the interests of the Co-op or its

Members, willful obstruction of any lawful purpose or activity of the Co-op, or breach of any contract with the Co-op. When a Consumer Member ends their Membership in the Co-op either voluntarily or involuntarily, their Membership Share shall be deemed transferred back to the Co-op. The Co-op shall redeem the Member's Share at its original price, after offsetting against the Share price any debts that the Member owes to the Co-op unless such redemption would impair the Co-op's finances as determined by the Council.

- d. **Suspension of Member Rights.** The Council may suspend the voting and other privileges of Membership of a Consumer Member if they are delinquent in payments on their Membership or other provision of these Bylaws or policies after the Consumer Member is provided fair notice of the reasons for proposed suspension and has an opportunity to respond in person or in writing. Such privileges may be reinstated upon satisfactory resolution of the issues identified by the Council in the suspension.

Proposed Article IV Loans from Individuals **Previously unclarified**

EXPLANATION: Loans from Individuals. We added this based on a suggestion from the NFCA multi-stakeholder bylaws template

PROPOSED TEXT:

Section 1. Issue.

The Council is granted authority to authorize one or more series of loans from individuals to fix and determine with respect to each series:

- (a) The designation of such series and the limitation, if any, on the number and amount of loans that may be solicited;
- (b) The terms and conditions on which the principal will be repaid; and
- (c) The rate of interest and the terms and conditions on which it will be paid.

Except as may be otherwise provided in the resolutions providing for the issue of a particular series, the Council may from time to time increase the number and amount of loans of any series already created. All loans to individuals of all series shall be of equal rank and be identical in all respects except in respect to the particulars which may be fixed by the Council as herein above noted.

Section 2. Early Repayment.

The Co-op, by action of its Council, may repay the whole or any part of the loans from individuals, at any time by repaying the principal and any unpaid interest accumulated up until the date of repayment.

Section 3. Transfer.

All loans may be transferred only back to the Co-op.

Section 4. Eligibility.

Loan offers will be made only to persons, entities, and organizations who the Co-op has reasonable grounds to believe, and does believe, either have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the loan, or are able to bear the economic risks of the loan.

Section 5. Lack of Registration.

Loans from individuals are not registered under the Securities Act of 1933, as amended, or the Commonwealth of Massachusetts Securities Act. Each Loan Agreement shall bear a legend to that effect.

Section 6. Disclosure.

All loan offers shall be accompanied by a Securities Disclosure Statement that describes the Co-op and the risks associated with the loan.

Section 7. Dissolution.

Upon dissolution or distribution of the Co-op's assets, all loans shall be repaid before any distribution is made on the common stock held by the Members.

Proposed Article V Non-voting Shares **Previously unclarified**

EXPLANATION: Non-voting shares. This section was added based on the NFCA template suggestion

- Non-voting shares are another way to raise funds if needed.
- Non-voting shares (and all share classes) are listed in our Articles of Incorporation, but were not represented in the bylaws.

PROPOSED TEXT:

Section 1. Class B Shares

Per the Articles of Organization of the Co-op, the Council may by resolution establish and issue to any person (whether member, nonmember patron, or other persons) one or more classes or series of non-voting Preferred Stock, may set forth the designation of classes or series of such Preferred Stock and may fix the relative rights, preferences, privileges, and limitations of each class or series of Preferred Stock. If so specified by the Council at the time, the issuance of a series or class of Preferred Stock is approved. The Preferred Stock shall not be subject to any lien created in favor of the Co-op in the Co-op's Bylaws. No dividends shall be paid on Common Stock of any class. Dividends on Preferred Stock shall be at a rate per annum established by the Council and shall be non-cumulative, except that dividends on any series or class of Preferred Stock may be cumulative if so specified by the Council at the time the issuance of the preferred stock is approved. Dividends payable on any series or class of Preferred Stock shall be deducted in determining annual net earnings if and to the extent specified by the Council at the time the issuance of the Preferred Stock

is approved. Subject to any restrictions approved by the Council at the time the issuance of the Preferred Stock is approved, any series or class of Preferred Stock may be retired in whole or in part at any time as determined by the Council upon payment of the par value thereof, which shall be the original share price designated for the preferred stock plus any unpaid dividends declared thereon. In case of dissolution or liquidation, the owners of Preferred Stock shall be entitled and limited to receive the par value of their stock, which shall be the original share price designated for the preferred stock plus any unpaid dividends declared thereon before any payment is made to the holders of Common Stock.

