

Assabet Village Food Cooperative, Inc. By-laws

Amended October 13th, 2016

1. Organization

1.1 Name. The name of this organization is “The Assabet Village Food Cooperative, Inc.” (herein referred to as “the Cooperative”).

1.2 Purpose. The purpose of the Cooperative is to engage in the business of buying, selling and distributing quality consumer products and to engage in any other activity, including performance of related services for its Members, for which a cooperative association may be organized in the Commonwealth of Massachusetts.

1.3 Cooperative Principles. The Cooperative shall operate in accordance with the Cooperative Principles as defined by the International Co-operative Alliance.

1. **Voluntary and Open Membership.** Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
2. **Democratic Member Control.** Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.
3. **Member Economic Participation.** Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
4. **Autonomy and Independence.** Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
5. **Education, Training and Information.** Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.
6. **Cooperation among Co-operatives.** Co-operatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.
7. **Concern for Community.** Co-operatives work for the sustainable development of their communities through policies approved by their members.

1.4 Fiscal Year. The fiscal year of the Cooperative shall be July 1 – June 30.

1.5 Nondiscrimination. The Cooperative shall not discriminate on the basis of social or political grounds, nationality or ethnic background, religion, race, age, sex, handicap, gender, sexual orientation, gender identity, or marital status.

2. Membership

2.1 Eligibility. Membership in the Cooperative shall be voluntary and open to any individual, 18 years or older, who supports its purpose and principles, and who is willing to accept the rights and responsibilities of Membership.

2.2 Admission. Any individual shall, on approval by the Cooperative of their Membership Agreement and payment for Membership stock and any required fees, be accepted into Membership (and herein be referred to as a “Member”) on terms and conditions established by the Board of Directors (herein referred to as “the Board”). Such terms and conditions may include issuance of additional cards and other provisions for individuals who share a common household with an individual who is a Member.

2.3 Share Purchase Requirement. Subject to section 5 of these By-laws, each Member of the Cooperative shall hold one share of Membership stock.

2.4 Rights. Each Member shall be entitled to make purchases from the Cooperative on terms generally available to Members, and to participate in the governance of the Cooperative and share in the distribution of net earnings, as set forth in these By-laws.

2.4.1 Members that have subscribed for, but not fully paid the initial Member share purchase requirement, shall be subject to the following:

2.4.1.1 They shall be entitled to make purchases from the Cooperative on terms generally available to Members.

2.4.1.2 They may attend, and participate in, all meetings of Members, but will not be counted in determining a quorum, and will not be entitled to vote. They are not eligible to run for the Board of Directors or vote on a committee until their initial Member share purchase requirement has been paid in full.

2.4.1.3 They will be eligible to receive a distribution of net earnings, in accordance with section 6, beginning with the fiscal year during which they finish paying for their initial Member share purchase requirement. Such distributions will be calculated based on purchases made from the first day of the fiscal year in which the initial Member share purchase requirement is paid in full.

2.5 Responsibilities

2.5.1 Each Member shall abide by the Articles of Organization, the By-laws, and the policies of the Cooperative.

2.5.2 Each Member shall keep reasonably current in the payment of any installments due.

2.5.3 Each Member is responsible for notifying the Cooperative in writing (including e-mail or other electronic communication) of changes in the Member’s postal and e-mail addresses, and any other change in the Member’s information or status that may affect Membership.

2.5.4 Each Member is responsible for notifying the Cooperative in writing (including e-mail or other electronic communication) if they wish to change those persons who are authorized to shop on the Member’s card. Such persons must share a common household with the Member.

2.6 Inactive Status. A Member who fails to keep reasonably current in their payments, or who fails to keep the Cooperative apprised of changes in the Member’s information, shall be placed into inactive status. Their participation rights shall then be suspended. A Member in inactive status may re-attain good standing upon recommencing payment of financial obligations and/or providing the Cooperative with updated contact information. Except as otherwise provided herein, references in these By-laws to the rights and entitlements of Members shall be understood to refer to Members in good standing (i.e., not in inactive status).

