

BY-LAWS of
MANNA Food Cooperative

ARTICLE I NAME AND LOCATION

The name of the Cooperative is MANNA Food Cooperative (hereinafter known as the “Cooperative”). Its principal office is in Becker County in the State of Minnesota.

ARTICLE II PURPOSES

The purposes of the Cooperative are as follows:

- (a) To establish and operate cooperatively owned and managed not-for-profit facilities for the purchase, production and distribution of goods and services for the primary and mutual benefit of members of the Cooperative as ultimate consumers as well as for the benefit of patrons, through facilities that shall include, but not be limited to, a cooperative grocery store;
- (b) To promote sound nutrition by providing wholesome foods to members and patrons, and by providing nutrition and health information to assist members and patrons in their food choices;
- (c) To promote community development by encouraging small-scale ventures on the part of members which follow ecologically sound, healthful, energy-efficient and sustainable practices;
- (d) To educate members and prospective members to the principles and methods of Cooperative enterprise;
- (e) To cooperate with other cooperative associations or societies which have compatible goals; and
- (f) For any other lawful purpose.

ARTICLE III MEMBERSHIP

Section 1. Open Membership. Membership in the Cooperative is available without discrimination on the basis of race, color, religion, age, sex, national origin, marital status, disability, sexual orientation, economic situation or political affiliation, to all persons or families who can make use in good faith of what the Cooperative offers and who are willing to accept the responsibilities of membership.

Section 2. Application for Membership. Application for membership shall be made on a form provided for that purpose.

Section 3. Membership Fee. Each application for membership shall be accompanied by the purchase of a single share of the Cooperative’s Membership Common Stock for a price to be determined, from time to time, by the Board of Directors of the Cooperative at their sole discretion.

Section 4. Fund Use and Administration. The purchase price paid by the various members for the purchase of shares of Membership Common Stock shall be deposited with the Cooperative, for use in the operation of the Cooperative under the guidance of the Board of Directors.

Section 5. Member in Good Standing. A member in good standing is one who has paid the purchase price for such member's share of Membership Common Stock and has no outstanding debt to the Cooperative.

Section 6. Resignation of Membership. Members may resign at any time by submitting a written and signed resignation. There will be no refund of the purchase price of the Membership Common Stock held by such member, unless the Board of Directors, in its sole discretion, has determined that the refund of such purchase price a) would not impair the Cooperative's ability to meet its obligations as they become due Cooperative and that the Cooperative has adequate resources for its then-current and proposed activities and b) elects to refund the purchase price of the resigning member's Membership Common Stock. Any refund of such purchase price approved by the Board of Directors may be offset by any amount due to the Cooperative by the member.

Section 7. Rights of Membership. The rights of membership are as follows:

- A. Each member in good standing is entitled to one vote.
- B. Rights and interests of membership are not transferable.
- C. It is the member's responsibility to provide the co-op with a current mailing address and, to the extent possible, an active email address.
- D. All members in good standing shall be eligible for all benefits established by the Cooperative's Articles of Incorporation, as amended from time to time, by these Bylaws, as amended from time to time, by the Board of Directors and by applicable law.

Section 8. Termination of Membership. Membership in the Cooperative may be terminated by the Board of Directors at their discretion if the Board of Directors, by a majority vote, determines that a member has:

- A. failed to patronize this cooperative for a period of two years or more;
- B. not paid the required purchase price for a share of Membership Common Stock;
- C. died or, if a legal entity, has ceased to exist and leaves no successor; or
- D. the Board of Directors by resolution finds that a member has:
 - intentionally or repeatedly violated any provision of the Articles, the Bylaws, or Board policies of this cooperative;
 - willfully obstructed any lawful purpose or activity of this cooperative;

breached any contract with this cooperative; or

pursued a course of action within the Cooperative that is either contrary to the cooperative's basic principles of consumer cooperation or which endangers the cooperative's effective operation.

- E. The Board of Directors may only terminate the membership of a member at a meeting of the Board of Directors of which meeting 20 days written notice was provided to the member whose termination will be considered by the Board of Directors . The notice shall state with reasonable particularity the grounds for termination of the member's Cooperative membership and such member shall be provided a reasonable opportunity to be heard at such meeting, including the opportunity to speak against termination of membership.

