

**Sacramento Natural Foods Cooperative
Member Bylaws Input
March 29, 2019
Report Prepared by Heidi Kolbe, Facilitator**

The Sacramento Natural Foods Cooperative convened three facilitated sessions with 25 members to obtain input for the new bylaws. 1000 members were randomly selected and invited to participate in a conversation, with a choice of 3 sessions.

Session Objectives:

- Further understanding of the bylaws and their implications.
- Gather ideas to strengthen the bylaws.
- Gain information on important elements for new bylaws.

Session Agenda:

- Discussion of the value of the coop
- Cooperative group study of the current and proposed revised bylaws from last year
- Input on important elements to include in the new bylaws

Information Contain in This Report:

- Combined Input of Important Elements to Include in the New Bylaws (page 2)
- Comments on Existing Bylaws
 - March 16, 2019 Session (page 3)
 - March 19, 2019 Session (page 4)
 - March 24, 2019 Session (page 5)
- Comments on Last Year's Proposed Bylaws
 - March 16, 2019 Session (page 6)
 - March 19, 2019 Session (page 7)
 - March 24, 2019 Session (page 8)
- Input on Important Elements to Include in the New Bylaws by Group
 - March 16, 2019 Session (page 9)
 - March 19, 2019 Session (page 10)
 - March 24, 2019 Session (page 11)
- Participants and Session Feedback from All Sessions (page 12-13)

Combined Input - Important Elements to Include in the New Bylaws

Mission Transparency & Accountability	Clarity and Simplicity	Protect Membership	Board Requirements	Member Focus and COOP Sustaina
Principles before profits	Clear language throughout all sections	Majoritarian democracy	Help Board to do their job better	Reduce number of member meetings
Mission statement	Simplify bylaws	Percentage of membership can propose changes – vote of membership to implement	Dynamic turnover on Board	Reduce the number of required membership meetings (at least 2)
Functions and objectives	Write standards into the bylaws	Eliminate the possibility of a small group voting in big or any changes	Larger Board membership	Reduce or remove percentage of non-members for quorum
Section 1.02 in current bylaws	More clarity on “Special Meetings”	Avoid tyranny of minority	Enlarge Board members	Bylaw committee propose changes - member review before going to vote
Ensure balance (in all things)	Keep it simple and clear	Eliminate ability of a group of any size to take over Co-op (outside of normal election process)	Allow Board to meet by conference call from time to time	Maintain participation opportunities: Initiative, referendum processes go more inclusive for member participation
Transparency and accountability	VI Members: should include listing and definition of TYPES of membership	Balance percentage thresholds for current large membership	No removal of members on the Board of Directors “Except for cause” - define	Processes that require more participation from members
Keep what's working	Provisions around ownership and transfer of ownership	Voting of Board should be majority of Board members not majority of those present	Conviction of a felony/misdemeanor related to honesty or moral integrity	Enable decisions to protect Co-op's sustainability
Bylaw transparent and user friendly	Be consistent - 1) Chief “Executive” Officer 2) Chief “Governing” Officer	One member = one vote	Vital and dynamic nominating process	Membership focus
	Consistency, between sections, i.e. electronic voting	Protection against arbitrary decisions	Increase Board quorum to 2/3	Exclude: Working memberships
	Remove vague language. Example: Article VI 6.01 a) “Such uniform conditions” from proposed bylaws	Clarify the member grievance process	Include minimum number of Board members to make a quorum five (5)	Efforts put forth by the Board of Directors to increase education about participation
	“Definitions” for terms	Clarify language, reasons to suspend, terminate members	Expand Board to 9	Enhanced involvement
	Clarity of language	Include member termination procedures	Minimum number of Board seats (uneven number)	Includes a section guiding financial transactions
	Clarity, clear language	Revise member termination procedures	Define “Scope of work for each Board member “	Include list of what requires member voting
	Clear roles of Directors, members, officers, etc...	Pluralism (Minority inclusion)	Board development and recruitment	Encourage non-voting preferred shares (non-members)
	Analyze what 3% - 10% means in real numbers to see if that is reasonable	Due Process, minority has a way to advance ideas without alienating (Pluralism idea)	Lifetime limit on number of terms a Board member can serve	
	Add a glossary of terms and roles	Reasonable thresholds	Emphasis on seeking/nominating on a Board member, process to encourage Board members	
	Exclude: Sections that say “from time to time” or “without cause”	Pluralistic decision making		
	We need to define diversity	Assure no person amasses undue power		
		Nondiscriminatory protection		

