

September 10, 2021

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Dear Members of the Sacramento Natural Foods Co-op,

We, Save Sacramento Co-op, are Co-op Members who care deeply about the Co-op and its principles of being of, by and for the Members. That's what a true Co-op is.

Action request: vote NO on the Co-op's proposed Bylaws change.

You should have received in the mail from the Coop the "Election 2021 Official Ballot & Voter Guide." If you did not receive it, call the Co-op to ask for it 916-455-2667. Ballots must be postmarked by September 25 if mailed or cast in person at the Co-op by September 26 to be counted. If you lost your paper ballot call the Co-op about what to do.

All is not well in our Co-op

The 2021 Bylaw proposal is a re-run of the Board's last two failed attempts to shift power from Co-op Membership. While the Board went through the motions of soliciting input from Members, the result is an equally flawed proposal. This proposal would make a fundamental transformation in governance, resembling an "R.E.I." type of Co-op, extremely limiting Member participation AND Director accountability. Quotations and my analysis of these changes is on the back.

The 2021 Bylaws Proposal would:

1. Enable the Board to eliminate the Member Worker Program. Current Bylaws section: 3.06 Proposed section: 2.05
2. Enable the Board, without Member approval, to incur new debt obligations that could exceed the Co-op's financial net worth. Current: 11.03 Proposed: 10.04(b)
3. Disempower Members by creating bigger roadblocks for Members to bring proposals, call special meetings, and directly influence our Co-op. (Section 5.07 Increases number of Members needed to create a Member Quorum as well as conduct business at meetings.) Current: 7.05 Proposed: 5.07
4. Shift control away from Members by vesting more authority in new, Director-approved policy decisions rather than Member-approved By-Laws. Current: 8.03 Proposed: 6.09(b)
5. Allow the Board to appoint a NEW layer of top-heavy bureaucracy - a President, and other officers - not elected by the Co-op Membership, to run the Coop. Current: 8.05 Proposed: 8.01, 8.02, 8.03

This is a power grab! Each of us Members has had, and should always have, a say in how our Coop is run. That is what's at stake here, what is at risk.

Thank you and best wishes,

Save Sacramento Co-op

Here are the proposed Bylaws for 2021.

<https://sac.coop/bylaws/>

Here are the current (2016) Bylaws.

<https://sac.coop/wp-content/uploads/2019/10/SNFC-Bylaws-Sept-2016.pdf>

1. Enable the Board to eliminate the Member Worker Program. Current Bylaws section: 3.06 Proposed section: 2.05

Analysis - Changes to Member Worker Program Include:

- a. Changes name from “Member Worker Program” to “Community Service Program”
- b. Changes legal mandate of existence of this program by stating Board “may” offer this program rather than Board “shall” offer this program.
- c. Changes legal mandate for Member compensation from “shall . . . provide an opportunity for Members to provide their labor . . . in return for a discount on purchases” to “. . . incentives for participation in program may be offered” (emphasis added) leaving this decision up to the Board’s discretion.

2. Enable the Board, without Member approval, to incur new debt obligations that could exceed the Co-op’s financial net worth. Current: 11.03 Proposed: 10.04(b)

Analysis – Provides a loophole by which Member approval to incur new debt that exceeds the Co-op’s financial worth can be bypassed. Language changed from “The Board shall not obtain any loans that in aggregate exceed the net worth of the Cooperative unless authorized by a vote of the membership” to, “The Board shall obtain member approval of any such loan unless the delay caused by seeking member approval could jeopardize the financial viability of the Co-op.” (Emphasis added.)

3. Disempower Members by creating bigger roadblocks for Members to bring proposals, call special meetings, and directly influence our Co-op. (Section 5.07 Increases number of Members needed to create a Member Quorum as well as conduct business at meetings.) Current: 7.05 Proposed: 5.07

Analysis: Two issues here – increase in both the number of Members needed to create a quorum at a Member meeting as well as proposed Bylaws adding an additional requirement that a quorum of 5% of active Members would be needed to conduct business at a meeting.

a. Number of Members needed to create a quorum at a Member meeting is increased by changing the requirement from 2% or 100 Members, “whichever is less,” in the current Bylaws to “A quorum of the greater of (a) 100 active members; or (b) active members representing 2% of the voting power, is required to transact business . . .” in the proposed Bylaws.

b. Proposed Bylaws stipulate that “A quorum of active members representing at least 5% of the voting power is required at a meeting to act on any matter brought before that meeting . . .” while current Bylaws allow that, “The Members present at any meeting at which a quorum is present may continue to transact business until adjournment . . .”

c. For Example: With 11,000 Active Members a quorum would require the presence of 220 (or 2%) of Active Members verses 100 Active Members as a quorum, while simultaneously requiring 550 (or 5%) Active Members to be present to conduct business at such meetings, as is explained above.

4. Shift control away from Members by vesting more authority in new, Director–approved policy decisions rather than Member-approved By-Laws. Current: 8.03 Proposed: 6.09(b)

Analysis:

1. **Option for Secret Meetings – Section 6.09(b): A loophole is purposely added in proposed Bylaws that would allow the Board of Directors to hold meetings without informing the Membership. “The inadvertent failure to post the meeting notice will not affect the validity of any meeting, provided a quorum of the Board is present.” Current Bylaws make it clear that “All meetings shall be announced at least seven (7) days prior to the meeting by newsletter and/or an announcement on the Co-op bulletin board and via electronic means.”**

5. Allow the Board to appoint a NEW layer of top-heavy bureaucracy - a President, and other officers - not elected by the Co-op Membership, to run the Coop. Current: 8.05 Proposed: 8.01, 8.02, 8.03