

BYLAWS
Sitka Food Co-op, Inc.
Amended 4-10-2019

Article I: ORGANIZATION

1.1 NAME: Sitka Food Cooperative, Inc., henceforth “the Co-op”.

1.2 OWNERSHIP

A Cooperative Corporation owned by its members and organized under Alaska Statutes, Title 10 Chapter 15

1.3 PURPOSE:

The purposes for which the Co-op is formed are to:

- a) Create a community-based, member-owned buying service;
- b) Make available wholesome natural and organic foods and products as inexpensively as practicable;
- c) Support and encourage local growing of fresh organic foods;
- d) Purchase and purvey, whenever feasible, the goods or services of local and regional growers and producers;
- e) Serve as a center for activities and services which otherwise enrich the life of the community.

The Co-op shall operate in accord with the International Cooperative Alliance’s Seven Cooperative Principles:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Co-operation among Co-operatives
7. Concern for Community

1.4 POWERS:

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

- a) To borrow money within the limits allowed by the laws of the State of Alaska;
- b) To buy, lease, hold and exercise all privileges of ownership over such real or personal property as may be necessary or convenient for the conduct of operation of the business of the Co-op, or incidental there to;
- c) To draw, make, accept, endorse, guarantee, execute and issue promissory notes, drafts, warrants, certificates, and all other kinds of obligations and negotiable or transferable instruments for any purpose that is deemed to further goals and objectives for which this Co-op is formed, except such as are inconsistent with the express provisions of the State law under which this Co-op is organized.

Article II: MEMBERSHIP

2.1 ELIGIBILITY:

Membership in the Co-op shall be open to any individual or legal entity who is in accord with its purposes and is willing to accept the responsibilities of membership.

2.2 NONDISCRIMINATION:

Membership shall be open without regard to any characteristic that does not directly pertain to a person's eligibility, such as but not limited to race, color, national origin, citizenship, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, or source of income.

2.3 ADMISSION:

Any eligible person may be admitted to membership upon submitting an application and investing in an amount and on such terms as determined by the Board of Directors (henceforth "the Board"). A legal entity applying for membership must name a single individual as an authorized representative.

2.4 RIGHTS:

- a) The right to select the Board of Directors and to attend Board of Directors meetings.
- b) The right to act to recall any or all of the Directors.
- c) Each member shall have one vote and no more on all matters submitted to members.
- d) The right to approve or reject amendments to the Bylaws as recommended by the Board or requested by petition from the membership.
- e) The right to submit an initiative to the Board of Directors for a vote of the Membership;
- f) The right to participate in the leadership processes of the Co-op through election to the Board of Directors and/or by serving on committees chartered by the Board of Directors;
- g) The right to obtain information concerning the actions of the Board of Directors, the operations of the Co-op and the finances of the Co-op; provided such information is used in the best interests of the Co-op.

The rights of members shall apply only to active members in good standing per Sec. 2.5. 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 or the Board.

2.5 RESPONSIBILITIES:

Members shall keep current in annual membership fees due to the Co-op, shall keep the Co-op informed of any changes in name or current address, shall abide by these bylaws and the policies and decisions of the Co-op or the Board, and shall satisfy other conditions as set by the Board. Members shall also patronize or otherwise support the Co-op. A member who upholds these responsibilities is considered an active member in good standing.

2.6 TERMINATION OR TRANSFER OF MEMBERSHIP:

- a) A member may terminate his or her membership voluntarily at any time by written notice to the Co-op. 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.
- b) 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, breach of any contract with the Co-op, or failure to patronize the business for more than 3 years.
- c) Membership shall be transferable only with the approval of a majority vote of the Board of Directors.
- d) Membership fees will not be refunded or pro-rated.

ARTICLE III: MEMBER MEETINGS AND DECISION MAKING

3.1 ANNUAL MEETING:

Within the first quarter of each calendar year, the Co-op shall hold an annual meeting to report to the membership on the state of the Co-op and to transact such other business as may properly come before the meeting at such time, and place, as the Board shall designate. The Board of Directors shall set the agenda for the annual meeting.

3.2 SPECIAL MEETINGS:

- a) The Board may call special meetings of the membership by giving due notice.
- b) The Board shall call a special meeting if presented with a written petition stating a proper purpose and signed by 15% of active members. In the case of a petition, notice of the special meeting will be issued within fourteen (14) days after a presentation of the petition to the Board, and a special meeting shall be convened no less than fourteen (14) days and no more than thirty (30) days after notice of the meeting is delivered to the membership.
- c) No business shall be conducted at a special meeting except that specified in the notice of meeting.

3.3 NOTICE OF ANNUAL OR SPECIAL MEETINGS:

Notice of the date, time, place and purpose of each meeting of the membership shall be communicated to Co-op members not less than 14 or more than 30 days prior to the date of the meeting by local media, and / or mail, and / or email, as much as possible according to the individual preference of each member.

