

## CLIPPER CITY CO-OP BYLAWS

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### SECTION 1. Corporate Affairs

1.1 *Name*. The name of the cooperative shall be Clipper City Co-op, (referred to as the “Co-op” in the remainder of these Bylaws).

1.2 *Purpose*. Clipper City Co-op is a full-service, consumer-owned cooperative grocery store featuring local, healthy, and fairly priced food for the community. The Co-op is organized to engage in any lawful activity within the purpose for which a cooperative association may be organized.

1.3 *Articles of Organization*. The articles of organization are made a part of these bylaws. In case of any inconsistency between the articles of organization and these bylaws, the provisions of the articles of organization are controlling.

1.4 *Fiscal year*. The Co-op’s fiscal year shall be from January 1 to December 31.

1.5 *Corporate records*. Copies of corporate records, including the Articles and Bylaws, records of meetings, and stock and transfer records containing the names of all owners, shall be kept by the Secretary at the principal office of the Co-op. These records shall be available to owners for inspection at reasonable times.

1.6 *Membership (aka Ownership) Stock*. The Co-op is organized with one class of stock known as Ownership Stock: Class A stock. Class A stock shall be issued only to a person or household eligible to become an owner of the Co-op as prescribed by the Co-op’s articles and bylaws. Each owner shall hold only one share of Class A stock and each eligible holder shall be entitled to one vote in any meeting of the owners. No dividends shall be paid on Class A stock. Class A stock shall be transferred and transferable only on the books of the Co-op. Class A stock shall be redeemed upon request of the owner following the termination of ownership status in accordance with these bylaws or under other compelling circumstances approved by the Board of Directors. Redemption shall be made in such periodic payments and at such times as



determined by the Board. Redemption proceeds shall be limited to the par value or net book value, whichever is less, minus a reasonable processing fee, if any, as determined by the Board. No redemption shall be made when, in the opinion of the Board, such payment would impair the solvency of the Cooperative.

## **SECTION 2. Ownership**

**2.1 Ownership Eligibility.** Ownership is open to any person or household interested in purchasing the goods or utilizing the services offered by the Co-op. Submitting a completed ownership application and an initial payment towards one (1) share of Ownership Stock is required in order to become an owner. The Board has the discretion to establish payment plans and to determine what constitutes an adequate initial payment towards an Ownership share. An application for ownership may be subject to approval by the Board of Directors. An owner is considered to be current and in good standing if the owner has made a purchase at least once in the past eighteen (18) months and the required installment payments have been made. The requirement that each owner make at least one purchase in each eighteen (18) months shall not go into effect until the Co-op opens a store for business.

**2.2 Voting rights.** Each owner, whether an individual person or a household, is entitled to only one vote.

**2.3 Non-patron owners.** The Co-op does not authorize non-patron owners.

**2.4 Discrimination.** The Co-op shall not discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, political affiliation, or other arbitrary basis.

**2.5 Termination of Ownership.** Ownership may be terminated in the following three ways:

- a) Voluntarily by written notice from the owner to the Co-op;
- b) Automatically when an owner is delinquent in the payment of her/his/its installment payment on their ownership share to the extent determined by the Board;
- c) By decision of the Board of Directors with the right of appeal to the general ownership;
- d) After the failure to make a purchase at the Co-op in an eighteen (18) month period.

**2.6 Transferability of Ownership.** Co-op ownership is not transferable or divisible.



*2.7 Notification of change of name or address.* Owners are required to notify the Co-op of changes in mailing address, email address, and/or name.

### **SECTION 3. Meetings of Owners**

*3.1 Annual Ownership Meeting.* The annual ownership meeting shall be held within six (6) months after the end of the fiscal year.

*3.2 Special Ownership Meetings.* Additional ownership meetings may be called by a majority of the Board or by twenty percent (20%) of the owners. Special ownership meetings called by the owners shall be held within thirty (30) days of the date the request is submitted to the Board.

*3.3. Notification of Ownership meetings.* Written notice stating the place, day, and hour of an ownership meeting shall be given to the ownership not less than fourteen (14) days before the meeting at the direction of the Board president. Notice of special ownership meetings shall include the reason for the meeting. Such notice shall be given in accordance with state statute.