Existing Bylaws - March 16, 2019 Group Comments

	Articles I, II, III, IV I. Name & HQ II. Definitions III. Membership IV. Shares	Articles V, VI, VII V. Termination of Membership VI. Governance VII. Member Meetings	Articles VIII, IX, X VIII. Directors & Other Officers IX. Nominations & Elections X. Mailed Ballots	Articles XI, XII, XIII XI. Finances XII. Patronage Refunds XIII. Committees
What stands out for you?	<ul style="list-style-type: none"> - Meets membership “requirement”? - Complying with such “uniform conditions”? - Members equal one vote - Board determining members “fair share” 	<ul style="list-style-type: none"> - V1: Definition of roles and description of relationships - V: Failure to patronize as reason for member expulsion - VII: Members can call for special meeting of Board (likes this requirement) - Quorum is 100 members (concerned about this requirement) 	<ul style="list-style-type: none"> - 8:01(d) No director shall be elected for more than 3 consecutive terms - 8:03(g) Any action required to be taken - 8:04(b) Any and all directors may be removed without cause... - 8:04(c) Except... 	
What are the implications?	<ul style="list-style-type: none"> - Every member has a voice/vote is equal - Shares/memberships not transferable 	<ul style="list-style-type: none"> - Enthusiasm for member participation - Overall health of the Co-op - Updates? 	<ul style="list-style-type: none"> - Why the term limits if members wish to maintain the current Director? - Are they still allowed to act in the Director's capacity? - Notifications to members unclear of these actions 	
What suggestions do you have to strengthen the bylaws?	<ul style="list-style-type: none"> - None 	<ul style="list-style-type: none"> - Easy to understand vocabulary, include definitions of legal terms - Clarify relationships between members, Board, manager, staff - Update requirements/processes for quorum to reflect increased membership 	<ul style="list-style-type: none"> - Clarify ability to serve during term or final court order - Examples of what these actions which are permitted or required are 	

Existing Bylaws - March 19, 2019 Group Comments

	Articles I, II, III, IV I. Name & HQ II. Definitions III. Membership IV. Shares	Articles V, VI, VII V. Termination of Membership VI. Governance VII. Member Meetings	Articles VIII, IX, X VIII. Directors & Other Officers IX. Nominations & Elections X. Mailed Ballots	Articles XI, XII, XIII XI. Finances XII. Patronage Refunds XIII. Committees
What stands out for you?		<ul style="list-style-type: none"> - Expulsions are sadly necessary quorum requirements (concerned about this requirement) - Right of appeal (concerned about this requirement) - Quarterly meetings - 7 is a funky number - Term limits are a compromise 	<ul style="list-style-type: none"> - Comprehensive and clear to me (unlike others I have read) - VIII: Diverse Board – term limits - Recall by 20% – maybe too high 	<ul style="list-style-type: none"> - 11.01: Fiscal Year to change - w - 11.02: What percentage of mer approval - 11.02 and 11.03: Longer notice - 13.02 Mandated Committees, Committee to educate members Committee responsible for bylav and Board policy
What are the implications?		<ul style="list-style-type: none"> - Meetings are very prescriptive - Cooperative takeover (concerned about this requirement) - High frequency => low attendance - 7 is ok until you go to 6...or 5 	<ul style="list-style-type: none"> - Majority of these present - One can be on the Board without connecting with the members - Too high percentage could preclude/prohibit (member direct control) 	<ul style="list-style-type: none"> - Percentage to vote to be stated - One week insufficient notice fo major borrowing - Member education should be emphasized
What suggestions do you have to strengthen the bylaws?		<ul style="list-style-type: none"> - 9!? - Need to split the member meeting from member/Board access - Remove appeal - Member meeting motions trigger vote of all members 	<ul style="list-style-type: none"> - Modernize recall - Keep the clarity 	<ul style="list-style-type: none"> - Clarify tax implications - patron

Existing Bylaws - March 24, 2019 Group Comments

	Articles I, II, III, IV I. Name & HQ II. Definitions III. Membership IV. Shares	Articles V, VI, VII V. Termination of Membership VI. Governance VII. Member Meetings	Articles VIII, IX, X VIII. Directors & Other Officers IX. Nominations & Elections X. Mailed Ballots	Articles XI, XII, XIII XI. Finances XII. Patronage Refunds XIII. Committees
What stands out for you?	- Use of the word "property"	- Reasons for expulsion (concerned about this requirement) - Governance seems ok. What is job description? (likes this requirement) - Number of required membership meetings - Is required number for membership realistic? - Special meetings?	1) Number of Board members 2) 8.01: Use of executive session(s) 3) Removal of Board members (directors) without cause (20%??) 4) Percentage of members who must approve referendum or initiative	
What are the implications?		- Reasons seem overkill - If number of meetings is reduced, does that reduce transparency? - Is 2% realistic (or 100) to have a quorum	1) Distribution of work; wider array of opinions/input 2) Perception of exclusion? (can be used in a retaliatory or manipulative manner) 3) Vague, but may be justifiable in rare cases 4) 10% ok? How many active members?	
What suggestions do you have to strengthen the bylaws?		- Completely revise expulsion section - Alternative to percentage of members necessary for various meetings	1) Increase board to 9 or 11?? 2) OK as long as not abused (if no history of abuse, fine as is?) 3) Examples of past actions? 4) 10% still good??	

