

SNFC BYLAWS
Comparison of material changes

Item	Bylaw Provision	Proposed bylaws	Current bylaws (2016)	Comments on changes
1.	Language, style and format	Plain English	Traditional legalese	<p>Proposed bylaws use words economically and at a level members can understand. The sentence structure is tight and direct. The format is visually appealing. Information is not unnecessarily repeated.</p> <p>The bylaws should be easy to read and look like they're meant to be read. The legalese and jargon of the past have given way to everyday words that communicate necessary information clearly.</p> <p>The proposed bylaws also make changes designed to provide the co-op flexibility to address its needs as the competitive landscape evolves and as its membership base continues to increase.</p>
2.	Name and location	Not included	States name and headquarters (§ 1.01)	Eliminates redundant information as the co-op's name and principal office is included in the articles of incorporation.
3.	Nondiscrimination	Membership, employment and operations are all subject to blanket non-discrimination rules (§ 1.03) (§ 2.01)	Identifies specific categories of persons subject to nondiscrimination (§ 1.02(c)) (§ 3.01)	Makes nondiscrimination statement broader and reduces the potential need to amend bylaws as state laws or social norms add more categories.
4.	Co-op mission report	Co-op will provide members an annual mission report (§ 1.04)	Not included	Improves transparency to members by regularly reporting on efforts to achieve the co-op's mission and goals.
5.	Definitions	Not included as a separate section	Lists certain definitions in a separate section (Article II)	Reduces jargon and legalese by reducing numerous defined terms and eliminating the need to constantly flip back and hunt for the first time a defined term's definition appears.

6.	Entity membership	Entities may not become members (§ 2.01)	Persons (including entities AND natural persons) may become members	Clarifies that “person” in the context of membership means natural persons only.
7.	Discounts for labor	Not included	Members may receive discounts on purchases in exchange for labor (§ 3.06)	No longer practical for the co-op.
8.	Redemption of preferred shares	Termination of membership doesn’t trigger redemption (§ 3.03(b))	Silent	Makes it clear that the board determines the redemption rights of preferred shares (as stated in the articles of incorporation), but that simply terminating membership will not trigger redemption rights.
9.	“Fair share”	Not included	The board may periodically set a minimum amount each member must invest, including an annual investment obligation (§ 4.05(a) and (c)) (§ 4.06)	Eliminates the redundant concept of “fair share” to address the co-op’s capital needs, while retaining the co-op’s ability to require additional investment from members through assessments on common shares.
10.	Expulsion of members	A member may be expelled for any justifiable reason (§ 4.03)	A member may be expelled for several listed reasons, or for any other justifiable reason (§ 5.03)	Eliminates specific listed reasons, which are redundant to the catch-all “any other justifiable reason.” Also eliminates language describing the process for expulsion as this simply repeats language in the cooperative statute.
11.	Governance	Not included	Includes a separate section stating basic governance principles (Article VI)	Eliminates repetitive information that is governed by the cooperative statute.
12.	Frequency of regular member meetings	Annual meeting to be held each year for election of directors and other member business (§5.01(a))	Quarterly meetings to be held, with one of those to be for the election of directors (§ 7.02)	Aligns requirement for an annual meeting with the cooperative statute and eliminates the time and expense necessary to hold three additional formal member meetings.
13.	Member engagement	Board will establish regular opportunities for	Not included	Requires the board to focus on ways to communicate about co-op activities, solicit feedback from members, and maintain

		member engagement (§ 5.11)		participation by members and the board, via at least 3 functions per year.
14.	Quorum for member meetings	Quorum consists of (1) the greater of 100 active members or 2% of all active members; or (2) 5% of all active members to act on member-initiated business (§ 5.07)	Quorum consists of the lesser of 100 members or 2% of all members (§ 7.05)	Changes the effective quorum requirement to 2% of active members (and to 5% for member-initiated business) to help ensure that a very small number of members cannot take action on behalf of the entire co-op membership. Also eliminates language describing action after a quorum is present and adjournment as this simply repeats language in the cooperative statute.
15.	Member meeting notices	Notice to members must be provided at least ten days before annual meeting and within 20 days after request for special meeting (§ 5.05(b))	Notice of all meetings must be provided at least 20 days before meeting date (§7.01)	Aligns the member meeting notice requirements with the cooperative statute's requirements for regular and special meetings. Also eliminates language describing the requirements for setting a special meeting date as this simply repeats language in the cooperative statute.
16.	Voting at member meetings	If a quorum is present, member action is approved with either (1) a majority of all active members, or (2) a majority of members voting and confirmation by 2/3 board vote (§ 5.08(b))	If a quorum is present, member action is approved with a majority of members voting (§ 7.05(a))	Changes the member approval threshold to ensure that a very small number of members cannot take action on behalf of the entire co-op membership unless that action is in the best interests of the co-op and all members.
17.	Meetings with electronic communications	Board may authorize members to participate in meetings by electronic communications (§ 5.10)	Silent	Makes is clear that members may participate in meetings by electronic communications as provided in the cooperative statute.
18.	Member-initiated business at member meetings	Members may initiate business at annual meetings by providing advance notice with	Members may petition for a referendum by obtaining signatures	Establishes a clear process for members to bring business items for member approval, which is designed to ensure that proper member business cannot be excluded from member meetings while also ensuring that any

