

**BYLAWS OF ST. JOSEPH FOOD
COOPERATIVE
Adopted February 2011
Amended May 2022**

ARTICLE I. MEMBERSHIP

Section 1. Qualifications. Any person, cooperative, firm or non-profit organization agreeing to the beliefs and aims of this association and wishing to peacefully and democratically participate in the association may become a member by agreeing to comply with the requirements of:

A. Articles of Organization

B. Bylaws

C. Policies, Contracts and Agreements established by the Board of Directors and by becoming a fully-paid member as detailed in Section 2 below. This association shall not discriminate on social or political grounds or on the basis of race, creed, age, sex, handicap, sexual preference or marital status.

Section 2. Application and Stock Purchase Requirement. Application for membership shall be made in writing on a form provided by the association. A prospective member must sign a stock purchase agreement for one (1) share of Class A Stock with a par value of Twenty Dollars (\$20.00) plus four shares of Class B Stock with a par value of Twenty Dollars (\$20.00). Payment of a minimum of two shares of Class B Stock (for a total of \$40.00) must accompany the application. The Class A share is granted when the total membership fee of One Hundred Dollars (\$100) is paid.

~~**Section 3. Information.** Each new member shall receive a copy of the Articles of Organization and Bylaws of the association, and may be required to attend an orientation meeting before membership status is granted.~~ Section 3 intentionally omitted

Section 4. Membership rights. Any person may apply for and hold a membership in this association, or such membership may be held by a household. A household is defined as six (6) or fewer legal adults or teenagers at or above the age of sixteen (16) living in the same residence. All persons authorized to gain the advantages of the membership must be listed on the application. When a membership is held by a household membership, the first person named on the membership shall have the right to cast the vote for that membership. Whenever the first or current authorized member to vote listed is unable or unwilling to vote, the vote for the membership shall be granted to the next member in the order listed on the application for membership. Cooperatives, firms and nonprofit organizations holding membership shall designate a person to vote for the membership. Each membership shall have one (1) vote at all meetings of members, without regard to number of shares owned.

Section 5. Termination. At any time, if a member shall have pursued conduct seriously detrimental to the beliefs and aims of this association or shall fail to comply with requirements of these Bylaws, contracts or agreements entered into upon becoming a member of the association, the Board of Directors may elect to cancel his/her, or its, membership by:

A. Purchasing the Class A Stock or Class B Stock of such member by tendering to him/her, or it, the par value thereof or the book value thereof if lesser than the par value, together with any patronage refund due or unpaid, less any indebtedness due the association; or

B. Purchasing the Class A Stock of such member by tendering to him, her or it Class C Stock

representing his, her or its interest at the time of tender, such interest to be ascertained as specified above.

Provided that, if within thirty (30) days after due notice of such termination the member shall notify the Secretary of the Board that he, she or it objects to the termination of membership, and that he, she or it desires to appeal the same to the next meeting of membership and the Board shall place such a matter of a hearing as a part of the agenda for such membership meeting. In any case of termination, the Class A or Class B Stock of said member shall be cancelled and he, she or it shall thereafter have no voting right in this association.

Section 6. Restrictions upon withdrawal and transfers of membership. Every member upon uniting with this association agrees that in case the member shall desire to dispose of his, her or its share of Stock in the association, that the stock can only be transferred to the association upon approval by the Board of Directors. The stock of this association is not transferable in any other event.

ARTICLE II. MEETINGS OF MEMBERS.

Section 1. General Membership Meeting(s). The annual meeting(s) of the membership, herein known as the General Membership Meeting(s), shall be held in or near St. Joseph annually at such time as may be determined by the Board of Directors of the association. The Board of Directors may elect to have more than one General Membership Meeting each year, but there must be one within four months after the date of the close of the fiscal year at such date and time as may be determined by the Board of Directors.

Section 2. Special meetings. The president shall cause a special meeting of the members to be called upon a written request of at least twenty (20) per cent of the members, or upon a majority vote of the directors. The notice of the time, place, and purpose of the special meeting shall be issued within ten (10) days from and after the presentation of a member petition such petition, and such special meeting shall be held within thirty (30) days from and after the day of the presenting such petition. No business shall be considered at such meeting except as may be mentioned in the call and included in the notice of the meeting.

