

## Co-op Market Grocery & Deli Amended Bylaws

### Summary

The Board of Directors has passed a complete overhaul of the bylaws, which have not been amended since the original version was approved November 17, 2011. The purpose of the amendments is to update and simplify the bylaws. The complete text of the amended bylaws is included below this summary.

Substantive changes are itemized below.

- 1 All references to “members” were changed to “owners”
- 2 Specific examples of processes and visioning-type language were removed.
- 3 All start-up language, such as references to interim board of directors, interim bylaws and founding members, was deleted.
- 4 All notices of meetings must be given to owners in advance. The required advance notice was changed to “not less than three weeks” in Article 3a, Article 4a, Article 5a, and Article 6d.
- 5 Article 2, item a: Clarified that a single ownership is a person and may include other individuals in the same household.
- 6 Article 2, item j: Added: equity and patronage dividend unclaimed after ownership termination will be forfeited by the owner to Co-op Market.
- 7 Article 2, item k: Changed so that ownership rights and equity may be transferred.
- 8 Article 5, item a: Added to state how the bylaws are amended. Language was added so that owners may request, by petition of 5% of the ownership, that the bylaws be amended.
- 9 Article 6, item c: Changed term length of board members to three years.
- 10 Article 6, item d: Specified situations in which the board may go into executive session.
- 11 Article 6, item l: Added: board members must disclose conflicts of interest in any matter under board consideration; no employee of Co-op Market may serve on the board.

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### BYLAWS

#### Fairbanks Community Cooperative Market

Article 1: **Organization**

Article 2: **Ownership**

Article 3: **Owner Meetings**

Article 4: **Owner Voting**

Article 5: **Bylaws**

Article 6: **Board of Directors and Officers**

Article 7: **Patronage Dividend**

Article 8: **Dissolution**

Adopted and finalized on October 15, 2015

Article 1: **Organization**

a. The name of the organization shall be Fairbanks Community Cooperative Market (henceforth “Co-op Market”). It shall be owned by its member-owners (henceforth “owners”).

b. Not-for-profit operation. Co-op Market is an enterprise organized under the Alaska Cooperative Corporations Act (AS 10.15) of the Statutes of the State of Alaska. Co-op Market shall at all times be operated on a cooperative not-for-profit basis for the mutual benefit of its owners as patrons and owners.

c. Powers. Co-op Market shall have the power to conduct lawful business in the state of Alaska, including but not limited to operating retail marketplaces that sell natural foods and other items requested by owners. Co-op Market shall have, exercise, and possess all the rights, powers, and privileges generally granted to a cooperative corporation by the laws of the State of Alaska (A.S. 10.15.010).

## Article 2: **Ownership**

a. Eligibility. Ownership in Co-op Market shall be open to any person who is in accord with its purposes and is willing to accept the responsibilities of ownership. A single ownership may include other individuals in the same household.

b. Nondiscrimination. Ownership shall be open without regard to any characteristic that does not directly pertain to a person's eligibility.

c. Admission. Any eligible person may be admitted to ownership upon submitting an application and investing equity in an amount and on such terms as determined by Co-op Market's Board of Directors (henceforth "the Board").

d. Rights. Each owner, as defined in section 2a, in good standing, as defined in section 2e, shall have the right to any patronage dividend or other benefits as may be established by the Board or Co-op Market. Owners have the right to elect Co-op Market's Board, to attend meetings of the Board, to receive notice of and attend ownership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. Each owner shall have one vote on all matters submitted to owners. All rights and responsibilities of owners are subject to the bylaws as they may be amended from time to time, and to policies and decisions of Co-op Market or the Board.

e. Responsibilities. Owners shall keep current in equity investments due to Co-op Market and shall keep Co-op Market informed of any changes in name or current address. An owner who upholds these responsibilities is considered an active owner in good standing.

f. Ownership rolls. Under the direction of the Board, ownership rolls will be maintained to accurately reflect the status of all owners. When, after a period of two (2) years, meeting notices, ballots, and any other correspondence to an owner are returned with no indication of a forwarding address or other way to make contact, and there is no patronage recorded, the ownership will be designated inactive and voting rights will be suspended until contact is made or patronage recorded.

