

# Proposed Amendments to Bloomingfoods Bylaws

## Approved by the Bloomingfoods Board of Directors 8/30/18

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### Summary of Major Changes:

- 7.3 New clause: Allocation of Net Losses. Allows Bloomingfoods to allocate our net losses to member capital funds (i.e. pull money from owner-member's retained patronage balances or membership contributions to offset the cooperative's losses). Also clearly states that the cooperative can not allocate losses to members beyond what is in the member capital funds (i.e. can not require members to pay additional fees).
  - Reasoning: This was recommended by our legal team as a way to clarify what can happen when the cooperative has financial losses. This does mean that retained patronage can be re-absorbed by the cooperative, which was not addressed in the previous version of the bylaws. The Board feels this is the best way forward because it gives the cooperative the most flexibility in hard times and ultimately no members will be repaid if the cooperative goes out of business. The Board acknowledges that there is a lot of work to do in rebuilding institutional knowledge of patronage protocols and procedures.
- 7.4 New clause: Explicitly states that the cooperative can not pay patronage or redeem member capital accounts if it will hurt the co-op financially.
  - Reasoning: While the Board has always had a duty to be prudent in deciding when to pay patronage, this clause was recommended by our legal team as a best practice for stating it explicitly.
- 10.1 New clause: Non-Patronage Certificates. Gives the Board the right to issue non-voting non-patronage interest-bearing certificates at the full discretion of the board. They can be of any denomination and the Board can assign an interest rate. They do not confer voting rights nor do they earn patronage.
  - Reasoning: This was our primary motivation in revising the bylaws. Non-Patronage Certificates are a great way to raise money for relocation and expansion projects by encouraging local investment. They are also an option for converting all or part of our existing member loans to equity for the cooperative while still offering benefits to the lenders. All purchase of Non-Patronage Certificates, including conversion from existing loans, will be entirely voluntary.
- 10.2 New clause: Redemption of Non-Patronage Certificates. The Board reserves the right to redeem (buy back) certificates at any time in whole or in part. Certificates will be redeemed in order of offering (e.g. the 2019 February offering will be paid back before the 2019 November offering). The cooperative also holds a lien on the certificates so if someone owes the cooperative \$200 at the time that the cooperative is redeeming his/her \$1000 certificate, the cooperative shall pay the person \$800 and cancel the \$200 debt. There is also a clause stating that if a person can not produce his/her certificate, the cooperative has the right to cancel it on their books. In the event of dissolution, non-patronage certificates get paid back before patronage/equity is paid out.
  - Reasoning: This clause gives general guidelines for how Non-Patronage Certificates will be redeemed while allowing some flexibility at the Board level.

The idea is to provide enough detail to ensure that investors can be confident in the process while allowing the Board flexibility in deciding when to redeem (buy back) the certificates. The three key points are:

- The board can buy back certificates at any time;
- The certificates will be redeemed in batches with the earliest batch being repaid first;
- In the event of dissolution, the certificates get paid back before patronage/equity is paid out.

Additional non-grammatical changes:

- 2.12 Added clauses to clarify how joint membership works. Essentially, there is one primary member who is the only one who can join/cancel the membership but the other household members can utilize the membership.
- 3.3 Increased notification for meetings to 30 days (instead of 15) and required posting in the newspaper 10-30 days before the meeting. Also added sentence clarifying the special meeting notice requirements are established in 3.2.
- 3.4 Explicitly stated that voting associated with a meeting can be done by paper or electronic ballot but that voting that is NOT associated with a meeting must be done by mailing paper ballots to owner-members (as required by state law).
- 4.5 Reworded to allow Board to remove a director for cause, which shall include missing 2 consecutive meetings, to be in compliance with legal limitations on removing an elected director.
- 4.6 Reworded how a director can announce his/her resignation to be in accordance with Indiana law.

# Bloomington Cooperative Services Bylaws

## Proposed Amendments 8/30/18

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Changes to current bylaws are indicated by text color and underlining.

### Article I: Organization

1.1 **Name.** The name of the organization shall be Bloomington Cooperative Services, Inc. (the "Cooperative"), doing business as Bloomingfoods.

1.2 **Ownership and Purpose.** The Cooperative shall be owned by its members and shall operate in accord with the International Cooperative Alliance's Statement on the Cooperative Identity. The Cooperative shall be operated at all times on a cooperative basis for the mutual benefit of its members (the "owner-members").

