

## Summary of Amendments to Co-op Market Bylaws

September 2017

The Co-op Market Board of Directors has passed amendments to the bylaws. Some of the changes are simple copy edits, but the majority are to correct sections that do not conform to the state statute governing co-ops (AS 10.15). The board sought and received thorough legal review of these governing documents.

The most notable changes are explained below, with a detailed summary to follow.

- 1) All references to “owner” are changed to “member”: AS 10.15 uses the term “member” except when referring to “ownership of a share of membership stock,” (AS 10.15.020) which does not apply to Co-op Market. This terminology does not affect the rights and responsibilities. Members own equity interest in the business and are thus considered owners in all other messaging beyond this document.
- 2) Section 2j (now 2g) “Unclaimed Property” was rewritten to clarify the process that Co-op Market should follow when property of a member, such as equity or dividend, goes unclaimed. Specifically, changed time until forfeiture to six years to conform to AS 10.15.295.
- 3) Section 2l “Other classes of ownership” was struck. This section attempted to outline a process for business to business transactions (e.g. wholesale sales) but this does not need to be included in the bylaws and is more appropriate in a policy document.
- 4) All meeting and election notices were changed to “not less than 7 or more than 30 days” to conform to AS 10.15.120.
- 5) Section 6g “Removal of a Board Member” was completely rewritten; previous language did not conform to 10.15.155, while some ideas would be more appropriate in the board code of conduct. The new language only allows a director to be removed by a majority vote at a member meeting, and it outlines the process to do so.

### Detailed Summary of Bylaws Changes

#### General

- Changed all references of the term “ownership”/“owners” to “membership”/“members” to conform to AS 10.15.020
- Changed all references of “ten percent” to “10%”
- Minor copyedits such as punctuation, capitalization, spacing

#### Article 1

- 1a: to define the purpose of the organization, added, “Co-op Market is a membership organization whose members hold an equity interest in the organization but membership is not required for patronage.”
- 1b: replaced “the mutual benefit of its owners as patrons and owners” with “the benefit of its members”
- 1c: replaced “items requested by owners” to “items requested by its patrons”; clarified sentence structure

#### Article 2

- 2a “Eligibility”: Removed section
- 2b “Nondiscrimination”: Removed section for brevity.

- Renumbered remaining subsections
- 2c (now 2a) “Admission”: Clarified to include information previously listed in “Eligibility” and “Rights”; replaced “and investing equity in an amount” with “paying a membership fee in an amount” to conform to AS.10.15.020; added “The membership fee is the member’s equity interest in Co-op Market.” to define membership fee as equity interest.
- 2d (now 2b) “Rights”: Clarified to maintain consistent language and numbering; moved language regarding “one vote” to “Admission” section
- 2e (now 2c) “Responsibilities”: Replaced “current in equity investments due” with “current any installment payments of the membership fee due”
- 2h (now 2f) “Return of Equity”: Changed title to “Return of Member’s Equity”; clarified language.
- 2i “Death”: Removed section and combined with “Unclaimed Property”
- 2j (now 2g) “Unclaimed Property”: Struck and replaced to conform to AS 10.15.295. Specifically, changed time until forfeiture to six years. It now reads, “A member, or a member’s estate’s, right to property (such as equity interest, a distribution of dividends, or a payment based upon a security by Co-op Market) which remains unclaimed for six (6) years after the date authorized for payment or six (6) years after the member’s death, may be forfeited by the Board. The amount forfeited may revert to Co-op Market if, at least six (6) months prior to the declared date of forfeiture, notice that the payment is available has been mailed to the last known address of the person shown by Co-op Market’s records to be entitled to it or, if the address is unknown, is published as provided by law for the publication of summons pursuant to AS 10.15.295.”
- 2k (now 2h) “Transferability”: Struck “equity” because it is implied under “rights”; struck “and Co-op Market” because only the Board may determine the terms of membership transfer.
- 2l “Other Classes of Ownership”: struck section.

### **Article 3**

- 3a: Changed notice from “not less than three weeks” to “not less than 7 or more than 30 days” to conform to AS 10.15.120; moved sentences regarding quorum to 3c.
- 3b: Changed to conform to AS 10.15.120(d); clarified that the secretary can call a special meeting upon petition of the owners; the petition must state the purpose of the meeting, and the notice requirement must be not less than 7 or more than 30 days before the meeting.
- 3c “Quorum”: Added so that quorum requirements are understood to apply to all member meetings.

### **Article 4**

- 4b “Certification”: Moved the sentences specific to the election of directors to 6c.

### **Article 5**

- Changed notice from “not less than three weeks” to “not less than 7 or more than 30 days” to conform to AS 10.15.120

### **Article 6**

- Changed all references of “board member” or “member” to “director” to dispel confusion with members and make the language consistent.
- 6c “Terms and Elections”: Renamed it “Elections and Terms”; added sentences cut from 4b; added that a replacement director may be appointed “by the affirmative vote of a majority of the remaining directors” to conform to AS 10.15.160

- 6g “Removal of a Board Member”: Renamed it “Removal of a Director”; struck previous language as it did not conform to statute and some ideas would be more appropriate in the board code of conduct. Replaced with “Consistent with AS 10.15.155, a director may be removed upon a majority vote of all members voting in person at a member meeting. Before the vote may be taken, written reasons for removal of the director shall be presented at a meeting of the members and the director sought to be removed shall have an opportunity to answer the reasons at that meeting. The written statement of reasons for removal shall be filed with the minutes of the meeting. Election or appointment of an officer does not of itself create contract rights.”

#### **Article 7**

- 7a “Allocations to Owners”: Renamed “Allocations to Members”; clarified language and added applicable state statute