

## More Information on Question 2:

This year the Co-op is asking you to vote to revise a section of the Co-op Bylaws that pertains to borrowing money. Read on to read the Bylaws language in all of its legalese glory first. Then we'll put it in plain English!

### Current language

**Rights, Responsibilities and Limitations of Membership.** Every Member shall have an equal right to participate in Membership meetings, to have one (1) vote in all elections, to attend meetings of the Board of Directors as provided herein, and to share in the distribution of net savings as provided in these Bylaws. Membership approval shall be required of any decision of the Board involving commitments of sums in excess of four percent (4%) (in the aggregate) of the previous fiscal year's gross annual sales, an enactment or amendment of the Bylaws or the Certificate of Organization. —Co-op Bylaws Article IV, Section 5

### Proposed language

**Rights, Responsibilities and Limitations of Membership.** Every Member shall have an equal right to participate in Membership meetings, to have one (1) vote in all elections, to attend meetings of the Board of Directors as provided herein, and to share in the distribution of net savings as provided in these Bylaws. Membership approval shall be required for any decision of the Board authorizing a borrowing transaction (or related series of borrowing transactions) from a non-Member lender of a sum in excess of four percent (4%) of the average of the prior three (3) years' annual net sales revenue—net of discounts and allowances—for the Cooperative, provided that Membership approval shall not be required if (i) such borrowing transaction constitutes the refinancing or restructuring of all or a substantial portion of an existing debt obligation of the Cooperative or (ii) the Board reasonably determines that such borrowing transaction is necessary to avoid significant and immediate business interruption to the Cooperative or that the delay in seeking Membership approval would jeopardize the financial viability of the Cooperative. —Co-op Bylaws Article IV, Section 5

### What does this mean in plain speak?

Right now the Board needs your permission to change the Bylaws or to borrow money that's more than 4% of last year's total sales. If revised, the Board would still need your permission to change the bylaws or to borrow money. But the terms would change to more than 4% of the average yearly sales over the past three years after discounts and allowances are taken out. Also, you wouldn't need to vote on a loan if it's simply to refinance an existing loan we already have, or if the Board believes it's absolutely necessary to avoid a major problem.

### Why are we doing this?

First and foremost, know that this is not legally required. We just think it's the right thing to do. In an emergency, waiting for a vote could put the cooperative's finances at risk, so this fixes that. Also, this lets the Co-op save on existing loans, gives us a chance to find better deals on how much we pay to borrow money, and would make sure our business keeps running smoothly and doesn't run out of money. (An important thing!) Finally, it puts safeguards in place to avoid financial trouble. Our elected leadership would have more freedom to make decisions in the best interests of the business.

### **Questions?**

We want to hear from you! Please submit question in writing to [memberservices@coopfoodstore.com](mailto:memberservices@coopfoodstore.com) and plan to attend the Annual Meeting on April 2<sup>nd</sup> (details coming soon) where we'll spend some time talking about the proposed revisions. Remember, voting is April 1-30, 2024.