

BYLAWS of FAMINE FOODS COOPERATIVE, Inc.
(dba BLUFF COUNTRY COOPERATIVE)

(As written February 1, 1989 and Revised by majority vote at General Membership Meeting in February 1995, September 1996, September 1997, October 2000, October 2002 and November 2006).

Article I – ORGANIZATION

Section 1. Purpose: Our business is owned by people who are associated to purchase and sell food. We will work for the mutual benefit of all members, striving to serve both our needs and the needs of the community. The individuals' responsibility to themselves and to other is the means by which we will efficiently make available nutritious food and quality household goods to the people of our community.

Section 2. Fiscal Year: The fiscal year of this association begins on September 1 and ends on August 31.

Article II – MEMBERSHIP

Section 1. Qualifications: Any person or group of persons who agree with the purpose and aim of this cooperative may become a member by:

1. agreeing to comply with requirement of the Articles of Incorporation, Bylaws, and other agreements, and
2. becoming an owner of One (1) share of Class A Voting Stock, and
3. becoming an owner of Twenty Four (24) shares of Class B Non-Voting Stock, or
4. becoming an owner of Nine (9) shares of Class B Non-Voting Stock and completing a written payment plan for the purchase of the remain Fifteen (15) shares within Three (3) years and fulfilling the payment plan obligations
5. receiving approval of the board of directors

Section 2. Rights of Membership: Members have the right to participate in the distribution of surpluses, participate in voting, and other rights given to members elsewhere in the these Bylaws. Each member has one vote. A member that is a group of people must select one person to present their vote.

Section 3. Termination and Withdrawal: At any time, if a member fails to comply with requirements of the Articles of Incorporation and the Bylaws, the directors may cancel the membership of this member. This member shall have the opportunity to appear in her/his own defense at the next general membership meeting, and the action of the Board to cancel this membership must be supported by a majority vote of the members. Once the member is terminated the board at its option will either redeem her/his stock in cash or convert it to Class B Stock.

If a member wants to withdraw her/his membership, the board of directors will review withdrawal requests every six months during the second and fourth quarters of the fiscal year. Repayment of the member stock will be in chronological order of requests. Member stock redemption schedules will be determined by the board of directors as the association can afford it.

Article III – MEETINGS

Section 1. Annual Meeting: The annual meeting of the association will be held each year. The exact date, place, and hours to be set by the board of directors. (As changed by majority vote at GMM, September 1996).

Section 2. Special Meetings: A special meeting of the members will be called upon a written petition from at least twenty percent (20%) of the members, or upon request by a majority vote of the board of directors. The notice of the meeting shall give the time, place, and purpose of the special meeting and shall be issued within then (ten) days from the date of filing such a petition. Such special meetings shall be held within thirty (30) days from the date of filing such a petition. No business shall be transacted at a special meeting except that mentioned in the notice of the meeting.

Section 3. Notice Of Meetings: A notice of all annual and special membership meetings will be sent at least fifteen (15) days before the meeting. The failure of a member to receive this notice shall not invalidate any action decided at the meeting. As a part of the record of the meetings, a copy of the notice and its mailing date will be kept. Any member may waive notice of a meeting by writing a letter indicating that they don't need a notice of a meeting. This letter is referred to

as a waiver. Attendance at a meeting means a member waives notice unless this member is attending with the purpose of objecting to the meeting being properly called.

Section 4. Quorum: At any regular or special meeting of the members a quorum necessary for the transaction of business shall be ten percent (10%) of the membership until the membership exceeds five hundred (500), at which time the quorum shall be fifty (50) members.

The quorum shall be established by the registration of members of the association who are present at the meeting, which shall be verified by the president and secretary, and shall be reported in the minutes of the meeting.

On a question submitted to a vote by mail, the members present in person, and the members represented by mail vote, shall be include in determining the quorum.

Section 5. Decision Making: Each membership has only one vote upon each matter submitted to a vote at a meeting of members. All questions shall be decided after a thorough discussion by a majority vote of the members voting. Voting by proxy shall not be permitted. Absent members may vote on specific questions, other than the removal of directors, by ballots transmitted to the secretary by mail. Such ballots shall be counted only in the meeting time when the vote is taken, provided that all members have been notified in writing of the exact wording of the motion, this being attached to the vote of the member.

Section 6. Order Of Business: In so far as it is practical, the order of business at the annual meeting and at other meetings of the members shall be:

1. Registration of members
2. Proof of notice of meeting
3. Reading and disposal of all un-approved minutes
4. Annual reports of officers and committees
5. Election of directors
6. Unfinished business
7. New business
8. Adjournment

Section 7. Directors Meetings: Each member of the board of directors shall be notified by the president of all board meetings. A majority of the directors shall be notified by the president of all board meetings. A majority of the directors shall be a quorum at all meetings of the board, and majority vote of the directors present shall decide all questions.

Section 8. Special Directors Meetings: Special meetings of the board of directors may be called by the president or by a majority of the board. No business except that mentioned in the call for a special meeting shall receive final action at such a meeting, unless all of the members of the board are in attendance. Each director shall be notified of a special director's meeting at least one (1) day in advance of the meeting.

