



Bylaws for Sevananda Cooperative Market January 1, 2014



(Amended 2/6/18; 5/20/18; 12/2/2023)

SECTION 1: MEMBERSHIP

1.1 There is one class of members composed of any person who:

1.1.1. is interested in purchasing the goods or utilizing the services offered by the cooperative,

1.1.2. subscribes to the cooperative's purposes and bylaws, and

1.1.3. is current in their Full Share investment.

1.2 Membership may be terminated by:

1.2.1. voluntary written notice from the member,

1.2.2. automatic termination when the member is delinquent in the payment of their Full Share, or

1.2.3. a vote of the Board of Directors subject, upon written request of the member, to reversal by a vote of the membership at the next regular balloting opportunity

1.3 Memberships are non-transferable.

SECTION II: OFFICERS AND BOARD OF DIRECTORS

2.1 Any member who is not a current employee of the co-op is eligible to be elected as a director. Any Director who becomes employed with the co-op consequently is ineligible and therefore must immediately resign from the Board of Directors.

2.2 There shall be nine directors. Directors shall serve three-year terms, elected in a rotation of three directors per year respectively.

2.3 The Board of Directors shall meet a minimum of eight times per year. These meetings shall be held at a regular, established time and an agenda will be made available at least two days prior to the meeting. Any member may attend a meeting of the Board of Directors. The Board may include a closed session in the agenda for any given meeting. Any person, other than Board Members, may be asked to leave at the time of the closed session. Any binding decision made during a closed session must be made public, with the exception of decisions the disclosure of which would adversely impact the Cooperative's position in the marketplace; and/or decisions that may, by law or contract, be considered

confidential.

2.4 Five or more Board members must be present to constitute a quorum. Only Board members present are eligible to vote on matters before the Board, unless a Board member is unable to attend has cast his or her vote, in writing, in advance. The board may permit any or all directors to participate in a regular or special meeting or in a committee meeting, including an executive committee meeting, of the board by, or to conduct the meeting through the use of, any means of communication by which all participating directors may simultaneously hear each other during the meeting and/or all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors.

If a meeting will be conducted through the use of any such means all participating directors shall be informed that a meeting is taking place at which official business may be transacted and a director participating in a meeting by such means is deemed to be present in person at the meeting. If requested by a director, minutes of the meeting shall be prepared and distributed to each director.

2.5 The Board of Directors shall arrive at decisions using consensus decision making as defined in Bylaw 2.4. Where there is no consensus, it will require three quarters (3/4) of the full board to carry the vote. All Directors must be present to vote on non-consensus items, either in person, by proxy in writing, or by video or audio conference, as described in the bylaws, for the non-consensus vote to carry.

2.6 Any Director may resign at any time by written notice to any officer. The resignation shall take effect at the time the notice is received or at such time as is specified in the notice of resignation. The acceptance of the resignation shall not be necessary to make it effective. Upon resignation or incapacitation of any Director the current Directors may at the next Board of Directors meeting, elect a member to fill in the remainder of the vacated term.

2.7 The membership may remove a Director from office by a 2/3 majority vote of the membership. A Director may be removed by decision of 2/3 of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies. Any vacancy existing in the board, including any vacancy created by an increase in the number of directors, may be filled for the remainder of the term by appointment by a majority vote of the directors then in office.

2.8 The President, Vice President, Secretary and Treasurer shall be elected from the Board of Directors and by the Board of Directors. The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business.

2.9 Compensation of the Board of Directors shall be determined by resolution of the Board of Directors. A report shall be made at the annual membership meeting regarding the amount of compensation paid to Directors in the current year and the amount proposed to be paid for the upcoming year. The value of such compensation shall be commensurate within a reasonable range of comparable cooperatives.

Officers and directors shall also be entitled to reimbursement for actual expenses incurred in attending Board of Directors meetings or other business of the Cooperative. Such expense claims shall be approved by a majority of the Board of Directors.

2.10: Eligibility to Serve on the Board of Directors: Applicants for director (each, an "Applicant") shall meet the qualifications set forth in this subsection 2.10 in order to be appointed or elected to the Board

of Directors.

2.10.1 – An Applicant shall have been a Member for at least one year prior to his or her nomination or application for a board of director position.