ARTICLE IV MEETINGS OF THE MEMBERSHIP

Section 1. Annual Meetings. Membership meetings shall be held within nine (9) months of the end of the fiscal year, once in every 12-month period. The Board of Directors shall determine the date, time and place of each meeting. It shall give at least thirty days notice of each meeting and its proposed agenda by posting an announcement in the Cooperative store as well as by mailing (or emailing if permitted by applicable law) an announcement to every member at such member's last known address. A quorum shall be established by a count of those members in good standing present, those members in good standing present by the return of a mail ballot, if a mail ballot has been authorized by the Board of Directors, and those members present by return of an electronic ballot if an electronic ballot has been authorized by the Board of Directors in accordance with applicable law. If the Cooperative has 500 or fewer members, a quorum shall consist of ten (ten) percent of such members; provided, however, that when the Cooperative has more than 500 members, 50 members shall constitute a quorum.

Section 2. Special Meetings. A special meeting can be called by the Board of Directors or by a written request or petition to the President of the Cooperative or the Board of Directors by at least twenty (20) percent of the members in good standing. The Board shall give reasonable notice of a special meeting, but must provide notice of a special meeting requested by the members as described above within ten (10) days after receipt of the written request or petition. In the case of a meeting requested as described above, the Board shall convene the meeting within thirty days of receipt of the written request or petition. No business will be conducted at a special meeting other than that specified in the notice of meeting.

Section 3. Membership Meetings.

- A. Voting: voting shall be conducted by ballot, in person, by mail or by electronic means if authorized by the Board of Directors in accordance with applicable law. Voting by proxy is not permitted.

- B. Agenda: The agenda shall include all items publicly posted and shall also include other items to be raised from the floor of the meeting, to the extent permitted by applicable law.

ARTICLE V BOARD OF DIRECTORS

The Board of Directors shall be responsible for the government and fiscal health of the Cooperative.

Section 1. Number of Directors, Current Members of the Board of Directors and Terms. The Board of Directors shall be responsible for the government and fiscal health of the Cooperative. The Board shall consist of seven (7) Directors, each of whom must be a member in good standing. The members of the Board of Directors as of adoption of these Bylaws, serving for the terms set forth, shall be as follows:

<u>Name of Director</u>	<u>Term Expires at Annual Meeting for Fiscal Year Ended:</u>
Wendy L. Gordon	2019
Stacy Salvevold	2019
Cyndi Anderson	2019
Ryan Pesch	2018
Vicky Williams	2018
Brenda Brooks	2017
Del Moen	2017

Upon expiration of the terms of office of the current members of the Board of Directors, each director shall be elected for a term of three (3) years, and shall hold office until their successors shall be elected. Directors shall be elected to terms that are staggered, with 2 Directors being elected at the Annual Meeting which reports on fiscal year 2016, 2 Directors being elected at the Annual Meeting which reports on fiscal year 2017 and 3 Directors being elected at the Annual Meeting which reports on fiscal year 2018; subject to any vacancies on the Board of Directors, elections to the Board of Directors shall continue in the same manner, such that one approximately third of the Directors shall be elected each year.

Section 2. Nomination and Election. Nomination procedures shall be established by resolution of the Board of Directors, in its discretion. Directors shall be elected at the Annual Membership Meeting. Member voting shall be by ballot, either in person, by mail, or by electronic means to the extent permitted by law, as determined by the Board of Directors. Each member may cast one vote per open seat. A plurality of votes cast shall elect a nominee to service on the Board of Directors.

Section 3. Powers. The Board of Directors shall exercise all powers allowed by Minnesota law and necessary for the effective management of the Cooperative.

Section 4. Resignation, Removal, Vacancies. Any Director may resign at any time by giving written notice to the President. In addition, a Director may be removed by the members in the manner

provided by applicable Minnesota law. Any vacancy caused by the resignation, removal, death, disqualification, or otherwise of any Director may be filled by election by the Board within a reasonable period. The person so elected shall hold office only until the next Annual Membership meeting. Then that term shall be filled at the regular election of the Board of Directors, with the Director so elected to serve for the remainder of his/her predecessor's term in office.