Section 9. Open Meetings: Meetings of the board of directors shall be posted as open meetings, with the exceptions of specially called "closed" meetings. All members may address the board by notifying the secretary in advance or the president during the meeting of their desire to call a "closed" meeting. Any member may place on the agenda an item for discussion at a board meeting. The board may call special closed meetings, e.g. for discussion of personnel issues, lease negotiations, etc.

Article IV – DIRECTORS AND OFFICERS

Section 1. Number of Directors and Term: There shall be a minimum of five (5) directors of this association, the exact number to be determined by the board and management. They must be members and are elected by ballot at the annual meeting for three-year terms. One half of the presiding membership of the Board of Directors shall be elected each year. They hold office until their successors are elected and qualified. (As changed by majority vote at GMM, September 1996, GMM, October 2002 & GMM, November 2006).

Section 2. Vacancies: A vacancy in the board of directors is created if any of the board members resigns. Any director of the association may resign by announcement of her/his resignation at any meeting of the board of directors, either in person or by letter addressed to the secretary. The board of directors may also consider a position vacant if the board member does not attend two consecutive meetings without notification to the president or three consecutive meetings with notification. The board of directors may appoint a replacement director when a vacancy occurs on the board. The person appointed shall be a member of the association and shall have shown through past service to the association capabilities of a director.

Section 3. Election of Officers: At their first regular meeting after the annual election, the board of directors shall elect by ballot from the board members a president, vice president, a secretary, and a treasurer.

Section 4. Compensation: The compensation, if any, of the board of directors and officers, except the secretary, shall be determined by the members of the association at any regular or special meeting called for that purpose. Such officers and directors shall, however, be entitled to reimbursement for actual expenses incurred in attending board meetings or any other business of the association, when such expense accounts have been approved by a majority vote of the directors. Compensation of the secretary shall be set by the board of directors.

Section 5. Indemnification: The association shall indemnify each director and officer of the association, whether or not then in office, and their respective successors or assigns, if it is found that she/he acted in good faith for the interests of the association. The indemnification shall be against any or all expenses, including judgments, compromise payments, reasonable costs and expenses, including, but not limited to, counsel fees, paid or incurred by her/him as the result of any action, suit or proceeding to which he/she may be a party by reason of her/his being or having been a director or officer of the association. The foregoing rights of indemnification shall be cumulative and shall not be exclusive or in lieu of other rights to which a director or officer shall be entitled under the laws, in a bylaw, resolution, contract or agreement.

Section 6. Removal: Any director of the association may be removed from office, for cause, by a majority vote of the members, at any annual meetings, or at a special meeting called for that purpose. At such a meeting an opportunity shall be given to said director to be heard in person. In case of the removal of a director, the members shall elect another director to fill the vacancy for the remainder of the term at the same meeting at which the other director was removed.

Section 7. Employees: No more than one third of the board of directors may be paid employees of the association. The general manager may not be a director.

ARTICLE V – DUTIES AND POWERS OF DIRECTORS

Sections 1. GOVERNING: The board of directors shall govern the business affairs of the association. They shall make all the necessary rules and regulations for the management of the business and the guidance of the officers, employees, and agents of the association. Such rules and regulations shall be consistent with the law, the Articles of Incorporation, and the Bylaws. The board of directors shall authorize the general manager to manage the affairs of the cooperative. The general manager shall employ, supervise, and discharge all employees, agents, and laborers and engage in all negotiations and discussions on behalf of the co-op as necessary and/or as directed by the board.

ARTICLE VI – DUTIES OF OFFICERS

Section 1. PRESIDENT: The president shall:

- a. preside at all meetings or appoint a temporary chairperson.
- b. sign as president, with the secretary, all notes, deeds, conveyances of real estate, and all certificates of stock.

Section 2. VICE PRESIDENT: The vice-president shall:

- a. In the absence or disability of the president, perform the duties of the president, and
- b. be assigned to work with committees set up by resolution of the board of directors.

Section 3. SECRETARY: the secretary shall:

- a. serve all notices required by law.
- b. Keep a complete record of the meetings of the association, and of the **board** of directors meetings.
- c. Submit such secretarial reports at the annual and other meetings of members, as requested by the board of directors.
- d. Sign as secretary, with the president, all notes, deeds, conveyances of real estate, and all certificates of stock. If the corporation has a seal the secretary shall affix the corporate seal to all documents requiring it.
- e. Perform such other duties as may be required by the board of directors or other members of the association. The duties of the secretary may be delegated by the board of directors to other persons.

Section 4. TREASURER: The treasurer shall:

- a. receive and disburse all funds of the association
- b. keep a complete record of all financial transactions of the association and perform such other duties pertaining to the office of treasurer, as may be required by the board of directors.

- c. Submit to the annual meeting a complete and detailed financial report of the year's business, and other special reports as requested by the board of directors.
- d. The duties of the treasurer may be delegated by the board of directors to other persons.

