



# Welcome!

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**Member-Owner rights,  
responsibilities, & everything  
else you need to know**

**people's**  
FOOD CO-OP

# Our Ends

*adopted by the Board of Directors in 2007*

A passionate community working together for sustainability, progressive land & animal stewardship, human rights, social & economic justice, and thriving cooperative & local economies.

A safe & welcoming community where all are valued.

A democratic workplace where all workers' voices are valued.

Access to healthful foods our customers can trust.



# Welcome, New Member-Owner!

Thank you for investing in People's Food Co-op! As a Member-Owner, you now co-own the Co-op along with a few thousand other folks. This booklet contains most everything you need to know about being a Member-Owner. You'll find a full list of Member benefits on page 7, and a list of your Member rights and responsibilities on pages 8 and 9.

People's began as a buying club in the late 60s, and became a volunteer-run grocery store in 1970. The founders of People's were community members who wanted access to good, healthy, and affordable food, and to revolutionize the food system. Since the beginning, the Co-op has been built, owned, and operated by our community, for our community.

Today our Co-op is collectively managed, and all of our work is rooted in our Ends (see left), which guides everything we do. From our product selection guidelines, to our service standards, to how the Co-op is managed, right down to the paint we choose for the walls – we try to do everything from a place of care.

The result of this values-driven work? You can trust People's, because we are a truly community-driven grocery store. We strive to do business ethically, with integrity, and rooted in our community relationships.

Co-ops exist to meet the needs of the Member-Owners and community. We have been successful for over 50 years due to the dedication, involvement, and passion of our Member-Owners. If you have questions, concerns, feedback, or recommendations, please be in touch with us! Call, come by, or email any time. Let's keep building this place together.

Thanks for doing this with us,

**People's Collective Management**

# What's a Co-op?





# These seven cooperative principles guide the democratic structures of co-ops around the world:

## **1. Voluntary, open membership.**

Open to all without gender, social, racial, political, or religious discrimination.

## **2. Democratic member control.**

One member, one vote.

## **3. Member economic participation.**

Members contribute equitably to, and democratically control, the capital of the cooperative. The economic benefits of a cooperative operation are returned to the members, reinvested in the co-op, or used to provide member services.

## **4. Autonomy and independence.**

Cooperatives provide education and training for members so they can contribute effectively to the development of their cooperatives. They inform the general public about the nature and benefits of cooperation.

## **5. Education, training, and information.**

Cooperatives provide education and training for members so they can contribute effectively to the development of their cooperatives. They inform the general public about the nature and benefits of cooperation.

## **6. Cooperation among cooperatives.**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, regional, national, and international structures.

## **7. Concern for the community.**

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

# The Board of Directors and the Nominations & Member Engagement Committee





Because People's is a co-op, any interested, dedicated Member-Owner (including you!) can run for our Board of Directors. The Board ensures that the Co-op is run in a legal and financially sustainable way to make certain that People's will support the needs of our Member-Owners and broader community for years to come.

The Co-op also has a sub-committee of the Board called the Nominations & Member Engagement Committee (NMEC). It includes two Board members, two Collective Managers, and three Member-Owners. The NMEC plans and hosts events, runs the elections, and creates new programs that connect and serve our diverse community. Interested Member-Owners can run for the NMEC, too!

## Get involved!

If you think you might be interested in running for the Board or the NMEC, get in touch with the NMEC at [elections@peoples.coop](mailto:elections@peoples.coop). Elections season happens annually in the Spring and Summer, but we're always on the lookout for dedicated Member-Owners who would make great Board and NMEC members. Current NMEC members are available to talk with interested Member-Owners about what skills, experience, and interests we desire for our Board and NMEC members. They can also give a good idea about what the time commitment will look like, and answer any questions you may have.

## Board Meetings

The Board sets out to represent the interests of the broad Member-Ownership, so they certainly want to hear from you! Board of Directors meetings are every fourth Tuesday from 6pm to 8:30pm on Zoom due to the pandemic. Visit [peoples.coop/from-the-board](https://peoples.coop/from-the-board) for the Zoom link, meeting agendas, and minutes. Member-Owners are always invited to attend, and time is set aside at the beginning of meetings to hear from any Member-Owners that have something to share. You can also get in touch with the Board by emailing them at [bod@peoples.coop](mailto:bod@peoples.coop).