2.7 Access to Information. The Cooperative shall provide or make available to any Member reasonably adequate and timely information about the organizational and financial affairs of the Cooperative. Such information may include the Articles of Organization of the Cooperative, its By-laws, the names of and contact information for the members of the Board, its most recent Board accepted or approved profit and loss statement and balance sheet, the minutes of meetings of the Board, and the minutes, if any, of other committees appointed by the Board except in each case for

minutes of closed meetings. The Member shall reimburse the Cooperative for the costs of copying or allowing access if the Cooperative deems them significant. Requests shall be submitted during the Cooperative's regular business hours and will be responded to within a reasonable period of time. The Cooperative may establish reasonable rules and procedures to ensure that information requests are made for a proper purpose, to protect confidential information, and to meet the privacy expectations of Members, employees and Directors.

2.8 Settlement of Disputes. In any dispute between the Cooperative and any Member or former Member that cannot be resolved through informal negotiation, the policy of the Cooperative shall be to send the matter to mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. Neither 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.

2.9 Termination of Membership

2.9.1 Membership may be terminated voluntarily by a Member upon written notice to the Cooperative, or automatically if a Member shall die or remain inactive beyond a twelve (12) month period.

2.9.2 The Board may in its sole discretion, at any regular or special Board meeting, terminate the Membership of a Member if the Board determines that the Member has conducted activities contrary to the best interests of the Cooperative, or if the Board determines that the Member has violated the terms of the Membership Agreement, the Articles of Organization, the By-laws and/or the policies of the Cooperative. Prior to an action to terminate Membership for any of the reasons stated in this section, the Board shall send notice of the proposed termination to the Member's last known postal - via U.S.P.S. certified mail - and e-mail addresses. A Member so notified may request in writing, within thirty (30) days of the date of the notification, an opportunity to appear before the Board to contest the proposed termination of Membership. Any action of the Board to terminate Membership shall be by two-thirds (2/3) vote of the Directors present.

2.9.3 Upon termination of Membership for any reason, Member equity payments shall be redeemed in accordance with sections 5.4 and 5.5.

3. Meetings of Members

3.1 Annual Meetings

3.1.1 Within six (6) months after the close of the fiscal year, the annual meeting of the Members of the Cooperative shall be held at the principal place of business of the Cooperative, or at any other place conveniently located within the area served by it, on such date and at such time as the Board shall determine, to receive an annual report as described in section 3.1.2 below, to elect Directors, and to conduct such other business as may properly come before the meeting.

3.1.2 A written annual report, including a balance sheet showing the assets and liabilities of the Cooperative and an operating statement for the most recently completed fiscal year, shall be provided to the Members at or prior to the annual meeting of the Members of the Cooperative.

3.2 Special Meetings. A special meeting of the Members of the Cooperative shall be called by the Secretary (or the Vice President, in the event that the Secretary is unable or unwilling to call the meeting) whenever a majority of the Board – or ten percent (10%) of the Members or one hundred (100) Members, whichever is less – submit a petition in writing requesting a special meeting. This petition shall state the purpose of the special meeting. The special meeting shall be called and held by the Board within sixty (60) days of a properly submitted and received petition. The Board shall be responsible for conducting any special meeting.

3.3 Notice. Written notice of annual and special meetings of Members shall be sent to each Member (including via email or other electronic communication), and shall be posted on prominent signs at all Cooperative locations, not less than

ten (10) business days before such meeting. Such notice shall state the nature of the business to be conducted and the time and place of the meeting. No business shall be transacted at any annual or special meeting other than that referred to in the notice.

3.4 Member Voting

3.4.1 Each share of Membership stock shall have one vote upon any matter submitted to a vote of the Members.

3.4.2 Voting may be by show of hands, voice vote or written ballot, as determined by the Board. The election of Directors shall be by written ballot supplied by the Cooperative. The Board shall provide for absentee voting by written ballot, and shall establish fair means by which votes will be tallied.

