

Bylaws

of

Wasatch Cooperative Market, LCA
Salt Lake City, Utah

A Cooperative Organized Under
Utah Statutes, Chapter 16

Adopted October 7, 2009
Amended October 21, 2014
Amended January 19, 2016

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BYLAW I: Membership

Section 1.01. Eligibility for Membership.

A member-owner is defined as a) a single individual over the age of 18 or b) a business entity, for example, a corporation, partnership, LLC, or sole proprietorship. An individual or business entity may, upon approval of the Board of Directors (“the Board”) of this Cooperative, become a member-owner (“member”) of this Cooperative by:

- (a) becoming the holder of one Class A Unit (“Membership Unit”) of this Cooperative;
- (b) receiving written acceptance of membership from this Cooperative; and
- (c) meeting other membership criteria or requirements established from time to time by the Board.

The Board may establish one or more classes of non-voting memberships on terms and conditions established by the Board.

Amended by vote of the board on October 21, 2014, to allow for business memberships.

Section 1.02. Termination of Membership. Membership in this Cooperative may be terminated if the Board determines that a member has

- (a) become ineligible for membership for any reason;
- (b) died or ceased to exist as a legal entity and leaves no successor; or
- (c) the Board by resolution finds that a member has
 - (1) intentionally or repeatedly violated any provision of the Articles, Bylaws, or Board policies of this Cooperative;
 - (2) taken actions that will impede this Cooperative from accomplishing its purposes;
 - (3) taken or threatened actions that adversely affect the interests of this Cooperative or its members;
 - (4) willfully obstructed any lawful purpose or activity of this Cooperative; or
 - (5) breached any contract with this Cooperative.

The Board may terminate the membership of a member only at a Board meeting, having given twenty (20) days prior written notice delivered by United States Certified Mail at the last known mailing address of the member alleged to be ineligible. The notice must state with reasonable particularity the grounds upon which the member is alleged to be ineligible and that the member will be entitled to be heard on the matter of termination at the meeting.

Section 1.03. Consequences of Membership Termination.

- (a) If the Board finds that a Membership Unit has come into the hands of any person not eligible to own a Membership Unit or who has otherwise become ineligible for membership in this Cooperative, the Board has the right, at its option,
- (1) to redeem the Membership Unit at an amount equal to the value of the consideration for which the Membership Unit was issued; or
 - (2) to convert the Membership Unit into a nonvoting certificate of interest or other nonvoting equity credit at an amount equal to the value of the consideration for which the Membership Unit was issued. Upon such redemption or conversion, the ineligible holder of the Membership Unit will cease to be a member of this Cooperative and as such will cease to have voting rights in this cooperative.
- (b) In exercising its right to redeem or convert the Membership Units under the preceding paragraph, this Cooperative may cancel the certificate or certificates for such Membership Units on its books if the holder fails to deliver the certificate or certificates evidencing such Membership Units to this Cooperative. If this Cooperative exercises its right to convert the Membership Units into a nonvoting certificate of interest or other nonvoting equity credit, this Cooperative will have no obligation to redeem such nonvoting equity interest, nor shall the holder of such interest have any right to demand the redemption thereof.
- (c) Other than as provided in Section 1.03(a), the termination of membership or other action taken by the Board of this Cooperative with respect to members or their Membership Units will not modify the obligations and liabilities of any holder thereof to this Cooperative under any supply contract, service contract, or other contract between the holder and this Cooperative, nor impair the rights of this Cooperative under such contracts.
- (d) When the Articles of Organization and/or Bylaws refer to a “member” or “membership,” the reference is exclusively to “voting” members.

BYLAW II: Capital Structure

Section 2.01. Issuance of Voting Membership Class A Units. Voting members shall purchase as many Class A Units as the Board shall require for a voting membership in the Cooperative. Class A Units shall not appreciate in value, nor shall a return be paid on them. Class A Units shall be redeemable only through discretion of the Board. Class A members shall have one vote each regardless of the number of Units held. The Class A members shall elect directors and participate in all Cooperative governance activities. Class A members shall not hold less than 95% of all voting power and rights in the Cooperative.