*Left: People's Members work together on cob during the store renovation in 2001.*

# Member-Owner Benefits

2020 Annual Report



## Member-Owner Benefits

Perhaps the most important benefit of Member-Ownership is the peace of mind that comes with co-owning an independent, community-owned business that supports the local economy, ethical purchasing, and human cooperation. Additionally, you and your household have access to the following benefits:

### Special Promotions & Discounts

Member-Owners receive quarterly 10% off coupons and other special coupons throughout the year, discounts for Community Room rentals, and our quarterly Grassroots newsletter and Annual Report sent to your home address.

### Hands-On Owner Program

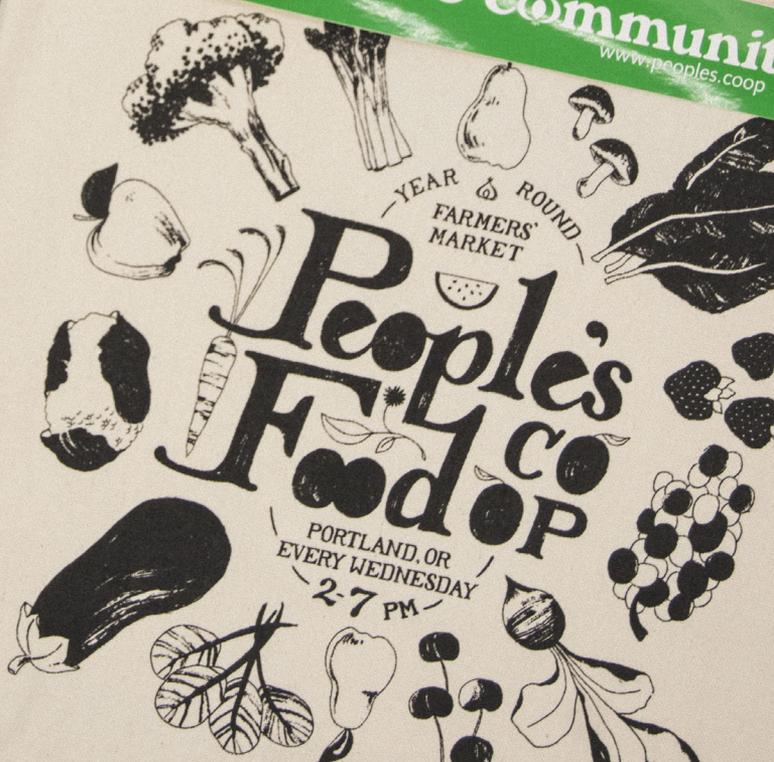
This program allows you to lend a hand in the store and receive a discount of up to 15% off your purchase.

cultivate community  
[www.peoples.coop](http://www.peoples.coop)

people's  
1 Food Co-op  
3029 SE 21st Avenue  
Portland, OR 97202  
[www.peoples.coop](http://www.peoples.coop)

10% off  
your next  
purchase

Offer expires 12/31/21  
Present this coupon all the way to receive discount. Not valid on sales items, including gift cards & prescriptions.



## **Patronage Dividend**

When the Co-op makes a profit, the Board of Directors decides how much of that profit will go back to Member-Owners, and how much will be retained and invested into the Co-op's operations. This means that when the Co-op makes a profit, you will receive a percentage of what you spent at the Co-op as a Patronage Dividend. The more you spend at the Co-op, the larger your dividend will be! Make sure to tell your cashier your member number every time you shop so we can keep track of how much you spend here.

## **Democratic Voice**

Elections are a vital part of ensuring that People's is a thriving democracy. As a Member-Owner, you get to vote (or run!) in our annual elections! Only the primary shareholder can vote in the elections. Every year, Member-Owners vote to elect members of the Board of Directors and the Elections Committee, on which organization should receive our annual \$1000 donation, on any changes to our bylaws, and on other matters as they arise.

## **Hands-on-Owners Program**

Want to get involved in the day-to-day operations of the Co-op? Become a Hands-on-Owner (a.k.a. HOO)! HOO's help out at the Co-op by doing all kinds of tasks, from helping stock shelves to preparing new Member-Owner packets, in exchange for a 15% discount at the register.