The purposes of the Cooperative are as follows:

- to promote and encourage interest in the local growing of food crops;
- to provide for the consumers of Southern Indiana locally grown, nutritious food;
- to educate the community to the economic, social and other beneficial values inherent in organizing community services, and in offering locally produced consumer goods and food;
- to help provide low-cost food and consumer services to the low income owner-members of the Cooperative and to the local community as a whole whenever possible;
- to foster a healthy and sustainable future through the development of community based cooperative businesses.

### Article II: Membership

2.1 **Eligibility.** Membership in the Cooperative shall be voluntary and open to any individual who is at least eighteen years of age, jointly to adult members (not to exceed ten (10) adults) of a single household, or to a legal entity that is in accord with the Cooperative's purposes, wishes to further its activities, and is willing to accept the responsibilities of membership.

2.2 **Nondiscrimination.** Owner-membership shall be open without regard to any characteristic that does not directly pertain to a person's eligibility. The Cooperative shall not discriminate on the basis of race, creed, age, gender, gender identity, disability, sexual preference, marital status or other legally protected status.

2.3 **Admission.** Any eligible person may be admitted to owner-membership upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Directors (the "Board").

The Cooperative is not required to issue formal stock certificates and its books and records shall constitute the sole proof of ownership.

Each new owner-member shall receive a copy of these bylaws and an explanation of the consent provision in Section 7.2.

**2.4 Membership Classes.** There shall be one class of membership. All owner-members shall have the same rights and responsibilities.

**2.5 Rights.** Owner-members have the right to elect the Cooperative's Board, to attend meetings of the Board, except when in executive session, to receive notice of and attend membership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws as provided in Section 9.1. Each membership number shall have one vote on all matters submitted to owner-members. The rights of owner-members shall apply only to active owner-members in good standing. All rights and responsibilities of owner-members 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 the Board.

**2.6 Responsibilities.** Owner-members 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, as they may be amended from time to time. Owner-members shall also patronize the cooperative and/or vote. An owner-member who upholds these responsibilities is considered an active owner-member in good standing.

**2.7 Inactive Status.:** An owner-member who does not vote and/or patronize the Cooperative for more than three (3) consecutive years shall be placed on inactive status. An owner-member who becomes delinquent by ninety (90) days in meeting his or her equity investment agreement, or an owner-member who cannot be reached at either the US postal address or email address shown in the records of the Cooperative shall also be placed on inactive status.

An owner-member in inactive status may return to active status only upon making full payment of all past-due amounts, ensuring that the Cooperative has current contact information, complying with the responsibility of patronizing and/or voting and, in the case of delinquency, by paying a reinstatement fee, if any, as determined by the Board of Directors. References in these bylaws to the rights and entitlements of owner-members shall be understood to refer only to active owner-members.

**2.8 Termination of Membership.** An owner-member may terminate his or her owner-membership voluntarily at any time by submitting the appropriate cancellation form to the Cooperative. Owner-membership may be terminated involuntarily by the Board for cause after the owner-member is provided at least fifteen (15) days' prior written notice of the reasons for proposed termination, and has an opportunity to respond in person or in writing, not less than five (5) days before the effective date of the termination. Notice must be given by first class or certified mail, sent to the last known address of the owner-member, as shown on the books of the Cooperative.

Cause for termination may include, but is not limited to, intentional or repeated violation(s) of any provision(s) of the Cooperative's bylaws or policies, actions that will impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative or its owner-members, willful obstruction of any lawful purpose or activity of the Cooperative, or breach of any contract with the Cooperative.

**2.9 Return of Equity.** Equity may be returned upon termination of membership in the

Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer needed by the cooperative.

2.10 **Unclaimed Equity.** If an owner-member terminates membership in the cooperative, but fails to give the cooperative their current contact information, their equity and patronage rebate will be forfeited to the Cooperative.

2.11 **Non-Transferability.** Owner-membership rights and owner-member equity may not be transferred in any manner without prior written approval of the Board.