g. Termination of Ownership. An owner may elect to voluntarily end his or her ownership at any time by written notice to Co-op Market. Ownership may be terminated involuntarily by a majority vote of the Board for cause, which may include malfeasance, theft, or criminal acts deemed harmful to Co-op Market.

h. Return of equity. Co-op Market may return an owner's equity upon termination of ownership, under terms determined by the Board, at the value of the ownership equity paid by the owner less any unpaid amount owed to Co-op Market by the owner.

i. Death. In the event of the death of an owner, returned equity will be paid to 1) the personal representative of the owner's estate or, if no personal representative is appointed, then to 2) the owner's legal heirs, pursuant to the laws of the State of Alaska. If no claim is made by a qualified representative within one (1) year after death, the asset shall be deemed abandoned and shall become property of Co-op Market.

j. Unclaimed Property. If an owner voluntarily or involuntarily terminates ownership and fails to inform Co-op Market of his or her mailing address, then the equity and patronage dividend amount allocated to that owner will be forfeited by the owner to Co-op Market.

k. Transferability. Ownership rights and equity may be transferred, under terms determined by the Board and Co-op Market.

l. Other Classes of Ownership. The Board may establish a class or classes of affiliate ownership to recognize individuals, companies, not-for-profit corporations, for-profit corporations, producers, suppliers, and other cooperatives doing business with and supporting Co-op Market. For any class of affiliated

owner that is established, the Board will have full discretion in extending or revoking recognition. Affiliate ownerships established under this section shall not have voting rights except as may be granted by a simple majority vote of the ownership at a meeting of the ownership.

### Article 3: **Owner Meetings**

a. Annual meetings shall be held each year at a time and place determined by the Board. Written notices of such meetings, including an agenda, shall be given to all owners of Co-op Market not less than three (3) weeks prior to the meeting. The purpose of such meetings shall be to hear reports on operations and finances, to review issues that vitally affect Co-op Market and to transact such other business as may properly come before the Board. A quorum equal to 10% of the active owners in good standing on the date of meeting notification shall be required at the meeting in order to conduct business. A vote cast by mail or electronic ballot shall be counted as if the owner were present and attending in person for the purposes of establishing the 10% quorum requirement.

b. Special meetings may be called by the Board or Chair of the Board, either by decision of the Board, or in response to a written petition by not less than ten percent (10%) of the owners. Notice of special meetings shall be issued to owners.

### Article 4: **Owner Voting**

a. Voting shall be accomplished through methods and means established by the Board. Notice of the vote shall be communicated to owners not less than three (3) weeks prior to the end of the election period.

b. Certification. The secretary of the Board, or if the secretary is unavailable, any officer as chosen by the Board Chair, shall certify any vote by the ownership. Unless specifically stated otherwise in these bylaws, the outcome shall be determined by a majority of the owners voting. Candidates who receive the highest number of votes for their particular seat shall be deemed the winner. In the event a candidate withdraws before an election is certified, the candidate with the next highest vote count shall be declared winner for that seat. In a tie, the candidates shall draw lots, in a manner determined by the Board Chair, to determine the winner.

c. Owners may not vote by proxy.

### Article 5: **Bylaws**

a. These bylaws may be amended or repealed in whole or in part by a majority of the owners who participate in the vote. An amendment may be proposed by decision of the Board, or by petition of at least five (5) percent of active owners in good standing. Notification of any proposed amendment must be included in the notice for the meeting at which the vote will be taken and not less than three (3) weeks prior to voting. As with other business, a quorum of 10% of active owners in good standing is required to vote on proposed amendments.