Proposed Bylaws - March 16, 2019 Group Comments

	Articles I, II, III I. Definitions II. Board of Directors III. Officers	Articles IV, V, VI IV. Ballots V. Governance of the Coop VI. Members	Articles VII, VIII VII. Member Meetings VIII. Shares	Articles IX, X, XI, XII, XIII IX. Patronage X. Accounting XI. Indemnification & Sa XII. Referendums XIII. Amendments
What stands out for you?	<ul style="list-style-type: none"> - Sole discretion - CEO 2.01 “Natural persons” - 2.04 vacancy/removals: Felony, theft, embezzlement, and ability to be truthful - 3.05 Delegation of powers/duties “or any other reason” 	<ul style="list-style-type: none"> - 5.04 Officers <ol style="list-style-type: none"> 1) Why only “employees”? 2) Further define “discretion of the Board”? - 5.04 Officers: Membership – where included? (concerned about this requirement) - What position is exempt? How many Board members? No responsibility for each member? 		
What are the implications?	<ul style="list-style-type: none"> - Rationale for provisions (reaction to history) - Number for nominations and recall should be simple - Discretion vs regulation/procedural control - Compensation 	<ul style="list-style-type: none"> - Removal of membership involvement in governance? - Unclear 5.03 and 5.04 – difficult to understand - Why CEO nominates people? Why not the Board? 		
What suggestions do you have to strengthen the bylaws?	<ul style="list-style-type: none"> - Voting process - “electronic” vs physical process - Ballots – mailed or electronic ballots - Code of conduct - Mission 	<ul style="list-style-type: none"> - Chief Governing Officer on pg 4 3.02 section 5.04 CEO be consistent if they are the same - Where are all the officers of the Board listed? And responsibility - Article VI Members, A, B, C: What uniform conditions? Not clearly stated - Sec 6.06 Suspension: C. any other reason Not acceptable – All reasons should be clearly stated - Article VI Members, Any membership involvement in this process? 		

Proposed Bylaws- March 19, 2019 Group Comments

	Articles I, II, III I. Definitions II. Board of Directors III. Officers	Articles IV, V, VI IV. Ballots V. Governance of the Coop VI. Members	Articles VII, VIII VII. Member Meetings VIII. Shares	Articles IX, X, XI, XII, XIII IX. Patronage X. Accounting XI. Indemnification & Savings XII. Referendums XIII. Amendments
What stands out for you?			<ul style="list-style-type: none"> - 5% of the members = quorum at member meetings (likes this requirement) - “Major transactions” require majority vote of members?? - Subject to assessment for capital needs - Fair share investment 	<ul style="list-style-type: none"> - “Capital credits” - “Extraordinary gains” - “Non-patronage earnings”
What are the implications?			<ul style="list-style-type: none"> - Would 5% quorum ever be met for a special meeting? If not, what would that mean? - Members can be required to provide additional funds 	<ul style="list-style-type: none"> - No more ownership idealism
What suggestions do you have to strengthen the bylaws?			<ul style="list-style-type: none"> - Not clear what the point of a quorum at most member meetings would be 	<ul style="list-style-type: none"> - Encourage member PARTICIPAT

Proposed Bylaws- March 24, 2019 Group Comments

	Articles I, II, III I. Definitions II. Board of Directors III. Officers	Articles IV, V, VI IV. Ballots V. Governance of the Coop VI. Members	Articles VII, VIII VII. Member Meetings VIII. Shares	Articles IX, X, XI, XII IX. Patronage X. Accounting XI. Indemnification Savings XII. Referendums XIII. Amendments
What stands out for you?	<ul style="list-style-type: none"> - Board comprised of nine (9) members vs. seven (7) - Directors may be bonded 	<ul style="list-style-type: none"> - Unclear that CEO as President of the board? - Why Secretary-Treasurer “one person” - How reserves are handled in liquidation (concerned about this requirement) - Officers don't equal Board members – do they have a vote? - Ability to suspend membership 		
What are the implications?	<ul style="list-style-type: none"> - Without a minimum number of seats, 2/3 could be a low number - What size should a quorum be? 	<ul style="list-style-type: none"> - Officer positions may be jointly held - Board is trusted to protect the co-operative (likes this requirement) 		
What suggestions do you have to strengthen the bylaws?	<ul style="list-style-type: none"> - Should there be a minimum number of Board seats? 	<ul style="list-style-type: none"> - Registered mail only (to know the date of receipt and 15 day starts) - Change “not less than 5 days” to “not less than 3 days” - Clarify voluntary termination process (email ok?) - Change ANY other reason to “other reason except...discrimination against protected class” (likes this requirement) 		

