

BYLAWS
Monroe Farm Market Cooperative

Article One
Membership

- 1.1 Qualifications. Any person, firm, partnership, limited liability partnership, limited partnership, limited liability company (“LLC”), corporation or cooperative, who or which agrees to be a patron of Monroe Farm Market Cooperative (the “Cooperative”), signs and abides by a membership agreement with the Cooperative, is a farm market producer from a locally owned farm in Monroe County and the neighboring counties of Greenbrier, Pocahontas, Summers, and Mercer Counties in West Virginia and Allegheny, Giles, or Craig Counties in Virginia, and meets such other conditions as may be prescribed by the Executive Committee (or the “E.C.”), may become a member of the Cooperative.

Membership shall consist of three classes of active members.

Class I. Any individual, partnership, or corporation who owns, manages, or otherwise has a direct financial interest or professional responsibility in the agricultural industry and through the Cooperative may become an active member upon the payment of yearly dues. Class I members are eligible to participate in both the online and onsite markets, will receive use of the logo/label, marketing of volume produce, and have one vote/farm.

Class II. Any individual, partnership, or corporation who owns, manages, or otherwise has a direct financial interest or professional responsibility in the agricultural industry and through the Cooperative may become an active member upon the payment of yearly dues. Class II members are eligible to participate at the onsite market, will receive use of the logo/label, marketing of volume produce, and have one vote/farm.

Class III. Any individual, partnership, or corporation who owns, manages, or otherwise has a direct financial interest or professional responsibility in the agricultural industry will be allowed to set up and sell at the onsite market in Monroe County for a daily set-up fee paid to the Monroe Farm Market Cooperative at each sale day. Class III members will not have the privilege to vote.

- 1.2 Application. All applications for membership must be approved by a majority of the Executive Committee. Member status is effective as of the time the E.C. approves the application for membership.
- 1.3 Suspension or Termination. In the event the Executive Committee of the Cooperative shall find that any member has ceased to be an eligible member under Section 1.1 of this Article, the E.C. shall give the member written notice of the violation and allow the member thirty (30) days to cure the violation. If the violation is not cured, the E.C. shall set a hearing date within sixty (60) days of the mailing of the notice. Following the hearing, the E.C. shall determine whether the member is eligible to retain membership or whether a suspension or termination is required in the best interests of the Cooperative. If an affirmative vote of at least two-thirds of the Officers casting votes finds for suspension or termination, such resolution shall be presented to the members, who, by an affirmative vote of a majority of member votes cast at a regular or at a special meeting held for that purpose, may suspend such member’s rights as a member or terminate the membership.
- 1.4 Notice. Written notice may be given personally, by mail, or by electronic or telephonic transmittal. If mailed, the notice is given when it is deposited in the U.S. Mail, with postage prepaid, addressed to the person at the person’s address as it appears on the records of the Cooperative. If notice is sent by electronic or telephonic transmittal, notice is given when the Cooperative receives an electronic or telephonic confirmation of delivery.

- 1.5 Cessation of Rights and Privileges. A suspended or terminated member shall have no rights or privileges, nor vote or voice in the management or affairs of the Cooperative other than the right to participate in accordance with law in the event of dissolution.

