

RESOLUTION ADOPTING THE BYLAWS
OF THE
DOYLESTOWN FOOD COOPERATIVE

WHEREAS, the Doylestown Food Cooperative (Co-op) was formed with the recording of its Articles of Incorporation with the Pennsylvania Department of State, Corporation Bureau under the Pennsylvania Cooperative Corporation Law of 1988; and

WHEREAS, the Board of Directors of the Co-op has prepared the attached proposed Bylaws, which have been reviewed and recommended by counsel to the Co-op.

NOW THEREFORE BE IT:

RESOLVED, that the Board of Directors hereby adopts the attached as the Bylaws of the Co-op.

I, _____, the acting Secretary of the Doylestown Food Cooperative, hereby certify that the above resolution of its Board of Directors was duly approved and enacted at a meeting of the Board of Directors held on _____, 2011, at which a quorum was present and voting.

By: _____

Secretary

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By-laws of the Doylestown Food Cooperative

A Non-Profit Cooperative Association Organized Under
The Pennsylvania Cooperative Corporation Law of 1988

Article I – Purpose, Vision, Mission

1. The **purpose** of the Doylestown Food Cooperative (the “Co-op”) is to establish and operate facilities for the benefit of the members and community for the production, distribution and purchase of consumer goods and services; to associate with other cooperative societies for mutual and cooperative development; to advance the cooperative movement and serve its members within the scope of the Articles of Incorporation and to the fullest extent permitted by statute.
2. The **vision** of the Co-op: We are committed to supporting the health of our community.
3. The Co-op’s **mission** is to open a member-owned cooperative grocery store in the Doylestown area that will provide convenient access to a variety of locally raised or produced foods, and other products and services to its members and the community.
4. Our values are:
 - a. *We are committed to acting cooperatively.* We encourage each member to contribute to and participate in all activities we undertake as a cooperative. We support other co-ops and cooperative efforts and educate our members and our community about consumer issues and the cooperative movement. We follow and promote the International Cooperative Principles:
 - Voluntary and Open Membership
 - Democratic Member Control
 - Member Economic Participation
 - Autonomy and Independence
 - Education, Training and Information
 - Co-operation among Co-operatives
 - Concern for Community
 - b. *We are committed to the environment.* We work to sustain a healthy planet, promote environmentally sound products and practices, encourage and support local and organic farming, and try to act with environmental consciousness in all our endeavors.
 - c. *We are committed to our community.* We work to build lasting interdependent relationships, embrace diversity, provide accessibility, and generously give back to our community. We support local businesses, wholesalers, community groups and institutions in ways that strengthen

our community and benefit our members.

Article II - Offices

The principal office of the Co-op shall be located in or near the town of Doylestown, PA. The Co-op may also have offices at such other places as the Board of Directors, from time to time, may determine.

Article III - Membership

1. **Household Membership** - A residential household may apply for a single membership to be held in the names of all persons in the household who are at least eighteen (18) years old or are legally emancipated minors. As used in these By-laws, membership shall mean a household unit of one or more persons who are eighteen (18) years or older or are legally emancipated minors. One person living in that household shall be the "Shareholding Member" and main contact for all Co-op correspondence. "Household" shall mean a group of persons residing at the same address who live together as a unit.
2. **Membership Requirements** - The Members shall consist only of those households which have met the following requirements:
 - a. At least one member of the household is at least 18 years of age.
 - b. Either payment in full of the membership investment established by the Co-op or punctual payments toward the full amount of the membership investment in accordance to a payment plan(s) approved by the Co-op Board of Directors.
 - c. Satisfaction of any other requirements as may be established by the Board of Directors from time to time, provided that the Board shall not establish any requirement for membership that discriminates on the basis of race, religion, gender, political affiliation, country of origin or sexual orientation.

Any household that meets these requirements shall be considered a Member in good standing for purposes of these By-laws.
3. **Orientation** - Applicant members shall be required to attend orientation programs under such rules, procedures and policies as the Board of Directors may, from time to time, determine.
4. **Records** - The Co-op shall maintain records showing the names, addresses, phone numbers and investment record for each Member, including all persons in a household.
5. **Work Requirement** – The Co-op shall have no work requirement as a condition to membership. Although volunteer work opportunities may be available for those Members who desire same, the Board of Directors may, from time to time, decide to limit the number of volunteer work opportunities for members of the Co-op.