Section 3. Notice of meetings. Notice shall be given by the secretary of all meetings of the members by publication in a legal newspaper published in Stearns County, by publication in a house newsletter, regularly published by or on behalf of the association and circulated generally among its members (whether delivered electronically or by mail), or by mailing a notice thereof to each member at his, her, or its last known address, at least two weeks previous to the date of the meeting. The secretary shall document compliance of this provision by preparing a copy of the notice given to members with proof of the mailing, electronic communication, or publication attached. The failure of any member to receive any such notice of the annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such annual or special meeting.

Section 4. Voting. Normally all voting will occur at general membership meetings, However, the Board of Directors may authorize a mail ballot for voting on all matters that members are entitled to vote upon, including voting to elect directors. If authorized, mail ballots shall be sent to all members with the notice of a meeting. If a ballot is received on or before the date of the meeting, it shall be accepted and counted. There shall be no proxy voting. In order to better facilitate the election process, candidates for the Board of Directors must submit an application including a biography and

statement of intent no less than 2 weeks before the General Member Meeting. These will be distributed no less than 1 week before the general member meeting to all members for prior review before elections are held at the general member meeting. No write in candidates shall be accepted.

Section 5. Presiding officer. The president of the association or his or her designee of the association shall preside at all meetings of the members and directors.

Section 6. Quorum, general membership meetings. At any regular or special meeting of the members, a quorum necessary for the transaction of business shall be at least ten percent (10%) of the total number of active holders of voting stock of the association, except that when the number of members shall exceed five hundred, fifty members present shall constitute a quorum. Only members in actual attendance at the meeting shall count towards a quorum, except for matters submitted to the membership by mail, in which case mail ballots of active members cast shall be counted towards fulfillment of the quorum requirement.

Section 7. Order of business. The order of business at General Membership Meetings, and so far as practicable at all other meetings of the members shall be:

- A. Tally of attending members.
- B. Proof of notice of meeting.
- C. Reading and disposing of all unapproved minutes.
- D. Annual reports of management and directors.
- E. Unfinished business.
- F. New business.
- G. Adjournment.

Section 8. Directors meetings and quorum. Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors shall from time to time determine. A majority of the directors shall constitute a quorum at all meetings of the Board, and a majority vote of the directors present shall decide all questions.

Section 9. Special directors meeting. Special meetings of the Board of Directors may be called by the president or by a majority of said Board. Each member of the Board of Directors shall be duly notified of all such meetings.

Section 10. Action without a meeting. 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. Decisions of the Board of Directors may also be made via electronic vote.

ARTICLE III. BOARD OF DIRECTORS

Section 1. Number of directors, eligibility and terms. The number of directors of this association shall be no less than five (5) and no more than nine (9), each of whom shall be a member of the association. Only one individual from a household, firm or nonprofit corporation membership shall be eligible to be elected to the Board of Directors at a time. Directors shall be elected by ballot at the time of the annual meeting for a term of three (3) years, shall assume office at the organizing meeting following the annual meeting at which they were elected, and shall hold office until their successors are seated. New board directors will be expected to attend board meetings and participate

in an orientation program during the period between their election and assumption of office. The terms of office shall be so arranged that as nearly as possible the terms of office of an equal number shall expire each year. If any director shall cease to be a member of the association, his or her office shall be automatically vacated. No more than one (1) board director shall be a paid employee of the association. When filling vacancies caused by any reason the position(s) will be filled for the remainder of the original term(s) by a vote of the remaining Board of Directors. Candidates with the highest vote totals shall get three-year terms, and the candidate(s) with the next-highest vote total(s) shall fill the vacated seat(s) for the remainder of the term(s). No director shall serve more than three (3) consecutive terms, regardless of whether those terms are for positions being filled for the remainder of original terms (one or two years) or for three-year terms. After a period of a minimum of one year off the board, a director having served the maximum of three consecutive terms is again eligible to put forth his/or her candidacy for re-election to the board. The Board of Directors is encouraged to recognize the special relationship between the cooperative and the students at the College of St. Benedict and St. John's University by allowing interested students to be involved in meetings of the Board of Directors.