Article Two ***Meetings of Members***

- 2.1 Annual Meeting. The annual meeting of the members of the Cooperative shall be during the month of January at such time and in such place as the Executive Committee shall designate. Notice shall be submitted to members at least seven (7) days in advance of the meeting.
- 2.2 Special Meetings. Special meetings of the members of the Cooperative may be called at any time by order of the E.C. or shall be called by the E.C. upon receipt of a written petition signed by at least twenty percent (20%) of the members entitled to vote. The petition must state the specific business to be brought before the Cooperative and demand a special meeting at any time for consideration of such business. The E.C. shall designate the time and place for a special meeting.
- 2.3 Notice of Meetings. Written notice of every regular and special meeting of members shall be prepared and mailed to the last known post office address of each member at least seven (7) days before such meeting. Notice is given when it is deposited in the U.S. mail. Such notice shall state the nature of the business expected to be conducted and the time and place of the meeting. No business shall be transacted at any special meeting other than that referred to in the notice.
- 2.4 Voting. Unless otherwise stated in the Articles of Incorporation, or these Bylaws, or required by applicable law, all questions shall be decided by a vote of a majority of votes cast on the question.
- 2.4.1 Allocation. Each member shall be entitled to only one vote.
- 2.4.2 Voting Methods. Proxy voting shall be allowed. Each proxy shall be in writing, and no member shall vote more than one proxy.
- 2.4.3 Designation of Voting Individual. If a membership is held by a partnership, corporation, or other legal entity, the member shall designate in writing the person who shall vote on behalf of the member. That designation shall remain in effect until the Cooperative receives written notice of a properly authorized change in the designated voter.
- 2.5 Quorum. Those members present shall constitute a quorum, provided that those present represent one third of the membership, at any properly called annual or special membership meeting

Article Three ***Officers and Advisory Committee***

- 3.1 Number and Qualifications of Officers. The Cooperative shall have an Executive Committee comprised of seven (7) members; provided, however, if the Cooperative has fewer than seven members, the number of officers shall equal the number of members. Each officer shall be a member of this Cooperative in good standing.

No person shall be eligible to be an officer or advisor if that person is in competition with, or is affiliated with any enterprise that is in competition with, the Cooperative. If a majority of the officers of the Cooperative finds at any time that any officer or advisor is so engaged or affiliated and has failed to follow the provisions set forth in Article Twelve of these Bylaws dealing with conflicts of interest, the procedure for Removal of Officers and Advisors as set forth in Article Three, Section 11 shall be followed, with the Executive Committee requesting removal in the place of the member petition.

- 3.2 Nomination of Officers. Candidates for election as officers may be selected by any nominating procedure established by the Executive Committee that is reasonably open to member participation.
- 3.3 Election of Officers. At the first annual meeting of the members of the Cooperative, officers shall be elected to succeed the incorporating officers. Two (2) officers shall be elected for one (1) year; and two (2) officers for two (2) years; and three (3) officers for three (3) years. At each annual meeting thereafter, new officers shall be elected, for a term of three (3) years each, to succeed those officers whose terms are expiring. However, if the number of members of the Cooperative is six or fewer, all members shall serve as officers until the next annual meeting held after membership has increased to more than six members. Officers will be limited to two complete terms. All officers shall be elected by secret ballot, and the nominee(s) receiving the greatest number of votes shall be elected.
- 3.4 The Officers of this association shall be as follows:
President, Vice-President, Secretary, Treasurer, and Three (3) At Large Members.
- 3.5 Vacancies. Whenever a vacancy occurs in the Executive Committee, other than from the expiration of a term of office, the remaining officers, by majority vote, shall appoint a member to fill the vacancy for the remainder of the term. If one or more officer positions become vacant, such offices shall be filled by the Executive Committee, through election by ballot, at either a regular or special meeting of the Executive Committee.
- 3.6 Regular Executive Committee Meetings. Regular meetings of the Executive Committee shall be held monthly, or at such other times and at such places as the President may determine. Telephone conferences constitute an acceptable meeting format.
- 3.7 Special Executive Committee Meetings. A special meeting of the Executive Committee shall be held whenever called by the President or by a majority of the officers. Only the business specified in the written notice shall be transacted at a special meeting. Each call for a special meeting shall be in writing, shall be signed by the person or persons calling the meeting, shall be addressed and delivered to the Secretary, and shall state the time and place of such meeting.
- 3.8 Notice of Executive Committee Meetings. Oral or written notice of each meeting of the Executive Committee shall be given each officer by, or under the supervision of, the Secretary of the Cooperative not less than thirty-six (36) hours prior to the time of meeting. However, such notice may be waived by all of the officers, and their appearance at a meeting shall constitute a waiver of notice.
- 3.9 Quorum. A majority of the Executive Committee (four or more EC members) shall constitute a quorum at any meeting of the Executive Committee.
- 3.10 Reimbursement and Compensation. The Cooperative shall reimburse officers for all reasonable expenses incurred in carrying out their duties and responsibilities. The compensation, if any, of the members of the Executive Committee shall be determined by the members of the Cooperative at any annual or special meeting of the Cooperative. No officer of the Cooperative, during the term of his or her office, shall be a party to a contract for profit with the Cooperative differing in any way from the business relations accorded regular members.
- 3.11 Removal of Officers and Advisors. Whenever any officer shall fail to meet the qualifications as described in Section 1 of this Article, or fails to attend three (3) consecutive Executive Committee meetings, either regular or special, without just cause and provided that notice of such meetings has been given in accordance with these Bylaws, then it shall be the duty of the Executive Committee to remove said officer and to fill the vacancy in accordance with Section 5 of this Article.