6. **Voluntary Termination of Membership** - A Shareholding Member may, at any time, terminate membership in the Co-op by submitting to a person designated by the Board of Directors a written statement stating that the Shareholding Member wishes to terminate its membership. Such statement shall be signed by the Shareholding Member. Such termination includes the Household Membership. Voluntary termination shall not affect the terminating Member's existing liabilities to the Co-op. The Member's regular capital shall, upon written request, be returned to the Shareholding Member only when an equal amount of replacement capital has been obtained. This capital return may be in cash subject to deductions for debts owed by the Member to the Co-op.
7. **Dissolution of a Household** – One member of the household will be designated as the official shareholding member. Upon the dissolution of a household, the Shareholding Member will retain the membership and its ensuing benefits and obligations therein.
8. **Transfer of Membership** - Membership shall be nontransferable.
9. **Death of a Member** - Upon the death of the shareholding member, the membership shall continue within the household. The household shall designate a new Shareholding Member in writing to the Board of Directors and any existing liabilities shall still stand. The household, upon written request, has the option to terminate the membership and the Co-op shall return the terminated Member's regular capital to the person designated as "beneficiary" on the Co-op's records. If no such request is made within two years after the death of the last person in the household, all of the Member's capital shall be forfeited and transferred to the reserve capital account.
10. **Suspension or Expulsion** - The Board of Directors may suspend or expel any Shareholding Member or Household Member for cause. A Member proposed for suspension or expulsion shall be given reasonable notice of the pending action. The Board shall be authorized to prescribe procedures under which the proposed suspension or expulsion shall be considered. The Member shall have the right to appeal the suspension or expulsion to the membership at the next regularly scheduled membership meeting. Suspension or expulsion of a Member shall not affect that Member's existing liabilities to the Co-op. If a Member is expelled, the Member's regular capital shall be returned to the Member only when an equal amount of replacement capital has been obtained, subject to deductions for debts owed by the Member to the Co-op.
11. **Limits on Members** - The Board of Directors may, from time to time, decide to limit the number of Shareholding Members, Household Members, and working members of the Co-op, and may decide to limit new applications for membership.
12. **Non-Member relations**- The Board (with or without the assistance of the Membership Committee) may establish such policies to foster positive relationships with non-Members of the Co-op (including businesses) as the Board may determine is its reasonable discretion.

13. **Honorary Membership**- Certain individuals may become members (i.e. given as an award or prize by the Co-op) without having to pay the minimum amount of membership capital. Such person shall have a household membership. The Board shall approve any honorary memberships.

Article IV - Meetings of Members

1. **Semi-annual Meetings** - Regular meetings of the Members shall be held semi-annually, one in the Fall and one in the Spring at a date, time and place to be determined by the Board of Directors.
2. **Special Meetings** - Special meetings of the Members may be called by a resolution of the Board of Directors, or by a petition signed by at least one-tenth of the Members entitled to vote stating the purpose of the requested meeting and delivered to the Secretary. Upon receipt of such a request, the Secretary shall call a special meeting which shall take place within forty-five days. If the Secretary fails to call the meeting and issue notice of it within fourteen days after receipt of the petition, the petitioning Members may issue the notice, and the Co-op shall pay the reasonable costs of such notice.
3. **Notice of Meetings** - The Secretary shall mail a written or electronic notice of each meeting of the Members, setting forth the date, time, place and nature of the business of the meeting, to each Shareholding Member at the Shareholding Member's last known physical or email address, not less than twenty days before the date of the meeting. Such notice shall be deemed delivered if deposited in the United States mail with at least third-class postage affixed and addressed to the latest address provided by the Shareholding Member. The notice shall also be conspicuously posted at the Co-op. It is the responsibility of the Shareholding Member to maintain current contact information with the Secretary of the Co-op.
4. **Agenda** - The agenda for the membership meeting shall be set forth in the notice of meeting, and no business other than that generally set forth in the notice shall be transacted at the meeting or any adjournment of it. The agenda of regular membership meetings shall be developed by the Board. Any Member may require that an item be placed on the agenda of a membership meeting by submitting to the Secretary of the Co-op a petition of ten (10) Members, which shall be delivered to the Board within sufficient time for the issue to be publicized in the notice of the membership meeting sent to Members.
5. **Quorum** - A number of Shareholding Members (or member proxies from their households) equivalent to either five percent (5%) of the Shareholding Members or fifty (50) Shareholding Members, whichever is less, shall constitute a quorum at any meeting of Members. The Shareholding Members (or member proxies from their households) present at a properly organized meeting may continue to do business, despite the withdrawal from the meeting of enough Shareholding Members to leave less than a quorum. If a meeting of Members cannot be organized because a quorum has not attended, those present may adjourn the

meeting to such date, time and place as they may determine, and notice of such adjourned meeting shall be posted in a conspicuous place at the principal place of business of the Co-op for a period of not less than seven days following the date of the adjourned meeting. Those who attend such adjourned meeting, although less than a quorum, shall be deemed to constitute a quorum at that meeting only for the transaction of business from the meeting that was adjourned.

