



**BYLAWS
of FAMINE FOODS CO-OP
(dba BLUFF COUNTRY CO-OP)**

Revised by majority vote at General Ownership Meeting in October 2019.

CHAPTER I – ORGANIZATION

Section 1. Purpose: The purpose of the Bluff Country Cooperative (hereafter “the Cooperative”) shall be to provide the community that it serves with high quality food, housewares, hardware, and other essentials of life, on a cooperative basis. The Cooperative shall strive to conduct its affairs in a manner that honors the human spirit through respectful and compassionate treatment of all individuals, and honors this planet’s environment through learning and practicing cooperation.

Section 2. Fiscal Year: The fiscal year of the Cooperative begins on July 1 and ends on June 30.

CHAPTER II – OWNERSHIP

Section 1. Eligibility: Ownership in the Cooperative shall be open to any individual or legal entity who is in accord with its purposes and is willing to accept the responsibilities of ownership.

Section 2. Nondiscrimination: Ownership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility.

Section 3. Admission: Any person or legal entity may become an owner by:

- a) Agreeing to comply with requirement of the Articles of Incorporation, Bylaws, and other terms set by the Board of Directors, and
- b) Investing equity in an amount and on such terms as determined by the Board of Directors, and
- c) Receiving approval of the Board of Directors.

A legal entity applying for ownership must designate a single individual as an authorized representative.

Section 4. Rights of Owners. Owners have the right to participate in the election of the Cooperative’s Board, to attend meetings of the Board, to receive notice of and attend owner meetings, and to participate in decisions about changes to the Bylaws. The rights of owners apply to active owners in good standing. All rights and responsibilities of owners are subject to applicable state law, the Bylaws as they may be amended from

time to time, and to policies and decisions of the Cooperative or Board of Directors. Owners may also be eligible for additional benefits as determined by the Cooperative.

Section 5. Responsibilities: Owners shall keep current in equity investments due to the Cooperative, shall keep the Cooperative informed of any changes in name or current address, and shall abide by these Bylaws and the policies and decisions of the Cooperative or the Board. An owner who upholds these responsibilities is considered an active owner in good standing.

Section 6. Termination of Ownership: An owner may terminate his or her ownership voluntarily at any time by written notice to the Cooperative. Ownership may be terminated by the Board for cause after the owner is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing. Cause may include, but shall not be limited to, intentional or repeated violation of any provision of the Cooperative's Bylaws or policies, actions that will impede the Cooperative from accomplishing its purposes, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.

Section 7. Return of Equity. Equity may be returned upon termination of ownership in the Cooperative, under terms set by the Board, provided that the Board has determined that the equity is no longer needed by the Cooperative.

Section 8. Unclaimed Equity. If an owner voluntarily or involuntarily terminates ownership in the Cooperative, and fails to inform the Cooperative of his or her mailing address, then the equity and patronage dividend amount allocated to that owner will be retained by the Cooperative or donated to the extent authorized by state law.

Section 9. Transferability. Owner rights and owner equity may not be transferred to anyone other than the Cooperative, unless approved by the Board.

CHAPTER III – MEETINGS

Section 1. Annual Meeting: The annual meeting of the Cooperative will be held each year, the exact date, place, and hours to be set by the Board of Directors.

Section 2. Special Meetings: A special meeting of the owners will be called upon a written petition from at least twenty percent (20%) of the owners, 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 the (10) 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: The secretary shall give notice of regular owners' meetings by:

- a) mailing the regular owners' meeting notice to each owner at the owner's last known post office address and/or email address, or
- b) publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among owners, or
- c) publication in a legal newspaper published in the county of the principle place of business of the Cooperative.

The regular owners' meeting notice must be published at least two (2) weeks before the date of the meeting or mailed at least fifteen (15) days before the date of the meeting. The failure of an owner to receive this notice shall not invalidate any action taken at the meeting.

As a part of the record of the meetings, the secretary shall execute a certificate containing: (1) a correct copy of the notice; (2) the date of mailing or publication of the notice; and (3) a statement that the special or regular owners' meeting notices were mailed or published as prescribed by law. Any owner 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 an owner waives notice unless this owner is attending with the purpose of objecting to the meeting being properly called.