3.4.3 There shall be no proxy voting, specifically, no Member may delegate or assign their vote to another person.

3.4.4 Unless otherwise stated in these By-laws or required by law, all questions shall be decided by a simple majority of votes cast except where one (1) or more choices are to be made from several alternatives, in which case the alternative(s) receiving the greatest number of votes shall be considered approved.

3.4.5 With respect to any matter for which a majority of Members is required by law for approval, if a quorum of Members, as described in section 3.5 of these By-laws, is present or represented at a meeting for which proper notice was given to the Members – including that one of the purposes of such meeting was to consider such matter – then only those Members in attendance or represented at the meeting by absentee ballots shall be deemed to be entitled to vote on such matter for purposes of determining if the requisite percentage of votes has been obtained.

3.5 Quorums. At any annual or special meeting of the Members of the Cooperative, the quorum necessary for the transaction of business shall be at least three percent (3%) for annual meetings and five percent (5%) for special meetings of the total number of owners of Membership stock of the Cooperative. Only Members in actual attendance or who have properly submitted an absentee ballot shall count towards a quorum.

4. Board of Directors

4.1 Powers and Duties. The Board of Directors shall set the policies and direct the affairs of the Cooperative, and shall exercise its authority in the interests of the Cooperative. Board duties shall include, but not be limited to: hiring, negotiating a contract with, supervising, and evaluating the General Manager; overseeing the financial conditions of the Cooperative; ensuring good conditions of employment; and assuring that the purpose and principles of the Cooperative are properly carried out.

4.2 Number and Qualifications. The Board shall consist of seven (7) to nine (9) Directors, each of whom shall be a Member of the Cooperative in good standing, with the following qualifications: (i) no person shall be eligible for nomination, election or appointment as a Director if that person is in competition with, or affiliated with any enterprise that is in competition with, the Cooperative; (ii) no more than one (1) employee may serve as a Director at any given time; (iii) no more than one (1) supplier may serve as a Director at any given time; and (iv) no more than one (1) person from any immediate family or household may serve as a Director at any given time.

4.3 Nominations. The Board may establish a nominating committee to solicit and review applications for nomination to the Board and to present a slate of nominees to the Members for consideration. Members in good standing not selected by the nominating committee, or nominated directly by the Board when no such committee exists, shall be placed on the ballot upon submitting a petition signed by at least twenty-five (25) Members in good standing. Said petition must be received not less than thirty (30) days prior to the annual meeting. The Cooperative shall equitably provide information on all candidates to the Members.

4.4 Election. Directors shall be elected by the Members at the annual meeting of the Members of the Cooperative. Except as otherwise specified under section 4.6, all Directors shall be elected by secret ballot, and the nominee(s) receiving the greatest number of votes shall be elected. In an instance where an election is to fill a partial term, the

recipient of the lowest number of votes among the winners shall serve for the remainder of the partial term. During the period between the Incorporation of the Cooperative and the Cooperative's first elections, the Board may add Directors in addition to those named in its Articles of Organization, and may remove or replace any Director with or without cause. The terms of all Directors serving during this period shall end with said elections.

4.5 Terms. The term for each Director shall be three (3) years. Terms shall be staggered so that approximately one-third (1/3) of the Directors are elected to full terms each year. Directors may not serve more than three (3) consecutive full three-year terms. A former Director is eligible to serve on the Board after having been off the Board for a period of one (1) year. Time served by a Director in office during the period between the Incorporation of the Cooperative and the Cooperative's first elections shall not be counted for the purpose of determining his or her term pursuant to this section.

4.6 Vacancies. Any vacancy on the Board due to the resignation of a Director prior to completion of his or her term, or the removal or death of a Director, may be filled by Board appointment if the vacancy results in a Board of at least seven (7) Directors, and shall be reasonably attempted to be filled by Board appointment if the vacancy results in a Board of fewer than seven (7) Directors. A Director so appointed shall act as a Director and shall serve until the next annual meeting, at which time the Members shall vote to fill the vacancy.