6. **Voting**

- a. Eligibility - The Board shall direct the General Manager or other appropriate appointee to review or cause to have reviewed the membership records prior to each meeting of the Members and shall determine that they contain the names of Members in good standing and entitled to vote. A list of such Members or other similar records shall be produced and kept open at the time and place of such meeting. Listing in the membership records shall be *prima facie* evidence of a Member's eligibility to vote.
- b. Each Shareholding Member shall have one and only one vote upon any single matter. Voting must be in person, except as specifically authorized in these By-laws. In case of absence, the Shareholding Member can designate a household member to vote as a proxy. Membership may be required as a condition of attendance at the meeting.
- c. All questions brought before the meeting shall be determined by the votes of a majority of the Shareholding Members present in person and entitled to vote, except as otherwise provided by statute or these By-laws.
- d. Voting by Ballot - All voting for Directors shall be by written ballot in accordance with Article V of these By-laws. In addition, the Board may authorize voting by ballot on any other issue that properly may be brought to the Members for a vote, including but not limited to any proposal to amend these By-laws. Whenever voting is conducted by ballot, the following rules shall apply: (1) All votes shall be submitted by ballot and no voice votes will be counted; (2) the form of the ballot shall be prescribed by the Board; (3) a copy of the proposal or ballot to be voted upon and the date and time by which the ballot must be received by the Co-op in order to be counted (the "Ballot Due Date") shall be published in the Co-op newsletter or another publication mailed to Members no less than 30 days nor more than 60 days before the Ballot Due Date and shall be posted in a conspicuous place in each Co-op store and on the Co-op's website throughout the 14 days immediately preceding the Ballot Due Date; (4) the Ballot Due Date shall not be later than the adjournment of the meeting at which the issue described in the ballot is being considered; and (5) the ballot shall set forth the instructions for returning the ballots, which shall include as one option depositing the ballot in a ballot box located in any Co-op store. Each Shareholding Member shall be limited to submitting one ballot on each voting occasion. To be counted, ballots must be received by the Ballot Due Date, must be returned in accordance with

the instructions on the ballot, and must meet certification standards set by the Board to ensure confidentiality, authenticity, and validity. Three persons designated by the Board shall count the ballots in a manner designed to preserve the confidentiality of the Member's vote. The vote shall not be considered an act of the Members unless ballots from at least 10% of the Shareholding Members eligible to vote are received by the Co-op.

7. **Conduct of Meetings** - Meetings of Members shall be governed by *The Modern Rules of Order* or *Robert's Rules of Order*, as determined by the presiding officer prior to commencement of the meeting. The presiding officer at such meeting may appoint a parliamentarian to advise the presiding officer with regard to procedural matters. The regular meetings of Members shall include the following matters:

- a. Recording the names of Members present;
- b. Reading and action on minutes of previous meeting of Members;
- c. Elections;
- d. Reports of Officers, Board of Directors, committees, and manager;
- e. Report of financial condition;
- f. Other business.

8. **Notice of Nomination and Election of Directors and of Committee Chairpersons** - No later than sixty (60) days prior to the Spring membership meeting the Chairperson of the Leadership Committee shall post a notice of elections in a conspicuous place at the principal place of business of the Co-op, which notice shall state the date of the elections, the positions for which elections are to be held and the procedure for nomination of candidates for the positions. The notice shall also be published in a publication generally distributed to all members. Nominations of candidates for positions on the Board of Directors and for Committee Chairpersons may be made by any person in a member household by submitting the name of the nominee(s) to the Chairperson of the Leadership Committee of the Co-op within sufficient time to permit the nomination to be disseminated to the membership in accordance with these By-laws. Representatives of the Leadership Committee shall contact each nominee and determine the nominee's willingness to serve.

9. **Referendum on Acts of Directors** - Any action taken by the Board of Directors shall be referred to the Members for approval or disapproval if demanded by petition of at least ten percent (10%) of the Members and delivered to the Secretary within sixty (60) days after the date that the action is authorized by the Board of Directors. Such matters shall be approved or disapproved by the Members at the next regular meeting. Upon receipt of a petition demanding a referendum, the Secretary shall place the item on the agenda for the next

membership meeting and shall stay execution of the action until the referendum has been held. Rights of third parties which vest between the time that the action is authorized by the Board of Directors and the time that the petition is received or the referendum is held shall not be impaired by a vote of the Members.

Article V - Directors

1. **Initial Directors** - The term of the initial directors named in the Articles of Incorporation (the “Initial Directors”) shall continue until their successors are elected. The first general election will be held at the discretion of the initial board, but no later than two years after the commencement of retail sale activities of the Co-op.
2. **Qualifications** – To be qualified as a Director, a person shall be of the age of eighteen or more years, shall have been an owner for at least six months prior to the election of Directors, shall have attended at least two consecutive membership meetings, is in good standing at the time of the election, and is not the general manager of the Co-op.
3. **Fiduciary Duty; Limitation of Personal Liability of Directors; Indemnification** –
 - a. A Director of the Co-op shall stand in a fiduciary relation to the Co-op and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interest of the Co-op, and with such care, including reasonable inquiry, zeal and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared by any of the following: (1) one or more officers or employees of the Co-op whom the Director reasonably believes to be reliable and competent in the matters presented; (2) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person; (3) a committee of the Co-op as to matters within its designated authority, which the Director reasonably believes to merit confidence.
 - b. In discharging the duties of their respective positions, the Board of Directors may, in considering the best interests of the Co-op, consider the effects of any action upon employees, suppliers, members of the Co-op and the community in which the Co-op is located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of this section. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interest of the Co-op.
 - c. To the fullest extent that the laws of the Commonwealth of Pennsylvania as

