



IMPORTANT

MEMBER-OWNER VOTE #2

March 23, 2024

Title: Vote to Amend the Articles of Incorporation, Article V.

Resolution: We, the Member-Owners of Sevananda Natural Food Cooperative, hereby approve the revision to Article V of the Articles of Incorporation proposed by the Board of Directors, to increase Capital Stock authorized for sale in the amount of Class A stock to 250,000 total shares and Class B stock to 50,000 total shares.

Introduction:

- Sevananda filed its first Articles of Incorporation as an official cooperative organization in 1995 with the state of Wisconsin. At that time, the business was authorized to sell 50,000 shares of Class A stock and 10,000 shares of Class B stock.
- Since 1995, it's been the practice of the organization, codified in the Bylaws, that the criteria for membership included purchase of six (6) shares of Class A stock.
- The number of shares available for sale is limited by the number authorized in the Articles of Incorporation and the laws of the state in which the business is incorporated.

History:

While working to revise the current Bylaws to comply with Wisconsin state law, the Bylaw Revisions Committee discovered some unclear language in Bylaw 7.01 related to issuance of stock. The committee chair took this information to the attorney the committee has been working with, Dorsey & Whitney, LLP, to receive their feedback. Upon further review and looking into the Articles of Incorporation regarding what's stated in there about stocks, it was discovered that the Articles of Incorporation, the Bylaws, and the organizational documents are not aligned.

According to the Articles of Incorporation, since they were drafted in 1995, one share of Class A stock has a par value of twenty dollars (\$20.00) per share.

The current Bylaws, and as far back as at least 1996, states, " For a membership investment, the cooperative shall issue Class A stock having a par value of one hundred and twenty dollars (\$120.00) per share. A Full Share will consist of six (6) shares of Class A stock."

Legally, one share of stock cannot equal six shares of stock. The attorney advised us that we have been selling 6 shares of Class A stock to each Member-Owner. We currently have almost 5,000 Member-

Owners, which means that of the 50,000 shares of Class A stock our current Articles of Incorporation authorize the organization to sell, approximately 2/3 of those shares have been issued.

This limits our current capacity for growth as it relates to increasing our Member-Owners (approximately 2,500 more memberships).

The simplest solution proposed by the attorney is to raise the total number of shares the organization is authorized to sell and to maintain the current practice of a full investment equaling six (6) shares.

The Board of Directors only has the power to recommend changes to the Member-Owners regarding the Articles of Incorporation; the changes must be approved by the membership. Once the Member-Owners vote the Articles of Incorporation will be finalized and published to the membership.

Attachments For Review:

1. Final draft of revised Articles of Incorporation
2. Prior version of Articles of Incorporation
3. Relined Articles of Incorporation identifying changes

Vote:

Vote for

Vote against