ARTICLE VIII – CAPITAL STRUCTURE

Section 1. ANNUAL NET INCOME FROM PATRONAGE: The annual net income from member patronage shall be distributed to the member-patrons based on their patronage with the association. Such distributions shall be made in cash, stock or other equity credit, or some combination thereof, as the board of directors of the association shall determine.

Section 2. ANNUAL NET INCOME FROM OTHER SOURCES: The annual net income from sources other than business done with members shall be retained by the association in an unallocated capital reserve.

Section 3. LOSSES: If this association has sustained an annual loss in its member-patron business, it shall have the power and authority to allocate such loss to the member-patrons for such year or years on a patronage basis and apply the same against the equity credits or stock of such member. The board of directors may also, in its discretion, elect to offset the loss by using the unallocated capital reserves of the association. Losses may also be carried forward to offset future patronage dividends of the members.

ARTICLE VIII – CAPITAL STRUCTURE

Section 1. CLASSES AND DESCRIPTIONS OF SHARES: The board of directors is authorized to issue Class A, Class B, and Class C stock as provided for in the Articles of Incorporation. These stock shares are follows:

- a. one (1) share of Class A Voting Stock shall be issued only to individuals and associations of the individuals who patronize the association on a regular basis and who have been approved for membership by the board of directors, and who otherwise meet the requirements for membership contained elsewhere in these Bylaws and Articles of Incorporation.
- b. Class B Non-Voting stock shall be issued to individuals and associations of individual members or non-members of this association. The holders of such stock shall have no rights or privileges on account of such stock, or votes or voice in the management of the association other than the right to participate in the distribution of assets of the association in accordance with the law in the case of dissolution.
- c. Class C Preferred Stock may be issued to any person or association of persons who owns Class A Voting Stock and who resides in Minnesota, and shall have no voting power. The rate of dividends, if any, shall be determined at the time of issue by the board of directors. Dividends shall not be in excess of eight percent (8%) per annum and shall not be cumulative. In event of liquidations or dissolution of the association, the holders of these shares will be paid the original value and any current dividends on these shares before any payment is made to any Class A or Class B stockholders.

Section 2. PURCHASE AGREEMENT: Each member must purchase one (1) share of Class A voting Stock and twenty-four (24) shares of Class B Non Voting Stock, to be paid as follows after October 9, 2000

- a. paid in full at time of purchase, or
- b. over a three (3) year period under management approved payment plan, the minimum being forty dollars (\$40.00) per year
- c. fully paid members as of October 9, 2000 will have up to three (3) years to make additional equity payments, the minimum being sixteen dollars (\$16.00) per year

Section 3. STOCK CERTIFICATES: A certificate of stock will be issued to each holder of fully paid stock. Each certificate will have the class of stock, the number of shares and the names of the person to whom it is issued. Each certificate will have the signature of the president and secretary. A record of each certificate issued will be kept.

Section 4. ABANDONED EQUITY: If a member fails to pay the share amount in full within thirty-six (36) months of signing the member purchase agreement, this agreement shall lapse and this member's rights and privileges will be forfeited. The sum accumulated in this member's equity account shall be considered abandoned and shall not be refunded, and will be donated to a non-profit Minnesota corporation that supports cooperative activities to be determined by the board of directions at the time of the abandonment. A written notice of this determination will be sent to this member's address as it appears on the association's records. The member shall have the opportunity to appear in his/her own defense at the next board of directors meeting, and the action of the board to cancel the membership must be supported by a majority vote of the board.

ARTICLE IX – CAPITAL INVESTMENT

Section 1. ACCOUNTING: There shall be records kept so that each association member will have their annual capital credit recorded. All records shall be accessible to the members. Members shall be notified of their credit (refund) at the close of each fiscal year.

Section 2. TAX CONSENT: Each individual or organization who applies for, and is accepted to membership in this association by such act alone, consent that the amount of any distributions with respect to his/her or its patronage occurring in any fiscal year which are made in written notices of allocation (as defined in 26 U.S.C. 1388 of the Internal Code) and which are received by her/him or it from the association will be taken into account by him/her or it at their stated dollar amount in the manner provided in the 26 S.S.C. 1385 in the taxable year in which such written notices of allocation are received by him/her or it. The intent of this bylaw provision is to provide consent binding on all members of this association for the purpose of making such distributions “qualified written notices of Allocation” within the meaning of the United States Income Tax Laws.

Section 3. DISSOLUTION: The procedure for dissolution of the association shall be for the elected trustees to convert all assets into cash and then allocate the cash in the following order of priority:

1. to pay all the necessary costs of dissolution
2. to pay any remaining debts of the association
3. to pay the outstanding preferred stock at original value
4. to pay the outstanding common stock at original value
5. to pay all allocated capital credits (refunds).
6. **then**, if any balance remains, it shall be distributed on a pro rata basis between the stockholders and the holders of capital credits (refunds).

ARTICLE X - AMENDMENTS

Section 1. AMENDMENTS: These bylaws may be amended at any regular or special membership meeting. The notice for the meeting must have a summary statements of the proposed amendment.