4.7 Board Meetings. The Board shall hold regular meetings at such times and places as it deems necessary and reasonable for the well-being of the Cooperative, and shall make reasonable efforts to meet monthly. Board meetings shall in general be open to any Member of the Cooperative on an observational basis; however, the Board may at the request of a Director convene a closed meeting in order to conduct the business of the Cooperative pertaining to sensitive issues (such as personnel or legal matters) and in cases of emergencies. Closed meetings may be scheduled immediately prior to or after a regularly scheduled meeting of the Board, or during a special meeting as defined in section 4.9.

4.8 Action without a Meeting. Decisions of the Board may be made without a Board meeting if consent in writing (including e-mail or other electronic communication), stating the action to be taken, is signed by all Directors of the Cooperative who would be eligible to attend and vote at a regular meeting of the Board and filed with the minutes.

4.9 Special Meetings of the Board. A special meeting of the Board shall be held whenever called by the President or by a majority of the Directors. Each call for a special meeting of the Board shall be in writing (including e-mail or other electronic communication), shall be signed by the person or persons calling the meeting, shall be addressed and delivered to the Secretary, and shall state the time and place of such meeting. Only the business specified in the written notice shall be transacted at a special meeting of the Board.

4.10 Notification. Notice is not required for regularly scheduled meetings of the Board. Written (including via e-mail or other electronic communication) notice of other Board meetings shall be given to each Director by, or under the supervision of, the Secretary not less than five (5) days prior to the time of the meeting. Notice may be waived by any Director, and appearance at a meeting shall constitute a waiver of notice.

4.11 Quorum. A quorum shall consist of a simple majority of the Directors currently serving. Should the Board consist of an even number of Directors then a quorum shall consist of half the number of Directors currently serving.

4.12 Voting. Unless otherwise specified by the Articles of Organization or the By-laws of the Cooperative, all matters before the Board for initial consideration shall be decided by consensus. If one or more Directors oppose a decision on the matter, the matter will be returned for additional discussion. If no solution becomes apparent during the Board meeting and circumstances do not require an immediate decision, the matter shall be postponed until the next meeting, at which time a majority vote shall decide the matter if consensus is still not possible. For the purposes of this section, a majority of the Board may determine whether circumstances require an immediate decision on the matter; if the Board shall so determine, then the matter shall be voted on during the current meeting and a majority vote of the Board shall be sufficient to decide the matter.

4.13 Compensation and Reimbursement. Directors shall not receive compensation for service on the Board. The Cooperative shall reimburse Directors for reasonable expenses incurred in carrying out their duties and responsibilities.

4.14 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 written notice to the Secretary; (ii) automatically upon termination of Membership in the Cooperative; (iii) involuntarily, with or without cause, by a vote of the Members at a meeting of the Members; and (iv) for cause by action of a two-thirds (2/3) majority vote of the remainder of the entire Board, provided that fair notice of the proposed removal is sent to the Director's last known postal- via U.S.P.S. certified mail - and e-mail addresses, and that the Director is given an opportunity to respond in person or in writing. A Director who is absent from three (3) meetings in a row or four (4) meetings in any twelve (12) month period shall, unless excused by the Board for good cause, be presumed to have resigned.

4.15 Conflicts of Interest. A Director is under affirmative obligation to disclose any actual, potential or perceived conflicts of interest. Directors with conflicts of interest may not vote on any matter related to the conflict, and may not participate in any discussions on the matter unless authorized to do so by the Board. The Board may take any other actions it deems appropriate to address a conflict of interest on the part of a Director.

4.16 Committees. The Board may, at its discretion, appoint or dissolve special or standing committees to advise the Board or to exercise such authority as the Board shall designate. Such committees may include Directors. Committees may invite non-Members, such as content advisors, or non-shareholding employees to participate in committee work. However, only those committee members who are Members of the Cooperative in good standing shall have the right to vote. The appointment of any committee shall not relieve the Board of its responsibilities in the oversight of the Cooperative.