Proposed Article VI Meeting of the Membership

Section 1 **Previously unclarified**

EXPLANATION: Added “Powers” section. Purpose is to clarify the relationship between Council of Directors and Membership: decision making power of co-op lies with membership.

PROPOSED TEXT:

Section 1. Powers.

All powers of the Co-op originate from the Members of the Co-op. The Members exercise their powers through representatives elected to the Council by them and from among them who are called “Directors”. The Directors may be recalled and replaced at any time by the majority vote of the Members at a meeting of the Members duly called and held in accordance with the terms hereof.

Section 3 **Previously Article VIII B**

EXPLANATIONSpecial meetings: Language changed based on template/ best practices from the governance advisor at NFCA and our co-op lawyer

ORIGINAL TEXT:

Special meetings. Special meetings of the members of the corporation may be called at any time by order of the Council of Directors, and shall be called at any time upon written request of at least one-third of the Worker-owners and/or the lesser of one-third or 100 of the Consumer-owners. The request shall state the time, place, and object of the meeting. No business shall be transacted at special meetings other than what is described in the posted notices.

PROPOSED TEXT:

Section 3. Special Meetings.

Special meetings of the Members of the Co-op may be called at any time by order of the Council and shall be called by the Council at any time upon written request of at least one-third of the Worker Members and/or the lesser of 15% or 100 of active Consumer Members. The request shall state the time, place, and objective of the meeting. 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 Council. No business shall be transacted at special meetings other than what is described

in the posted notices. These meetings shall be held in Kingston, NY, at the offices of the Co-op, or at any other appropriate place within Ulster County and/or virtually if needed.

Section 4 **Previously Article VIII D**

EXPLANATION: Notice of meeting. Increased the amount of required advanced notice is needed to hold a membership meeting, giving members more advance notice.

ORIGINAL TEXT:

Notice of Meetings. Written or printed notice of every regular and special meeting of owners shall be given to all owners, as appropriate, personally, by mail, or by email, at their last known address at least five (5) days, and not more than thirty (30) days, prior to the date of the meeting.

PROPOSED TEXT:

Section 4. Notice of Meetings.

Written or printed notice of every regular and special meeting of Members shall be given to all Members, as appropriate, personally, by mail at their last known address, or by e-mail at their last known address at least ten (10) days, and not more than thirty (30) days, prior to the date of the meeting.

Section 6 **Previously Article VIII E**

EXPLANATION: Quorum. Reduced quorum needed for consumer class. Previously 20% for each ownership class, and we reduced it to 5% or 50 members of the consumer class in order to make quorum more realistically attainable.

ORIGINAL TEXT:

Quorum. A quorum at a owner meeting shall be calculated separately for each ownership class, and each class for which a quorum is present may conduct its proper business. A quorum shall be 20% for each ownership class.

PROPOSED TEXT:

Section 6. Quorum.

A quorum at a Member meeting shall be calculated separately for each Membership class, and each class for which a quorum is present may conduct its proper business. A quorum shall be 5% or 50 Members, whichever is less, for Consumer Members and 20% for Worker Members.

Section 7 **Previously unclarified**

EXPLANATION: Added Action Without a Meeting. If the co-op needs to take action on anything without a meeting, this section lays out this process and the parameters for how members can learn about and weigh in and vote.

PROPOSED TEXT:

Section 7. Action Without a Meeting.

Any action which may be taken at any regular or special meeting of Members may be taken without a meeting if the Co-op distributes a written ballot to every Member entitled

to vote on the matter. That ballot and any related material may be sent by electronic transmission by the Co-op and responses may be returned to the Co-op by electronic transmission to the Co-op. That ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Co-op. Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All such solicitations shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted. Directors may be elected by written ballot under this section.

Proposed Article VIII Council of Directors *** this is an area of significant change***

Section 2 **Previously Article V B**

EXPLANATION: Election: Because we have electronic voting built in, we took out the absentee ballot line.

ORIGINAL TEXT:

Election. Council members will be elected during a voting period that includes the Annual Meeting. Voting occurs at the store, at the annual meeting, and via an electronic ballot. A simple majority determines the winners. Members may vote only for that class of directors of which they are a part. Members unable to submit their ballots in person may vote with a valid absentee ballot.

PROPOSED TEXT:

Section 2. Election.

