

Article I—Name

Bylaws of the Potsdam Consumer Cooperative – Potsdam, NY

Effective February 2008

Latest Amendment at the February 6, 2020 Annual Membership Meeting

This organization is incorporated under the Cooperative Corporations Law of the State of New York and is known as *Potsdam Consumer Cooperative, Inc.*, referred to in these Bylaws as the Co-op.

Article II—Purpose

The purpose of the Co-op is to meet the community's need for specialty and whole foods at the lowest possible cost, to support local suppliers, to encourage environmental respect, and to provide a model of responsible business practices based on co-operative principles.

Article III—Membership

Section 1: Any person of at least 18 years of age is eligible to initiate a membership by meeting the requirements of Section 2(a) and 2(b) below, and any other requirements which the Board of Directors may set. Hereinafter, a membership in good standing is any non-resigned membership which meets the requirement of sections 2(a) and 2(b) below, and such requirements as set by the Board of Directors. Hereinafter, a member is any person participating in a membership in good standing. A volunteer membership is any membership which has met the requirements for volunteer work as set by the Board of Directors.

Section 2: There shall be two classes of membership: Class C (“Consumer”) and Class E (“Employee”). Class E shares shall only be held by those who are currently classified as employees of the Co-op (either full time or part time), and others who are part of the same membership, except for the General Manager. Class C shares shall be held by all others.

Class E membership and equity may be obtained in one of three ways:

1) when a member becomes an employee of the Co-op, any membership the employee is part of shall immediately convert from Class C to Class E. The employee may opt out of this conversion by informing the Co-op at the beginning of their employment.

2) after completion of any probationary period specified in the Employee Handbook (but in no event greater than 90 days from the

beginning of employment), the employee shall be granted, at the Co-op’s expense, \$10.00 in equity to the membership, if any, that the employee is a part of. If the employee is not currently a member, this shall create a Class E membership for that employee. If the employee is already a member, the \$10.00 shall be added to the member’s equity account, up to a maximum accumulation of \$100.00 in equity. The employee may opt out of this by informing the Co op at the beginning of their employment.

3) annually, on the anniversary of the start of employment by an employee, the employee shall be granted, at the Co-op’s expense, \$10.00 in equity to the membership, if any, that the employee is a part of, up to a maximum accumulation of \$100.00 in equity. The employee may opt out of this by informing the Co-op before the anniversary date.

Annual dues, if any, shall be waived for Class E memberships.

Upon ending employment with the Co-op, the employee’s membership shall convert automatically and immediately from Class E to Class C. The employee may opt out of this by informing the Co-op at the end of their employment. If the employee opts out of this conversion, then the member shall be considered to have resigned from the Co-op, and shall be handled as a written resignation of membership as set forth elsewhere in these Bylaws.

Under no circumstances may any person hold Class E membership except those memberships which include a current employee. Under no circumstances may a membership be considered both Class E and Class C at the same time.

Each Class C membership shall be required

- a) to contribute \$10.00 to an equity account in the member’s name upon joining and by contributing \$10.00 to that account for each succeeding year of the membership up to a maximum accumulation of \$100.00.
- b) to pay a non-refundable yearly membership fee established annually by the Board of Directors and reviewed by the membership at the annual meeting.

Section 3: Each membership in good standing shall be entitled to one vote.

Section 4: After written resignation from the Co-op, a membership shall be entitled to a refund of funds in its equity account excluding funds in said equity account attributable to any Patronage Dividend. However, the balance of equity monies in the Co-op account may not be less than 80% of the equity monies recorded on January 1 of that year. A four-month waiting period is required for eligibility to re-join the Co-op. This waiting period shall be waived if the membership reinvests the refunded monies at the time of rejoining. The

organization shall not be responsible for the return of equity monies after a period of one year beyond the normal expiration of a lapsed membership. After one year beyond the normal expiration of a lapsed membership, these share monies will be considered donated to the general fund of the Co-op.

Section 5: It is the responsibility of each membership to provide the Co-op with a current address at all times.