Section 2.02. Issuance of Other Units. The Board will divide the interests of the Unit holders other than Class A into one or more sequentially lettered classes with such designations as Class B, Class C, Class D, and so on as needed. With respect to subsequent classes of Units, the Board, without member approval, is granted the express authority by resolution and conforming amendments to these Bylaws to fix and establish the designations, powers, preferences, and governance and veto rights, including member voting rights and rights to appoint or elect directors to the Board; qualifications, limitations, or restrictions of each additional class of Units; and the corresponding obligation to fix and establish these designations, powers, preferences, governance and other rights, qualifications, limitations, and restrictions whenever any additional class is established. The Board's power extends to and includes the express authority to create classes and Units, without member approval, that have terms granting the additional class and the Units' and Unit holders' rights, powers, preferences, and privileges greater or lesser than the rights, powers, preferences, and privileges associated with any previously established and designated class or issued Units. The rights, powers, preferences, and privileges are the same for all Units within a class, except as expressly provided otherwise in these Bylaws, in the class designation approved by the Board, or in the subscription or other agreement regarding the Units approved by the Board.

BYLAW III: Member Meetings

Section 3.01. Annual Meetings. The annual meeting of the members of this cooperative shall be held following the close of each fiscal year at a time and place to be determined by the Board. The meeting notice shall state the date, hour, and location of the meeting. The Secretary shall give notice of annual members' meetings in the manner prescribed herein. The officers of this Cooperative must submit reports to the members at the annual meeting covering the business of this Cooperative for the previous fiscal year that show the condition of this Cooperative at the close of the fiscal year. At the annual meeting, members shall elect directors of this cooperative for the terms of office and in the manner prescribed by these Bylaws, and transact such other business as may properly come before the meeting.

Section 3.02. Special Member Meetings. Special meetings of the members of this Cooperative shall be held at the place specified in the notice of the meeting. The notice shall state the time, place, and purpose of the special members' meeting. A special members' meeting may be called by majority vote of the Board or upon the written petition by members holding at least ten percent (10%) of the total voting power of all the persons entitled to vote on the matter submitted to the Chair of this Cooperative. The Chair shall give notice of a special members' meeting in the manner prescribed herein. In the event a special members' meeting is called by written petition of members, the notice of the special members' meeting shall be given within thirty (30) days from and after the date of the presentation of the members' petition, and the special members' meeting must be held by sixty (60) days after the date of the presentation of the members' petition. No business shall be considered at a special members' meeting except as covered in the notice of the meeting.

Section 3.03. Notice. Notice of all annual and special members' meetings shall be given at least fifteen (15) and not more than sixty (60) days before the meeting and by at least one of the following methods:

- (a) electronically mailing the notice of the meeting to each member at the member's last known email address;
- (b) announcing the notice in a magazine or other periodical that is regularly published by or on behalf of this Cooperative and circulated generally among members;
- (c) mailing the notice of the meeting to each member at the member's last known post office address, or
- (d) otherwise providing notice in a manner prescribed by applicable law.

Failure of a member to receive notice of an annual or special members' meeting shall not invalidate an action taken by the members at the meeting in question. The Secretary shall execute a certificate containing a correct copy of the mailed or published notice, the date of mailing or publishing the notice, and a statement that the notices were mailed or published as prescribed by 16-16-508. The certificate shall be made a part of the meeting record.

Section 3.04. Quorum. At any annual or special members' meeting, for the purpose of electing officers, quorum shall be composed of the total of those present in person or otherwise represented by absentee ballot. For the purpose of all other business actions, a quorum shall be composed of ten percent (10%) of the total number of members if this Cooperative has 500 or fewer members. If there are more than 500 members, the quorum number shall be the lesser of five percent (5%) or 200 people. In determining a quorum at a meeting, on a question submitted to absentee ballot, members present in person or otherwise represented by absentee ballot shall be counted. The attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members present in person and by absentee ballot at the meeting. In the event quorum is not made, a follow-up special meeting shall be held shortly after the non-quorum meeting wherein a quorum shall be composed of the total of those present in person or otherwise represented by absentee ballot. The timing of the follow-up special meeting shall be determined by the board, but shall not exceed 60 days past the initial meeting. The board shall be required to provide absentee ballot for the follow-up meeting.