## **Special Promotions & Discounts**

Member-Owners receive special discounts and coupons throughout the year, including a quarterly 10% coupon. Member-Owners that receive SNAP benefits or are experiencing financial difficulty are also able to enroll in our Food For All program, to receive a 5% discount on all purchases at the register. The program is based on the honor system, so you don't need to share any personal information with us beyond filling out a short form. Talk to a cashier to learn more and sign up.

# Member-Owner Rights

## **You have a right to participate in People's democratic process!**

- Vote by ballot for individuals running for Board of Directors seats in People's annual election;
- Vote by ballot for changes to bylaws as proposed by the Board of Directors in People's Annual Election;
- Run for a seat on the Board of Directors;
- Attend Board of Directors meetings.

## **You have a right to privacy.**

- Personal information such as your name, contact information, patronage points and purchases, or any other personal data is only requested and used by certain authorized People's staff in a manner that allows the conduct of normal business, and for no other purpose;
- Personal information is never sold, transferred, or given to any other entity;
- Personal information is kept secure, locked, and is only accessible by certain authorized People's staff for the purposes of normal business, and for no other purpose.

## **You have a right to a safe & respectful environment while shopping at People's.**

- Every person's age, sex, gender identity, sexual orientation, skin color, size, religion, creed, national origin, mental and physical ability will be honored and respected at People's. Intolerance, bias, discrimination, or other untoward behavior is not acceptable at People's.

# Member-Owner Responsibilities

**You have a responsibility to do your part to keep this business thriving.**

- Shop at the Co-op! Give our business your business;
- Encourage others to shop at the Co-op or to become Member-Owners;
- Keep your PeopleShare active by making timely investments in your share and ensuring membership information is up to date;
- Stay informed about the current state of your co-op by reading the Annual Report, Grassroots and email newsletters, and attending the Annual Meeting, for example;
- Tell us how we're doing! Share your feedback with our staff and Board, and participate in surveys.

**You have a responsibility to help maintain a safe & respectful environment at the Co-op.**

- Strive to honor everyone's age, sex, gender identity, sexual orientation, skin color, size, religion, creed, national origin, mental and physical ability, and other varieties of difference that we encounter;
- Be open to hearing how your words or behavior may have impacted fellow shoppers, staff, and others at the Co-op, and work towards understanding and respect.
- **Uphold our Safe(r) Space Policy below**

## Safe(r) Space Policy

People's Food Co-op respects all aspects of people including their ethnicity, sex, gender expression, sexual orientation, socio-economic background, religion, nationality, size, age, and ability.

Physical or verbal abuse, sexual or any other form of harassment, theft, or damage of property is simply not tolerated. We encourage you to ask staff for assistance, if needed, to make our space more accessible for you.

# Product Selection Guidelines

A close-up photograph of a hand operating a black tap on a wooden counter. The tap is pouring a golden-brown liquid, likely oil, into a stainless steel funnel. The funnel is placed over the neck of a clear glass bottle. In the background, several other taps are visible, and a wooden wall is covered with various product labels. One prominent label on the left is for 'Organic Toasted Sesame Oil' and includes a nutrition facts table. The overall scene is set in what appears to be a grocery store or a food co-op.

## Organically Grown

We prioritize organically grown products at the Co-op. Our produce, for example, is almost all organic. Produce that isn't certified organic is almost always wild crafted (like mushrooms) or grown on a farm that is in the process of transitioning to organic certification. We will always carry organic unless one of the following factors tips the balance in favor of non-organic:

- Locally grown or produced;
- Ecological, cultural, or political factors;
- Lack of availability of a comparable organic product, yet consistent with the rest of the Product Selection Guidelines;
- Lack of availability of an organic option that fits a specific dietary need.

If you have any questions about a particular item, just ask us and we'll help you track down an answer.

## **Vegetarian Ingredients**

People's does not carry any meat, poultry, fish, or any products that which contain meat for human consumption, or any products containing animal by-products for which an animal must be slaughtered. We do extra work to make sure that this is true for all of our products, particularly in our alcohol, cheese, and bulk departments. Pet food is the only exception!

## **GMO & Additive Free**

People's prioritizes whole foods: those with minimal processing and refining. People's makes every effort to provide our customers with products that, to the best of our knowledge, do not contain genetically modified ingredients. In rare circumstances we might carry something that has GMO's. In that case, we'll use shelf signage so that you can make informed purchasing decisions. The Co-op will not sell products containing artificial coloring, preservatives, or flavorings.