Section 5. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by resolution of the Board, provided that notice of every resolution of the Board fixing or changing the time or place for the holding of regular meetings of the Board shall be mailed to each director at least three (3) days before the first meeting held pursuant thereto. The annual meeting of the Board of Directors shall be held immediately following the annual Membership Meeting at which a Board of Directors is elected. Any business may be transacted at any regular meeting of the Board.

Section 6. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by any member of the Board of Directors. The Secretary shall give notice of each special meeting of the Board of Directors, by mailing written notice to each Director at least three (3) days prior to the meeting or by otherwise notifying each Director of the meeting at least two (2) days before the meeting. Any requirement of notice contained in this Section 7 may be waived by any Director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at any special meeting of the Board of Directors. At any meeting at which every director shall be present, even though without notice, any business may be transacted and any director may in writing waive notice of the time, place and objectives of any special meeting.

Section 7. Quorum. A majority of the whole number of directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors. If at any meeting less than a quorum shall be present, a majority of those present may adjourn the meeting from time to time. The act of the majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or the Articles of Incorporation or by these By-Laws.

Section 8. Required Vote. An affirmative vote of a majority of those present shall be necessary for the passage of any resolution.

Section 9. Indemnification. The Cooperative shall indemnify and reimburse each present and future director and officer for any claim or liability (including expenses and attorney fees, judgements, fines, and amounts paid in settlements, actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a director or by reason of his or her acts or omissions as a director. Such indemnification shall be made only if determined by the Board of Directors that the director acted in good faith in the reasonable belief that his or her action was in the best interest of the Cooperative. The foregoing shall not be exclusive of any rights to which directors may be lawfully entitled.

Section 10. Personal Liability. No member, officer, or Director of this corporation shall be personally liable for the debts or obligations of this corporation of any nature whatsoever, nor shall any of the property of the members, officers, or Directors be subject to the payment of the debts or obligations of this corporation.

ARTICLE VI OFFICERS

Section 1. Officers. The Officers of the Cooperative shall be President, Vice-President, Secretary and Treasurer. These Officers shall serve a term of one year and shall be elected by the Board within three months following the Annual Membership Meeting.

Section 2. Vacancies. A vacancy in any office shall be promptly filled by election by the Board. A Director elected to fill a vacancy in office shall serve for the remainder of his/her predecessor's term in office.

Section 3. Duties.

- A. **President:** The President shall have such powers and perform such duties incident to the office as may be required by law, by the Articles of Incorporation or these by-laws, or which may be prescribed from time to time by the Board of Directors. The President shall see that all Membership and Board meetings are facilitated. All actions of the President shall be subject to ratification by the Board.
- B. **Vice-President:** In the absence of the President, or in the event of the President's inability or refusal to act, the Vice-President shall perform all duties of the President. When so acting, the Vice President shall have all the powers and be subject to all the restrictions of the President. The Vice-President shall have such other powers and perform such duties incident to the office as may be required by law, by the Articles of Incorporation or these by-laws, or which may be prescribed from time to time by the Board of Directors.
- C. **Secretary:** The Secretary shall be responsible for recording, approving, certifying, and archiving of all approved minutes of meetings of the Board and of the membership. The secretary shall present at all reasonable times to any director of the Cooperative, his/her attorney, or any other member of the Cooperative, upon request and for appropriate purpose, any archived documents. The Secretary shall see that copies of the minutes of each Board meeting are distributed to all Board members prior to the next regularly scheduled Board meeting. The minutes shall maintain a record of attendance of board members and of the membership at all regular and special meetings of the Board. The Secretary shall see that copies of current Articles of Incorporation and by-laws are available to all Board members, the General Manager, and to any other member upon request. The Secretary shall have such powers and perform such duties incident to the office as may be required by law, the Articles of Incorporation or these by-laws, or which may be prescribed from time to time by the Board of Directors.

- D. Treasurer: The Treasurer shall monitor and provide oversight of the financial condition of the Cooperative. The Treasurer shall receive, review, and present to the Board the results of any audit or review by an independent auditor. The Treasurer shall have such other powers and perform such other duties incident to the office as may be required by law, the Articles of Incorporation or these by-laws, or which may be prescribed from time to time by the Board of Directors.

ARTICLE VII COMMITTEES AND TASK FORCES

Section 1. Standing Board Committees. Standing Board Committees are those committees deemed essential by the Board of Directors to execute its responsibilities of oversight and fiscal health of the Cooperative. The Board of Directors has the authority from time to time to form standing board committees, provided that each member of a standing Board Committee shall be a Director of the Cooperative.