What are the important elements to include in the new bylaws?

March 16, 2019 Member Group

<p>Mission Statement</p> <p>Functions and Objectives</p> <p>Section 1.02 in current bylaws</p>	<p>No removal of members on the Board of Directors</p> <p>“Except for cause”-Define</p> <p>Conviction of a felony/misdemeanor related to honesty or moral integrity</p>	<p>Define Scope of work for each Board member</p> <p>Clear roles of directors, members, officers, etc...</p> <p>Protection against arbitrary decisions.</p>	<p>Clarity of language</p> <p>Clarity, clear language</p> <p>Be consistent: Chief “Executive” officer, Chief “Governing” officer</p> <p>Consistency between sections i.e. Electronic voting</p> <p>Remove vague language. Example: Article VI, see 6.01 a) “such uniform conditions” from proposed bylaws</p> <p>“Definitions” for Terms</p>	<p>VI Members should include listing and definition of TYPES of membership</p> <p>Enable decisions to protect Co-Ops sustainability</p> <p>Analyze what 3% - 10% means in real numbers to see if that is reasonable</p>	<p>Provisions around ownership and transfer of ownership</p> <p>Assure no person amasses undue power</p> <p>One member = one vote</p>	<p>Emphasis on seeking/nominating on a board member.</p> <p>Process to encourage board members</p> <p>Vital and dynamic nominating process</p>	<p>Processes that require more participation from members</p> <p>Membership focus</p> <p>Nondiscriminatory protection</p>
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What are the important elements to include in the new bylaws?

March 19, 2019 Member Group

Transparency & Accountability	Help Board To Do Their Job Better	Enhanced Involvement	Majoritarian Democracy	Clarity and Simplicity	Pluralism (Minority Inclusion)	Dynamic Turnover on Board
Ensure balance (in all things)	Larger Board membership	Maintain participation opportunities	Percentage of membership can propose changes · vote of membership to implement	Clear language throughout all sections	Due Process: Minority has a way to advance ideas without alienating (Pluralism idea)	Board development and recruitment
Principles before profits	Enlarge Board members	Keep what's working		Simplify bylaws		Lifetime limit or number of term
Transparency and accountability	Allow Board to meet by conference call from time to time	Initiative, referendum processes good – more inclusive for member participation	Eliminate the possibility of a small group voting in big or any changes	Bylaw committee propose changes · member review before going to vote	Reasonable thresholds	Board member to serve
			Avoid tyranny of minority	Write standards into the bylaws	Pluralistic decision making	
			Eliminate ability of a group of any size to take over Co-op (outside of normal election process)	More clarity on “Special meetings”		
			Balance percentage thresholds for current large membership	Keep it simple and clear		
			Voting of Board should be majority of Board members not majority of those present			

What are the important elements to include in the new bylaws?

March 24, 2019 Member Group

Working Memberships	Financial Transactions	Clarity	Board	Membership Meetings	Protecting Larger Membership Pool	Educate Community on Participation	Grievance Process
Exclude: Working membership	<p>Includes a section guiding financial transactions</p> <p>Include a list of what requires member voting</p> <p>Encourage non-voting preferred shares (non-members)</p>	<p>Add a glossary of terms and roles</p> <p>Exclude: Sections that say “from time to time” or “without cause”</p> <p>Bylaw transparent and user friendly</p> <p>We need to define diversity</p>	<p>Increase Board quorum to 2/3</p> <p>Include minimum number of Board members to make a quorum (5)</p> <p>Include Board maximum number of annual absences</p> <p>Expand Board to 9</p> <p>Minimum number of Board seats (uneven number)</p>	<p>Reduce number of member meetings</p> <p>Reduce the number of required membership meetings (at least 2)</p> <p>Reduce or remove percentage of owner members for a quorum</p>	<p>Clarify language and reasons to suspend and terminate members</p> <p>Include member termination procedures</p> <p>Revise member termination procedures</p>	<p>Efforts put forth by the Board of Directors to increase education about participation</p>	<p>Clarify the member grievance process</p>