Section 2. Organizing meeting. The Board of Directors shall meet within two (2) months after the general membership meeting at which elections took place. At this meeting, the Board of Directors shall establish its annual meeting schedule and elect officers.

Section 3. Compensation and reimbursement. No member of the Board of Directors shall be compensated for board related activities. Officers and directors shall be entitled to reimbursement for actual expenses incurred in attending board meeting or other business of the association. Such expense claims shall be approved by a majority of the Board. Reimbursement to directors shall not constitute payments to them as employees.

Section 4. Removal. Any director of the association may, for cause, be removed by a vote of two-thirds (2/3) of the members of the Board of Directors. Failure of a director to attend two consecutive directors meetings or one-third of the directors meetings during a year, shall result in automatic removal from office unless a majority of the members of the Board of Directors votes to relax this rule in a particular situation. In case of removal, the members of the Board of Directors shall fill the vacancy for the unexpired term of such director by special election.

Section 5. Membership of Non-Patrons. The Board of Directors may, by a simple majority vote, grant membership status to non-patrons. This action would normally be taken when a non-patron individual or organization provided financing in return for Class C shares of the cooperative.

ARTICLE IV. DUTIES AND POWERS OF DIRECTORS.

Section 1. Management of business. The Board of Directors shall govern the business and the affairs of the association and make all necessary rules and regulations not inconsistent with law or with these bylaws. The Board of Directors shall have power to employ and dismiss a manager or management group of the association and to determine their duties and fix their wages. The association shall pay for Director & Officer (D&O) insurance.

Section 2. Bonding of employees. The Board of Directors may require the manager and all other

officers, agents, and employees charged by the association with the responsibility of the custody of any of its funds or property to provide a fidelity bond in such sum as the Board of Directors shall determine. Such bond shall be furnished by a responsible bonding company or other surety satisfactory to the directors, and the cost thereof shall be paid by the association.

Section 3. Accounting system and audit. The Board of Directors will install and maintain an adequate system of accounts and records. The Board shall review financial statements at least quarterly. The books and accounts of the cooperative will be audited or reviewed in such manner as the Board deems advisable. The auditor shall provide a printed report containing at least a balance sheet showing the financial condition of the association at the close of the fiscal year and a statement of income and expense for the year, and such statistical memoranda as may be desired by the Board of Directors. The Board of Directors shall have the authority to have the books audited more frequently than once a year, and at such times as they may determine to be advisable. The report of such audit or review will be made at the next annual meeting of the members.

ARTICLE V. DUTIES AND POWERS OF OFFICERS.

Section 1. President. The president shall:

- a) preside over all meetings of the association and of the directors;
- b) sign as president, with the secretary, all leases, notes, deeds and other conveyances of real estate, as well as all certificates of stock of the association.

Section 2. Vice President. In the absence of disability of the president, the vice president shall perform the duties of the president.

Section 3. Secretary. The secretary shall:

- a) Ensure that a complete record of the meetings of the association and of the Board of Directors is kept;
- b) Sign as secretary, with the president, all leases, notes, debts and other conveyances of real estate, as well as all certificates of stock of the association;
- c) Serve all notices required by law,
- d) Shall cause to be prepared and submitted to the annual meeting of the members a complete and detailed report of the current year's business. The annual report shall contain a statement of assets and liabilities, a statement of income and expenses, and such other statements and statistical memoranda as the Board of Directors shall require. The Board of Directors may delegate these duties as may be required of him or her by the association or the Board of Directors.
- e) Keep a record of active and inactive members, updated at least monthly.

Section 4. Treasurer. The treasurer shall:

- a) Oversee the receipt and disbursement of all funds of the association;
- b) Ensure that complete records of all financial transactions of the association are kept;
- c) Shall cause to be prepared and submit to the General Membership Meeting complete and detailed report of the current year's business, which report shall contain a statement of assets and liabilities, a statement of income and expenses, and other such statements and statistical memoranda as the Board of Directors shall require. Such statements shall be in printed form, and in sufficient quantities so that each member attending such meeting may have a copy. He/she shall submit such monthly reports as may be required by the Board of Directors.

d) Perform such other duties pertaining to his or her offices that may be required by the Board of Directors.