## **Prioritizing Low Packaging**

We don't think that food needs to come with lots of trash, so People's prioritizes bulk, organic and local products. Doing so limits the number of products sold in non-recyclable or energy intensive packaging. We also encourage recycling and reusing containers. In addition to these in-store practices, we encourage manufacturers and distributors to make products available in recyclable and reusable packages. The Co-op seeks to carry products with packaging that is also not offensive and accurate.

## **Preferred Relationships**

People's prioritizes products produced and distributed by companies whose politics and procedures are in harmony with our Ends and sustainability definition. When a company's practices are in clear contradiction to these principles, we make every effort to find alternative sources for those products. We prioritize fair trade products, especially when we know there is a history of exploitation within a particular crop or commodity (like bananas, for example). We support other collective and cooperative businesses, too.

# Events at the Co-op





## Farmers' Market

People's Food Co-op is home to the oldest year-round farmers' market in Portland! The Co-op started our Farmers' Market in the 1990s in an effort to give farmers more places to sell their produce and products, and to give more shoppers an opportunity to buy directly from growers. At the time, the nearest farmers' markets were in Beaverton and Gresham!

We're also excited to be able to offer up to \$20 in matching dollars for folks using EBT or food stamps at the Farmers' Market. Through our Double Up Food Bucks program, EBT users can receive an extra dollar for each dollar they spend at the market.

The People's Farmers' Market features locally grown produce, mushrooms, and grains plus great foods like breads, tempeh, tortillas, and a variety of prepared foods. The Market also hosts several special events every year, including Love Your Farmer Day, Earth Day, and Seed Swaps! Stay up to date on Farmers' Market events and information by subscribing to the Market's weekly email newsletter at [peoples.coop/farmers-market](mailto:peoples.coop/farmers-market) or at the Information Booth.

## Tastings & Pop-Ups in the Courtyard

The best way to get to know our products and vendors is through tastings and pop-ups! Join us in the fall and winter for our Apple and Citrus tastings to sample some of the dozens of apple and citrus varieties we carry at the Co-op. Be sure to come by the store when we invite local vendors to pop up in the courtyard as well! **Sign up for our email newsletter at [peoples.coop](mailto:peoples.coop) for updates on events, sales, and more.**

## The Annual Meeting

The Annual Meeting is far and away our biggest Member-Owner event of the year. Each year, Member-Owners get together to hear updates on the state of the Co-op, from finances to the Farmers' Market. We hear directly from their Board of Directors, and talk to one another about the grocery store that we share. It's a great opportunity to meet staff, meet Member-Owners, meet the Board, and get to know the Co-op better. Be sure to join us at the next meeting!

# Bylaws

We are legally required to supply all Member-Owners with a copy of the bylaws. So here you go! If you would like a larger type copy sent to you, please don't hesitate to ask. You can also find our bylaws online at [www.peoples.coop/by-laws](http://www.peoples.coop/by-laws). If you have questions about the bylaws, please be in touch with the Board of Directors at [bod@peoples.coop](mailto:bod@peoples.coop).

## Article I Organization

Section 1.1 - **Name.** The name of the organization is People's Food Cooperative (referred to in these bylaws as "the Co-op.")

Section 1.2 - **Purposes.** As more fully stated in its Articles of Incorporation, the purpose of the Co-op is to provide groceries and other consumer goods to its owners and to others and to engage in other lawful activities. The Co-op is organized and shall be operated exclusively as a consumer-owned cooperative acting for the mutual benefit of member-owners.

Section 1.3 - **Cooperative principles.** The Co-op shall be operated in accordance with cooperative principles adopted by the International Co-operative Alliance, including the following: (i) voluntary and open ownership without arbitrary discrimination; (ii) democratic governance by owners with equal voting rights among owners and opportunity for participation in setting policies and making decisions; (iii) economic participation by owners with owners equitably contributing to and democratically controlling the capital of the Co-op, and with earnings being equitably applied to the benefit of owners in proportion to their patronage of the Co-op, to the development needs of the Co-op, and to the provision and extension of common services; (iv) autonomy and independence of the Co-op as a self-help organization controlled by its owners being strictly maintained; (v) educating and training owners, directors, managers and employees so they can contribute effectively to the development of the Co-op, and informing the general public about the nature and benefits of cooperation; (vi) strengthening the cooperative movement by working with other cooperative organizations at all levels; and (vii) working for sustainable development of the Co-op's community.