2.12 **Joint Memberships.** Owner-membership rights and equity shall be assigned to one person. Adults of the same household shall be considered owner-members subject to the same rights and liabilities under the following terms:

- a. The presence at a meeting of one, some, or all shall be regarded as the presence of one owner-member and shall constitute a joint waiver of notice of the meeting;
- b. Only one vote per membership number shall be counted;
- c. A waiver of notice signed by one, some, or all shall constitute a joint waiver;
- d. Notice to one, some, or all shall constitute notice to all.
- e. The primary (named) member shall be responsible for membership termination or other changes

### **Article III: Owner-Member Meetings and Decision Making**

3.1 **Annual Meeting.** A membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on governance, operations and finances, to review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the meeting.

3.2 **Special Meetings.** The Board may call special meetings of the membership for any purpose upon an affirmative vote of a majority of the directors. The Board shall call a special meeting if presented with a written petition stating a proper business to be brought before the meeting and signed by at least 500 active owner-members.

Notice of special meetings shall be issued to owner-members in accordance with section 3.3, provided, however, that in the case of a petition, notice of the special meeting will be issued within ten (10) days after a presentation of the petition to the Board and the special meeting will be held within thirty (30) days of the notice. No business shall be conducted at that special meeting except that specified in the notice of meeting.

3.3 **Notice of Meetings.** Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Cooperative and communicated to owner-members not less than 15-30 days prior to the date of the meeting, except for special meetings called by petition as specified in section 3.2. Notice may include use of any communication technology authorized by the Board. Notice shall also be published in a newspaper of general circulation in Monroe County not less than 10 but not more than 30 days before the meeting date.

3.4 **Voting.** Voting on all matters that owner-members are entitled to vote on may be

accomplished through paper or electronic ballots, or both, as authorized by the Board.

Notice of the vote shall be posted in a conspicuous place at the Cooperative not less than thirty (30) days prior to the end of the voting period. Notice shall include a complete list of issues to be voted upon.

For voting associated with a meeting, notice of the vote shall also be communicated by written notice delivered to owner-members' US postal or electronic address not less than thirty (30) days prior to the end of the voting period.

For voting without a meeting, notice of the vote shall be communicated by written ballot delivered to owner-members' US postal address not less than thirty (30) days prior to the end of the voting period.

Unless otherwise determined by the Board, only owner-members who had active status for thirty (30) days before the opening date of voting period shall be eligible to vote. Individual owner-members, households, and legal entities are subject to one vote per membership number of record.

Unless otherwise stated in the Articles of Incorporation or these bylaws, or required by law, all questions shall be decided by a vote of a majority of the owner-members voting thereon. A ballot must be consistent with Indiana Code 23-17-10-8.

Proxy voting is not allowed.

**3.5 Quorum.** The lesser of ten percent (10%) of the total owner-members or 100 owner-members constitutes a quorum.

**3.6 Organization of Member Meetings:** The President, Vice-President, or the President's designee shall call meetings of the owner-members to order and shall act as facilitator of such meetings, and the Secretary of the Cooperative shall act as Secretary of all meetings of the owner-members. In the absence of the Secretary, the presiding officer may appoint an owner-member to act as secretary of the meeting.

**3.7 Issues Submitted by Owner-members:** Notices of regular meetings of owner-members shall include any proper issues submitted by petition of the lesser of fifty (50) owner-members or five percent (5%) of all owner-members. Petitions must be received at the Cooperative not less than forty-five (45) days before the date of the meeting at which they are to be presented to a vote of owner-members.

**3.8 Membership List:** After the record date for notices of a meeting, the Cooperative shall prepare an alphabetical list of owner-members who are entitled to notice of an owner-members' meeting and update it periodically to account for additional owner-members. Such list shall be available for inspection by any owner-member at the principal office of the Cooperative only for the purpose of communicating with other owner-members concerning the meeting, and shall also be available for inspection by any owner-member at the membership meeting.

#### **ARTICLE IV: Board of Directors**

4.1 **Powers and Duties.** The Board shall be composed of nine (9) Directors. Except for matters on which owner-member voting is required, the Board shall have the supreme authority to govern the Cooperative, including, but not limited to hiring the general manager, establishing compensation, if any, for the Board, and ensuring that the mission of the Cooperative is articulated and carried out.

4.2 **Eligibility.** Directors must be active owner-members of the Cooperative.