Section 5. Manager. The Board of Directors shall have the power to employ and dismiss a general manager of the association. The general manager shall have general charge of the ordinary and usual business operations of the association subject to the direction and approval of the directors. The manager shall be required to maintain all business records and accounts in such a manner that the true and correct condition of the business may be determined whenever practical. He or she shall provide annual and periodic reports in a form and manner prescribed by the directors. The manager shall employ and discharge employees subject to direction and guidelines approved by the Directors. The manager shall handle and account for all monies belonging to the association which come into his or her possession in the manner and form prescribed by the Directors.

ARTICLE VI. CAPITAL STOCK.

Section 1. Certificates or proof of membership. Membership cards shall be issued, in lieu of certificates for Class A stock, when the initial required stock is fully paid for and the membership application has been received. Class B stock received as patronage dividends shall be evidenced by written notice allocation mailed to the members. Class C stock shall be evidenced by certificates issued by the association. The association retains the right to terminate all memberships as provided in the bylaws and to purchase or recall all stock.

Redemption of capital stock by the association is subject to any indebtedness owing the association by the stockholder.

Section 2. Classes and issue. In order to further the cooperative character of this association and provide a means whereby its current and active members will finance the association, this association is authorized to issue Class B or Class C stock, equity reserve or capital interest certificates, or any other media as determined by the Board of Directors and as permitted by the law under which this association is organized. Funds and credits arising from the issue of such stock, certificates or other media may be used for creating a revolving fund for the purpose of building up an amount of working capital to meet the association's financing needs.

Whenever the association determines that all of its funds are not necessary for the proper financing of the operations of the association, the Board of Directors may choose to retire Class B or Class C stock, liquidate equity or capital reserves or any other media previously issued.

Section 3. Non-transferability. Shares of stock shall be transferable only to the association with the consent and approval of the Board of Directors. Shares of stock may not be transferred in any other manner.

Section 4. Refund or repurchase by the association. The association shall repurchase all shares of stock of terminating members, whether for cause or for voluntary or involuntary reasons, on the condition that the association has sufficient capital as determined by the Board of Directors. The Board of Directors may establish additional conditions and terms for repurchase of members' shares of stock, provided such conditions and terms apply to all members equitably.

Section 5. Order of payment upon dissolution or liquidation. Upon dissolution or liquidation of the association the debts and liabilities of the association shall first be paid according to their respective priorities. Stockholders or other holders of equity of capital reserve credits or other media

issued by the Board of Directors shall then be paid the par value of their shares or credits with payment made in the following order: Class C, followed by Class B, followed by Class A. Such members or other holders of equity, capital reserve credits or other media issued by the Board of Directors shall receive the par value of their shares or credits with holders of the shares of Class C stock also receiving the amount of all declared but unpaid dividends thereon. Any additional property remaining after stockholders and other equity holders have been paid shall be distributed to another association doing business on a cooperative basis or a nonprofit organization exempt from taxes under Section 501(c)(3) of the Internal Revenue Code, as shall be determined by the Board of Directors.

ARTICLE VII. DISTRIBUTION OF SURPLUS.

Section 1. Annual net savings.

- a) Gross receipts. Gross receipts shall be all proceeds from the sale of goods and services to members and non- members and all other sums received (including patronage dividends and all non-patronage income).
- b) Deductions from gross receipts. The association shall deduct from “gross receipts” all expenses incurred in generating the “gross receipts” including, but not limited to, marketing expenses, costs of goods or services sold, taxes, depreciation, reserves for doubtful accounts and all other necessary expenses.
- c) Total annual net savings. The amount remaining after reducing the “gross receipts” by these deductions shall constitute the annual net savings (net earnings) of the association.

Section 2. Member patronage income.