Section 1.4 - **Principal office.** The principal office of the Co-op shall be located at 3029 S.E. 21st Avenue in the City of Portland, Oregon 97202.

## Article II Ownership

Section 2.1 - **Admission.** Ownership in the Co-op shall be voluntary and open to any individual or any household group that desires to use the services of the Co-op and is willing to accept the responsibilities of ownership. Applicants will be admitted to ownership upon submitting required information and purchasing or subscribing to purchase a common share at a price determined by the Board of

Directors, which price may vary in accordance with the financial circumstances of the purchaser. In case of doubtful eligibility, ownership shall be subject to approval by the Board. All applicants shall be provided with a copy of these bylaws, including the appended explanation of the patronage refund consent provision, on or before the date of admission to ownership.

Section 2.2 - **Share purchase requirement.** Each owner shall keep current in payment of the share purchase requirement. An owner who becomes delinquent in meeting the share purchase obligation to an extent determined by the Board shall be placed into inactive status. Participation rights of such person shall then be suspended. An owner in inactive status may attain good standing only upon full payment of all arrearages and a processing fee, if any, as determined by the Board. References in these bylaws to the rights and entitlements of owners shall be understood to refer only to owners in good standing.

Section 2.3 - **Rights.** Each owner shall be entitled to make purchases from the Co-op on terms generally available to owners, and to participate in the governance of the Co-op as set forth in these bylaws. Owners may contribute labor or services and thereby be entitled to receive benefits, as determined by the Board.

Section 2.4 - **Access to information.** Owners shall be provided reasonably adequate and timely information as to the organizational and financial affairs of the Co-op. Owners shall be provided access to the books and records of the Co-op at all reasonable times and for any proper purpose. The Board may deny such access if it reasonably determines that the purpose of such access is not directly related to a legitimate interest of the owner and is contrary to the best interests of the Co-op. The Board may also provide a reasonable alternative to such access that adequately accommodates a proper purpose.

Section 2.5 - **Settlement of disputes.** In any dispute between the Co-op and any of its owners or former owners which cannot be resolved through informal negotiation, it shall be the policy of the Co-op to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

Section 2.6 - **Nontransferability.** Ownership rights and interests may not be transferred except to the Co-op. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

Section 2.7 - **Termination.** Ownership may be terminated voluntarily by an owner at any time upon notice to the Co-op. Ownership may be terminated involuntarily only for cause by the Board, provided the accused owner is first accorded an adequate opportunity to respond to the charges in person or in writing. Upon termination of ownership, all rights and interests in the Co-op shall cease except for rights to redemption of capital pursuant to Articles VII of these bylaws.

### **Article III Meetings of Owners**

Section 3.1 - **Annual meeting.** An annual meeting of owners shall be held each year to receive reports on operations and finances and to conduct such other business as may properly come before the meeting.

Section 3.2 - **Special Meetings.** Special meetings of owners may be called by the Board and shall be called by the Secretary as soon as practicable upon receipt

of petitions signed by 10 percent or more of owners, such petitions stating any proper issue to be brought before the meeting. The procedures for processing owners' petitions are stated in the Board's Policy Register. Any business conducted at a special meeting other than that specified in the notice of the meeting shall be of an advisory nature only.

Section 3.3 - **Time and place.** The date, time and place of all meetings of owners shall be determined by the Board or, in the event that the Board fails to so act, by the Secretary. Meetings shall be held at a time and place convenient to owners.

Section 3.4 - **Notice.** Written notice of the time and place, and in the case of a special meeting the purposes of the meeting, shall be mailed or delivered to each owner not less than 15 days before the date of the meeting. The Co-op shall also endeavor to post the notices of meetings in a timely manner and in a conspicuous place in the Co-op's store.

Section 3.5 - **Record dates.** Unless otherwise determined by the Board, only persons who are owners at the close of business on the business day immediately preceding the date of distribution of notices shall be entitled to notice of any meeting of owners and to vote at such meeting.