Participants and Session Feedback from All Sessions

	03/16/19	03/19/19	03/24/19
Participants	Linda Chappiditty, Dennis Chappibitty, Linda McGinley, Fardia Taylor, Gwinnith Clara, Nileen Verbeten, Michael Greene, Janice Critchlow, Kay Price, Daniel Gannon	Janis Matthews, Don Knutson, Roseanne Chamberlin, Robin Ely, Scott Graves, Michael French	Jack Haskel, Nicole Klimek, Sue Brill-Lehn, Gary Brill-Lehn, Anara Guard, June Wiaz, Ruthanne Jahoda, Tricia Stevens, Chéri Nelson
What did you like about this session?	<ul style="list-style-type: none"> • Great process in encouraging input! • The encouragement to speak on a person's point of view. • Process, brevity, other participants • Welcoming • All inclusive • Facilitation was great and organization was good. 	<ul style="list-style-type: none"> • Facilitator • Having the ability to provide my input to the Co-op • Interactive, quick moving • Collegial group, great open discussion • Great facilitation, great ideas/conversation 	<ul style="list-style-type: none"> • Good organization and CO-OPERATION! :) • Very participatory structure • Organization • Chance for additional Q & A. I liked the cha to be here • The sticky wall • Well organized – task clear to participants, display of outcomes fascinating (A->B-> C-> priorities) • Well run; thanks for sticking to the time • The process worked well • Everyone was heard. Efficient use of time
Suggestions for improvement?	<ul style="list-style-type: none"> • None. With limited time process was very effective • More time to prepare and more time at introduction to identify purpose and function of a bylaws document • Time sort of screws up my am and my pm. Maybe 1 or the other • Make sure the original spirit of the Co-Op still shines thru after all the changes that have occurred in the last 2-3 years • Place tables a little closer together if possible • Keep doing what you are doing 	<ul style="list-style-type: none"> • Member involvement • ? • A few more participants, maybe they'll turn up on weekend • Send out reading “homework” earlier 	<ul style="list-style-type: none"> • Explain from outset why the two document were not being “linked” more directly • Explain at start why bylaws needed change, give examples • Explain more why we are here. Some peopl were confused • Side by side comparison/omissions and wh • Hustle up a few more participants, but the group, though differing in opinions, was thoughtful • What went wrong in last voting? • None

	03/16/19	03/19/19	03/24/19
What did you learn in this session?	<ul style="list-style-type: none"> • Significant fundamental issues/points to include in new bylaws • I learned about the bylaws • Bylaws can be interesting, much more about SNFC's Bylaws • A lot of work still to be done on the bylaws • Bylaws need to be revised • More details of the bylaws and other member's concerns 	<ul style="list-style-type: none"> • A little bit more about bylaws • How low member participation is • A lot more about the bylaws • Better understanding of Co-op administration problems • A few more people than I thought are concerned about the possibility of tyranny of the minority 	<ul style="list-style-type: none"> • The Board heard loud and clear the need for owner input (after last year's failed attempt) • The Community was successfully engaged! • Board can make significant decision with sn numbers • That our bylaws are slightly archaic :) • How dull being a lawyer can be • More bylaw details, how Co-op could run! • First email that was sent • More about how the Co-op operates
Now that you have a better understanding of the bylaws, what revisions do you consider necessary?	<ul style="list-style-type: none"> • Better definition on reasons for removing Board members • Revising some of the language make it clear • See notes from meeting! • Clarity of language is so important • Clarity of the language as well as keeping language usable for all members • I have provided this during our session • Clarity of existing language and not so much changing how the GM/CEO is involved • Keep the members and their voting as part of the governance process 	<ul style="list-style-type: none"> • Majoritarianism democracy • Update to best practices or bring up best providers • Would need to look more carefully at wording, it's a big job • Eliminate possibility of a takeover by a group of any size 	<ul style="list-style-type: none"> • Increase Board numbers most important • We wrote them during the meeting: 1. Strengthening the Board and viability and oversight of the Board 2. Strengthening the participation of the membership. (Educate membership on the value of their participation) Make clarity and transparency priority so member CAN engage • Make sure there is a simple conduit for members to make suggestions to the Board e.g. email address for that purpose • Minimum number of Board seats. • Exclude working members • Definitions! Glossary suggestion is good – prior bylaws a bit too “jargony” for most of us as members • I've already spoken up about those. Clarify that owner/members are welcome at all Board meetings • Review bylaws at pcta.org for suggestions • Board procedures, membership meetings