Employees of the Cooperative ~~who are owner-members of the Cooperative~~ may serve on the Board with the following conditions:

- Employees must be owner-members of the Cooperative, subsequently referred to as "employee-owners."
- Employee-owners may occupy no more than two (2) seats on the Board; once the two (2) employee-owner seats have been filled, no other employee-owners are eligible to serve.
- Employee-owners who report directly to the general manager are ineligible to hold seats on the Board;
- The general manager is ineligible to serve;
- Employee-owners, who have been terminated for just cause within the five-(5) year period prior to the date of the election, or during their service as a director, are ineligible to hold seats on the Board.
- Once two (2) employee-directors are seated, any other director must resign before accepting employment with the Cooperative.

4.3 **Terms and Elections.** Elections shall occur annually, in a manner prescribed by the Board.

Candidates must submit a board candidacy application to be reviewed by the Board. The Board will recommend a slate of candidates according to the perceived needs of the Board. Applicants who are not recommended but who still desire to run for election may do so by filing a petition that includes the names of at least seventy (70) owner-members who have been owner-members for at least sixty (60) days. The deadline for filing petitions is forty-five (45) days before the voting begins.

Directors shall serve a term of three (3) years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year. No Director may serve more than three (3) consecutive terms.

If term lengths are variable, such as due to resignations, terms from longest to shortest shall be allocated according to the successful candidate vote totals, from highest to lowest. In the event of ties, the out going Board must resolve term ambiguities prior to its term dissolution.

As only two (2) employee-owners may serve at one time, if more than two (2) employee-owners are on the ballot, once the votes are tallied, the two (2) employee-owners who have the most votes will remain in the election. All other employee-owner candidates will be dropped out of the election. Of the remaining candidates, terms will be assigned to the candidates with the most votes.

4.4 **Vacancies.** Any vacancy among Directors may be filled by appointment by the Board through a vote of the majority of the remaining Directors. A Director appointed to fill a vacancy shall serve only until the next owner-member election cycle. Vacancies may result in variable term lengths in the next election at which time they are filled in accord with section 4.3.

The Board or the owner-membership may call a special election to fill any seat that remains vacant for more than two (2) months.

4.5 **Removal.** A Director may be removed for cause by affirmative vote of two-thirds (2/3) of the remaining Directors. Cause shall include violations of conflict of interest policy, disregard of confidentiality, breach of board agreement, or missing two (2) or more consecutive Board meetings.

~~The Board may remove any Director who misses two (2) or more consecutive Board meetings.~~

4.6 **Resignation.** Any director who wishes to resign his or her office may do so by giving the Board, the presiding officer of the Board, or the President or Secretary of the Cooperative, written notice. Whenever possible, said notice shall be delivered thirty (30) days prior to the effective date of the resignation.

4.7 **Meetings.** The Board shall hold regular and special meetings at such time and place as it shall determine, and all Directors shall be notified in writing of said meeting at least five (5) days in advance, unless the Board agrees to a shorter notice. The Board will provide reasonable notice of all board meetings to ~~member owners~~owner-members. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting or promptly upon the director's arrival objects to holding the meeting or transacting business at the meeting and does not vote for or assent to action taken at the meeting

Board meetings shall be open to all ~~member owners~~owner-members unless the Board decides to go into executive session regarding confidential or proprietary matters such as: labor relations or personnel issues; negotiation of a contract; discussion of strategic goals or business plans, the disclosure of which would adversely impact the Cooperative's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential.

4.8 **Action Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting by unanimous written consent of the Directors. The action is effective when the last director signs the consent, unless the consent specifies a prior or subsequent effective date.

4.9 **Quorum; Majority Vote as Act of Board.** A majority of the Directors in office immediately before a meeting begins constitutes a quorum. The affirmative vote of a number of directors equal to a majority of the total number of current directors shall be necessary to adopt any board proposal, unless the affirmative vote of a greater number of directors is required by these bylaws or by law.

4.10 **Meeting by Telephonic or Other Communication.** Any one or all of the directors may

participate in any meeting of the Board of Directors by, or through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. Participation by this means shall be deemed to constitute presence in person at such meeting.

**4.11 Conflicts of Interest.** Directors shall be under an obligation to disclose to the Board any actual or potential conflicts of interest. Directors having such a conflict shall not participate in discussion on and shall not vote on a matter in which the director has an interest unless otherwise determined by the Board. Directors may not do business with the Cooperative except in the same manner as other owner-members generally do business with the Cooperative or under other conditions that are procedurally defined to avoid preferential treatment. A person with a conflict of interest so continuing and pervasive that he or she is unable to effectively fulfill the responsibilities of a Director with the Cooperative shall not be qualified to serve as a Director.