Amended by vote of the member-owners January 19, 2016, to allow for absentee ballots.

Section 3.05. Voting. Each member shall have one vote. A member's vote at a members' meeting must be cast in person or cast by absentee ballot if an absentee vote is authorized by the Board. Voting by proxy and cumulative voting is not permitted. Members that are not individual persons must designate a representative (and may also designate an alternate representative) authorized to cast their vote in the affairs of this Cooperative. The designation must be in writing, must be properly authorized by the member, and must be provided to the Secretary of this Cooperative at or before the member meeting. The written designation will remain effective until it is superseded by a more recent written designation that meets the same criteria. Except where a higher percentage is specified in these Bylaws or required by applicable law, members shall take action on all matters submitted to them by the affirmative

vote of a majority of the votes cast at a duly held meeting, either in person or by absentee vote if an absentee ballot has been authorized by the Board.

Section 3.06. Absentee Ballot. Any member absent from a members' meeting may vote on the ballot prescribed hereunder on any motion, resolution, amendment, or election of directors that the Board submits for vote to the members. The vote must be cast on a ballot in the format (such as mail and/or electronic) prescribed by the Board containing the exact text of the proposed motion, resolution, amendment, or election to be acted upon at the meeting. The ballot must contain space for the member to indicate an affirmative or negative vote thereon, and must otherwise meet the requirements of Utah law. The ballot, when completed by an absent member and received by this Cooperative in the manner prescribed by the Board, shall be counted as the member's vote at the meeting.

Amended by vote of the member-owners January 19, 2016

BYLAW IV: Directors

Section 4.01. Number, Qualifications, and Terms of Office. The business and affairs of this Cooperative will be governed by the Board. The Board will consist of seven (7) to fifteen (15) directors. Each director must be a member of this Cooperative. However, the Board may at its discretion specify that up to one (1) director at any time may be a non-member. Except as otherwise provided herein, all directors shall serve three-year terms and until their successors are duly elected and qualified. In order to preserve continuity of governance and the harmonious transition of the initial Board to the elected Board, the terms of the directors of the initial Board shall be staggered such that one-third of the directors (or as nearly as possible) shall be elected at the annual members' meeting following the date on which the Board determines that the initial membership in this Cooperative has been established and at each annual meeting thereafter. The Board shall adopt a procedure to achieve the desired staggered effect prescribed by these Bylaws.

Section 4.02. General Powers. The Board shall govern the business and affairs of this Cooperative and shall exercise all powers of this Cooperative, except those conferred upon or reserved to the members by law, the Articles of Organization, or these Bylaws. The Board shall adopt such policies, rules, and regulations, and shall take such actions as it may deem advisable, provided that the Board does not act in a manner inconsistent with law, the Articles of Organization, or these Bylaws.

Section 4.03. Committees. By resolution, the Board may designate three (3) or more directors (one of whom shall be the Chair) to constitute an Executive Committee. The Executive Committee shall have and exercise only such authority of the Board in the management of this Cooperative to the extent provided in the resolution. The Board may establish other committees with such authority as it deems advisable. Committees are subject at all times to the direction and control of the Board.

Section 4.04. Director Eligibility. During his or her term of employment, an employee of this Cooperative shall not be eligible to serve as a voting member of the Board, nor shall the employee's spouse or significant other. However, the Cooperative's manager is permitted (but not required) to serve in a non-voting advisory role to the Board. For clarification, this section is neither intended to burden the manager with the additional fiduciary obligations borne by directors, nor benefit the manager with such rights afforded to directors as voting, notice, and counting toward quorum.