*3.4. Quorum.* A quorum shall be ten percent (10%) of the owners; provided, however, that a quorum shall never be more than fifty (50) owners nor less than five (5) owners or a majority of all owners, whichever is less. Ownerships represented by signed ballots may be counted in computing a quorum only on those motions for which the signed ballots were submitted.

#### *3.5 Voting.*

- a) All owners in good standing may vote on matters put before the ownership.
- b) Unless otherwise required by state statutes or these Bylaws, decisions at ownership meetings shall be made by majority vote of those owners casting a vote at the meeting, if a quorum of owners is met.
- c) To cast a ballot by mail, an owner shall mark the ballot, seal the ballot in a plain envelope bearing the owner's name and the words "BALLOT ENCLOSED," or similar words, and enclose that envelope in another envelope addressed to the Co-op.
- d) Owners may vote via an alternative ballot. "Alternative Ballot" means a method of voting, prescribed by the Board in advance of the vote, that permits a vote to be cast electronically, telephonically, via the Internet, or by any similar means that reasonably allows owners the opportunity to vote. To cast an alternative ballot, an owner shall follow the procedures allowed by the Board.



- e) An owner entitled to vote may do so by proxy if proxy authority is granted in accordance with Wisconsin Statute 193.565. Any proxy authority that is granted is limited to one (1) meeting or one (1) voting period.

3.6 *Petitions.* Any matter that the owners wish to put before the ownership via a Co-op vote may be placed on the ballot in the following way. If a petition signed by at least five percent (5%) of the total number of owners in good standing is submitted, the President shall place the issue on the ballot for the next regularly scheduled Co-op vote. If a petition is signed by at least twenty percent (20%) of the total number of owners in good standing, the President shall schedule a special vote no sooner than 30 days and no later than 75 days from the date the petition is submitted.

#### **SECTION 4. Board of Directors and Officers**

4.1 *Number and terms of Directors.* There shall be nine (9) directors on the Board. Directors shall be elected for terms of three (3) years. Terms of directors shall be so staggered that one-third (1/3) of the terms, or as nearly so as may be practicable, shall expire in each year. To facilitate staggering of terms, some directors may periodically be elected for one (1) or two (2) year terms. Directors shall hold office until their successors are elected or until their terms are terminated sooner in accordance with these Bylaws. Directors shall not be limited in the number of terms they may serve.

4.2 *Qualifications of Directors.* In order to qualify for election to the Board, an owner must (i) be in good standing, (ii) not be paid staff of the Co-op, and (iii) not be associated with interests adverse to the Co-op (as determined in the discretion of the Board).

4.3 *Election of Directors.* Directors will be elected through a process set forth by the Board of Directors during a voting period that includes the Annual Meeting. Voting occurs at each of the locations where consumer owners shop or such other location in the city or in the neighborhood, as chosen by the Board. A simple majority determines the winners.

4.3 *Resignation or removal of a Director.*

- a) Any Director may resign at any time with written notice to the Board of Directors.
- b) At a meeting, after establishing quorum, the Board of Directors may remove a Director upon a two-thirds (2/3) vote of all non-conflicted Directors. The Board shall give itself at



least a ten (10) day written notice by certified mail of its intent to remove a Director and the basis for removal. Notice will be complete upon mailing. The Director will have an opportunity to present a response. The Board will hear the Director's response, deliberate, and vote in a closed session unless the affected Director and a majority of the remaining Directors vote to open the meeting, or any portion of it. Outside counsel or witnesses will be allowed only upon a majority vote of the unaffected Directors. Notice of the removal shall be given to the Director by certified mail and to the owners in good standing in the newsletter.

