

SEVANANDA
NATURAL FOODS MARKET
COOPERATIVELY OWNED

THE Bylaws of Sevananda Cooperative

Effective Date: August 16, 2004

ARTICLE I Membership

- A. There is one class of members composed of any natural person who:
1. Is interested in purchasing the goods or utilizing the services offered by the cooperative.
 2. Subscribes to the cooperative's purposes and bylaws, and
 3. Is current in his or her Full Share investment.
- B. Membership may be terminated by:
1. Voluntary written notice from the member,
 2. Automatic termination when the member is delinquent in the payment of his or her Full Share, or
 3. A vote of the Board of Directors subject, upon written request of the member, to reversal by a vote of the membership.
- C. There will be semiannual membership meetings where the members will receive reports of all corporate officers; consider bylaw changes; hold referenda and recalls; receive reports of standing and ad hoc committees; and make recommendations to the staff and Board of Directors.
1. Special meetings of the membership may be called by the Board of Directors, or by petition of twenty (20) percent of the current membership.
 2. For a valid meeting of the membership, proper notice must have been given. The notice required for all membership meetings shall be the public posting of the date, time and place of the membership meeting in a prominent place in the store at least fifteen (15) days before the date of the meeting. If the meeting is a special membership meeting, the notice must also contain the agenda for the meeting.
 3. A quorum at a member meeting shall be fifty (50) members. Each member is entitled to one vote on each question placed before the membership. There are no proxy votes and no votes by mail.

4. Decisions before the membership shall be reached, whenever possible, by consensus, meaning common agreement among all those present at a meeting. If a member opposes an issue, he or she may stand aside to allow the consensus to prevail, or may deny the consensus. If the member denies consensus, that particular issue cannot be decided until the next membership meeting, whether special or regular. If there is not consensus at the second meeting, then the question from the previous meeting, stated exactly as it was carried in the minutes of the previous meeting, may be called for a vote from the members present in which case it will require a two-thirds majority of those present to carry the vote.
5. Members may initiate a recall vote of any member of the Board of Directors at any regular membership meeting, and the vote taken on such recall much take place according to the election procedures set forth herein.

ARTICLE II

Board of Directors

- A. The Board of Directors shall set the goals and policies of the cooperative and shall see that the cooperative provides the highest level of service to the membership. The Board of Directors shall work closely with the staff to accomplish the goals of the cooperative.
- B. The Board of Directors shall be composed of nine (9) Directors, elected by the membership. Every Director shall be a member of the cooperative. A Director who membership expires may be reinstated by the Board upon renewal of their membership.
- C. Staff members may be elected to the Board, but no more than (3) board seats may be occupied by staff members. Any Director who changes categories may remain on the Board of Directors if such change does not upset the balance between staff persons and general membership persons. If such a category change does upset this balance the members will be automatically removed from the Board of Directors.
- D. The normal term of service for Directors shall be three (3) years.
- E. The Board of Directors shall elect its own officers, who shall service terms of one (1) year each.
 1. The board's principal officers shall be the President, Secretary, and Treasurer.
 2. Each principal officer, except the Secretary and the Treasurer, must be a director of the cooperative.
 3. The Secretary shall maintain a minute book of the Board's meetings and the General Membership meetings.
 4. The Treasurer shall make quarterly reports to the members in writing.
 5. Other officers and committees may be authorized by the Board of Directors.

- F. The Board of Directors will hold meetings on a regular schedule, which it shall set. The membership is welcome to attend Board of Directors meetings for the purpose of observing, and may be recognized to speak at the discretion of the Chairperson of the meeting.
- G. The Board of Directors shall arrive at decisions using the consensus decision making described herein, except that at the succeeding meeting of the Board of Directors, in cases where there is no consensus, it will require a three quarters (3/4) majority to carry the question. Directors must be present to vote, and a quorum for the Board of Directors meeting, regular or special, shall be a majority of Directors composing the Board of Directors at that time.
- H. Directors are expected to attend all regular meetings of the Board of Directors. Any Director who is absent from three (3) regular meetings of the Board, within a twelve month period commencing with the Director's election, shall be automatically removed as a director unless reinstated by the Board of Directors.
- I. Openings which occur for reasons other than expiration of term, including resignation, shall be filled for the unexpired term by a plurality vote of the members at the next annual general election. An acting Director may be appointed by the remaining Board of Directors for the interim between the time of resignation and the annual general election.
- J. The Board of Directors shall work with the staff to prepare an annual budget for the management of the business.
- K. The Board of Directors shall arrange with the staff for regular membership orientation meetings for new members.

ARTICLE III

Elections

- A. At an annual general election, the general membership shall vote to fill all open Board of Directors positions. The election will be decided by a plurality of all votes cast as long as the balance established in Article II (b) is maintained.
- B. Voting shall be by secret written ballot.
- C. Nominations for any vacancy on the Board of Directors shall be solicited and/or received by a Nominating Committee.
- D. The Nominating Committee shall be elected by the membership for a one-year term. The Nominating Committee shall be composed for at least (5) persons.