**4.11 Officers.** The Cooperative shall have a president, a vice president, a secretary, a treasurer, and other officers as determined by the Board. Any two (2) or more offices may be held by the same person, except that the same person shall not serve as both President and Secretary.

The officers of the Cooperative shall be elected annually by the Board of Directors at the first meeting of the new Board of Directors. All officers shall also be directors. Each officer shall hold office for one (1) year or until his or her successor has been duly elected and qualified, unless earlier removed by the Board of Directors. The Board of Directors can remove all officers at any time by affirmative vote of the majority of the Board. Officers shall be eligible for reelection.

The President shall coordinate the activities of the Board, preside over meetings of the Board and owner-members, sign formal documents on behalf of the Cooperative and, as appropriate, represent the Cooperative in its dealings with outsiders.

The Vice-president shall perform the duties of the President in the absence or disability of the President. In addition, the Vice-president shall perform duties and assignments, which may from time to time be delegated by the President or the Board.

The Treasurer shall oversee the maintenance of financial records, the reporting of financial information and the filing of required reports and returns.

The Secretary shall prepare minutes or assign a designated person to take minutes of all meetings of the Board and owner-members, supervise the issuance of notices required under these bylaws, and authenticate records of the Cooperative.

Whenever any vacancies shall occur in any office by death, resignation, increase in the number of offices of the Cooperative, or otherwise, the same shall be filled by the Board, and the officer so elected shall hold office until his or her successor is chosen and qualified. The President may, in his or her sole discretion, appoint a person to fill a vacancy in the office of either the Secretary or the Treasurer for the interim period of such vacancy prior to it being filled by action of the Board or by Special Meeting as provided herein.

The Board may appoint a Parliamentarian, who may be a Director, to monitor adherence to the rules of meeting process adopted by the Board, and to monitor compliance with the Articles of Incorporation and the Bylaws.

For any reason deemed sufficient by the Board of Directors, whether occasioned by absence or otherwise, the Board may delegate all or any of the powers and duties of any officer to any other officer or director, but no officer or director shall execute, acknowledge or verify any instrument in more than one capacity.

**4.12 Committees:** The Cooperative shall have an executive committee composed of the officers of the Cooperative, which committee shall have and exercise the authority of the Board of Directors in the management of the business of the Cooperative between meetings of the Board.

The Board may establish such other committees, by a majority of directors, as it believes advisable. These committees may include, but are not limited to, the following: Planning & Finance; Membership and Nominations; and Education. The president shall appoint the Chairperson of each committee. All committees shall be under the control, direction and supervision of the Board.

**4.13 Indemnification.** The Cooperative may indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorneys' fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director, to the full extent allowed by law, except to the extent the Director acted in bad faith.

**4.14 Authorization of Contracts:** The Board of Directors may authorize any officer or officers, agent or agents of the Cooperative, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

## **ARTICLE V: Books and Records**

The Cooperative shall maintain such books, records and lists as is required by law. Owner-members shall be provided access to such records, or to information contained in such records, or to an adequate alternative to such access, at a reasonable time and for a proper purpose, under rules and procedures set forth by law.

## **ARTICLE VI: Fiscal year**

The fiscal year of the Cooperative shall be established by the Board.

## **ARTICLE VII: Patronage Rebates**

**7.1 Allocations to eOwner-members.** The Cooperative shall distribute to owner-members the net profit as patronage rebates in proportion to the amount of money each owner-member spends at the Cooperative, in accordance with this Article VII. The Board shall determine when and how such distributions will be made and ensure that patronage rebates are consistent with

cooperative principles, applicable state and federal laws, and generally accepted accounting principles.

a. Portions of each patronage rebate shall be retained by the Cooperative as equity. The retained portion of each member's patronage rebate shall be recorded on the books of the Cooperative as a credit to that ~~member-owner's~~ owner-member's capital ~~ledger~~ account, which was created with each owner-member's first equity investment (i.e. membership fee). The Check stub for the cash portion of the patronage rebate shall be considered a Patronage Rebate Retain Certificate when it also shows the retained portion of that member's patronage rebate.

b. The Board of Directors shall determine patronage rebate distributions, if any, which shall be equivalent to the prevailing minimum rate that the IRS determines qualifies the patronage rebate as tax deductible. Minimum distribution patronage rebates shall be paid in cash or cash equivalents, and the remainder of such patronage rebate shall be shown as a credit to each member's capital ~~ledger~~ account on the books of the Cooperative. Capital accounts shall accrue no dividend or interest.