Section 3.6 - **Voting.** Voting on all matters that Member-Owners are entitled to vote upon will be accomplished through a paper ballot, or, if the member consents, by electronic ballots, or both, as authorized by the Board. A member who agrees to vote by electronic means in an election is not bound to vote by electronic means in a future election. Unless otherwise specified in these bylaws, notice of the vote shall be posted in a conspicuous place to Member-Owners' postal or electronic address, or notice may be given by electronic means along with transmission of the electronic ballot, not less than 15 days prior to the end of the election period. Unless otherwise stated in the articles of incorporation, or by these bylaws, or required by law, all questions shall be decided by a vote of a majority of the Member-Owners voting thereon. Proxy voting is not allowed.

Section 3.7 - **Quorum.** At any meeting of the Member-Owners, or for any vote of the members, a quorum necessary for decision-making shall be 10% of the total number of Member-Owners or 100 Member-Owners, whichever is less.

Section 3.8 – **Issues submitted by owners.** Notices of a meeting of owners shall include any proper issue submitted by petition of 5 percent or more of owners. The procedures for processing the owners' petitions are stated in the Board's Policy Register.

## **Article IV**

### **Board of Directors**

Section 4.1 - **Powers and duties.** Except as to matters reserved to owners by law or by these bylaws, the corporate powers of the Co-op shall be exercised by or under the authority of the Board of Directors, and the business and affairs of the Co-op shall be managed under the direction of the Board of Directors (sometimes referred to in these bylaws as "the Board").

Section 4.2 - **Number and qualifications.** The Board shall consist of nine individuals, including eight patron directors and one staff director. All directors shall be owners and shall not have any overriding conflict of interest with the Co-op.

Section 4.3 - **Nominations, election and terms.** Patron directors may be

nominated by the Board, by the nominations committee, or by petition signed by at least twenty-five owners and submitted to the Co-op at least forty-five days before commencement of election of directors.

Section 4.4 - **Standards of conduct.** Directors shall be responsible at all times for discharging their duties in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner that they reasonably believe to be in the best interests of the Co-op. The Co-op may not lend money to or guarantee the obligation of a director.

Section 4.5 - **Conflicts of interest.** Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such an interest may not participate in the decision of the matter.

Section 4.6 - **Committees.** The Board may appoint special or standing committees to advise the Board or to exercise such authority as the Board shall designate. Advisory committees shall include at least one director. Committees exercising any authority of the Board shall consist only of directors and shall conform to all procedural requirements applicable to the Board.

Section 4.7 - **Indemnification.** Subject to limitations in ORS 62.462 to 62.482 and in the Co-op's Articles of Incorporation, the Co-op shall indemnify its current and former directors and officers against all reasonable expenses to which they may become subject by reason of their positions with the Co-op or their service in its behalf to the fullest extent permitted by law. Indemnification payments and advances of expenses shall be made on a priority basis but only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its ordinary and necessary obligations as they become due. All such payments made shall be reported in writing to owners with or before the notice of the next scheduled meeting of owners.

Section 4.8 - **Termination.** The term of office of a director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a director upon notice to the Co-op; (ii) automatically upon termination of ownership in the Co-op; (iii) in the case of the staff director, by vote of the staff collective; and (iv) in the case of a patron director, by vote of owners at a meeting of owners, provided that written reasons for removal are included in the notice of the meeting and the director whose removal is sought has had an opportunity to answer the charges in person or in writing. A director who is absent from three consecutive Board meetings, unless excused by the Board for good cause, shall be presumed to have resigned.

Section 4.9 - **Vacancies.** Whenever the number of patron directors shall fall below six for any reason, the board shall appoint one or more directors necessary to bring the number of patron directors to six. If the number of patron directors falls below eight, the board may appoint one or two patron directors to bring the number to seven or eight. Whenever the staff director position shall become vacant for any reason, the staff collective shall appoint a replacement. Such director or directors shall serve until the next regularly scheduled election of directors

## **Article V**

### **Meetings of the Board**

Section 5.1 - **Meetings.** The Board of Directors may determine the times and places of regular meetings. Special meetings may be called by the President and

shall be called by the Secretary upon request of any three directors. Meetings of the Board shall be held no less frequently than once in each month.