Directors will be elected during a voting period that includes the Annual Meeting. Voting occurs at the store, at the annual meeting, and via an electronic ballot. A simple majority determines the winners. Members may vote only for that class of directors of which they are a part.

Section 4 **Previously Article V D**

EXPLANATION: Composition. Updated this to allow for worker member seats to be used by members of other classes until we have sufficient worker members to fill these seats.

ORIGINAL TEXT:

Composition. Three seats will elected by consumer members. Up to three seats will be elected by worker members, provided that the number of seats elected by

worker members shall not exceed the total number of worker members in the coop. Up to three “community” seats will be appointed by majority vote by the elected directors.

PROPOSED TEXT:

Section 4. Composition.

Three seats will be elected by Consumer Members. Up to three seats will be elected by Worker Members. Until the Worker Member class is activated, the 3 worker Member seats may be filled by Members of other classes via election or council appointment. Up to three seats will be appointed by a majority vote by the elected Directors.

Section 5 Previously unclarified

EXPLANATION: Eligibility. Added Eligibility section to outline how the worker membership class comes into being, describing who can run, and to allow us to use open seats until there is a worker class.

PROPOSED TEXT:

Section 5. Eligibility.

The Directors shall accept any Consumer Member or Worker Member in good standing as a candidate for election to the appropriate class of the Council. Notwithstanding the foregoing, before the Co-op opens a retail store, Worker Member seats on the Council may be held by Consumer Members for one-year terms until such time as a sufficient number of Worker Members are available for candidacy for the Council. A sufficient number of Worker Members will be deemed to exist no later than six months after the opening date of a retail store. At the Annual Meeting that follows the date at which a sufficient number of Worker Members exists the three Council seats whose terms end will be considered Worker Member seats and those seats will only be available to Worker Members. Any remaining Worker Member seat on the Council will be filled at the following Annual Meeting.

Section 9 Previously Article V G

EXPLANATION: Term limits. Although we did not change the term limiting language which only allows a person to run for and be elected to two consecutive terms, we did alter the bylaw to allow a council member to be appointed to a one year term after serving two consecutive 3 year terms. This change was proposed to allow for the possibility of continuity where needed during the startup phase of the cooperative.

ORIGINAL TEXT:

Terms. The normal term for a Council member shall be three years. The initial Council of the corporation shall decide by lot or otherwise as they deem best, who shall constitute the one-third of the Council whose terms of office are to end at the next two annual meetings of the members. Thereafter, one-third of the elected Council members are to be elected for a term of three years at each annual meeting. One-third of the appointed directors are to be appointed each year before the end of the fiscal year.

PROPOSED TEXT:

Section 8. Terms.

The term for a Director shall be three years. The initial Council of the Co-op shall decide by lot or otherwise as they deem best, who shall constitute the one-third of the Council whose terms of office are to end at the next two annual meetings of the members.

Thereafter, one-third of the elected Directors are to be elected for a term of three years at each annual meeting. One-third of the appointed Directors are to be appointed each year before the end of the fiscal year.

Section 13 **Previously Article V L**

EXPLANATION: Removal of a member of the Council of Directors. Added a process for removing a council director without cause (with cause essentially means breaking a law). This gives members an ability to remove an elected director. Clarified that a council director can be removed not just because of absences, but also in other contexts, such as acting at odds with interests of coop or not actively participating, where they might be removed.

ORIGINAL TEXT:

Removal of Council Members.

- a. For absence. Failure to attend four consecutive Council meetings, or at least three-fourths of the scheduled meetings in a year, is grounds for removal from the Council. Upon notice to the absent Council member, the Council by a two-thirds vote at a Council meeting may remove that director from the Council.
- b. For cause. In compliance with Section 63, or any revision, of the New York State Cooperative Corporations Law, any Member-Owner may bring charges against a Director by filing them in writing with the Secretary of the Council, together with a petition requesting removal. In the case of an elected Director, the petition must be signed by twenty percent of the Membership in the class that elected the Director. In the case of an appointed Director, the petition must be signed by five percent of the entire Membership. The Membership may thereupon remove the director at a Regular or Special Membership Meeting held pursuant to Article VIII. In the case of an elected Director, a majority of the class that elected the Director must vote for removal. In the case of an appointed Director, a three-fourths majority of those voting is required, provided that at such meeting not less than ten percent of the entire Membership vote.
- c. If for any reason, a director ceases to be a member of the Cooperative in good standing, they will immediately forfeit their seat on the Council.