**7.2 Consent of owner-members.** By maintaining membership in the Cooperative, each owner-member consents to add to their taxable income any patronage rebate received from the Cooperative, in the manner and to the extent required by federal and state tax law. Each owner-member also agrees that if his or her patronage rebate is not cashed within 90 days of the date on which it was issued, the Cooperative shall have the right to retain the patronage.

7.3 Allocation of Net Loss. In the event the Cooperative shall incur a net loss in any fiscal year, the Board may determine how to allocate such a loss. The Board may allocate the loss using one or more of the following options:

a.) the loss may be charged against retained savings or other unallocated equity accounts

b.) the loss may be carried forward to offset adjusted net ~~profits~~ of subsequent fiscal years

c.) the loss may be allocated to owner-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 first against retained patronage rebates of prior fiscal years and then against the carrying value of capital accounts. Allocated net losses shall not otherwise be assessed to or collected from owner-members.

7.4 No patronage rebate shall be disbursed and no capital account shall be redeemed unless, after the disbursement or redemption, the Co-op would be able to pay its debts as they become due in the usual course of its activities, and the Co-op's current assets would at least equal the sum of its current liabilities.

## **ARTICLE VIII: Dissolution and Liquidation**

**8.1 Dissolution.** The Cooperative may be dissolved or liquidated upon a two-thirds (2/3) affirmative vote of the Board and an affirmative vote of two-thirds (2/3) of owner-members present at a meeting at which a quorum of owner-members is present.

Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming any equity accounts which, if they cannot be paid in full, shall be paid on a pro rata basis; (iii) by distributing any remaining assets in a way that furthers the Cooperative's mission, as determined by the Board.

## **ARTICLE IX: Bylaws**

**9.1 Amendments.** These bylaws may be amended or repealed in whole or in part by a majority of the owner-members at a meeting at which a quorum is present. An amendment may be proposed by decision of the Board or by petition of the lesser of 500 active owner-members or 10% of all active owner-members. The proposed amendment shall be publicized to the membership by any communication technology the Board authorizes, not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.

**9.2 Amendment by the Board:** The Board of Directors shall have the power to make and alter any bylaw or bylaws, including the altering of the number of directors. The text of the proposed amendments shall have been sent to all directors with the call for the meeting at least ten days in advance of such meeting. All amendments made by the Board shall be submitted to the members as described in section 3.4 but not later than with the notice of the next scheduled meeting of members. If the amendments are not approved, the Board shall be required to reinstate the portion of the bylaws affected by such disapproval to the form in which it was prior to such action by the Board, without prejudice to the ability of the Board to make other amendments on the same subject or to the same portion of the bylaws at a later time.

## **ARTICLE X: NON-PATRONAGE CERTIFICATES**

10.1. Non-Patronage Certificates. Non-Patronage Certificates of the Cooperative may be issued by the Board in various denominations, to be determined by the Board in its sole discretion, to any active owner-member. Non-Patronage Certificates shall carry no voting rights or other additional benefits. Interest may be paid on Non-Patronage Certificates at the absolute discretion of the Board. Non-Patronage Certificates may be transferred only on the books of the Cooperative.

10.2 Redemption of Non-Patronage Certificates. At the sole discretion of the Board, Non-Patronage Certificates may be redeemed in whole or in part on a pro rata basis at par, plus any interest declared and unpaid, at any time. The Cooperative shall provide thirty (30) days' notice and shall redeem the Non-Patronage Certificates in the earliest offering before redeeming subsequent offerings. If the holder fails to deliver any Non-Patronage Certificate within ninety (90) days of the redemption date, the Cooperative may cancel the certificate on its books. The Cooperative shall have a lien on all of its issued Non-Patronage Certificates for all indebtedness of the holders thereof to the Cooperative. (As an example, if at the time of redemption a member held \$1,000 in non-patronage certificate value but owed the Cooperative \$200, the member would be paid \$800 and the debt would be canceled.) Upon dissolution or distribution of the assets of the Cooperative, the holders of Non-Patronage

Certificates shall be entitled to receive the par value of such certificates, plus any interest declared and unpaid, before any distribution is made upon patronage.