- c) At an owners meeting, after establishing quorum, a director may be removed from office by a two-thirds (2/3) vote of the ownership. Written notice shall be given to owners in accordance with Bylaw 3.3 and shall include a statement of intent to remove a Director. The Director will have an opportunity to present a response. The owners will hear the Director's response, deliberate, and vote in a closed session unless the affected Director and a majority of the owners vote to open the meeting, or any portion of it. Outside counsel or witnesses will be allowed only upon a majority vote of the owners. Notice of the removal shall be given to the Director by certified mail and to the owners in good standing in the newsletter.
- d) A Director's position shall be considered vacant:
  - I. after two (2) consecutive unnotified absences from any Board meetings,
  - II. if it is determined that the Director is no longer a owner of the Co-op;
  - III. based on any other criteria established in Board policy.
- e) Board meetings include special meetings, special Board meetings and orientation/training sessions. The absent Director must notify the Board president, vice president or designated agent by telephone, in person, or by email prior to the start of the meeting.
- f) In the event of a vacancy on the Board of Directors, the Board may choose to temporarily fill the vacancy by majority vote of the Directors in office or to leave the position vacant. An election by the owners at the next Annual Ownership Meeting shall fill the position for the remainder of the term, if any remains.

**4.5 Officers.** Officers of the Co-op shall be President, Vice President, Secretary, and Treasurer. Other Cooperative officials may be established by Board policy. The duties of the officers shall be determined by the Board and shall be in accordance with any applicable state statutes. The president shall provide the agenda for the Board meeting to the Directors. The officers shall be elected for one (1) year terms at the inaugural meeting following the Board of Directors election. The officers shall be elected from and by the Board of Directors.



#### *4.6 Resignation or removal of an officer*

- a) Officers may be removed by a vote of two-thirds (2/3) of the unaffected Directors.
- b) Any officer may resign at any time with written notice to the Board of Directors.
- c) Vacancies shall be filled by the Board at the next Board meeting.

*4.7 Committees of the Board.* The Board of Directors may establish standing and ad hoc committees as deemed necessary. Each Committee shall have a Charter granted by the Board and shall report directly to the Board.

*4.8 Director compensation.* The Co-op will reimburse Directors for reasonable and necessary expenses connected with fulfilling Board of Director duties. Director compensation, above and beyond reasonable and necessary reimbursements, will be determined by owners at annual or special ownership meetings.

*4.9 Education of Directors as required under Wisconsin Statute 193.478.* On an annual basis, the Co-op shall pay for directors to attend a course in at least two of the topics listed below. The course must be offered by a recognized provider of cooperative director education.

- a) Duties and responsibilities of a cooperative director.
- b) Board and management relations.
- c) The board's role in defining and developing cooperative policies.
- d) Understanding cooperative governance and structure.
- e) Understanding financial statements, key financial ratios, and control tools.
- f) Cooperative finance and equity redemption.
- g) Cooperative strategic planning.
- h) Cooperative ownership communication and education.
- i) Selecting and evaluating principal cooperative management.
- j) Board evaluation.
- k) Analyzing and understanding the current cooperative business environment.

#### *4.10 Duties of Directors and Officers*

- a) The Board of Directors shall make policy decisions, oversee long range planning, review the budget, work on committees; evaluate, hire and fire the General Manager, and carry out the mandates of the ownership.
- b) The President shall preside at all meetings of the owners and the Board of



Directors. The President shall have authority to execute all certificates, contracts, and other documents on behalf of the Co-op.

- c) In absence or disability of the President, the Vice-President shall perform the duties of the President. The Vice-President shall have such other duties as may be assigned to him or her by the President or the Board of Directors.
- d) The Secretary shall keep complete minutes of each meeting of the owners and the Board of Directors, and shall sign with the President, or the Vice-President if standing in his or her place, all notes, deeds, and other conveyances of real estate, and when two signatures are required on a contract. The Secretary shall keep a record of all business of the Co-op and shall prepare and submit to the annual meeting of the owners a report of the previous fiscal year's business. The annual report shall contain a statement of assets and liabilities, a statement of income and expenses, and such other statements and statistical memoranda as the Board of Directors shall require. The Secretary shall give all notices as required by law. The Secretary shall perform such other duties as may be required by the Board of Directors. The Board of Directors may delegate or authorize the Secretary to delegate, to any other officer or employee of the Co-op, under the supervision of the Secretary, any or all of the duties enumerated in this section.
- e) The Treasurer shall oversee the receipt and disbursement of all funds of the Co-op, ensure that complete records of all financial transactions of the Co-op are kept, and perform such other duties as may be required by the Board of Directors. The Board of Directors may delegate, or authorize the Treasurer to delegate, to any other officer or employee of the Co-op, under the supervision of the Treasurer, any or all of the duties enumerated in this section.