Section 4.05. Financial Matters. The Board shall have the power to select one or more credit unions or other financial institutions to act as depositories of the funds of this Cooperative, and to determine the person or persons who shall have authority to sign checks and other instruments.

Section 4.06. Election of Directors. Directors shall be elected by ballot at the annual meetings. Nominations for director may be made by the Board or by petition signed by at least twenty-five (25) members entitled to vote and submitted to the Secretary at least thirty (30) days before the annual meeting.

Members may vote by absentee ballot for the election of directors, provided an absentee ballot is specifically authorized by the Board.

The nominees receiving the highest number of votes cast shall be elected and shall take office at the adjournment of the annual meeting.

Amended by vote of the member-owners January 19, 2016, to allow for absentee ballots.

Section 4.07. Annual Meetings. Within thirty (30) days after each annual members' meeting, the Board shall meet to elect officers of this Cooperative and for the transaction of such other business as shall come before the meeting. The annual meeting of the Board shall be held at such time and place as may be fixed by the Board.

Section 4.08. Regular Meetings. Regular meetings of the Board shall be held at such time and place as may be fixed by the Board, but no less than once per quarter. All meetings of the Cooperative and its Board, staff, and committees shall be open to all members in good standing, except in special circumstances defined in published Board regulations. The Cooperative's public minutes shall state that such a closed meeting occurred, and shall specify the regulation under which it was closed.

Section 4.09. Special Meetings. Special meetings of the Board may be called by the Chair, and must be called upon request by any three (3) of the directors. Special meetings of the board shall be held at a time and place as may be designated in the meeting notice.

Section 4.10. Notice of Meetings. Notice of each annual, regular, or special meeting of the Board shall be given by the Chair or Secretary, who shall give at least five (5) days prior notice to each director by mail, telephone, telephonic facsimile transmission, telegram, electronic mail, or in person unless a shorter time period is otherwise agreed to by the Board. Notice shall be deemed given upon mailing, if notice is given by mail.

Section 4.11. Open meetings. All meetings of this Cooperative, and of its Board, staff and committees, shall be open to all members in good standing, except in special circumstances defined in published Board regulations. The public minutes of this Cooperative shall state that such a closed meeting occurred and shall specify the regulation under which it was closed.

Section 4.12. Rules of Procedure. The Board shall adopt a system of rules of procedure under which its meetings are to be held. The Board may suspend the rules and procedures by unanimous vote of the directors of the Board who are present at the meeting. The Board shall not suspend the rules of procedure beyond the duration of the meeting at which suspension of the rules occurs.

Section 4.13. Waiver of Notice. Notice of any Board meeting may be waived before, at, or after the meeting in writing signed by each director. A director, by attending any Board meeting, shall be deemed to have waived notice of such meeting, except when a director attends the meeting and objects to the transaction of business because the meeting was not lawfully convened.

Section 4.14. Quorum; Board Action. Unless the Articles of Organization provide for a greater number, a majority of Board members shall constitute a quorum for the transaction of business except when a vacancy or vacancies exist, a majority of remaining directors shall constitute a quorum. The Board shall take action by the affirmative vote of a majority of directors present at a duly held meeting.

Section 4.15. Action without a Meeting. Any action required or permitted at a Board meeting may be taken by written action signed by all of the directors. The written action is effective when signed by all directors, unless a different effective time is provided in the written action.

Section 4.16. Electronic Communications. Any Board meeting may be conducted by telephone or other electronic means through which the directors may simultaneously communicate with one another.

Section 4.17. Vacancies. If a director's position is vacant, the Board may appoint a member of this Cooperative to fill his or her position until the next annual or special members' meeting, whereupon the members shall elect a director to fill the unexpired term of the vacant director's position.

Section 4.18. Removal of Directors by Cooperative Members. Any individual director may be removed from office for cause by a vote of the majority of eligible Cooperative members at any annual or special meeting at which said removal of director is considered. For purposes of this section, "for cause" shall include failure of a director to attend three consecutive or twenty-five percent (25%) of the Board meetings held in the prior fiscal year, misfeasance, or malfeasance. In case any director is so removed at an annual or special meeting, a successor director shall be elected at the same meeting. Any director may also be removed from office by the Board for cause if a two-thirds majority of the other directors affirmatively votes in favor of removal.