Section 2. Composition. All Board Committees shall have at least two members who have been duly appointed by the Board of Directors and may include both Directors and members of the Cooperative who are in good standing. A member of the Board shall chair each Board Committee.

Section 3. Ad-Hoc Task Forces. The Board may from time to time create an ad-hoc task force consisting of such members of the Cooperative and other persons as may be determined by the Board of Directors in its sole discretion.

ARTICLE VIII CONFLICT OF INTEREST

Section 1. Directors' Duties. The Directors of the Cooperative recognize that each of them owes to the organization a duty of honesty, loyalty, diligence, and sound business judgment whenever they act on behalf of the Cooperative. The Directors further recognize that situations may arise from time to time that create or involve a conflict of interest.

Section 2. Definition of Conflict of Interest. A potential conflict of interest exists whenever a Director could reasonably anticipate that an action taken by the Board, a Committee or Task Force might financially benefit 1) any interest of a relative by blood or marriage of the Director; 2) any interest of a business or organization of which the Director is an officer, member, employee, director, partner, stockholder, or beneficial owner; or 3) any goal or objective sought by the Director other than a disinterested concern for the benefit of the Cooperative as a whole.

Section 3. Procedure. If a potential conflict of interest exists, a Director shall immediately disclose the nature of the conflict to the Board and shall recuse him/herself from any and all discussions and voting concerning the matter. Such action shall be recorded in the minutes of the meeting.

Section 4. Compensation of Directors. Because of the potential for conflict of interest, all payments made to Directors for any service, consultation, or employment with the Cooperative must be disclosed.

ARTICLE IX FINANCE

Section 1. Financial Operation. This corporation operates on a Cooperative basis and allocates earnings and losses to members or owners in good standing on the basis of the business done with or for such owners. Thus, in accordance with Subchapter T of the Internal Revenue Code, this corporation shall declare a patronage dividend to be distributed among the members or owners in accordance with the total amount of patronage business generated by each such member or owner during the preceding fiscal year.

Section 2. Patronage Dividend. The patronage dividend, as determined by the Board of Directors, shall be paid in cash, property or written notices of allocation as defined by Subchapter T of the Internal Revenue Code. Such checks must be endorsed and cashed within ninety days of issue date; otherwise 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 owners.

Each member shall have an internal capital account in his or her name. The surplus earnings of the company after paying taxes, interest on loans, and additions to any unallocated reserve shall be allocated to owners as a patronage dividend. Unless otherwise decided by the Board of Directors, the patronage dividend shall be credited to the owner's Internal Account. At least 20% of each year's patronage allocation must be paid in a "qualified check" redeemable in cash.

Subject to the provisions of Section 1385(b) of the Internal Revenue Code (which provides for the exclusion from gross income of patronage dividends received in connection with the purchase of personal, family or living items), each member of the Cooperative hereby consents that the amounts of any distribution with respect to the undersigned's patronage which are made in written notices of allocation (as defined in Section 1388 of the Internal Revenue Code) will be taken into account by the undersigned at its stated dollar amount in the manner provided in Section 1385(a) of the Internal Revenue Code in the taxable year in which such written notices of allocation are received by the undersigned, all in accordance with the Articles of Incorporation and these Bylaws of the Cooperative.

Section 3. Allocation of net loss. In the event the Co-op shall incur a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated owner 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 owners 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 may be charged in the sole discretion of the Board of Directors to a capital reserve and/or retained patronage rebates of prior fiscal years and/or against patronage rebate allocations of subsequent fiscal years. Allocated net losses which are not so offset may be charged against the carrying value of shares only upon termination of ownership. Allocated net losses shall not otherwise be assessed to or collected from owners.

Section 4. Allocated Equity Capital. The Board of Directors shall manage the Cooperative's allocated equity capital in a way to preserve and build upon the Cooperative's financial position while also allowing for redemptions of equity as and when the Cooperative has the financial strength to redeem equity. The Board of Directors has the 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 of Directors retains all right and power to the final review and approval of any redemption of any type of equity.

