

## Executive Summary

### **Oryana Bylaws Refreshed**

Over the course of 2023, through many meetings, consultations and presentations, the Oryana Board Bylaws Review Committee and full Oryana Board completed the task of reviewing and refreshing our bylaws to ensure that they stay in sync with the many changes in cooperative governance, Oryana's growth and changes in membership.

The following is a summary of that work and the recommended changes being presented to the full Oryana membership in April of 2024.

### **Overview of Recommended Changes & Revisions**

- Removed gendered language.
- Indicate that member decisions must be made through extended balloting and not just at member meetings alone.
- Remove language referring to work requirements as not in use.
- Remove language referring to categories of membership as not in use.
- Replace member rights and responsibility language with recommended coop language.
- Replace buying deposit/share refund/redemption language with recommended coop language.
- New (clearer) statement on return of equity included, with legal and operations input, making it both easier to manage, but also following statute.
- Article IV Sec 1 Annual meetings as required by statute. Added email notification (acceptable according to legal review).
- Streamline process for terminating membership by replacing it with recommended coop language.
- Remove the process for nomination of board candidates from the floor at member meetings per request of nomination and recruitment committee.
- Streamline provision re: compensation to give board increased flexibility and remove reference to BayBucks.
- Streamline and clarify language re: conflict of interest by replacing with recommended coop language.
- Streamline the language re: role of board by tracking recommended coop language more closely.
- Article II: Purpose (last line). Changed to reference the International Cooperative Alliance's Statement on Cooperative Identity.
- Article IV, Section 2: Special meetings and Section 3: Voting. Calling a special meeting will require signatures of at least 10% of the voting membership, whereas quorum for voting shall be at least 50 members.
- Article V, c. Election. Removed the reference to a nominating committee to give the board more flexibility to design processes as needed to accomplish the work. Remove nominations from the floor during GOM to allow more vetting of nominees.

- Article V, Section 1, A: per board approval, changed to indicate employees of Oryana shall be ineligible to serve as Board members. Language about employees in Article V, Section 4 (Officers) has also been struck.
- Article V, Section 1, D. Terms of office for board members. No term limits recommended at this time.
- Article V, Section 1, E. Vacancies. Recommendation is that the appointed Board member shall complete the remaining term of the vacancy allowing the board to stay on cycle with terms.
- Article V, Section 2, C. Remove board decision-making process detail in bylaws and handle through board policy.
- Clarified removal of directors to be by petition and special meeting, or by a 2/3 decision vote of the board.
- Article III, Section 11: Language re: patronage to non-members has been removed.
- Information that the cooperative shall issue to members (Article III, Section 7) has been retained based on legal counsel, as required by statute. This has been moved from the section on Rights and Responsibilities to the section on Required Information

#### Proposed Change: Member Equity

The Board is proposing a new (clearer) statement to be added on the return of member equity, which is being made at the recommendation of our legal advisors to ensure the cooperative stays in compliance with state law. This will replace Article III, Section 9 of the existing bylaws entitled Buying Deposit/Share Refund/Redemption.

#### NEW Section 8: Return of Equity

Member capital is not redeemable, but the Board may choose to pay out the “paid in” portion of a member’s equity at its sole discretion. A member terminating for any reason may request a review for redemption of the “paid in” portion by the Board Treasurer by contacting the Oryana Customer Service desk or [info@oryana.coop](mailto:info@oryana.coop) to submit their request. The “paid in” portion is that amount that the member has paid the cooperative for “buying” and any other privileges of cooperative membership and does not include administrative fees or any other non-“paid in” Member Equity.

#### Rationale

After consulting with legal counsel to ensure we are meeting the relevant state statute, the Oryana Board is recommending a new section be added to the bylaws that addresses how member capital is redeemable. Specifically, the new section would state that the Board may choose to pay out the “paid in” portion of a member’s equity but it would remove the administrative burden of keeping track of cancelled memberships for five years and sending United States Postal Service notification of unclaimed equity in the cooperative. As a result, any unclaimed or unallocated member capital would be added to the general funds of the cooperative.

### Proposed Change: Staff on the Board

The Board is unanimously proposing that Article V, Section 1, A be amended to indicate that employees of Oryana shall be ineligible to serve as Board members.

The Board of Directors shall consist of nine Board members- none of whom shall be a person directly hired by the Board- who shall be elected by the membership at the Annual Meeting. Employees of Oryana shall be ineligible to serve as Board members. All Board members shall have equal rights and responsibilities.

Language about employees in Article V, Section 4 (Officers) has also been struck.

The Board of Directors shall elect the officers of the Cooperative who shall be President, Vice President, Secretary and Treasurer who shall serve for one-year terms. Any member of the Board of Directors elected by the general membership is eligible to serve as President, Vice-President, Secretary, and Treasurer.

### Rationale

Following a comprehensive review of cooperative best practices, this issue was considered by the full board, and we ultimately arrived at a unanimous decision to recommend not allowing staff to serve on the Board.

Historically, staff were eligible to serve on the Board when the cooperative was a less formal and financially-complex organization, largely run by volunteers and members.

However, in recent times, many food cooperatives across the country have moved away from staff on boards due to the likelihood of conflicts of interest.

This includes the fact that no board member should be representative of any one constituent group. Coop boards should avoid the potential for conflicts of interest including staff having significant personal and financial interests in the actions and affairs of the coop. Having staff on the board is a poor substitute for an effective system for communicating and monitoring the board's values about staff treatment.

Oryana is driven by a culture of exceptional leadership expectations that focus on clear and respectful communications, a robust performance improvement process, strong staff development, input engagement and recognition efforts and a best-in-class employee handbook that details avenues for conflict resolution and grievances.