Section 4.19. Removal of Directors by Board. Each director shall fully comply with the Board's policy manual established by the Board. The Board, not including a director thought to be in violation of the manual, may remove a director who is disqualified by the policies in that manual. The remaining directors may also fill any vacancy caused by such removal until the next annual meeting of the members. This removal power shall be in addition to the power of the members under Section 4.18 above, but the process for removal under Section 4.19 shall be governed exclusively by the Board's policy manual.

Section 4.20. Compensation. Directors shall receive such fixed sum per meeting attended or such fixed annual sum as shall be determined, from time to time, by resolution of the Board. All directors shall be reimbursed for their expenses of attendance at Board meetings or any committee thereof. Nothing in these Bylaws shall be construed to preclude any director from serving this Cooperative in any other capacity and receiving proper compensation for the service.

BYLAW V: Officers

Section 5.01. Officers. The officers of this Cooperative shall be a Chair, a Vice Chair, a Secretary, and a Treasurer, who shall be elected in the manner as provided in Section 5.07 of these Bylaws. The offices of the Secretary and Treasurer may be combined and shall then be termed "Secretary-Treasurer." Except for the Secretary -Treasurer, no offices may be held concurrently by the same person. The Chair and Vice Chair must be directors and members of this Cooperative. The Board may elect other officers when it deems advisable or as required by these Bylaws, and in such event shall establish appropriate duties and responsibilities for any such other officers. The Treasurer, Secretary and any such additional officers must be members.

Section 5.02. Chair. The Chair shall see that all orders and resolutions of the Board are carried into effect, and shall preside at all meetings of the members and directors. The Chair shall be the official representative of this Cooperative to all outside associations or organizations of which this Cooperative is a member, unless another person is appointed by the Chair or other action is taken by the Board. The Chair shall sign and deliver in the name of this Cooperative any deeds, mortgages, bonds, contracts, and other instruments pertaining to the business of this Cooperative, except in cases in which the authority to sign and deliver is required by law to be exercised by another person, or is expressly delegated by the Articles of Organization or these Bylaws or the Board to some other officer or agent of this Cooperative. This broad signing authority shall not be construed so as to preclude the Board from authorizing any other officer or agent of this Cooperative to sign any deeds, mortgages, bonds, contracts, and other instruments pertaining to the business of this Cooperative on its behalf. The Chair shall have such other duties as may, from time to time, be assigned by the Board.

Section 5.03. Vice Chair. The Vice Chair shall have powers and perform duties as may be specified in these Bylaws or prescribed by the Board or Chair. In the event of absence or disability of the Chair, the Vice-Chair shall perform the duties and exercise the powers of the Chair.

Section 5.04. Secretary. Subject to the discretion of the Board, the Secretary shall attend all meetings of the members and Board of Directors; record all votes at and keep minutes of all of the meetings; and record all proceedings of the meetings in the minute book of this Cooperative. The Secretary shall give proper notice of meetings of the members and of the Board of Directors. The Secretary shall perform such other duties as may, from time to time, be prescribed by the Board or by the Chair.

Section 5.05. Treasurer. Subject to the discretion of the Board, the Treasurer shall be the custodian of all funds, securities, and properties of this Cooperative, and shall perform such other duties with respect to the Cooperative finances as may be prescribed by the Board or Chair. This function may be delegated by the Board to management, with oversight by the treasurer or the Board.

Section 5.06. Compensation of Officers. The officers of this Cooperative shall receive compensation for their services as may be determined, from time to time, by resolution of the Board. No officer who is a director may take part in the vote on his or her salary for services rendered to the Cooperative.