3.4 VOTING PROCEDURE AT ANNUAL AND SPECIAL MEETINGS:

- a) Each Active Member shall be entitled to one vote.
- b) Voter eligibility will be verified at the time that ballots are counted.
- c) All ballots to be voted on at an annual or special meeting will be delivered with the meeting notice by either email or US Mail as authorized by the Board.
- d) Ballots will be accepted for counting prior to the meeting by e-mail, or U S mail. Written ballots can be cast by eligible members in attendance at the meeting.

- e) Ballots sent by e-mail and U S mail must be received by the Co-op not less than 48 hours prior to the meeting.
- f) Ballots sent in in advance of a meeting will be counted one day prior to the meeting and will be used to help count toward establishing a quorum for the meeting and will be tallied by a committee of two board members who are not running for re-election, one day prior to the meeting.
- g) Voters wishing to change their previously submitted ballot may reclaim that ballot at the meeting. They will then be allowed to vote via a new blank paper ballot.
- h) Unless otherwise stated in the articles of incorporation, or these bylaws, or required by law, all questions shall be decided by a vote of a simple majority of the members voting thereon.
- i) Proxy voting is not allowed.

3.5 QUORUM:

At any meeting of the members, or for any vote of the members, a quorum necessary for decision-making shall be 5% of the total number of members or 100 members, whichever is less. Quorum will be established by a tally of the mailed and emailed ballots and the eligible members signed in to the meeting.

3.6 RECALLS:

The membership may petition the Board to hold a vote regarding the removal or retention of a specified board member for good cause, defined as conduct contrary to the Co-op's Bylaws, Governance Policies, Board of Directors Statement of Agreement, or other specific action not in accordance with the purposes of the Co-op. The petition shall state the cause for removal, and shall be signed by at least fifteen percent (15%) of the active membership. A recall of the entire board shall require a special meeting and a vote of seventy-five percent (75%) of the membership.

ARTICLE IV: BOARD OF DIRECTORS

4.1 POWERS AND DUTIES:

The business and affairs of the corporation shall be managed by its Board of Directors. The Board shall be composed of five Directors. Except for matters for which member voting is required, the Board shall have full power to govern the Co-op, assuring that its mission is articulated and carried out, including, but not limited to:

- a) Establishing standard policies governing the conduct of the affairs of the Co-op;
- b) Hiring and discharging of management or contracting with appropriate groups for professional services;
- c) Supervising and evaluating management;
- d) Purchasing selling or leasing real estate or other major assets;
- e) Entering into contracts on behalf of the Co-op and commitment of the resources of the Co-op to meet any contract obligations;
- f) Borrowing of funds and pledging the credit and assets of the Co-op to secure any loan made to the Co-op;
- g) Approving management's annual budget;
- h) Establishing the amounts and terms of membership fees and member equity payments;

- i) Electing the Chair, Vice-Chair, Secretary, and Treasurer and other officers as needed;
- j) Chartering committees and establishing task forces as deemed necessary; and
- k) Requiring an audit or other appropriate review of the Co-op's financial statements, if deemed necessary.

4.2 ELIGIBILITY:

Directors must be active members of the Co-op in good standing. Members of the immediate families of employees, defined as spouses, domestic partners, parents, children and siblings, shall not be eligible to be directors. A person convicted of a felony shall not be eligible to be a director. A person with a conflict of interest so continuing and pervasive that he or she is unable to effectively fulfill the responsibilities of a director with the Co-op shall not be qualified to serve as a director.

4.3 TERMS AND ELECTIONS.

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 approximately one-third (1/3) of the Board is elected each year. Terms for open positions may be shortened to effect staggered terms. No Director may serve more than three (3) consecutive 3-year terms.

4.4 VACANCIES.

Any vacancy among Directors may be filled by appointment by the Board. A Director so appointed shall be appointed until the end of the pertinent term. Such appointment will be subject to a vote of confirmation by the membership at the next annual meeting if an annual meeting occurs before the end of the unexpired term.

4.5 REMOVAL:

A Director may be removed by decision of 2/3 of the remaining Directors for conduct contrary to the Co-op's Bylaws, Governance Policies, Board of Directors Statement of Agreement, or failing to attend three or more regular meetings without communicating suitable reasons for not attending. A Director may be removed by majority vote of the remaining directors for persistent failure to attend board meetings, defined as failure to attend two board meetings over a 12-month period without providing prior notice of absence, or failure to attend more than four board meeting over a 12-month period for any reason. Director may be removed by decision of the members in accordance with the petition and voting provisions of these bylaws. A Director may resign by providing written notice to the Chair. If the resigning member is the Chair, the notice shall be given to the Vice Chair. If notice does not include an effective date, it shall be deemed to take effect immediately.

4.6 BOARD MEETINGS.

- a) The Board shall hold regular meetings and special at such time and place as it shall determine. Notice of meetings shall be provided in writing to Directors and members no less than three (3) days in advance. When a special meeting is required to address an

emergency, defined as a situation that presents an immediate threat to the legal or financial interests of the Co-op, notice shall be provided no less than three (3) days in advance. Attendance at any meeting shall constitute waiver of notice.