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

The quorum shall be established by the registration of owners of the Cooperative 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 or other secure electronic means, the owners present in person, and the owners represented by mail or electronic vote, shall be included in determining the quorum.

Section 5. Decision Making: Each ownership has only one vote upon each matter submitted to a vote at a meeting of owners. Unless otherwise required by law or these Bylaws, all questions shall be decided by a majority vote of the owners voting. Voting by proxy shall not be permitted, except that an owner's spouse may vote on the owner's behalf unless the owner has otherwise indicated. Voting at an owners' meeting must be accomplished in person, or by mail or electronic means, if authorized by the Board of Directors.

Absent owners may vote on specific questions by ballots transmitted to the secretary by mail or secure electronic means. Absentee ballots shall be counted only in the meeting

time when the vote is taken, provided that all owners have been notified in writing of the exact wording of the motion, this being attached to the vote of the owner.

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 owners shall be:

- a) Registration of owners
- b) Proof of notice of meeting
- c) Reading and disposal of all un-approved minutes
- d) Annual reports of officers and committees
- e) Election of directors
- f) Other business
- g) Adjournment

Section 7. Director's Meetings: Each member of the Board of Directors shall be notified by the president of all board meetings. A majority of the directors then serving shall be a quorum at all meetings of the board, and majority vote of the directors present shall decide all questions. Decisions of the Board of Directors may be made without a meeting if consent in writing, stating the action to be taken, is signed by all Directors and filed with the minutes of the following meeting. Directors' meetings may be held by conference call, if approved by all Directors and such technology is utilized such that all participants may hear all and be heard by all.

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. Board meeting dates shall be posted in the store, the newsletter, and the website. Any owner may place on the agenda an item for discussion at a board meeting. The Board of Directors may go into executive session and close a meeting as necessary to consider sensitive, confidential, or proprietary matters, e.g. for discussion of personnel issues, lease negotiations, etc.

CHAPTER IV – DIRECTORS AND OFFICERS

Section 1. Number of Directors and Term: There shall be nine (9) directors of this Cooperative. Directors must be owners and are elected by ballot at the annual meeting for thirty-seven (37) month terms, beginning the December prior to the first full year of service. Descriptions of the duties of the officers is outlined in the board policies.

There shall also be the option, as set by Board policy, of up to two (2) Alternate Directors, who shall be owners of the Cooperative. The Alternate Director seats shall be awarded to the top two vote recipients who are not elected Directors at each annual

meeting. The Alternate Directors shall have the same powers and responsibilities of Directors, as set forth in the Articles of Incorporation and herein, except they shall not have the authority to vote on any matters or hold executive office.

Section 2. Eligibility: Directors must be owners of the Cooperative in good standing. A person with a conflict of interest so continuing and pervasive that they are unable to effectively fulfill the responsibilities of a director shall not be qualified to serve as a director.

Section 3. Conflicts of Interest: Directors shall be obligated to disclose their actual or potential conflicts of interest. Directors having a conflict shall absent themselves from discussion and decision of any matter under consideration by the Board with respect to which a conflict of interest exists, unless otherwise determined by the Board. Directors may not do business with the Cooperative except in the same manner as other owners generally do business with the Cooperative or under other conditions that are procedurally defined to avoid preferential treatment.

Section 4. Removal: A Director may be removed by decision of two-thirds (2/3) of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies. Owners may remove a director for cause at a meeting of the owners, and may fill the vacancy caused by such a removal.

Section 5. Vacancies: A vacancy in the Board of Directors is created if any of the board members resign. Any director of the Cooperative 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 an owner of the Cooperative and shall have shown through past service to the Cooperative capabilities of a director. The appointed director will fill the director's position until the next regular or special owners' meeting, at which the owners shall elect a director to fill the unexpired term of the vacant director's position.

Section 6. Compensation: The Board of Directors, in consultation with the GM, shall determine a fiscally-responsible Director compensation on an annual basis. Directors shall be entitled to reimbursement for actual expenses incurred in attending board meetings or any other business of the Cooperative, when such expense accounts have been approved by a majority vote of Directors.

Section 7. Indemnification: The Cooperative shall indemnify each director and officer of the Cooperative, whether or not then in office, and their respective successors or assigns, so long as such director and/or officer has not acted in bad faith, or violated his/her legal duties to the Cooperative. 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 Cooperative. 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 8. Employees: No more than one-third (1/3) of the Board of Directors may be paid employees of the Cooperative. The General Manager may not be a director.