in effect on the date of the adoption of this section or as such laws are thereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Co-op shall be personally liable as such for monetary damages for any action taken, or any failure to take action, as a Director. A Director of the Co-op shall not be personally liable for monetary damages for any action taken or for any failure to take any action, unless: (1) the Director has breached or failed to perform the duties of his or her office under this section; (2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this section shall not apply to: (1) the responsibility or liability of the Director pursuant to any criminal statute; or (2) the liability of a Director for the payment of taxes pursuant to local, state or federal law. The Co-op shall indemnify each of its Directors, officers, committee chairs and employees who was or is an authorized representative of the Co-op and who was or is "party" (which shall include for purposes of this provision the giving of testimony or similar involvement) or is threatened to be made a party to any "proceeding" (which shall mean for purposes of this provision any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil administrative or investigative, whether formal or informal, and whether brought by or in the right of the Co-op or otherwise) by reason of fact that such person was or is an authorized representative of the Co-op, to the fullest extent permitted by law, including without limitation, indemnification against expenses (which shall include for purposes of this provision attorney's fees and disbursements), damages, punitive damages, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such proceeding, unless the act or failure to act giving rise to the claim is finally determined by a court to have constituted willful misconduct or recklessness. If an authorized representative is not entitled to indemnification in respect of a portion of any liabilities to which such person may be subject, the Co-op shall nonetheless indemnify such person to the maximum extent for the remaining portion of the liabilities. The Co-op shall be entitled to purchase, secure, and maintain in force, director and officer liability insurance to provide an appropriate level of coverage for the Co-op's Directors and officers, as determined from time to time by the Board of Directors.

- d. The Co-op shall pay the expenses (including attorney's fees and disbursements) actually and reasonably incurred in defending a proceeding on behalf of any person entitled to indemnification under Section c. of this provision in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Co-op and may pay such expenses in advance on behalf of any employee or agent on receipt of a similar undertaking. The financial ability of such authorized representative to make such repayment

shall not be a prerequisite to the making of an advance.

- e. Each person who shall act as an authorized representative of the Co-op shall be deemed to be doing so in reliance upon the rights of indemnification provided by this provision.
 - f. All rights of indemnification under this provision shall be deemed a contract between the Co-op and the person entitled to indemnification pursuant to which the Co-op and each person intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not limit, but may expand any rights or obligations in respect of any proceeding, whether commenced prior or after such change, to the extent such proceeding pertains to actions or failures to act, prior to such change.
 - g. The indemnification, as authorized by this section, shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of disinterested Directors or otherwise. The indemnification and advancement of expense provided by, or granted pursuant to, this action shall continue as to a person who has ceased to be an officer or Director in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors and administrators of such person.
5. **Election of Directors** - The first general election will be held at the discretion of the initial board, but no later than two years after the commencement of retail sale activities of the Co-op. The election of Directors shall take place at a Spring membership meeting. All voting for Directors shall be by written ballot. Notice of the election, including the names of the candidates, the Board positions being filled, and an absentee ballot shall be directly mailed or emailed to Shareholder Members at least thirty days before the meeting before the meeting at which the election will occur.
- a. Notice of the election, including the names of the candidates, the Board positions being filled, and a copy of the ballot shall be posted in a conspicuous place in each Co-op store, published in the Co-op newsletter or another publication, and on the Co-op website throughout the thirty (30) days immediately preceding the date of the election, and there shall be an opportunity in the same publication(s) for brief statements relating to each candidate.
 - b. Absentee ballots shall be deemed delivered by Member if deposited in the United States mail with at least third class postage affixed and addressed to the co-op's official address, or deposit their vote in a ballot box located in the co-op store.
 - c. Absentee ballots shall be counted at the meeting at which the vote is to be recorded. No absentee ballot received after the meeting date shall be

counted.

- d. Members who do not vote by absentee ballot shall be permitted to vote in person by attending the meeting.
- e. As set forth in Section 6d of Article IV of these By-laws, to be counted, the ballots must be received by the Co-op by the adjournment of the meeting at which the election is held, must be returned in accordance with the instructions on the ballot, and must meet certification standards set by the Board to ensure confidentiality, authenticity, and validity.
- f. Election results will be announced some time after adjournment of the meeting.

6. **Number of Directors** – Effective with the first election of Directors by the membership, the administration of the Co-op shall be vested in a Board of Directors comprised of a minimum of nine (9) and a maximum of fifteen (15) persons who shall act for the Co-op in all matters, except those required by statute, the Articles of Incorporation or reserved by these By-laws for the Members.

7. **Board Positions** - The Board of Directors shall consist of the following persons, all of whom shall be Members of the Co-op: the immediate past President of the Board, if he or she is willing and able to serve, and a minimum of nine (9) and a maximum of fourteen (14) Members elected at large, no more than two of whom may be employees of the Co-op. Except for vacancies filled in accordance with Article V, Section 10, of these Bylaws and the position of immediate past President, all Directors shall be elected by the membership according to Article V, Section 4.

8. **Election of Officers** - The officers of the Board of Directors of the Co-op shall be a President, Vice-President, Secretary and Treasurer, all of whom shall be elected to their offices by the Board at the first Board meeting following the election of Directors. The officers shall be elected by a majority vote of those present and voting. Officers shall be elected for a term of one (1) year and shall serve until that officer's successor is elected and assumes office. Employees of the Co-op shall not be eligible to be officers of the Board.