4.17 Presence of General Manager at Meetings. The General Manager of the Cooperative shall, as part of his or her duties, attend regular meetings of the Board. The General Manager will have the right to participate in deliberations, but shall not have a vote.

4.18 Board Officers

4.18.1 At the first Board meeting following the annual meeting of the Members of the Cooperative, the Board shall elect a President, Vice President, Secretary and Treasurer from among its Directors. All such Officers shall hold office for a term of one (1) year, or until their successors have been elected and qualified. Such Officers shall serve at the will of the Board, and may be removed from their office by majority vote of the Board and successors elected at any Board meeting. Each Officer shall be a Director.

4.18.2 The Officers shall perform such duties as are ordinarily assigned to such Officers in the normal course of business. The President and Secretary shall have authority to sign all documents within the scope of the implied or express authorization of the Board, state and federal law, and the Articles of Organization and By-laws of the Cooperative. The Vice President shall act as President in the absence or disability of the President.

5. Member Stock

5.1 Terms. In accordance with the Articles of Organization and By-laws of the Cooperative and applicable state and federal law, the Board shall determine the terms of Membership, which terms shall apply to all Members equitably. The amount to be paid to acquire a share of Membership stock shall be determined by the Board. Should the Board vote to change the cost of a Member share, the change shall be placed on the agenda of the next annual meeting of Members or a special meeting of Members for a vote by the Members. The change shall become final and effective following the meeting, unless two-thirds (2/3) of the Members in attendance at the meeting or who have properly submitted their vote by absentee ballot vote not to approve it. As a result of such a change, existing Members may be required to pay additional equity to maintain ownership of their Member share. Any Member who elects not to pay such additional

equity may terminate Membership in accordance with section 2.9. Member shares are entitled to no dividends or other monetary returns on investment. Receipts of Member equity shall be accounted for in one or more special accounts.

5.2 Termination. The Cooperative retains the right to terminate any Membership as provided in the By-Laws and to redeem or recall any share(s) of stock. Such redemption of stock by the Cooperative is subject to sections 5.4 and 5.5.

5.3 Transferability. Shares of stock shall be transferrable only to the Cooperative or otherwise with the consent and approval of the Board.

5.4 Redemption. The redemption value of a Member share shall in no case be more than the cumulative amount paid by the Member to acquire and maintain the share, reduced by any indebtedness of the Member to the Cooperative. The Cooperative shall not redeem shares of stock of terminating Members, whether for cause or for voluntary or involuntary reasons, unless, in the sole judgment of the Board, such redemption shall not jeopardize the financial stability and wellbeing of the Cooperative. The Board may establish additional terms and conditions for redemption of Members' shares of stock, provided such terms and conditions apply to all Members equitably. Any departing Member who wishes to donate their equity to the Cooperative may make this wish known in writing, and the funds will be reallocated as taxable income to the Cooperative.

5.5 No Known Address. In case the Board deems it necessary to redeem any share of stock, notification of such redemption and the sum of the redemption amount shall be sent to the Member by U.S.P.S. regular mail delivery to the last known address for the Member in the Cooperative's records. If any such notification is returned to the Cooperative as undeliverable, then the redemption amount allocated to the Member in question shall be forfeited by the Member and reallocated as taxable income to the Cooperative, subject to any limitations related to unclaimed property required by law.

6. Patronage Dividends

6.1 Distributable Net Earnings. After the end of the fiscal year, the Board shall determine how much of net earnings will be distributed to Members as patronage dividends. Distributions shall be made in such a manner as to qualify them as patronage dividends consistent with applicable state and federal laws, generally accepted accounting principles, and cooperative principles.