- b) Special meetings may be called by or at the request of any three directors.
- c) Meetings shall be open to all members until such time as 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 the Co-op's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential.
- d) No votes or minutes are taken in executive session.

4.7 QUORUM.

A majority of the current Directors shall constitute a quorum and no decisions shall be made without a quorum. Board members may be in attendance physically, telephonically, or by video connection such as Facetime. Board members who intentionally cause a meeting to terminate for lack of a quorum will be subject to removal based on the attendance rules put forth in Section 4.5 above. Such a Board member or members will not be required for a quorum at any subsequent meeting to complete the agenda of the terminated meeting.

4.8 VOTING BY THE BOARD OF DIRECTORS:

- a) Except as specified elsewhere in these bylaws, all decisions shall be made by simple majority.
- b) Votes may be cast only by members in attendance as specified in Section 4.7.
- c) Proxy voting is not allowed.

4.9 COMMITTEES:

The board shall appoint standing or temporary committees as needed. Committees report directly to the board and have no other authority.

4.10 ACTION WITHOUT A MEETING.

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 at the time it is affirmed by all of the Directors, unless a different effective time is provided in the action.

4.11 CONFLICTS OF INTEREST.

Directors shall be under an obligation to disclose their actual or potential conflicts of interest. Directors having such a conflict shall absent themselves from discussion and decision of any related matter under consideration by the Board unless otherwise determined by the Board. 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.

4.12 OFFICERS:

The Board will designate officers as necessary for the effective conduct of Board business, consistent with any requirements of state law. Specifically, The Board of Directors shall elect from among themselves the following officers: Chair, Vice Chair,

Secretary, and Treasurer. The Secretary and Treasurer may be the same person, although this is not the preferred situation. Unless otherwise agreed upon, voting for officers shall be by secret ballot for each position to be counted by two board members who are not running for that position.

4.13 INDEMNIFICATION.

The Cooperative shall indemnify and hold harmless each person who serves as a Director or officer from and against any and all claims and liabilities for action alleged to have been taken or omitted by him/her as such Director or officer, for all legal and other expenses reasonably incurred by him/her in connection with any such claim or liability; provided, however, that no person shall be indemnified against or be reimbursed for any expense in connection with any claim or liability arising out of his/her own negligence, willful misconduct or bad faith. The right accruing to any person under the above paragraph herein shall not exclude any other right to which he/she may be lawfully entitled, nor shall anything herein contained restrict the right of the Cooperative to indemnify or reimburse such person in any other proper case. The Cooperative, its Directors, officers, employees and agents shall be fully protected in taking any action or making any payment under this article, or refusing to do so, in reliance on advice from counsel.

4.14 STIPENDS AND REIMBURSEMENT:

Directors may receive a stipend for their services and reimbursement of expenses incurred for Board work, as determined by Board resolution to be just and reasonable. The total amount for stipends and/or reimbursements shall not exceed \$1,200 per year. Stipends shall be granted at the rate of \$20 per Board member per Board meeting only if the member is present for the meeting, Board members may opt to not receive a stipend should they so choose.

ARTICLE V: DISSOLUTION AND LIQUIDATION

5.1 The Cooperative may be dissolved at any time consistent with the provisions of Alaska Statute 10.15.460-.520. The Cooperative may be dissolved by a 2/3 vote of Active Members present in person or voting by mail and/or email at a meeting called to consider dissolution. A quorum for a meeting to consider the dissolution of the Cooperative shall be 25% of the Active Membership. Upon dissolution of the Co-op, its assets shall be distributed in the following manner and order:

- (a) by paying or making provision for payment of all liabilities and expenses of liquidation;
- (b) by distributing any remaining assets in a way that furthers the Co-op's mission, as determined by the Board.

ARTICLE VI: BYLAWS

6.1 AMENDMENTS:

These bylaws may be amended in whole or in part by a majority of a quorum of the membership, as defined in Section 3.5. Amendments may be proposed by a 2/3 vote of the Board, or by petition of at least fifteen percent (15%) of active members. Voting on amendments shall be according to Article III.

ARTICLE VII. FINANCES

7.1 BOOKS AND ACCOUNTS:

The Board of Directors shall cause true accounts to be kept of:

- a) All money received and expended and the matters for which receipt and expenditure take place; and
- b) The assets and liabilities of the Cooperative.
- c) The books and accounts shall be kept at the office of the Cooperative and may be kept at another place for temporary purposes as the Directors see fit. At reasonable times, the books of accounts shall be open to the inspection of Directors and members.

7.2 REPORT TO THE MEMBERSHIP:

At the membership meeting following the close of the fiscal year, the Board of Directors shall present the following budget and documents for the previous business year and upcoming year:

- a) Budgets;
- b) Income statement;
- c) Statement of retained earnings;
- d) Balance sheet;
- e) Statement of changes in financial position; and
- f) All of these documents shall be open to inspection by any member.

7.3 SALARY:

No employee of the Cooperative shall receive annual salary greater than 4 times the lowest entry-level wage per hour times forty hours per week times 52 weeks per year.