Any member of the Cooperative may bring charges against an officer or advisor of the Cooperative by filing them in writing with the Secretary of the Cooperative, together with a petition, signed by twenty percent (20%) of the members, requesting the removal of the officer or advisor in question. The removal shall be voted upon at the next regular or special meeting of the Cooperative and, by a vote of a majority of the members voting, the Cooperative's membership may remove the officer or advisor and fill the vacancy. The officer or advisor against whom such charges are brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present witnesses. The persons bringing the charges against him shall have the same opportunity.

Article Four ***Duties of Officers***

- 4.1 President. The duties of the President shall be, but not limited to, provide leadership to the Executive Committee and the Advisory Committee; schedule and preside over all MFM meetings (membership, Exec Committee and Advisory Committee); represent and maintain a positive and productive relationship with the full membership, media, sponsors and other organizations doing similar work; seek out funding opportunities and collaborations that enhance the sustainability of the association; coordinate the supervision of the Market Manager; and perform other duties as requested by the Executive Committee. The President may call special meetings of the Membership, appoint such committees as the Executive Committee or Advisory Committee deem advisable for the proper conduct of the Cooperative; and (4) perform all acts and duties usually performed by a president officer. The President shall sign papers pertaining to the Cooperative as authorized or directed by the Executive Committee.
- 4.2 Vice President. The duties of the Vice-President shall be, but not limited to, to perform the President's duties when the President is not available; represent and maintain a positive and productive relationship with membership; assist the President with duties as requested; and perform other duties as requested by the Executive Committee.
- 4.3 Secretary. The duties of the Secretary shall be, but not limited to, maintain records of the MFM and ensure effective management of organization's records; take minutes at all MFM meetings (membership and Exec Committee) or assign the responsibility to a representative; ensure minutes are distributed to members shortly after each meeting; be sufficiently familiar with legal documents (constitution, by-laws, etc.) to note applicability during meetings; provide notices of meetings of the E.C., membership and/or committees; and perform other duties as requested by the Executive Committee.
- 4.4 Treasurer. The duties of the Treasurer shall be, but not limited to, manage finances of the organization; administrate fiscal matters of the organization (ie.: reconcile bank statements, coordinate bill payment with the Market Manager, file necessary regulatory and tax reports); provide a proposed annual budget to the Executive Committee for members' approval; ensure development and E.C. review of financial policies and procedures; and perform other duties as requested by the Executive Committee. If not qualified as such, the Treasurer will notify the Executive Committee when the services of a professional accountant are required.
- 4.5 Three (3) At Large Committee Members. The duties of the At Large Committee Members shall be, but not limited to, represent and maintain a positive and productive relationship with the membership; and perform other duties as requested by the Executive Committee.
- 4.6 Executive Committee. The Executive Committee shall consist of the elected officers, the Extension agent for agricultural as an advisor (non-voting, ex-officio) and the Market Manager (non-voting). This group will serve as the governing board and make decisions concerning the market issues and products. The members of the Executive Committee are required to attend all Executive Committee meetings unless they have communicated their absence in advance to the President. If an officer is absent for more than 3 meetings,

they will be notified in writing by the Executive Committee of the attendance requirement. Upon notification, the Executive Committee may vote to replace the officer for the remainder of their term. The Executive Committee has the authority to appoint committees as needed.