9. **Terms of Office**

- a. **Initial Term of Initial Directors** - The initial term of Initial Directors not standing for election at the first Spring meeting of the Members shall expire at the second Spring meeting of the Members so as to achieve the staggered terms contemplated by Article V Sec. 9 - Staggered Terms of Office.
- b. **Terms of Office of Directors** - Each Director who is a member-at-large shall be elected for a term of two (2) years and shall serve until that Director's successor is elected and assumes office.

c. Term Limits –

- i. Term Limits for Initial Directors- With respect to those Initial Directors whose seats are open for election at the first Spring meeting of the Members, the period from the appointment to the date of the first Spring meeting of the Members shall be deemed to be the first two-year term for such Initial Director for purposes of this Article.
- ii. Membership on the Board of Directors shall be limited to three (3) consecutive two-year terms. After being elected and serving a third consecutive term on the Board of Directors, a Member shall retire from the Board of Directors for at least one year before regaining his or her eligibility for election. This limitation shall not prevent the immediate past President from serving on the Board as the immediate past President.

10. **Staggered Terms of Office** - The election of Directors will be such that terms are staggered so that under normal circumstances approximately half the Directors are elected in even numbered years and half are elected in odd numbered years. At the first election of Directors, the candidates receiving the highest number of votes shall be given the longest available terms. If the minimum number of Directors (9) is not achieved, then there will be an election at the following annual meeting to reach the minimum.

11. **Vacancies** - Vacancies on the Board of Directors occurring between membership meetings at which Board elections are held shall be filled by a majority vote of the remaining Directors, and each person so elected shall be a Director until his or her successor is elected by the Members at the next membership meeting. A replacement director may run for re-election at such next occurring Spring meeting and, if duly elected by the Members, the term served by such Director pursuant to such election shall be deemed to be the first two-year term of such Director. If the size of the Board falls below the 9-member minimum, the Board may continue to function, but must make a good faith effort to bring the size back to the minimum as soon as possible.

12. **Removal of Directors** –

- a. Removal by Member Vote - A Director may be removed with or without cause, by a vote of at least two-thirds of the Members present and entitled to vote at a regular or special membership meeting. Any Member or Members may request removal by bringing formal charges against a Director by following the procedures which are set forth in the By-laws for the calling of a special membership meeting. The Director whose removal is proposed shall be given the opportunity to be heard at the membership meeting. A vacancy caused by removal shall be filled at the same meeting by the vote of the Members present at the meeting.

- b. Removal for Unexcused Absences - Directors who incur three (3) consecutive unexcused absences from Board meetings shall be automatically removed. An unexcused absence shall be determined by the President.
 - c. Suspension - A Director may be suspended for cause by a vote of at least two-thirds of the remaining Directors. During the suspension, the suspended Director shall not be permitted to attend meetings of the Board of Directors or to vote on Board matters. The suspension shall continue until a special meeting of the Members can be held, wherein the Director shall be subject to a vote of removal in accordance with the section above, Article V Sec 11 (a) - Removal by Member Vote.
13. **Compensation of Directors** - Directors shall receive no monetary compensation from the Co-op for their services as Directors. However, Directors will be considered a working member of the co-op and may be granted certain credits as determined by Board policy. A Director may be engaged by the Board to provide professional services (unrelated to the duties of a Director generally) to the Co-op for monetary compensation, provided such Director is selected pursuant to a fair and impartial selection process that is open to the general public and equitably administered. The Board of Directors may, by a majority vote, establish a standing policy requiring that Directors seeking such engagement by the Board resign from the Board as a condition to such engagement, for foreseen conflict of interest with the duties of director and the professional service.
14. **Meetings** – The Board of Directors may hold meetings, both regular and special, at such time and place as they may, from time to time, determine. The date, time and place of each meeting of the Board of Directors shall be posted by the Secretary in a conspicuous place at the principal place of business of the Co-op for at least three (3) days prior to a special meeting, and two (2) weeks prior to a regular meeting. Such notice shall be included in the regular print and electronic publications of the Co-op. Except as set forth below, all meetings for the transaction of business of the Board of Directors shall be open to the membership of the Co-op, unless the Board goes into Executive Session, see Article V, Sec 16.
15. **Meeting Prior to the Store Opening**- Notwithstanding the foregoing, prior to the first anniversary of the opening of the principal place of business of the Co-op, informal working sessions of the Board of Directors intended to facilitate the construction, development and initial operations of the Co-op’s retail store need not be publicized and shall not necessarily be open to the Members except as may be determined by the Board of Directors from time to time.
16. **Special Meetings** - Special meetings of the Board of Directors may be called by the President or by any three (3) Directors. Notice of a special meeting shall be given to each Director at last three (3) days prior to the meeting.
17. **Quorum** - At all meetings of the Board of Directors, a majority or minimum of five (whichever is greater) Directors shall be necessary to constitute a quorum for

the transaction of business. If a quorum shall not be present at any meeting of Directors, the Directors present may adjourn the meeting and determine a time and place for an adjourned meeting. Notice of the adjourned meeting shall be given to each Director, and shall be posted at least three (3) days prior to the adjourned meeting.