Section 5.2 - **Notice.** Regular meetings shall require no notice other than the resolution of the Board, it being the responsibility of absent directors to inquire as to the time of further scheduled meetings. Special meetings shall require written or oral notice to all directors. Written notice shall be delivered at least five days before the date of the meeting and oral notices shall be given in person or by a telecommunications device at least forty-eight hours before the time of the meeting. The Co-op shall also endeavor to post the notices of meetings of the Board in a timely manner and in a conspicuous place in the Co-op's store.

Section 5.3 - **Quorum.** The presence in person of a majority of directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.

Section 5.4 - **Decision making.** Decisions of the Board shall be made by a system to be established in writing by the Board, such system to be within the range of majority rule to full consensus.

Section 5.5 - **Action without a meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if a written consent to the action is signed by all directors and filed with the minutes of meetings.

Section 5.6 - **Open meetings.** Meetings of the Board and all committees shall be open to owners. Sessions of a meeting may be closed only as to issues of a particularly sensitive nature. Such closed session shall be for purposes of discussion only and no decisions shall be made in closed session. Owners may otherwise be excluded only for cause.

## **Article VI**

### **Officers and Staff Collective**

Section 6.1 - **Designation and qualifications.** The principal officers of the Co-op shall consist of President, Vice President, Secretary and Treasurer. The Board may designate other officers or assistant officers. The offices of Secretary and Treasurer may be held by one director. All principal officers shall be directors. Employees of the Co-op are not eligible to serve as principal officers.

Section 6.2 - **Election, terms and removal.** Officers shall be elected by the incoming Board at the third Board meeting following the election of new directors. Officers shall serve for terms of one year or until election of their successors. Officers may be removed and replaced by the Board at any time whenever the best interests of the Co-op would thereby be served.

Section 6.3 - **Duties.** In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board, officers shall have the following duties and such additional duties as are determined by the Board:

- (a) The President shall be responsible for coordinating the activities of the Board and assuring the orderly conduct of all meetings of the Board and owners;
- (b) The Vice President shall be responsible for performing the duties of the President in his or her absence or disability and, as requested, assisting other officers in the performance of their duties;
- (c) The Secretary shall be responsible for the recording and keeping of adequate minutes of all meetings of the Board and of owners, issuing notices required under these bylaws, and authenticating records of the Co-op; and
- (d) The Treasurer shall oversee the maintenance of financial records, reporting of

financial information and filing of required reports and returns.

Section 6.4 - **Staff Collective.** The staff shall be organized as a self-managed collective under the direction and control of the Board of Directors.

## **Article VII Capital Stock**

Section 7.1 - **Issuance.** To evidence capital funds provided by owners, the Co-op shall issue common shares. Common shares may be issued only to persons eligible for and admitted to ownership in the Co-op. Such shares shall be issued only upon full payment of the stated value of the shares, as determined by the Board of Directors, which payment shall include returnable fees paid prior to adoption of these bylaws. Payment for shares shall not exceed three hundred dollars or such higher amount as may be permitted by ORS 59.1245(11) or the corresponding provision of any subsequently enacted Oregon statute.

Section 7.2 - **Terms.** Common shares shall be entitled to no dividend or other monetary return on investment. Such shares shall be nontransferable and may not be pledged as security for a debt. Shares shall be subject to assessment insofar as it may become necessary to increase the required capital investment of owners by reason of the current or prospective capital needs of the Co-op.

Section 7.3 - **Certificates.** Owners shall be entitled to receive certificates evidencing outstanding shares. All certificates shall be signed personally or by facsimile by a principal officer of the Co-op and shall be numbered and registered by the Co-op. Each certificate shall have printed upon it such information as is required by law. The Co-op may issue a replacement certificate for any common share alleged to have been lost, stolen or destroyed without requiring the giving of a bond or other security against related losses.

Section 7.4 - **Redemption.** Upon written request following voluntary termination of ownership, the common share of the requesting owner shall be redeemed as soon as replacement capital has been secured by the Co-op from other owners. Common shares shall also be redeemed as soon as practicable upon involuntary termination of ownership, upon death of the owner and under other compelling circumstances as determined by the Board. Such shares shall be redeemable at the lesser of their carrying value on the books of the Co-op or their net book value. In the case of voluntary termination of ownership, a reasonable processing fee may be imposed, as determined by the Board. Reapplications for ownership after redemption shall be subject to full repayment of redemption proceeds and a reasonable reprocessing fee, if any, as determined by the Board.