6.2 Allocations to Members. Distributable net earnings, as determined under section 6.1, shall be allocated among Members in proportion to their patronage. Patronage shall be measured by the dollar amount – or volume, as determined by the Board - of purchases from the Cooperative. Amounts attributable to purchases of beer and wine, and amounts not attributable to purchases of merchandise, such as equity payments or workshop fees, shall be excluded. Allocations of small amounts that do not 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 Members. The Cooperative shall use a single allocation unit except, should the Cooperative engage in any new and distinct line of business, the Board shall retain the right to establish separate allocation units for the determination and distribution of net earnings.

6.3 Notice and Distribution. Patronage dividends shall be evidenced by a written notice of allocation that is delivered to recipient Members within eight (8) months and fifteen (15) days following the close of the fiscal year. The notice to Members shall state the dollar amount of the patronage dividend and any other information required by law, and shall be accompanied by either a check or a store certificate – the form and amount to be determined by the Board – which must be at least twenty percent (20%) of the amount allocated to each Member. A Member has the right to exchange the store certificate for an equal amount in cash. Amounts not distributed shall be treated as deferred amounts in accordance with section 6.5 below.

6.4 Failure to Claim or Redeem. The cash/voucher portion of any patronage dividend distributed to a Member that is not used or redeemed within ninety (90) days of the date on which it was issued by the Cooperative shall revert to the

Cooperative without further notice to the Member. Such portions of patronage dividends that revert to the Cooperative as provided in this section may be reallocated as taxable income to the Cooperative, or directed to charity or other purpose, at the discretion of the Board.

6.5 Deferred Amounts. Patronage dividends not distributed for a given fiscal year under section 6.3 shall be credited to revolving capital accounts in the names of recipient Members. Such deferred patronage dividends shall accrue no monetary return on investment and shall not be transferable. They shall be redeemed at no more than their carrying value on the books of the Cooperative when determined by the Board to be no longer needed for capital purposes of the Cooperative. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts, and shall be payable only to then Members of the Cooperative, who are in good standing or who re-attain good standing within ninety (90) days of the date of the redemption. Deferred patronage dividends may also be redeemed under compelling circumstances as determined by the Board.

6.6 Consent of Members. By obtaining or retaining Membership in the Cooperative and engaging in patronage, each Member consents to accept any patronage dividend received from the Cooperative, and to take any patronage dividend received from the Cooperative into account, in the manner and to the extent required by federal and state tax law. A copy of this section and the explanation attached to these By-laws as Exhibit I, as may be amended to reflect any future changes to the Internal Revenue Code, shall be provided to all Members prior to commencement of patronage and the disbursement of a Member patronage dividend.

6.7 Allocation of Net Loss. In the event the Cooperative shall incur a net loss in any fiscal year, such loss may be charged against retained earnings or other unallocated Members' equity accounts. If the net loss exceeds such amounts, or if the Board so determines, the amount of such loss may either be carried forward to offset adjusted net earnings of subsequent fiscal years or allocated to Members in the same manner as for adjusted net earnings 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 Member shares only upon termination of Membership. Allocated net losses shall not otherwise be assessed to or collected from Members.

7. Dissolution

7.1 Dissolution. The Cooperative may be dissolved upon a recommendation by the Board and a two-thirds (2/3) vote of the Members made pursuant to section 3.4.5. Upon dissolution, the Cooperative's assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming any equity investment accounts which, if they cannot be paid in full, shall be paid in the order of the oldest outstanding amounts and on a pro rata basis among such amounts; (iii) by distributing any remaining assets according to Members' wishes, by majority vote.

8. Indemnification and Insurance

8.1 Risk of Loss. No Member of the Cooperative shall be liable for any indebtedness or obligation of the Cooperative in an amount exceeding the sum of all amounts due and payable by the Member to the Cooperative, including any additional payment of equity duly authorized under section 5.1.