18. **Executive Session** - The Board may go into executive session, at which everyone is excluded except currently serving Directors, for the purpose of discussing any matters of business which the Board may consider confidential or sensitive. Before meeting in executive session, the Board must approve, by majority vote of the Directors present at a meeting at which a quorum is established, a motion to go into executive session. The motion must include specific reference to the substance of the matters to be discussed. The Board can decide, by majority vote, as stated above, to exclude Directors that are also employees of the co-op, if such matters are related to the operations of the co-op. Directors who are employees of the Co-op shall not be present during any discussions of and shall not participate in any vote on the General Manager's performance or compensation. The Board may invite relevant individuals, as required, for consultation. No vote may be taken in executive session except to approve or evaluate the General Manager's performance and compensation, to recess or adjourn out of executive session, or to address any other issue which in the discretion of the Board requires confidentiality. The decision to call an executive session and a general description of the matters discussed must be recorded in the minutes of the Board meeting at which the motion to go into executive session was approved.
19. **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, and such interest shall be made a matter of record in the minutes of the meeting. Directors having such an interest may not participate in the decision of the matter.

Article VI - Officers

1. **President** - The President shall preside at all meetings of the Board of Directors. The President shall oversee all operations of the Co-op and shall see that all orders and resolutions of the Board of Directors and of the members are carried into effect. Except as otherwise provided by these By-laws or resolution of the Board of Directors, the President shall sign all contractual notes, bonds and other evidences of indebtedness issued by the Co-op, and other official instruments or documents of the Co-op. The president shall be a member ex-officio of all committees of the Co-op. The President shall deliver the report of the Board of Directors at the membership meetings.
2. **Vice-President** - The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the power of the President. In the event of the death, resignation or mid-term withdrawal from office by the President, the Vice-President shall complete the unexpired term of the President. The Vice-

- President shall preside at membership meetings, shall rule on points of order and procedure at such meetings, may appoint a parliamentarian at such meetings to advise on points of order and procedure and shall not vote unless a tie occurs. Except as otherwise provided by these By-laws or resolution of the Board of Directors, the Vice-President shall be a liaison between the committee chairpersons and the board. The Vice-President shall perform such other duties and have such other powers as the Board of Directors may, from time to time, prescribe.
3. **Secretary** - The Secretary shall attend all meetings of the membership and Board of Directors and shall record or cause to be recorded the minutes of the meeting. The minutes of the meetings of the Board of Directors and general membership meetings shall be made reasonably available to all Members by publication or dissemination in such manner as the Board may determine. Board of Directors meeting minutes shall not be made available to non-Members unless otherwise determined by the Board. Minutes of the Board of Directors meetings shall be posted within seven (7) days after approval by the Board. Draft minutes of the previous general membership meetings shall be posted no later than twenty (20) days prior to the general membership meeting at which they are scheduled to be approved. The Secretary shall give all notice of meetings required by these By-laws. The Secretary shall keep custody of the official documents of the Co-op. The Secretary shall keep custody of the seal of the Co-op (if any), and, when authorized by the Board of Directors, affix it to any instrument and attest to its authenticity by signature.
 4. **Treasurer** - The Treasurer shall monitor the operations accounts on a monthly basis and report to the Board as appropriate. The Treasurer shall assist in the preparation of the budget and advise and assist on making financial information available to both co-op members and the Board. In addition, the Treasurer shall serve as the liaison between the Board and its auditor. Notwithstanding anything herein to the contrary, the Board may, by majority vote, elect a Treasurer that is not a Director.

Article VII – Committees

1. **Committees**-The Board may appoint committees to advise or to exercise authority as the Board shall designate. Board-established committees shall include at least one Director. Committees are established to provide a means for Co-op members to participate directly in furthering our co-op's mission. Committee activity shall be within the scope of these bylaws and the Mission Statement, and shall be subject to Board supervision. Board-established committees are accountable to the Board and the chair is appointed by the Board. All committees will have a clear mandate written into a charter. Management may form committees with the approval of the Board.
2. **Election of Chairs**- Committee Chairpersons shall be members in good standing and shall be elected by the Board at the first Board meeting following the Spring Membership Meeting and shall serve for 1 year or until a successor has been elected and assumes office.

3. **Vacancies** – Vacancies caused by the resignation of a Committee Chairperson between elections shall be filled by a majority vote of the members of that committee, and each person so elected shall be the Chairperson until his or her successor is chosen according to Article VII, Section 1.
4. **Removal of Committee Chairpersons** – Provisions of Article V, Section 11, Removal of Directors, apply.

Article VIII--Operation at cost and Members' Capital

1. **Operation at Cost**-The Co-op shall at all times be operated on a cooperative service-at-cost basis for the mutual benefit of its member patrons.
2. **Margin Allocation**-In order to induce patronage and to assure that the Co-op will operate on a service-at-cost basis in all its transactions with its members, the Co-op is obligated to account, on an annual basis, for the amount of meat marketed through the co-op by each member. Monies over and above the cost of providing such marketing services and making reasonable additions to reserves shall be returned to the members based upon the annual patronage. Such allocation shall be on the basis on the volume (dollar value) of meat marketed through the Co-op. The Co-op is hereby obligated to pay all such amounts to the patrons in cash or by credits to a capital account of each member patron.
3. **Dividends**-No dividends shall be paid on any capital credits.
4. **Records and Documentation**-The books and records of the Co-op shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member. The Co-op shall, within 8-1/2 months after the close of each fiscal year, notify each member of the capital so credited to the account. The notice shall be in the form of a written notice of allocation or per-unit retains certificate (as those terms are used in Subchapter T of the Internal Revenue Code) or other appropriate written document. The Board shall have discretion to issue such notices and certificates in either “qualified” or “nonqualified” form as permitted by the Internal Revenue Code and other applicable law.