- 4.8 Expenditure of Funds. The Executive Committee will determine and authorize funding for carrying out duties of or for the association.

Article 5

Appointment and Duties of the Advisory Committee

- 5.1 Number and Qualifications of Advisors. The Cooperative shall have a Advisory Committee comprised of five (5) members. No person shall be eligible to be an advisor if that person is in competition with, or is affiliated with any enterprise that is in competition with, the Cooperative. If a majority of the officers of the Cooperative finds at any time that any advisor is so engaged or affiliated and has failed to follow the provisions set forth in Article Twelve of these Bylaws dealing with conflicts of interest, the procedure for Removal of Officers and Advisors as set forth in Article Three, Section 11 (3.11) shall be followed, with the Executive Committee requesting removal in the place of the member petition.
- 5.2 Nomination of Advisors. Candidates for appointment as advisors may be selected by any nominating procedure established by the Executive Committee that is reasonably open to member participation.
- 5.3 Appointment of Advisors. The Executive Committee of the Cooperative will select 5 advisors from the list of nominations who are willing to play supportive roles for MFM. These advisors maybe members of the community, past officers of the cooperative, MFM customers or others the Executive Committee deems appropriate to the needs of the cooperative. Two (2) advisors shall be appointed for one (1) year; and two (2) advisors for two (2) years; and one (1) advisor for three (3) years. At each annual meeting thereafter, new advisors shall be elected, for a term of three (3) years each, to succeed those advisors whose terms are expiring.
- 5.4 The duties of the Advisory Committee shall be advisory in nature only. They will assist with long term strategic planning, they will assist with bringing professional services to the Executive Committee when requested, they will bring feedback and suggestions from the community and customers back to the Executive Committee, and they will assist with the growth of the cooperative. They will at no time be directly responsible for managing the business of the cooperative.
- 5.5 Regular Advisory Committee Meetings. The Advisory Committee will meet at least three (3) times per year, with at least two (2) of those meetings being face to face meetings. The President of the Executive Committee will preside over these meetings.
- 5.6 Quorum. A majority of the Advisory Committee (three or more AC members) shall constitute a quorum at any meeting of the Advisory Committee.
- 5.7 Reimbursement and Compensation. The Cooperative shall reimburse advisors for all reasonable expenses incurred in carrying out their duties and responsibilities. The compensation, if any, of the members of the Advisory Committee shall be determined by the members of the Cooperative at any annual or special meeting of the Cooperative. No advisor of the Cooperative, during the term of his or her office, shall be a party to a contract for profit with the Cooperative differing in any way from the business relations accorded regular members.