Section 6: The public is allowed and welcome to shop at the Co-op, and to take advantage of such other Co-op services as the Board of Directors deems appropriate.

Article IV—Meetings of the Membership

Section 1: Annual and Special Meetings.

There shall be an annual meeting of the Co-op membership during the month of February for receiving annual reports of officers and of the manager, for conducting elections to the Board of Directors, and for transacting such other business as may properly come before the meeting. In addition, the Board of Directors may call special membership meetings. The Board must call a special meeting when petitioned to do so by a least thirty (30) memberships. The Board of Directors shall organize and preside over the annual meeting, all special meetings of the membership, and all elections.

Section 2: Quorum.

Voting may take place only at the annual meeting and at special membership meetings. A quorum is necessary to hold an election or conduct business. A quorum at membership meetings shall be 100 memberships or 10 percent of the total current memberships, whichever is smaller. Attendance by proxy shall count toward the quorum.

Section 3: Meeting Notices.

Notice of the annual meeting and of any special meetings of the membership shall be posted at the Co op at least thirty (30) days prior to the meeting and shall be sent to the recorded email address of record if available at least thirty (30) days prior to the meeting or the postal address of record by postal mail at least ten (10) days prior to the meeting. If an email notice is unable to be delivered within ten (10) days, a notice will be sent to the postal address of record. Notice of the annual meeting shall include names of and brief statements from each of the Board of Directors nominees, instructions for voting by proxy, and notice of any other motions of business to be considered at the meeting. Notice of a special meeting shall state the purpose(s) for which the meeting is called.

Section 4: Election to the Board of Directors.

The Nominating Committee shall make a public solicitation for and prepare a slate of candidates for the Board of Directors. This slate shall be posted at the Co op no later than thirty (30) days prior to the annual meeting with the prior consent of the nominees. This committee shall post the procedure for nomination of additional candidates at the Co-op at the same time that the

slate is posted. Election to the Board of Directors shall be based on class of membership, with Class C members electing Class C board seats, and Class E members electing the Class E board seat. Each membership shall cast up to the same number of votes as there are openings on the Board of Directors for their class of board seat. The winners will be those candidates receiving the highest number of votes cast for their class of board seat (including votes cast by proxy), provided there is a quorum. A tally of the election results shall be posted at the Co-op.

Section 5: Motions of Business.

The Board of Directors shall ensure that all motions of business to be considered at membership meetings are fairly presented, with adequate space given to opposing viewpoints, in advance notices to the membership as provided for in Section 3. Unless otherwise noted in these bylaws, passage shall be by two-thirds majority of those voting (including votes cast by proxy), provided there is a quorum. A tally of the voting results shall be posted at the Co-op. Decisions duly reached by the membership at a membership meeting shall be binding upon the Co-op, its staff, and its Board of Directors, unless such decisions countermand the obligations of Directors under these bylaws or under any law. Proposals involving a change in these bylaws must follow the procedures given in Article VII.

Article V—Board of Directors

Section 1: The membership of the Co-op shall be represented by an elected Board of Directors which is responsible for directing the policies of the Co-op. The Board shall consist of 13 Directors, 12 of which shall be considered Class C seats, and 1 of which shall be considered the Class E seat. Any member who holds a Class C membership shall be eligible for election to the Class C board seats. Any member who holds a Class E membership and who is also a current employee of the Co-op shall be eligible for election to the Class E board seat. Under no circumstances may the General Manager be elected or appointed to the Board of Directors.

Section 2: The term of office for those elected to Class C board seats is three years. The term of office for those elected to the Class E board seat is one year. An elected director shall serve no more than two consecutive elected terms plus the portion of an unexpired term to which he/she may have been elected or appointed. Any previously elected director will be eligible for re election or appointment to the Board of Directors after a lapse of one (1) year following service on the Board.

Each year Class C directors shall be elected for four seats with three-year terms, as well as for any vacant seats to complete the remainder of any unexpired terms. Each year the Class E seat shall be elected. Directors shall assume their official duty at the Board meeting immediately following the annual meeting.