Section 5. No Address. Whenever the Co-op determines that it does not have a current address for the member or owner who was previously allocated equity of the Co-op, or whenever a member or owner fails to maintain a current address at the Co-op, then, in that case and before the previously allocated equity ever becomes payable, the equity will be deemed to be contributed to the Co-op's unallocated surplus. In the case of a dissolution of the Co-op, the total surplus remaining, including these contributed amounts, if any, will be distributed to the members or owners as determined by the Board and in accordance with the Articles and By-laws of the Co-op. The contribution shall be considered a dormancy charge. The Board may determine to reverse the contribution and reinstate the allocated equity in the Board's sole discretion when the member or owner demonstrates that the member was the owner of the allocated equity.

ARTICLE X NET SAVINGS

The Board of Directors shall allocate net savings for the general purpose of expanding service.

ARTICLE XI BANK ACCOUNTS AND LOANS

Section 1. Bank Accounts. The Board of Directors shall have the authority to appoint such members, officers, or Directors to act on behalf of the Cooperative in the capacity as its fiduciary agent. Such appointed agents except as otherwise expressly provided by law, by the articles of incorporation, or by these by-laws, shall, in the name of the corporation, execute such deeds, loans, mortgages, bonds, contracts, checks, or other such instruments that may be authorized by the Board of Directors. In the event that the Board of Directors shall fail to designate a fiduciary agent, such agent will become by default the 1) President or Vice President and 2) the Secretary or Treasurer. In that case, all instruments must be signed by either the President or Vice President and countersigned by either the Secretary or Treasurer.

Section 2. Loans. Officers or agents of the Cooperative, as designated by the Board of Directors, shall have authority to effect loans, advances or other forms of credit at any time for the Cooperative from such banks, trust companies, institutions, corporations, firms or persons as the Board of Directors, shall designate. As security for the repayment of such loans, advances or other forms of credit, designated officers shall have authority to assign, transfer, endorse and deliver, either originally or in addition or substitution, any or all stocks, bonds, rights and interests of any kind in or to stocks or bonds, certificates of such rights or interest, deposits, accounts, documents covering merchandise, bills, accounts receivable and other commercial paper and evidences of debt at any time held by the Cooperative. For such loans, advances or other forms of credit to make, execute and deliver one or

more notes, acceptances or written obligations of the Cooperative on such terms, and with such provisions as to the security or sale or disposition thereof as such officers or agents shall deem proper. Also to sell to, or discount or rediscount with, such banks, trust companies, institutions, corporations, firms or persons any and all commercial paper, bills receivable, acceptances and other instruments and evidences of debt at any time held by the Cooperative, and to that end to endorse, transfer and deliver the same. There shall from time to time be certified to each bank, trust company, institution, corporation, firm or person so designated the signatures of the officers or agents so authorized; and each such bank, trust company, institution, corporation, firm or person is authorized to reply upon such certification until written notice of the revocation by the Board of Directors of the authority of such officers or agents shall be delivered to such bank, trust company, institution, corporation, firm or person.

ARTICLE XII FISCAL YEAR

The fiscal year for the Cooperative will end on December 31 of each calendar year.

ARTICLE XIII DISSOLUTION

Dissolution of the Cooperative may be accomplished only by approval of a resolution authorizing such dissolution by two-thirds of the votes cast by the Cooperative's membership at a duly called and noticed meeting. Upon dissolution, the resources of the Cooperative shall be used to pay its debts and obligations and to make distributions of any surplus in accordance with the Cooperative's Articles of Incorporation, as the same may be amended from time to time.

ARTICLE XIV AMENDMENTS

These by-laws may be amended at any general membership meeting by a two-thirds vote of those members casting ballots in person or by mail ballot, if a mail ballot has been authorized by the Board of Directors, or by electronic means if authorized by the Board of Directors under applicable law. A copy of any proposed amendments shall be posted in the Cooperative store and a copy shall be mailed to every member of record at such member's last known address at least thirty days before the meeting.

In the event that any provision in the by-laws is determined to be invalid or unenforceable under any statute or rule of law, then such provision will be deemed inoperable to such extent and shall be deemed modified to confirm with such statute or rule of law without affecting the validity or enforceability of any other provision in these by-laws.

THE FOREGOING ARE CERTIFIED as the by-laws of MANNA Food Cooperative, effective as of November ____, 2015.

Secretary

Date