Section 5.07. Election of Officers. On an annual basis, the Board shall elect from the directors a Chair and one or more Vice-Chairs. Election for persons to fill any other offices established by these Bylaws or by the Board pursuant to Section 5.01 of these Bylaws shall be held at the annual meeting of the Board, or any other Board meeting provided that notice of such election has been given in the notice of such meeting if other than the annual meeting. The officers shall hold their offices until their successors have been elected and have qualified, subject to any removal provisions of these Bylaws.

Section 5.08. Removal of Officers. The members may remove an officer at a members' meeting for cause related to the duties of the officer's position, and fill the vacancy caused by the removal. In addition, any officer may be removed by the Board whenever, in its judgment, the best interests of the Cooperative will be served. Any vacancy among the officers caused by such removal shall be filled by the Board. No election or appointment to an office of this Cooperative shall itself create any contract rights.

BYLAW VI: Indemnification and Insurance

Section 6.01. Indemnification. This Cooperative shall indemnify each person who is or was a director, officer, manager, employee, or agent of this Cooperative, and any person serving at the request of this Cooperative as a director, officer, manager, employee, or agent of another cooperative, corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred to the extent to which such directors, officers, managers, employees or agents of this Cooperative may be indemnified under Title 3, Uniform Agricultural Cooperative Association Act).

Section 6.02. Insurance. This Cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, manager, employee, or agent of this Cooperative against liability asserted against and incurred by the person in the person's capacity as a director, officer, manager, employee or agent, or arising from the person's status as a director, officer, manager, employee, or agent of the Cooperative to the same extent and subject to the same conditions as provided by Title 3, Uniform Agricultural Cooperative Association Act.

BYLAW VII: Finance

Section 7.1. Financial Operation. This corporation operates on a cooperative basis, and allocates earning and losses to members on the basis of the business done with or for such patrons. Thus, in accordance with Subchapter T of the Internal Revenue Code, this Cooperative shall declare a patronage dividend to be distributed among the members in accordance with the total amount of patronage business generated by each such member during the preceding fiscal year.

Section 7.2. Patronage Dividend. The patronage dividend, as determined by the Board, shall be paid in cash, property, or written notices of allocation within eight (8) months and fifteen (15) days of the fiscal year end as defined by Subchapter T of the Internal Revenue Code. Such checks must be endorsed and cashed within ninety (90) days or the affected distribution will be canceled. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other members.

Each member shall have an internal capital account in his or her name. The surplus earnings of this Cooperative after paying taxes, interest on loans, and additions to the unallocated reserve shall be allocated to members as a patronage dividend. Unless otherwise decided by the Board, the patronage dividend shall be credited to the members' internal capital account. At least twenty percent (20%) of each year's patronage allocation must be paid in cash to members.

Section 7.3. Allocation of Net Loss. In the event that the Cooperative incurs a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated member equity account. If the net loss exceeds such amounts, or in any event if the Board so determines, the amount of such loss may either be carried forward to offset adjusted net savings of subsequent fiscal years or allocated to members in the same manner as for adjusted net savings except that such allocation shall not exceed the total of invested capital. Any such allocated net loss shall be charged in the sole discretion of the Board to a capital reserve and/or retained patronage refunds of prior fiscal years and/or against patronage refund allocations of subsequent fiscal years. Allocated net losses not so offset may be charged against the carrying value of shares only upon termination of membership. Allocated net losses shall not otherwise be assessed to or collected from members.

Section 7.4. Equity Capital. The Board shall manage the Cooperative's equity capital in such a way to preserve and build upon the Cooperative's financial position while also allowing for redemptions of equity when the Cooperative has the financial strength to redeem equity. The Board has sole discretion for the redemption of any equity. No equity redemption policy shall be interpreted to require any expenditure of equity capital, and the Board retains all right and power to the final review and approval of any redemption of any type of equity.

BYLAW VIII: Consent

Section 8.01. Consent to Take Patronage Distributions into Income. Each person who hereafter applies for and is accepted to membership in this Cooperative, and each member of this Cooperative as of the effective date of these Bylaws who continues as a member after such date, shall, by such act alone, consent that the amount of any distributions with respect to its patronage that are made in written notices of allocation (as defined in 26 U.S.C. § 1388), and which are received by the member from this Cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. § 1385(a) in the taxable year in which the written notices of allocation are received by the member.