PROPOSED TEXT:

Section 13. Removal of Council Members.

- a. Without cause. Any Director may be removed from office with or without cause by a vote of two-thirds (2/3) of the remaining members of the Council of Directors. Any elected Director may be removed from office by a vote of not less than two-thirds (2/3) of the Membership class from which the director had been elected.

- b. For cause. In compliance with Section 63, or any revision, of the New York State Cooperative Corporations Law, any Member may bring charges against a Director by filing them in writing with the Secretary of the Council, together with a petition requesting removal. In the case of an elected Director, the petition must be signed by twenty percent of the Membership in the class that elected the Director. In the case of an appointed Director, the petition must be signed by five percent of the entire Membership. The Membership may thereupon remove the director at a Regular or Special Membership Meeting held pursuant to Article VIII. In the case of an elected Director, a majority of the class that elected the Director must vote for removal. In the case of an appointed Director, a three-fourths majority of those voting is required, provided that at such a meeting not less than ten percent of the entire Membership vote.
- c. If for any reason, a Director ceases to be a Member of the Co-op in good standing, they will immediately forfeit their seat on the Council.

Section 15 **Previously Article V N**

EXPLANATION: Conflicts of interest. We elaborated on action that must be taken in contexts where there are conflicts of interest.

ORIGINAL TEXT:

Conflicts of Interest. Council candidates and members shall be required to disclose their actual or potential conflicts of interest in any matter under consideration by the Council or a committee exercising any powers of the Council, including their employment by or contracting with the cooperative.

PROPOSED TEXT:

Section 15. Conflicts of Interest.

Directors shall be under an obligation to adhere to the Co-op's Conflict of Interest Policy, and periodically disclose their actual or potential conflicts of interest. The Council, having heard statement of such a conflict, may require said Director to recuse themselves from decisions of any related matter under consideration by the Council. Directors may not do business with the Co-op except in the same manner as other Members generally do business with the Co-op or under other conditions that are procedurally defined to avoid preferential treatment.

Proposed Article X Officers

Section 1 **Previously Article VII A**

EXPLANATION: Changed "Chair" to "Vice President"

Section 2 **Previously Article VII B**

EXPLANATION: Specified officer elections would be held in June of each year, when the new council is seated

Section 3 **Previously unclarified**

EXPLANATION: Added qualifications: Each Officer shall be a member of the Council

Section 4 **Previously unclarified**

EXPLANATION: Added removal: allowing officers to be removed from their position by a majority vote. Qualifications, removal, and duties added by recommendation of the NFCA Multi-stakeholder bylaws template.

Section 5, 6, 7, 8 **Previously Article VII C, D, E**

EXPLANATION: Duties: More clearly delineated duties of President, added duties of VP, slightly changed duties of secretary.

ORIGINAL TEXT:

ARTICLE VII: Officers

- A. Officers.** The officers of the corporation shall consist of a **Chair of the Council** of Directors, a President, a Secretary, a Treasurer and any other officers as the Council of Directors may determine.
- B. Election.** The officers shall be elected by the Council of Directors for a one year term at the new Council's first meeting.
- C. Duties of President.** Delegation to the President shall be determined by the Council of directors and shall be recorded in the Council Policy document.
- D. Duties of Secretary.** The secretary will make sure the Council's documents are accurate, up to date, and appropriately maintained. In addition, the secretary will facilitate responses to and record keeping of correspondence to the Council.
- E. Duties of Treasurer.** The treasurer will lead the Council's process for creating and monitoring the Council's (not the Cooperative's) budget. In addition, the treasurer will facilitate the Council's understanding of the financial condition of the Cooperative.

PROPOSED TEXT:

Article X: OFFICERS

Section 1. Officers.

The Officers of the Co-op shall consist of a President, Vice President, a Secretary ("Clerk"), a Treasurer, and any other officers as the Council may, from time to time, determine.

Section 2. Election.

The Officers shall be elected by the Council for terms of one (1) year. Officer elections will be held in June of each year.

Section 3. Qualifications.

Each Officer shall be a member of the Council.

Section 4. Removal.

Any Officer may be removed from office with or without cause by a vote of a majority of a quorum of the Council present at any meeting, the notice for which shall include such purpose.

Section 5. Duties of the President.

The President will be the principal executive officer of the Co-op and will be responsible for the integrity of the Council's governance. Further, the President will preside over the meetings of the Council. The President shall have the authority to designate their executory power to delegate their powers to other Officers, Directors, or Council Committees.