Article IX--Equity Redemption

1. **Regular Redemption, Revolving Fund**-If at any time the Board determines that the financial condition of the Co-op will not be impaired thereby, capital credited to members' accounts may be redeemed in full or in part. Any such redemption of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Co-op being the first redeemed.
2. **Discretionary Special Redemptions**-Notwithstanding any other provision of these By-laws, the Board, at its absolute discretion, shall have the power to retire any capital credited to members' accounts on such terms and conditions as may be agreed upon by the parties in any instance in which the interests of the Co-op and its members are deemed to be furthered thereby and funds are determined by the Board to be available

for such purposes.

Article X — Equity Fund and Capitalization

1. **Methods of Capitalization.** The Board may arrange for the capitalization of the Co-op through any of the following means: collection of membership fees, allocation of retained earnings to member capital accounts based on member patronage, issuance of non-qualified promissory notes, the securing of loans from banks or other financial institutions, and the receipt of any gifts or grants to the Co-op.
2. **Initial Equity Shares.** Each owner-member must pay a membership fee at joining and each year thereafter, as designated by the Board of Directors. These moneys shall be credited to individual member capital accounts and shall be represented as grower equity in the Co-op's financial records. A certificate of membership in the Co-op shall be issued to each owner-member upon full payment for such. Certificates and receipts shall be signed by the President and Treasurer.
3. **Patronage Dividends-**At the end of each fiscal year, the Board shall set a certain percentage of net income to be distributed to members as patronage dividends. This fund shall be distributed directly to members in cash as well as allocated to individual members' capital accounts on a pro rata basis determined by the patronage of each member during the preceding fiscal year. The Board shall notify each member of the allocation credited to his or her account by issuing a written notice of allocation. Unless approved by the Board, the written notices of allocation shall be non-transferable. By becoming a member of the Co-op, each member shall be deemed to have consented to include in his or her taxable income any qualified written notices of allocation (within the meaning of Section 1385 of the IRC) received by him or her at its stated dollar amount, in the manner provided by Section 1385 of the IRC, and to pay tax thereon. In accordance with Section 1388(c) of the IRC, at least twenty percent (20%) of each member's patronage allocation shall be paid in cash. If the Co-op has a loss year, the Board may apply a negative patronage allocation to member capital accounts. Any such negative patronage allocation for any one loss year is limited to no more than ten percent (10%) of the total member patronage for that year. If negative patronage allocations are applied against a portion of an individual member's capital account represented by a written notice of allocation, the amount of the written notice is accordingly reduced. A written notice is canceled when its amount is reduced to zero. Negative patronage dividends are not allocated on losses due to "extraordinary (catastrophic) events" as defined by the Financial Accounting Standards Board. Any losses beyond this limitation will be carried forward and deducted from future patronage earning before allocating any additional patronage dividends. Patronage dividends shall not be declared on non-member patronage, nor shall they exceed the tax-basis net income.
4. **Non-qualified Notes-**The Board may obtain short-term loans from members or other individuals by issuing non-qualified promissory notes to such persons. The notes shall be numbered and registered as issued, and include the loan value, interest charges, and terms of repayment. The notes shall be signed by the President and Treasurer.
5. **Loans-**The Board may obtain loans from banks or financial institutions to partially cover the Co-op's capitalization needs.

6. **Revolving Equity**-The individual members' accounts used to capitalize the Co-op shall be revolving. When the Board determines that funds contained in the individual capital accounts meet the current capital needs of the Co-op, the Board may begin to revolve the accounts by allocating patronage dividends for the most current fiscal year while redeeming the oldest written notices of allocation.
7. **Redemption of Allocations**-All written notices of allocation credited to a member's capital account shall be paid off in the order of their date of issuance, the oldest allocation notices first, except that the Board may give first priority to the estates of deceased former members. In determining the oldest notices, all allocation notices of the same fiscal year shall have the same priority. If any payment is not sufficient to cover all redeemable notices, a proportionate part of the dollar amount of all the redeemable notices shall be paid. When a member's allocation notice is redeemed, the individual member's capital account shall be accordingly debited. The Board will redeem written notices of allocation, according to the rules above, on a schedule set at its discretion.
8. **Termination Distributions**-A member may apply for redemption of all retained member equity in the Co-op in conjunction with a request for termination of membership. Such member shall make a signed request to the Board, and shall submit the membership certificate, fee receipts and written notices of allocation to be redeemed. Redemption shall not take place until after the member's capital account is fixed at the close of the fiscal year. The Board may redeem the certificates and notices of allocation through some combination of cash and promissory notes, provided such redemption will not impair the capital structure of the Co-op. The promissory note issued, if any, shall be payable in full within five (5) years of being issued and shall have such other terms as the Board deems necessary. Redeemed shares shall be subject to a deduction for any indebtedness due the Co-op by the member.
9. **Capital Account Statements**-During the payment period of the fiscal year and after all the internal account charges which relate that fiscal year, each member shall be issued an individual capital account statement. This statement shall include the previous balance in the member's account, positive and/or negative patronage allocations to the account, the redemptions or distributions from the account, and the resulting current balance of the member's account. If all or part of any written notices of allocation were cancelled by any negative patronage allocations to the account, then the account statement shall specify the notices and amounts canceled.
10. **Member Liability**-No member of the Co-op may be held liable for the debts of the Co-op beyond amounts credited toward membership shares, revolving equity accounts, membership fees, and duly assessed levies.
11. **Transfer**-Membership and equity shares shall not be transferable from a member to another person, persons, or organization.
12. **Federal Corporate Income Tax**-The Co-op, as directed in Subchapter T of the IRS code, shall deduct from taxable income any amounts paid during the payment period (eight and one-half months after the end of the fiscal year) as patronage dividends paid in cash or qualified written notices of allocation. Otherwise, the Federal corporate income tax shall be computed as in a corporation not operating on a cooperative basis.
13. **Patronage Losses**-In the event the Co-op suffers a loss during any year on business conducted with or for members, such loss may be apportioned among the members