Section 3: Duties of the Board of Directors shall include

the following:

1. Elect a president, vice-president, secretary, and treasurer annually as officers of the Board. In order to avoid a conflict of interest with the officers' oversight duties of the General Manager, only Class C memberships shall be eligible for an officer position.
2. Hold meetings of the membership and of the Board.
3. Hire and supervise management.
4. Consult with, seek advice from, and represent membership.
5. Inform the membership of Co-op and Board activities and decisions.
6. Determine overall policy including pricing and membership policies.
7. Arrange an annual independent review of Co-op accounts as explained in Article V Section 6.
8. Such other duties as are usual for a Board of Directors.

Section 4: Meetings of the Board of Directors shall be held at least quarterly, or as often as necessary and shall be open to all members.

Section 5: Committees: The Board shall appoint standing committees including Finance and Nominating. Other ad hoc committees shall be appointed as needed.

Section 6: The Board shall arrange an annual independent review of Co-op accounts to be conducted in accordance with review standards generally accepted in the U.S. with a full audit of accounts, conducted in accord with audit standards generally accepted in the U.S. to be conducted every five years or earlier if deemed necessary.

Section 7: Any member of the Board who misses more than three consecutive Board meetings without being excused by the President shall be deemed to have resigned. Any member who no longer holds the class of membership corresponding with their board seat (Class C or Class E) shall be considered to have immediately resigned.

Section 8: If a vacancy occurs for a Class C seat on the Board of Directors, a successor shall be appointed by a majority of Board members present at a regularly scheduled Board meeting. If a vacancy occurs for a Class E seat on the Board of Directors, potential candidates shall be nominated as per Article IV, Section 4, and a Special Meeting shall be held for Class E members only within 60 days of the seat becoming vacant. The successor must meet the requirements of holding that board seat as outlined in Article V, Section 1. The Board must be notified of this agenda item at least the (10) days in advance of the meeting. The term of the appointment shall be until the next annual meeting at which time a successor shall be elected by the membership to complete the remainder of the term of the Board member being replaced.

Section 9: A quorum for a meeting of the Board of Directors shall be a majority of its members.

Article VI—Dissolution

The dissolution of the Co-op may take place as provided in the Cooperative Corporation Law of the State of New York, as presently existing or hereinafter amended. Net assets remaining after paying debts and expenses shall first be used to reimburse equity monies. Any remaining assets shall be divided equally among membership in good standing.

Article VII—Amendments

These Bylaws may be adopted, repealed or amended on the affirmative vote of two-thirds of the membership voting thereon. Said vote shall be held at a meeting held in accordance with Article IV.

Article VIII—Finance

Section 1: Allocations to Member-Owners. The Cooperative shall at all times be operated on a cooperative basis for the mutual benefit of its Member Owners. In accordance with Subchapter T of the Internal Revenue Code, Article 5 of the New York Cooperative Corporations Law, and other applicable State and Federal laws, the Co-op may periodically declare a patronage dividend. Such patronage dividend will be based on the Co-op's net income during the period after allocation to a Reserve Fund. The patronage dividend will be allocated among the member-owners in proportion to each member-owner's total purchases during the period. At its sole discretion, the Board may distribute patronage dividends in cash, store credit, equity, or a combination thereof.

Section 2: Equity Capital. The Board of Directors shall manage the Cooperative's equity capital in a way to preserve and build upon the Cooperative's financial position while also allowing for redemptions of equity as and when the Cooperative has the financial strength to redeem equity. The Board of Directors may, from time to time, establish policies for redeeming equities, stock, or other forms of equity used for qualified or non qualified notices of allocation, or the Board may eliminate equity redemption policies in favor of a capital management policy. Any of these policies may contain offers of discounts or required retention of capital as part of any redemption of allocated equity. The Board retains the power to amend, modify or repeal these policies and may do so retroactively, all in the Board's sole discretion.

Section 3: Consent of Member-Owners. By obtaining or retaining Member-Ownership in the Cooperative, each Member-Owner consents to take into account, in the manner and to the extent required by federal and state tax law, the stated dollar amount of any written notice of allocation in the year such notice is received.