2.10.2 – An Applicant shall be at least eighteen years of age.

2.10.3 – An Applicant shall not have any overriding conflict of interest with Sevananda.

2.10.4 – An Applicant shall be committed to the best interests of the co-op and to following Sevananda's Bylaws and policies.

2.10.5- An Applicant shall commit to the time requirement necessary to complete the work of the Board.

2.10.6 – An applicant shall meet any other reasonable eligibility requirements as may be set by the Board from time to time.

SECTION III: DUTIES OF OFFICERS AND BOARD OF DIRECTORS

3.1 All powers of the cooperative shall be exercised by or under authority of, and the business and affairs of a cooperative shall be managed under the direction of, the board, except as provided otherwise by applicable law.

SECTION IV. MEMBER MEETINGS, DECISIONS, AND VOTING

4.1 Annual meeting: membership meeting shall be held each year at a time and place to be determined by the Board which shall establish the agenda for the meeting. The purpose of such meetings shall be to hear reports on operations and finances, and to review issues that vitally affect the Cooperative.

4.2 Special Meetings: Special meetings of the membership may be called by the Board, either by decision of the Board or in response to a written petition of 20% of the active members. 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 Board.

4.3 Notice of meetings: Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Cooperative and communicated to members not less than four (4) weeks prior to the date of the meeting.

4.4 Decisions of members: All decisions of members shall be made through mail, in- store, or electronic voting in which all members have the opportunity to participate.

4.5 Specific methods and means of voting for any matter presented to members for decision shall be established by the Board. Notice of the vote shall be posted in a conspicuous place at the Cooperative and communicated to pages 7-8 members not less than four (4) weeks prior to the end of the voting period. 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 majority of the members voting thereon. Proxy voting is not allowed.

4.6 Quorum for Meetings of Members: A quorum of 50 Members shall be required to be present in-person for any meeting at which a vote of Members is to take place. No proxy votes, votes by mail, or electronic voting are permitted.

4.7 Votes for Election of Directors: A minimum of 50 Members' votes shall be required to elect any person to the Board. No proxy votes are permitted. For the purpose of electing directors to the Board only, voting by mail and electronic voting is permitted if conducted in accordance with Section 4.8 of these Bylaws.

4.8 Electronic Voting: Electronic voting is permitted for the election of directors, provided that:

- a. the Cooperative ensures that the administrating vendor can authenticate the identity of the Cooperative Member who is casting a vote, and
- b. a vote cast by electronic means has the same effect as a vote cast in person.

4.9 Mail-in Voting: Mail-in voting is permitted for the election of directors, provided that:

- a. Mail-in ballots must be picked up in person, to verify the identity of the Member.
- b. Ballots are mailed directly by the Member to a designated professional 3rd party organization that can verify the authenticity of the ballot received.

SECTION V. AMENDMENTS TO THE ARTICLES AND BY-LAWS

5.1 Bylaws may be adopted, amended or repealed by a 2/3 majority vote of the members. These bylaws can also be amended by the Board of Directors, but any amendment adopted by the Board of Directors shall be reported to the next annual meeting of members and is subject to amendment or repeal by vote of the members.

5.2 Proposed amendments must be published in a newsletter and posted in the Cooperative at least 30 days in advance of a Meeting or for the minimum 30-day duration of an in-store ballot /mail-in and/or electronic vote. Such notice must include the exact language of the proposed change and a brief justification for the proposed change.

5.3 Effect of these restated bylaws. In adopting these restated bylaws the members specifically intend that the restated bylaws supersede all Bylaws and amendments passed previously or concurrently.

SECTION VI: FINANCES

6.1 The Board of Directors shall monitor and plan for the Cooperative's financial operation, present this information at the Board of Directors and General Membership Meetings and make recommendations regarding any action to be taken.

6.2 The budget for the coming fiscal year will be constructed by management and presented to the Board of Directors for review.

6.3 The fiscal year of the cooperative shall be from January 1 to December 31.

6.4 Distribution of profits from the cooperative shall be made in accordance with all applicable State and Federal laws and be decided upon by the Board of Directors. The Board of Directors shall have the power to have an audit made at any time it may see fit by a competent and disinterested auditor or accountant.