8.2 Indemnification. Subject to the limitations set forth in section 8.3 below, the Cooperative shall indemnify, defend and save harmless any person against any costs, expense (including attorneys' fees and amounts paid in settlement), fine, penalty, judgment and liability reasonably incurred by or imposed upon such person in connection with any action, suit or proceeding, civil or criminal to which such person may be made a part or with which such person shall be threatened, by reason of being or having been a Director or Officer of the Cooperative or serving or having served as a Trustee or Director in any employee benefit plan. Such indemnification shall include direct payment or settlement of liabilities and potential liabilities. The Board may allow for the advancement of expenses for an indemnified person to

defend a proceeding before final disposition of the matter, provided that the person furnishes a written promise to repay the money advanced if he or she shall be subsequently adjudicated not to be entitled to indemnification.

8.3 Limitations. Indemnification shall only be provided if the person is determined to have acted in good faith and in the reasonable belief that his or her action was in the best interests of the Cooperative, or to the extent that the matter relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of the plan, or in regard to criminal actions, that such person had no reasonable cause to believe that his or her action was unlawful. If such determination is not made in a legal proceeding related to the claim, it may be made by a quorum of disinterested Directors or by independent legal counsel selected by such quorum. If not made or able to be made by either, the determination shall be made by independent legal counsel selected at a meeting of the Members. In any action by or in the right of the Cooperative or in which such person is charged with receiving an improper personal benefit, indemnification shall be provided only as to reasonable expenses and only if the person is not adjudged liable to the Cooperative on such basis. No indemnifications shall be provided with respect to any matter where indemnification is prohibited by law.

8.4 Insurance. The Cooperative shall purchase and maintain directors' and officers' liability insurance from a reputable company, in an amount determined by the Board to be sufficient to provide the indemnification set forth in section 8.2 above. The insurance policy may reimburse the Cooperative for any indemnification it makes to indemnified parties, and it shall make direct payments to indemnified parties when they are not reimbursed by the Cooperative.

9. By-laws

9.1 Amendment. These By-laws may be amended or repealed in whole or in part only at a meeting of the Members. An amendment may be proposed by the Board or by Members, provided that the Members' petition shall have been signed by ten percent (10%) of the Members or one hundred (100) Members, whichever is less, and that the petition shall specify the wording and purpose of the proposed amendment. The content of a proposed amendment shall be conspicuously posted at the Cooperative and mailed and/or e-mailed to Members for a review and comment period of not less than thirty (30) days, as determined by the Board. All written comments of Members submitted to the Board during this comment period shall be considered by the Board, and the Board shall have the discretion whether to act upon any comments submitted. Following the review and comment period, the amendment shall be placed on the agenda of the next annual meeting of Members or a special meeting of Members for a vote by the Members. Adoption of any such proposed amendment requires a two-thirds (2/3) vote of the Members in attendance or represented at the meeting by absentee ballots.

9.2 Severability. In the event that any provision of these By-laws is determined to be invalid or unenforceable under any statute or regulation, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or regulation without affecting the validity or enforceability of any other provision of these By-laws.

10. Electronic Means

10.1 Electronic Means. Unless otherwise required by these By-laws, any notice, consent, ballot, petition, or other document required or permitted by these By-laws may be delivered via electronic means, provided that such means are approved by the Board and that measures are in place to reasonably ensure the authenticity of the document. A Member or Board Member may be present at a meeting via synchronous electronic communications (such as audio or video conferencing) provided that doing so is approved by the Board and does not create an unreasonable impediment to effective communication.

Exhibit I: Explanation of Patronage Dividend Consent Provision

The Internal Revenue Code generally requires each Member receiving a patronage dividend to include the amount of such distribution in their gross income in the taxable year in which the related notice is received. The Cooperative has been advised, 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 such gross income to the extent attributable to a Member's purchases for personal, living or family items. However, to the extent a Member's patronage dividend is attributable to purchases that constitute supplies, equipment or services used in a trade or business, or otherwise are not attributable to purchases for personal, living or family items, such amounts must be included in the Member's gross income.

Disclaimer: The Cooperative cannot give definitive advice on the tax consequences of patronage dividends to any Member; Members are encouraged to seek their own tax advice.