CHAPTER V – DUTIES AND POWERS OF DIRECTORS

Section 1. GOVERNING: The Board of Directors shall govern the business affairs of the Cooperative. 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 Cooperative. 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 Cooperative as necessary and/or as directed by the board.

CHAPTER VI – PATRONAGE DIVIDENDS

Section 1. ANNUAL NET INCOME FROM PATRONAGE: The Cooperative shall allocate and distribute to owners the net profit from business done with owners in such a manner as to qualify them as patronage dividends consistent with cooperative principles, applicable state and federal laws, and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made.

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

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

Section 4. TAX CONSENT: Each individual or legal entity who becomes an owner of this Cooperative 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 is made in written notices of allocation (as defined in 26 U.S.C. § 1388 of the Internal Revenue Code) and which is received by her/him or it from the Cooperative will be taken into account by him/her or it at its stated dollar amount in the manner provided in 26 S.S.C. § 1385 in the taxable year in which such written notice of allocation is received by him/her or it. The intent of this Bylaw provision is to provide consent binding on all owners of this Cooperative for the purpose of making such distributions “qualified written notices of Allocation” within the meaning of the United States Income Tax Laws.

CHAPTER VII – CAPITAL STOCK

Section 1. ISSUANCE OF STOCK: The Board of Directors is authorized to issue Class A, Class B, and Class C stock as provided for in the Articles of Incorporation.

No share of stock shall be issued for less than its par value, or until it has been paid for in cash or its equivalent, which shall be paid at such time and in such manner as the Board of Directors of the Cooperative request. The Board of Directors shall have the authority to issue Class C Stock in multiple series. The Board shall establish the number of shares offered, rate of dividend, redemption terms, and such additional terms and conditions as the Board deems appropriate at the time of issuance of each series stock.

No stock shall be sold or transferred, except back to the Cooperative, without the consent and approval of the Board of Directors. The capital stock of this Cooperative shall be nonassessable.

Section 2. PURCHASE AGREEMENT: Each owner 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:

- 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.

Section 3. PROOF OF OWNERSHIP: No stock certificates shall be issued, and the books and records of the Cooperative shall constitute the formal record and proof of owners' equity holdings.

Section 4. ABANDONED EQUITY: If an owner fails to pay the purchase price for shares in full within thirty-six (36) months of signing the owner purchase agreement, the purchase agreement shall lapse and the owner's rights and privileges will be forfeited. The sum accumulated in this owner's equity account shall be considered abandoned and shall not be refunded, and will be distributed to a corporation or organization that is exempt from taxation as determined by the Board of Directors at the time of the abandonment. A written notice of this determination will be sent to this owner's last known address as it appears on the Cooperative's records. The owner 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 ownership must be supported by a majority vote of the board.

Section 5. ACCOUNTING: The Cooperative shall maintain records reflecting each owner's equity. All records shall be accessible to the owners at reasonable times and upon reasonable notice.

CHAPTER VIII – DISSOLUTION

Section 1. ASSET DISTRIBUTION: The Cooperative may be dissolved or liquidated upon a two-thirds (2/3) vote of the owners who constitute a quorum at a meeting of the owners. Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order:

- a) to pay all the necessary costs of dissolution,
- b) to pay any remaining debts of the Cooperative,
- c) to pay any outstanding Class C Preferred Stock at original value,
- d) to pay any outstanding Class A Common Stock at original value ,
- e) to pay the outstanding Class B Stock purchased as part of an initial ownership agreement at original value to pay all outstanding Class B Stock issued in payment of patronage refunds ,
- f) then, if any balance remains, it shall be distributed on a pro rata basis among the stockholders and the holders of capital credits (refunds).

If the assets available for distribution to a particular class of holders of capital stocks are insufficient to permit payment in full to such holds, then the available assets shall be distributed ratably among such holders in proportion to the full amounts to which they otherwise would be entitled.

CHAPTER IX - AMENDMENTS

Section 1. AMENDMENTS: These Bylaws may be amended at any regular or special ownership meeting. The notice for the meeting must include summary statements of the proposed amendment.