- a) Member patronage. Annual net savings shall be divided into: 1) annual net savings from member patronage and 2) annual net savings from non-member patronage, and 3) non-patronage sources. Annual net savings from member patronage shall be determined by taking the percentage of gross receipts attributable to business done with or for members (including patronage dividends, etc.) and multiplying that percentage times the total annual net savings minus non-patronage savings. The amount resulting shall be annual net savings from member patronage, which shall be distributed to the member-patrons of this association in proportion to the amount of business done by them with the association, subject only to the deductions and the exceptions provided in Section 3 and 4 of this Article.
- b) Non-member patronage and non-patronage income. the difference between total annual net savings and net savings from member patronage shall be annual net savings from non-member patronage and non-patronage sources.

Section 3. Educational reserve. The Board of Directors may set aside a sum not to exceed five percent (5%) of non-member patronage and non-patronage income as an educational fund which shall be used for the purpose of promoting and encouraging cooperative associations.

Section 4. Capital reserve. The Board of Directors shall annually set aside all annual net savings from non- member patronage and non-patronage sources less any deductions for the educational reserve as a capital reserve. In addition, the Board of Directors may also place into the capital reserve fund all annual net savings from member patronage attributable to member-patrons who are unidentified, or who do not consent to take into account patronage dividends from the association in the manner provided in 26 U.S.C. Section 1385 annual net savings from patronage attributable to members who so consent, but which result in a distribution of less than the minimum amount of three dollar (\$3.00) to any one member. Amounts previously set aside as capital reserves shall not be

allocated to the member-patrons but shall be kept in the general reserve fund of the association. The Board of Directors may, by resolution duly adopted prior to the beginning of the fiscal year, set aside up the fifty percent (50%) of the annual net savings from member patronage or other reasonable amounts as a capital reserve.

- a) The annual net savings from member patronage, less any deductions or exceptions as determined by Sections 3 and 4 of this Article, shall be distributed annually to the member-patrons of the association. Member-patrons shall, by their ongoing membership in the association, consent to include in their income such patronage distributions from the association in the manner provided in and to the extent required by 26 U.S.C. Section 1385.
- b) Patronage dividends shall be distributed in cash or in equity (Class B stock) or by any combination thereof designated by the Board of Directors. Equity distributions (Class B stock) may be paid or redeemed in whole or in part at such time, in such manner and such order as shall be determined by the Board of Directors in its sole discretion. The Board of Directors may establish policies and programs for the payments of or redemption of such equities. No transfer or assignment of such equity (Class B stock) shall be allowed without the approval of the association.

Section 5. Allocation of losses. If this association has sustained an annual loss in net savings from member patronage, it shall have the power and authority to allocate such losses from member-patron business in the following manners: 1) to the member patrons for such year or years on a patronage basis and apply such losses against the equity credits or stock of said member-patrons; 2) to apply the loss to the association's capital reserve; 3) or to carry forward or back such loss, as determined by the Board of Directors.

ARTICLE VIII. CONSENT BY MEMBERS.

Each member of this association shall, by becoming a member, consent that the amount of any distributions with respect to his, her or its patronage occurring in any fiscal year which are made by qualified written notices of allocation (as defined in 26 U.S.C. 1388) received by him, her or it from the association shall be included in his, her or its income in the manner provided in 26 U.S.C. 1385 during the taxable year in which that qualified written notices of allocation are received. It is the intent of this provision to provide a consent binding on all members who retain or obtain membership in this association and receive a written notification and copy of this bylaw, for the purpose of making such distributions "qualified" within the meaning of the Internal Revenue Code.

ARTICLE IX. INDEMNIFICATION.

This association shall indemnify each person who is or has been a director, officer or employee of this association, and each person who is serving or who has served at the request of this association as a director, office, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorney's fees, judgments, fines and amount paid in settlement, actually and reasonably incurred by him or her to the fullest extent of his or her right to indemnity under current Minnesota corporation law.

ARTICLE X. MISCELLANEOUS PROVISIONS.

Section 1. Fiscal Year. The fiscal year of this association shall begin on the first day of January and

close on the last day of December of each year.

Section 2. Review of bylaws. The Board of Directors shall review the bylaws at least once every three (3) years.

Section 3. Amendments. These bylaws may be amended, repealed, or altered in whole or in part by a majority vote of the members attending an annual meeting consisting of a quorum provided that all members receive written notice of the proposed changes to the bylaws.

Section 4. Severability. In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.