BYLAW IX: Merger or Consolidation; Dissolution

Section 9.01. Merger or Consolidation. If the terms of a merger or consolidation of which this Cooperative is a party do not provide the members of this cooperative with an economic interest in the surviving entity that is substantially similar to the economic interest possessed by such members in this Cooperative immediately before such merger or consolidation, the value of the consideration received shall be divided among them in the same manner as a comparable amount of net liquidation proceeds would be distributed pursuant to Section 9.02. This shall not be construed to prevent issuance of differing forms of consideration to different groups of members to the extent allowed by law.

Section 9.02. Liquidation, Dissolution, and Winding Up. Subject to the Articles of Organization, in the event of any liquidation, dissolution, or winding up of this Cooperative's affairs, whether voluntary or involuntary, all debts and liabilities of this Cooperative shall be paid

- (a) first according to their respective priorities.
- (b) The remaining assets shall be distributed in the following manner and order of preference:
 - (1) first to outstanding membership loans;
 - (2) second to the holders of Membership Units in an amount equal to the value of the consideration for which the Membership Units were issued, without priority and on a pro rata basis if necessary;
 - (3) third to payment of the stated dollar amount of all Members' Equities (other than Non-Patronage Earnings Certificates), in chronological order of year beginning with the oldest outstanding Members' Equities first and on a pro rata basis within a year if necessary;
 - (4) fourth to payment of the stated dollar amount of Non-Patronage Earnings Certificates, in chronological order of year beginning with the oldest outstanding Non-Patronage Earnings Certificates first and on a pro rata basis within a year if necessary; and
 - (5) fifth to the patrons in accordance with their interest in capital reserves. Any assets remaining after the foregoing payments have been made shall be allocated among the allocation units in the manner as the Board, having taken into consideration the origin of the amounts, shall determine reasonable and equitable. Amounts so allocated shall be paid to current and former patrons of each such allocation unit in proportion to their patronage of the unit over the period as may be determined to be equitable and practicable by the Board. The obligation to distribute shall be construed as a preexisting duty to distribute any patronage sourced net gain realized in the winding-up process to the maximum extent allowable by law.

BYLAW X: Restrictions on Sales and Transfers

Section 10.01. Restrictions on Transfers. For purposes of this Bylaw, the term "transfer" shall mean, as a noun, any voluntary or involuntary transfer, sale, assignment, or other disposition and, as a verb, to voluntarily or involuntarily transfer, sell, assign, or otherwise dispose of. The Membership Units of this Cooperative are transferable only with the Board's consent and approval, and may not be pledged. Any purported transfer other than a transfer in accordance with these Bylaws shall be null and void and of no force or effect whatever.

BYLAW XI: Fiscal Year

Section 11.01. Fiscal Year. The Board may by resolution adopt a fiscal year of this Cooperative from time to time.

BYLAW XII: Amendments

Section 12.01. Class A Member Amendment. These Bylaws may be amended or repealed, and new Bylaws may be adopted at any annual or special meeting of the Class A members of this Cooperative by the vote of a two-thirds majority of members voting at the meeting, whether in person or by absentee ballot, provided that the quorum requirements are satisfied, and that the notice of the meeting contains a copy or a summary statement of the proposed amendment.

Amended by vote of the member-owners January 19, 2016, to allow for absentee ballots.

Section 12.02. Amendment by Board. The Board may make or amend any bylaw, which shall be effective when a resolution is adopted by the Board, *provided* any bylaw adopted or amended by the Board shall be reported to the Class A members by the next regular Board meeting, *and provided further* that any bylaw adopted or amended by the Board shall be at any time subject to amendment or repeal by the members upon prior notice.

BYLAW XIII: Business Principles and Practices

Section 13.01. Neutrality. This Cooperative shall not advocate religious beliefs and shall not support any candidate for political office.