6.5 Capital Stock

6.5.1. For Full Share investment funds required of members, the cooperative shall issue Class A stock having a par value of twenty dollars per share. A Full Share will consist of six (6) shares of Class A stock. Members may own additional Class A shares beyond the required Full Share, but shall gain no additional rights thereby. Class A stock shall be entitled to no dividend or other monetary return on investment.

6.5.2. Members owning a Full Share of Class A stock may optionally purchase Class B stock, which shall have a par value of one hundred dollars per share. A member may own multiple shares of Class B stock, but the total number may be restricted by the Board of Directors. Dividends may be paid on Class B stock at the discretion of the Board of Directors, but, if declared, shall not exceed eight percent per annum and shall not be cumulative.

6.5.3. Capital stock may be issued only to and may be held only by people who are eligible for and admitted to membership status.

6.5.4. The method of payment for capital stock shall be determined by the Board of Directors, and may include a reasonable processing fee. Stock shall be issued only upon receipt of its par value in cash or property, the value of which shall be determined by the Board of Directors.

6.5.5. Capital stock shall be non-assessable, shall not be transferable or assignable to any person other than the cooperative, and may not be pledged or hypothecated.

6.5.6 The cooperative shall have a first lien on capital stock for amounts otherwise due and payable to the cooperative by the member. Only the cooperative may offset such amounts against accumulated payments for stock.

6.5.7. Members shall be entitled to receive certificates evidencing their shareholdings. Each certificate shall bear:

6.5.7.1. the name of the cooperative,

6.5.7.2. the number of the shares,

6.5.7.3. the par value, and

6.5.7.4. a manual or facsimile signature of the President of the Board of Directors. Each certificate shall also contain statements to the effect that:

6.5.7.5. it may only be issued to or held by people admitted to membership in the

cooperative in accordance with the bylaws,

6.5.7.6. it is transferable only to the cooperative,

6.5.7.7. it is subject to recall and redemption by the cooperative, and

6.5.7.8. The cooperative may issue a replacement certificate for any certificate alleged to have been lost, stolen, or destroyed upon receipt of an affidavit acceptable to the cooperative.

6.5.8. Capital stock shall be redeemed:

6.5.8.1. upon request of a member, but Class A stock shall only be redeemed following voluntary termination of membership in accordance with these bylaws or under other compelling circumstances approved by the Board of Directors;

6.5.8.2. upon filing of a bankruptcy petition by or against a member, to the extent of amounts due and payable to the cooperative; or,

6.5.8.3. upon recall by the Board of Directors. Capital stock shall be redeemed at par value, in such amounts and at such times as is determined by the Board of Directors and may be reduced by a reasonable processing fee.

6.5.8.4. No redemption shall be made when, in the opinion of the Board of Directors, such payment would impair the solvency of the cooperative.

6.6. Distribution of Member Income

6.6.1. The cooperative may allocate and distribute patronage refunds of its net member income to its members in the manner set forth in this article. In determining amounts distributable to members:

6.6.1.1. The operating income of the cooperative derived from the excess or deficit of revenues over costs and operating expenses shall first be determined in accordance with generally accepted accounting principles.

6.6.1.2. Such operating income shall then be reduced by amounts not attributable to business done with members and by other adjustments as required under federal tax laws pertaining to cooperatives.

6.6.1.3. The resulting member income may be further reduced by amounts to be used as an educational fund in teaching or promoting cooperative organization or principles provided that such amounts, with the above reductions, shall not exceed five percent of operating income.

6.6.1.4. Member income may also be reduced by reasonable reserves for unforeseen purposes.

6.6.2. Net member income, as so determined, shall be allocated to members in proportion which

their patronage as members bears to the total of all member patronage during the fiscal year. Patronage shall refer to goods and services purchased through the cooperative and shall be measured in dollars. Any allocations of such a nominal pages 9-10 amount as not to justify the expenses of distribution may, as determined by the Board of Directors, be omitted from the patronage dividend allocation.

6.6.3. Patronage refunds shall be evidenced by written notices of allocation delivered to recipient members within eight months and fifteen days following the close of the fiscal year.

6.6.3.1. Written notices shall state the dollar amount of the allocation and the portion which constitutes a patronage dividend, within the meaning of federal tax laws.