- E. The Nominating Committee shall recommend and review nominations. It shall publicize the list of candidates, prepare the ballot, conduct the elections, tabulate the votes and announce the results. Elections for members of the Board of Directors shall be done in the store itself and/or by mail, to allow for maximum participation of the membership. The vote shall be taken over a period of at least one full week.
- F. Members of the Nominating Committee shall be ineligible for nomination.

ARTICLE IV

Capital Stock

- A. 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 (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.
- B. 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.
- C. Capital stock may be issued only to and may be held only by people who are eligible for and admitted to membership status. The voting rights of capital stock shall consist only of the voting rights accorded to members in these bylaws.
- D. 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.
- E. 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.
- F. 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.
- G. Members shall be entitled to receive certificates evidencing their shareholdings. Each certificate shall bear:
 - 1. The name of the cooperative,

2. The number of the shares,
3. The par value, and
4. A manual or facsimile signature of the President of the Board of Directors.

Each certificate shall also contain statements to the effect that:

5. It may only be issued to or held by people admitted to membership in the cooperative in accordance with the bylaws,
6. It is transferable only to the cooperative,
7. It is subject to recall and redemption by the cooperative, and
8. All voting rights, irrespective of the number of share owned, are strictly on a one member, one vote basis.

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.

H. Capital stock shall be redeemed:

1. Upon request of a members, 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.
2. Upon filing of a bankruptcy petition by or against a members, to the extent of amounts due and payable to the cooperative; or,
3. Upon recall by the Board of Directors.

ARTICLE V

Distribution of Member Income

- A. The cooperative shall 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:
 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.
 2. Such operating income shall then be reduced by amounts not attributable to business done with members and by other amounts not allowable under federal tax laws pertaining to cooperatives.
 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.
 4. Member income may also be reduced by reasonable reserves for unforeseen purposes.

- B. 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 amount as not to justify the expenses of distribution may, as determined by the Board of Directors, be retained in the names of the recipient members.
- C. 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.
 - 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.
 - 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.
 - 3. If qualified, the notice shall be accompanied by a check 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.

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.

- 4. For the members whose capital stock investment is less than requires 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 the furnished corresponding amounts of capital to the cooperative.
- 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.

D. Patronage refunds not currently distributed by check 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 to assigned to the cooperative.

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

F. Retained patronage refunds may be redeemed:

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.
2. Upon filing of 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 to stock;
3. When they are no longer needed for a capital purposes of the cooperative, as determined by the Board of Directors.

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

1. Charged against retained earnings or others unallocated member equity;
2. Carried forward to offset net member income of subsequent fiscal years; or,
3. Charged against member's invested capital.

H. 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:

1. First against retained patronage refunds of prior fiscal years;
2. Then against patronage refund allocations of subsequent fiscal years and
3. Then against amounts contributed by the member with respect to stock, but only upon termination of membership.

Allocation net losses shall not otherwise be assessed to or collected from members.

Article VI

Unclaimed Funds

A. 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:

1. No earlier than three (3) years and no later than five (5) years after the funds are first made available to their owners, the Board of Directors declares the funds forfeited to the cooperative unless claimed by the date specified in paragraph (2).
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.
3. The date in the notice under paragraph (2) is a business day at least sixty (60) days after the date of mailing of the notice.
4. The notice under paragraph (2) is mailed to the last known address of each owner 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.

- B. 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).
- C. Subsequent to a forfeiture, the owner 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 for forfeiture, it shall refund the funds to the person.

Article VII

Amendments to Bylaws

- A. Any part of these bylaws granting or affecting rights which inure directly to the membership may be altered or amended by:
 - 1. Publishing the proposed change, which may be initiated by any member, in the store for at least fifteen (15) days before meeting and then voting thereon at a regular membership meeting, where for the purpose of that vote, a quorum of at least fifty (50) members must be present; or,
 - 2. By mailing the proposed change to all members at least thirty (30) days before the regular membership meeting immediately preceding the annual general election, and then voting thereon during the election. Voting shall be done in the store itself and/or by mail to allow for maximum participation of the membership. The vote shall be taken over a period of at least one full week, A two-thirds (2/3) majority of those voting will carry the amendment. At least fifty (50) people must vote.
- B. No more often than once every five years, the Board of Directors may amend Article IV (a) to change the numbers of shares required for a Full Share of common stock to a number whose total value shall not exceed \$100 multiplied by the ration of the Federal Bureau of Labor Statistics' Consumer Price Index (CPI-U) on the date of amendment to the CPI-U on January 1 1995.
- C. Any other part of these bylaws may be altered or amended by the motion of a Director at a regular Board of Directors Meeting and vote taken at the next regular Board of Directors Meeting.
- D. Any bylaw adopted or amended by the Board of Directors shall be reported at the nest regular membership meeting.