Section 7.5 - **Lien and offset.** The Co-op shall have a first lien on common stock for amounts otherwise due and payable to the Co-op- from the owner. The Co-op may, at any time after such amounts remain due and payable for thirty days, offset such amounts against payments for common stock. Such offset may not be effected by an owner or by anyone acting in the right of an owner.

## **Article VIII Patronage Refunds**

Section 8.1 - **Allocation of net savings.** The realized net savings of the Co-op, to the extent attributable to the patronage of owners, shall be allocated among owners as patronage refunds in proportion to their patronage and in such a manner and at such times as to constitute patronage dividends within the meaning

of federal income tax law.

Section 8.2 - **Distribution and notice.** Patronage refunds shall be evidenced by written notices of allocation delivered to recipient owners within eight months and fifteen days following the close of the fiscal year. All notices, except those subject to Section 8.6 hereof, shall be accompanied by checks in amounts determined by the Board which must be at least twenty percent of the amount allocated to each owner.

Section 8.3 - **Exceptions.** Net savings may be reduced by such reasonable reserves for necessary business purposes as is determined by the Board. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other owners. 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.

Section 8.4 - **Consent of owners.** By obtaining or retaining ownership in the Co-op, each owner shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

Section 8.5 - **Retentions.** A portion of patronage refunds may be retained for the reasonable capital needs of the Co-op. Such retentions shall be credited to revolving capital accounts in the names of recipient owners, shall accrue no monetary return on investment, and shall not be transferable. They shall be redeemed when determined by the Board to be no longer needed for capital purposes. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts. Retentions may also be redeemed under compelling circumstances as determined by associates.

Section 8.6 - **Allocation of net loss.** In the event the Co-op shall incur a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated equity accounts. If the net loss exceeds such amounts, or in any event if the Board so determines, the amount of such loss may either be carried forward to offset adjusted net savings of subsequent fiscal years or allocated to owners in the same manner as for adjusted net savings except that such allocation shall not exceed the total of invested capital. Any such allocated net loss shall be charged first against retained patronage dividends of prior fiscal years and then against patronage dividend allocations of subsequent fiscal years. Allocated net losses which are not so offset may be charged against the carrying value of shares only upon termination of ownership. Allocated net losses shall not otherwise be assessed to or collected from owners.

## **Article IX Fiscal Matters**

Section 9.1 - **Fiscal year.** The fiscal year of the Co-op shall coincide with the calendar year.

Section 9.2 - **Forfeiture.** Any distribution of patronage refunds or any redemption of, or payment based upon, any capital stock, indebtedness, or other equity interests which remains unclaimed four years after the date authorized for payment may be forfeited by action of the Board. Any amount so forfeited shall revert to the Co-op if, at least six months prior to the declared date of forfeiture,

notice that the payment is available has been mailed to the last-known address of the person shown by the Co-op's records to be entitled thereto or, if the address is unknown, is published at least once a month for four months in a newspaper of general circulation in the county in which the registered office of the Co-op is located.

## **Article X**

### **Interpretation and Amendment of Bylaws**

Section 10.1 - **Severability.** In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

Section 10.2 - **Amendment.** These bylaws may be amended or repealed only by vote of owners, provided that the proposed amendments are stated in the notice of the meeting at which the amendments are to be adopted.

### **Appendix: Explanation Of Patronage Refund Consent Provision**

The Internal Revenue Code generally requires each person receiving a patronage dividend to include the amount of such distribution in his or her gross income in the taxable year in which it is received. Under bylaw section 8.4, mere acceptance or retention of ownership status in the Co-op constitutes a consent to such inclusion in taxable income, including the portion of the patronage dividend that is retained by the Co-op for its capital needs.

The Co-op has been advised by legal counsel, however, that the general rule for inclusion in income of patronage dividends is subject to an exception that is applicable to consumer cooperatives. Under that exception, a patronage dividend is not required to be included in gross income if the owner's purchases from the Co-op related to "personal, living or family items." The patronage dividend would thus be taxable to an owner only if his or her purchases related to the operation of a trade or business or other income-producing activities.

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