during the year of loss so that such loss will, to the extent practicable, be borne by the members of the loss year on an equitable basis. The board shall have full authority to prescribe the basis on which capital furnished by patrons may be reduced or such loss otherwise equitably apportioned among the patrons. In the event of a patronage loss in one or more departments or divisions of the operation of the Co-op, but not so much as to cause an overall loss for the fiscal year, such loss or losses may be prorated against each of the remaining profitable departments on the basis of their respective percentage of the net margins during such fiscal year.

Article XI - Membership Capital

1. The Co-op's reserve capital shall consist of the total of all of the members' reserve capital accounts, and the Co-op's regular capital shall consist of the total of all of the members' regular capital accounts.
2. Reserve capital accounts shall consist of amounts assigned to the members and specifically designated as reserve capital at the time they are assigned. Reserve capital shall not be returned to members until such time as the Co-op is dissolved. Reserve capital may be used in the general conduct of the Co-op's business.
3. Regular capital accounts shall consist of all payments to and investments in membership capital, including patronage rebates assigned to a member's capital that are not reserve capital. Regular capital shall be returned to the members as determined by the Board of Directors from time to time, and as provided in these By-laws. Regular capital may be used in the general conduct of the Co-op's business.
4. The minimum amount of membership capital that must be paid to qualify for continuing membership can be changed by vote of the membership, which amount shall be assigned to the member's regular capital account. The initial amount of minimum membership capital required for continual membership shall be determined by the Initial Directors.
5. The Co-op, by vote of the members present and voting at a regular or special meeting of the members, may from time to time require additional investments of capital for the continued privilege of using the facilities of the Co-op. No member shall be requested to make additional capital investments after the member's regular capital account matches a limit which shall be determined by vote of the membership; except that assignments of patronage rebates to regular capital accounts shall continue after the limit has been reached.
6. Members may invest additional amounts in their regular capital account at any time. However, no member shall own or control more than one percent (1%) of the Co-op's total membership capital.
7. The Co-op may, by vote of the members, reduce any member's regular capital in excess of the maximum capital contribution as determined by the membership

- from time to time by repaying the member a part of that capital.
8. Whenever the Co-op is required to return a member's regular capital under these By-laws, the Co-op may repay the capital in a lump sum or in such installments as the Board of Directors in its discretion sees fit.
 9. The Co-op shall have a first lien on a member's capital accounts for unpaid debts owed by the member to the Co-op. Whenever the Co-op is required to return the member's regular capital, it may deduct the debts owed by that member to the Co-op from the capital to be returned to the member.
 10. Whenever the Co-op is required to repay any of the member's regular capital account to the member, and no persons included in that membership can be found for a period of two (2) years after the payment first becomes due, the member's regular and reserve capital shall be forfeited and transferred to the Co-op's reserves.
 11. An honorary member may carry a zero balance in his or her regular capital account.

Article XIII - Amendment of By-laws

These By-laws may be altered, amended or repealed by a majority vote of the Members present and entitled to vote at any regular or special membership meeting duly convened after notice to the Members of this purpose, which notice shall contain the text of the proposed amendments or, if voting by ballot is authorized by the Board in accordance with the requirements for ballot voting set forth in Article IV of these By-laws, by the majority of ballots submitted, but in no event shall a By-law Amendment be approved by ballot voting unless the Co-op has received ballots from at least 75 percent of the members or 75 ballots, whichever is smaller, by the Ballot Due Date. Any proposed amendments to these By-laws must be posted in a conspicuous place at the principal place of business of the Co-op (if available), and shall be distributed to the Members in the regular print and electronic publications of the Co-op, at least twenty (20) days prior to the meeting at which they will be acted upon. Notwithstanding the foregoing, in addition to the rights of the Members under this Article XI, the Initial Directors shall have the right to adopt, alter, amend or repeal these By-laws.