6.6.3.2. Such written notices for each fiscal year may, as determined by the Board of Directors, be made qualified or non-qualified, within the meaning of federal tax laws.

6.6.3.3. If qualified, the notice shall be accompanied by payment in an amount determined by the Board of Directors, but not less than twenty (20) percent of the patronage dividend. The remainder shall be retained in the names of the recipient members and used for purposes of the corporation.

6.6.3.4. For members whose capital stock investment is less than the required Full Share, portions of their disbursed patronage dividend may be applied towards their Full Share investment, in amounts determined by the Board of Directors. Amounts so credited shall be understood to have the same status as though they had been paid by members in cash who had then furnished corresponding amounts of capital to the cooperative.

6.6.3.5. By obtaining or retaining membership in the cooperative, each member shall thereby consent to take into account, as required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

6.6.4. Patronage refunds not currently distributed shall be credited or charged to revolving capital accounts in the names of the recipient members. Amounts so credited shall be understood to have the same status as though they had been paid by members in cash who had then furnished corresponding amounts of capital to the cooperative. Retained patronage refunds shall accrue no dividend or interest and shall only be transferable or assignable to the cooperative.

6.6.5. The cooperative shall have a first lien on retained patronage refunds for amounts otherwise due and payable by the member. Only the cooperative may offset such amounts against retained patronage refunds to the extent they may exceed accumulated payments for stock.

6.6.6. Retained patronage refunds may be redeemed:

6.6.6.1. upon request of a member, following voluntary termination of membership in accordance with these bylaws or under other compelling circumstances approved by the Board of Directors;

6.6.6.2. upon filing of a bankruptcy petition by or against a member, to the extent of

amounts due and payable to the cooperative which exceed amounts contributed by the member with respect to stock;

6.6.6.3. when they are no longer needed for capital purposes of the cooperative, as determined by the Board of Directors. Retained patronage refunds will be redeemed in such amounts and at such times as is determined by the Board of Directors. No redemption shall be made when, in the opinion of the Board of Directors, such payment would impair the solvency of the cooperative.

6.6.7. In the event the cooperative shall incur a net loss in any fiscal year, such loss may be:

6.6.7.1. charged against retained earnings or other unallocated member equity;

6.6.7.2. carried forward to offset net member income of subsequent fiscal years; or,

6.6.7.3. charged against member's invested capital.

6.6.8. Any net loss charged to members shall be allocated in the same manner as for net member income, except that such allocation as to each member shall not exceed the member's invested capital. Such loss shall be charged:

6.6.8.1. first against retained patronage refunds of prior fiscal years;

6.6.8.2. then against patronage refund allocations of subsequent fiscal years; and

6.6.8.3. then against amounts contributed by the member with respect to stock, but only upon termination of membership. Allocated net losses shall not otherwise be assessed to or collected from members.

SECTION VII. UNCLAIMED FUNDS

7.1. Any unclaimed amounts of investment capital entitled to redemption, including common stock and patronage refunds, may be forfeited to the cooperative, if all of the following conditions are met:

7.1.1. No earlier than three (3) years and no later than five (5) years after the funds are first made available to their members, the Board of Directors declares the funds forfeited to the cooperative unless claimed by the date specified in paragraph (2).

7.1.2. After the declaration under paragraph (1), the cooperative gives notice that states that the funds shall be forfeited if not claimed by a specified date.

7.1.3. The date specified in the notice under paragraph (2) is a business day at least sixty (60) days after the date of mailing of the notice.

7.1.4. The notice under paragraph (2) is mailed to the last-known address of each member and is published as a class 1 notice under Chapter 985 of the Wisconsin Statutes on or before the date of mailing in a newspaper published in the municipality containing the service area of the cooperative.

7.2. Any funds remaining unclaimed after the date specified in paragraph (a)(2) must be dedicated to educational purposes, limited to providing scholarships or loans to students, or to charitable purposes, as the Board of Directors determines, within one year after the date the funds are declared forfeited under paragraph (a)(1).

7.3. Subsequent to a forfeiture, the member of the forfeited funds may submit a claim to the Board of Directors. If the Board determines that the person owned the funds at the time of the forfeiture, it shall refund the funds to the person.