

Summary of Proposed changes to Swarthmore Co-op by-laws and rationale for changes

Section II: Ownership

1. Eligibility: Ownership in the Cooperative shall be voluntary and open to any individual, **household** or **legal entity** that is in accord with its purposes and is willing to accept the responsibilities of membership. A legal entity applying for membership must name a single individual as an authorized representative.

Reason for change: to simplify the wording of ownership; to clarify that multiple members of a household can use the benefits of membership, such as discounts; to allow businesses to join the Co-op as long as a single individual is named as a point of contact.

3. Rights. Each owner shall be entitled to make purchases from the Cooperative on terms generally available to owners, to participate in the governance of the Cooperative as set forth in these by-laws, and to receive a copy of these by-laws. **Each owner, household or business shall be assigned an owner number which may be used by everyone in that household. One vote per member number and one board member per member number is allowed.**

Reason for change: to clarify the voting and board membership rights of households and businesses that are Co-op members.

7. Transferability. Ownership rights and interests are not transferrable.

Reason for change: Co-op shares are no longer transferrable.

8. Termination. Ownership may be terminated voluntarily by an owner at any time upon notice to the Cooperative. Ownership may be terminated involuntarily for cause as determined by the **General Manager**. Involuntary termination may be appealed to the Board in writing. Cause may include intentional or repeated violation of any provision of the Cooperative's by-laws or policies, actions that will impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative or its owners, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative. Upon termination of ownership, all rights and interests in the Cooperative shall cease, except for rights to redemption of capital pursuant to articles IV and V of the by-laws.

Reason for change: The General Manager shall be the person to determine the reasons for termination. The recommendation to terminate shall be confirmed by the Board of Directors.

Section III: Government: 1 Ownership

3. **Notice of Meetings.** Slight wording changes: change wording from **members to owners.**
5. **Voting:** (a) Each owner **as defined in Section 1,** shall have but one vote irrespective of the number of shares that such person owns or has subscribed for;
(c) An owner may vote by U.S. mail or by electronic mail (email) or any other means established by the Board;

Reason for change: clarify and allow voting by other means in addition to standard us mail.

Government: 2: Directors

5. **Removal:** Directors shall be subject to removal with or without cause before the expiration of their terms of office by a two-thirds vote at a meeting of **Directors** after the director is accorded an opportunity to be heard.

Reason for change: It shall be the directors who decide to remove a director rather than the owners.

- (5) **Action without a meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting only if a written consent to the action is signed by all directors and filed with the minutes.

Reason for change: simplify wording

IV. Capital Stock.

3. **Redemption.** Equity may be returned upon termination of membership in the Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer needed by the cooperative.

4. **Unclaimed Property.** If an owner voluntarily or involuntarily terminates membership in the Cooperative, and fails to inform the Cooperative of his or her mailing address, the owner's equity shall be forfeited after two years from the date termination is complete.

5. **Death of an owner.** Upon the death of the last or only person included in a membership, the membership shall immediately terminate. Upon written request, the Cooperative shall return the terminated owner's equity to the owner's estate. If no such request is made within two years after the death of the last person in the household, the owner's equity shall be forfeited.

Reason for change: Simplify redemption policy and define policies for unclaimed property and death of an owner.

VI. Miscellaneous operating provisions

5. **Annual Report:** Delete

Reason for change: The Co-op is no longer incorporated I the District of Columbia.