Section 6. Duties of the Vice President.

The Vice President will assume the responsibilities of the President in the absence of the President and preside at meetings of the Council when the President is unable, and assume other duties as requested and agreed upon.

Section 7. Duties of the Secretary.

The Secretary will be responsible for the integrity of the Council's documents and will preside at meetings of the Council in the event of the absence of the President and Vice President.

Section 8. Duties of the Treasurer

The Treasurer is the chief financial officer of the Co-op. The Treasurer will ensure that financial reports are prepared for and presented to the Council in a timely manner, and will fulfill other duties as requested by the Council.

Section 9. Other Duties of Officers

Delegation to the Officers shall be determined by the Council and shall be recorded in the Council Policy document.

Proposed Article XI Committees **Previously unclarified**

EXPLANATION: Added this section because committees are an important part of how the council gets done, and these additions enable us to delegate work and power to committees.

PROPOSED TEXT:

Article XI: COMMITTEES

Section 1. Committees.

The Council may designate via committee-specific charters, one or more Council Committees, each Committee to consist of two (2) or more of the Directors of the Co-op, and such Members as the Council may designate. The Council may designate one or more alternates of any Committee, who may replace any absent or disqualified Committee Member at any meeting of the Committee. Any such Committee, to the extent provided in the Council-approved Committee charter, shall have and may exercise all the powers and authority of the Council in the management of the business and affairs of the Co-op within their scope, but no such Committee shall have the power or authority in reference to (a) adopting, amending or repealing the Bylaws of the Co-op or (b) approving or adopting, or

recommending to the Members any action or matter expressly required by law to be submitted to Members for approval. Such Committee or Committees shall have such name or names as may be determined from time to time by resolution adopted by the Council. Each Committee shall keep regular minutes of its meetings and make such reports to the Council as the Council may request. Except as the Council may otherwise determine, any Committee may make rules for the conduct of its business, but unless otherwise provided by the Directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these Bylaws for the conduct of its business by the Council.

Proposed Article XII Miscellaneous Provisions **Previously unclarified**

EXPLANATION: This section was added based on the NFCA multi-stakeholder bylaws template recommendation.

PROPOSED TEXT:

Article XII: MISCELLANEOUS PROVISIONS

Section 1. Adoption and Form of Seal.

The Council may but is not required to adopt a seal of the Co-op which shall contain the name of the Co-op in the form as impressed in the margin hereof.

Section 2. Fiscal Year

The fiscal year of the Co-op shall be the calendar year of January 1st to December 31st of a given year, per the Articles of Organization of the Co-op.

Section 3. Indemnification of Directors.

The Co-op shall indemnify each person who has, does, or will serve as a Director or Officer of the Co-op and their heirs and personal representatives against any and all costs and expenses, including but not limited to, counsel fees, judgments paid, and amounts paid in settlement, that are actually and reasonably incurred in connection with the defense of any claim, action, suit, or proceeding, whether civil, criminal, administrative or otherwise in nature, in which they may be involved by reason of being or having been a Director or Officer of the Co-op. No indemnification shall be made as to matters in which such Director or Officer shall be adjudged in any action, suit, or proceeding to be liable for their own fraud or willful misconduct in the performance of a duty to the Co-op or duty under federal or state laws. A conviction or judgment, whether based on a plea of guilty or nolo contendere or its equivalent, or after trial, in a criminal action, suit, or proceeding shall not be deemed an adjudication of liability for fraud or willful misconduct in the performance of duty to the Co-op, if such Officer or Director acted in good faith in what they considered to be the best interests of the Co-op.

Proposed Article XIV Dissolution **Previously unclarified**

EXPLANATION: This section was added based on the NFCA multi-stakeholder bylaws template recommendation.

PROPOSED TEXT:

Article XIV: DISSOLUTION

Section 1. Dissolution.

The Co-op may be dissolved upon a decision of the Council and a two-thirds (2/3) vote of the Members who participate in the vote. Upon dissolution of the Co-op, 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 any equity accounts which, if they cannot be paid in full, shall be paid in the order of the oldest outstanding amounts; (iii) payment of the original issue price of preferred stock and any accumulated but unpaid dividends; (iv) payment of the original price of the common stock; (v) by distributing any remaining assets to another Co-op or a Co-op support organization in a way that furthers the Co-op's mission, as determined by the Council.