		signatures from 5% of active members, or by calling a special meeting with signatures from 5% of active members (§ 5.01(b)) (§ 5.02)	of 10% of all members (§ 10.06)	member-initiated proposal has sufficient member support to be an action item.
19.	Number of directors	Board is set at nine directors (§ 6.01(a))	Board is set at seven directors (§ 8.01(a))	Expands the board to nine directors in order to allow for greater governing capacity, better continuity and wider diversity. The co-op's articles of incorporation also set the number of directors at seven. The articles of incorporation would be amended in connection with changes to the bylaws to allow members more flexibility in changing the number of directors as circumstances change in the future by amending the bylaws only instead of amending the articles of incorporation as well.
20.	Term limits for directors	Increases time-out after maximum service to 3 years. (§ 7.04)	No person may serve as a director for more than three consecutive three-year terms (§ 9.01)	Clarifies language on the rules, which are currently opaque. Increases time-out to ensure healthy board refreshment and turnover while also eliminating the ability for a person to hit the term limit and then start a new term after sitting out for only one year.
21.	Nominations for director	Nominations may be made (1) by the board (or a board committee) or (2) by 5% of active members (§ 7.01)	Nominations may be made (1) by the board and nominating committee or (2) by 3% of members (§9.02)	Changes the threshold for member nominations to be consistent with threshold for other member-initiated action (e.g., calling special meetings and bringing business for member action at meetings).
22.	Procedures for board elections	Silent	Includes detailed provisions on election procedures such as using mailed ballots and other matters (Article X)	Eliminates repetitive information that is procedural in nature and is largely governed by the cooperative statute.

23.	Board meetings	<p>Board meetings will be held regularly (§ 6.07)</p> <p>Notice of meetings must be posted on co-op's website and in the store; notice of special board meetings must be given to directors at least 24 hours before meeting (§ 6.08)</p>	<p>Board meetings must be held monthly (§ 8.03(a))</p> <p>All meetings must have at least seven days' notice (§ 8.03(a))</p>	<p>Gives the board more flexibility in determining meeting frequency and dates, which still ensuring that timely notice is provided to members through the co-op's website and at the store.</p> <p>Allows board to meet quickly in emergency circumstances.</p>
24.	Board committees	Board may establish special or standing committees as needed (§ 6.04)	Board may establish standing committees as needed, but is required to establish certain enumerated committees (§ 13.01) (§ 13.02)	Changes consistent with more traditional bylaws, which generally don't include details such as committee composition and process that is customarily reserved to the discretion of the board. Also gives board the express ability to appoint members to board committees.
25.	Officers	Officers are chosen by the board when necessary (§ 9.02)	Officers are chosen by the board within two regular board meetings after election (§ 8.05(a))	<p>Officers duties and appointments are at the discretion of the board. Allows the appropriate person to be assigned duties irrespective of whether they are a director.</p> <p>Eliminates prescribed time periods for officer appointment to give the board more flexibility on the appointment of officers.</p>
26.	Co-op loans	<p>Prohibits making loans to officers or directors (§ 11.04(a))</p> <p>Co-op may borrow funds with approval of members, or in extreme circumstances with the approval of the board. (§ 11.04(b))</p>	Co-op may not borrow funds secured by a mortgage without member approval (§ 11.02)	Gives the co-op the ability to react quickly to opportunities that come our way, and allows the co-op to borrow money quickly if in financial straits, while maintaining the control of the members is normal operating circumstances, such as planned expansion.

--	--	--	--	--