### Article 6: **Board of Directors and Officers**

a. Powers and Duties. Co-op Market shall be governed by a Board of Directors of nine members, elected from among owners of Co-op Market. Except for matters for which owner voting is required, the Board shall have full power to govern Co-op Market, including, but not limited to, hiring management and evaluating its performance, establishing compensation, if any, for the Board, and assuring that the mission of Co-op Market is carried out.

b. Officers of the Board. The Board shall elect from among themselves the following officers: Chair, Vice Chair, Secretary and Treasurer. The Secretary and Treasurer may be the same person.

c. Terms and Elections. Directors shall be elected for a term of three (3) years, and shall serve until their successors have been elected or appointed. Directors shall serve staggered terms such that

approximately one-third (1/3) of the Board is elected each year. If a board member resigns or is removed before his or her term expires, the Board shall appoint a replacement board member to serve the balance of the term for the vacant position. Such appointment shall be subject to vote of confirmation by the ownership at the next annual meeting if an annual meeting occurs before the end of the unexpired term.

d. Board Meetings. The Board shall hold regular and special meetings at such time and place as it shall determine. All directors shall be notified at least three (3) weeks in advance of regular meetings and 10 days—or as much as is practical—in advance of special meetings. Meetings shall be open to all owners unless the Board decides to go into Executive Session regarding confidential or proprietary matters such as labor relations or personnel issues, negotiation of a contract, discussion of strategic goals or business plans, the disclosure of which would adversely impact Co-op Market's position in the marketplace, and/or discussion of a matter that may, by law, be considered confidential.

e. Quorum. A quorum of five board members shall be required to conduct business at any board meeting.

f. Action without a Meeting. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if consent in writing, setting forth the action taken, is signed by all of the directors entitled to vote. This consent has the force and effect of a unanimous vote at a meeting.

g. Removal of a Board Member. A board member may be removed after failing to attend three or more regular meeting without communicating reasons for absence to the Board, or whenever the Board in its judgment determines that removal would be in the best interest of Co-op Market. The Board is fully empowered to make such removal. Election or appointment of an officer does not of itself create contract rights.

h. Chief Executive Officer. The Board shall appoint a Chief Executive Officer who may be, but who shall not be required to be, an owner of Co-op Market. For the purposes of this section, a General Manager may be considered a Chief Executive Officer. No member of the Board may serve as Chief Executive Officer until one (1) year after discontinuing service as a director. The Chief Executive Officer shall perform such duties and shall exercise such authority as the Board assigns in the contract.

i. Committees. The Board, by majority vote, may establish various committees as it deems necessary and advisable to assist the Board in governing the affairs of Co-op Market.

j. Policies, Rules and Regulations. The Board shall have the power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of Co-op Market. Policies of the Board may be adopted, modified or rescinded only by the vote of a majority of the directors.

k. Indemnification. To the fullest extent permitted by the applicable law, the Board in its sole discretion, may by majority vote, indemnify a Board member for any loss, damage, or claim incurred by such board member by reason of any act or omission performed or omitted by such board member in good faith on behalf of Co-op Market and in a manner reasonably believed to be within the scope of authority conferred on such board member under these bylaws; provided, however, that any indemnity under this section shall be provided out of and to the extent of Co-op Market's assets and/or from the Director and Officer insurance policy, if applicable, and no other board member shall have any personal liability on account thereof.

l. Conflicts of Interest. 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. No employee of Co-op Market may serve on the Board.

#### Article 7. **Patronage dividends.**

a. Allocations to owners. Co-op Market shall allocate and distribute to owners 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.

b. Consent of owners. By obtaining or retaining ownership in Co-op Market, each owner consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from Co-op Market.

**Article 8. Dissolution**

a. Co-op Market may be dissolved at any time, consistent with provisions of Alaska Statute 10.15.460-520.

**Certification of Secretary**

I hereby certify that the bylaws of Fairbanks Community Cooperative Market, attached hereto, were adopted by the owners of Co-op Market on October 15, 2015.

THIS IS TO CERTIFY, that I am the duly elected, qualified and acting Secretary of Co-op Market.

IN WITNESS WHEREOF, I have hereto set my hand this \_\_\_ day of \_\_\_\_\_, 2015.

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Angela Matz, Secretary