## **SECTION 5. Meetings of the Board of Directors**

**5.1 Meeting time and location.** The Board of Directors shall meet a minimum of ten (10) times per year. These meetings shall be held at a regular, established time and an agenda will be made available at least two (2) days prior to the meeting.

**5.2 Meeting notification.** Notice of regular Board meeting shall be given to directors not less than seven (7) nor more than sixty (60) days in advance. Such notice shall be given in accordance with Wisconsin state statutes. Notice of Board meeting, including place, day, and hour, shall be posted at the Co-op or on Co-op's online calendar, and in Co-op Newsletter at least one week before the meeting is held.



5.3 *Quorum*. A quorum shall be a majority of directors in office. Only Board owners present are eligible to vote on matters before the Board, unless a Board owner unable to attend has cast his or her vote, in writing, in advance. Board owners may be considered present by attending via conference call or video conference.

5.4 *Owner attendance at Board meetings*. Any owner may attend a meeting of the Board of Directors. Any owners wishing to address the Board of Directors shall arrange time on the agenda with the Board Secretary.

5.5 *Closed sessions*. The Board may include a closed session in the agenda for any given meeting. Any person, other than the Directors, may be asked to leave at that time of the closed session. Any binding decision made during a closed session must be made public, with the possible exception of certain personnel issues.

## **SECTION 6. Amendments**

6.1 Articles and Bylaws may be adopted, amended, or repealed by a majority vote when a quorum is present at any Annual Ownership Meeting or by an in-store ballot, mail-in vote, or alternative ballot. Proposed amendments must be published in a newsletter and posted in the Co-op at least 30 days in advance of a meeting or for the minimum 30-day duration of an in-store ballot, mail-in vote, or electronic vote. Such notice must include the exact language of the proposed change and a brief justification for the proposed change.

## **SECTION 7. Indemnification and Insurance**

7.1 *Indemnification*. The Co-op shall indemnify each of its Directors and officers against all liabilities and expenses reasonably incurred or paid by him or her in connection with the defense or disposition of any action, suit, or other proceeding in which he or she may be involved, while in office or thereafter, by reason of his or her having been such a Director or officer; except with respect to any matter as to which he or she shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in the best interests of the Co-op. The right of indemnification herein provided for shall be in addition to any other right that any such person may have or obtain, shall continue as to any such person who has ceased to be a Director or officer, and shall inure to the benefit of the heirs of any such person.



7.2 *Insurance*. The Co-op may purchase insurance to cover any liability or expense reasonably incurred by owners, officers, or Directors by reason of their having been owners, officers, or Directors.

## **SECTION 8. Finances**

8.1. *Allocation of net proceeds*. Allocation of net proceeds from the Co-op to its owners shall be made in accordance with all applicable State and Federal laws and shall be decided upon by the Board of Directors. The Board is authorized to allocate surplus to reserve accounts before the net profit is determined. The adjusted net profit for each fiscal year shall be allocated to each owner based on their proportional share of the annual patronage. Patronage shall be understood to mean goods and services purchased from the Co-op and shall be measured in terms of dollar amount. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board of Directors, be excluded from distribution provided that they are not then or later distributed to other owners.

8.2 *Allocation of net losses*. In the event the Co-op should incur a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated owner equity. If the net loss exceeds such amounts, or in any event if the Board so determines, the amount of such loss may be carried forward to offset adjusted net profit of subsequent fiscal years. Any such allocated net loss shall be charged first against retained patronage refunds of prior fiscal years then against patronage refund allocations of subsequent years. Allocated net losses shall not otherwise be assessed to or collected from owners.

8.3 *Right to waive patronage refunds*. Owners shall retain the right to waive in whole or in part, by action at a meeting of owners, any patronage refunds to which they may be entitled.

8.4 *Audit*. 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.

## **SECTION 9. Dissolution**

9.1 Upon the liquidation or dissolution of the Co-op, any sum remaining after payment of all debts shall be distributed to the owners of the cooperative proportionally up to the face value as the books and ledger show recorded. All remaining corporate assets shall be distributed to the owners, in equal shares to each, or to one or more non-profits, or some portion to owners and some portion to non-profits, as determined by the Board of Directors.