Article Six
Patrons and Patrons' Net Margins

- 6.1 Operation at Cost. The Cooperative shall at all times be operated on a cooperative service-at-cost basis for the mutual benefit of its member patrons. The term "Patron" as used in these Bylaws and in the Articles of Incorporation shall mean members doing business with this Cooperative. Each transaction conducted on a cooperative basis between this Cooperative and each Patron shall be a "patronage transaction" and shall include as part of its terms each provision of the Articles of Incorporation and Bylaws of this Cooperative, whether or not referred to in the transaction. Each Patron shall be entitled to a portion of Patrons' Net Margins (patronage refunds), as provided in these Bylaws.
- 6.2 Computation of Net Margins. The Net Margins shall be computed on a tax basis as of the end of each fiscal year as follows:
- 6.2.1 Gross Receipts. Proceeds of sales of products marketed for Patrons, plus amounts received for supplies and services provided to Patrons, plus amounts received from any other source, shall be "gross receipts."
- 6.2.2 Net Margins. The Cooperative shall deduct from gross receipts the sum of all costs and expenses and other charges that are excludable or deductible from the Cooperative's gross income for the purpose of determining federal income or related taxes payable by the Cooperative, except the amount of such taxes, the amount of non-qualified allocations redeemed, and the amount of the Patrons' Net Margins, as defined in Article 6, Section 3 of these Bylaws. The gross receipts that remain after the foregoing deductions shall be called "Net Margins."
- 6.3 Allocation.
- 6.3.1 Cooperative Net Margins. From the Net Margins, the Cooperative shall set aside "Cooperative Net Margins" to be applied to the Cooperative's federal income or related taxes. The funds to pay taxes shall first come from Net Margins attributable to sources other than patronage transactions ("non-patronage source margins") to the extent allocable under federal income tax law. Any non-patronage source margins not so applied shall be set aside in the Capital Reserve.
- 6.3.2 Patrons' Net Margins. The balance of Net Margins after deduction of the Cooperative Net Margins shall be the Patrons' Net Margins. The Patrons' Net Margins shall belong to the Patrons on the basis of their respective patronage transactions and may be allocated on the basis of their respective patronage of the Cooperative and the Net Margins that resulted from the operations of the Cooperative.
- 6.4 Distribution of Patrons' Net Margins.
- 6.4.1 Written Notice of Allocation. The Cooperative shall distribute Patrons' Net Margins within eight and one-half (8½) months after the end of each fiscal year by written notice of the allocation. The written notice shall show the manner and amount of distribution, and the exact amount distributed in cash, or in Capital Credits (or any combination of the two). The Executive Committee may establish a plan for financing the Cooperative that relates Patron investment to patronage transactions. Such plan may provide for the periodic adjustment of Patron investment by the application of a Patron's patronage refunds to additional investment requirements prescribed by the plan.
- 6.4.2 Events of Forfeiture of Refund. If the Cooperative distributes a patronage refund to a Patron who (a) does not consent to include the patronage refund in income as provided in the Consent Bylaw; or (b) is unable to receive distribution; or (c) cannot be located for redemption of such patronage refunds,

such patronage refunds shall forfeit to this Cooperative and be added to the Capital Reserve. Patronage refunds of less than fifty dollars (\$50) shall be treated as non-distributable Net Margins and added to the Capital Reserve.

- 6.5 Capital Reserve. The Cooperative shall maintain a Capital Reserve for providing a reserve against which it may charge losses and other charges that could be charged against the surplus of a business corporation for profit.
- 6.6 Loss or Losses. If the Cooperative incurs a net loss in any fiscal year, such net loss may be charged against the Capital Reserve. If the loss exceeds the Capital Reserve or, in any event, if the E.C. so elects, the loss may be recovered from prior or subsequent years' Net Margins. The E.C. shall have no authority to make assessment for net losses against members. This section shall not be construed to deprive the Cooperative of the right to carry back or carry forward net operating losses in accordance with the Internal Revenue Code or West Virginia taxing statutes.
- 6.7 Consent Bylaw. Each person (including individuals, partnerships, corporations, limited liability companies) who is accepted to membership in this Cooperative and each member of this Cooperative on the effective date of this Bylaw who continues as a member shall, by such act alone, consent to include in gross income (for federal income tax purposes) the amount of any written notice of allocation (as defined in 26 U.S.C. §1388, the Internal Revenue Code) received from this Cooperative with respect to his or her patronage transactions as provided in 26 U.S.C. §1385.
- 6.8 Records and Documentation. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member.
- 6.9 Fiscal Year. The fiscal year of this Cooperative shall commence on the first day of January and end on the last day of December.

Article Seven ***Equity Redemption***

- 7.1 Regular Redemption. If at any time, the Executive Committee determines that the financial condition of the Cooperative will not be impaired by a redemption, capital credited to members' accounts may be redeemed in full or in part. Any such redemption of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being the first redeemed.
- 7.2 Discretionary Special Redemptions. Notwithstanding any other provision of these Bylaws, the E.C., at its absolute discretion, shall have the power to retire any capital credited to members' accounts on such terms and conditions as may be agreed upon by the parties in any instance in which the interests of the Cooperative and its members are deemed to be furthered thereby and funds are determined by the E.C. to be available for such purposes.

Article Eight ***Nonmember Business***

- 8.1 This Cooperative may conduct business with nonmembers on either a patronage or a non-patronage basis. However, this Cooperative shall not market the products of nonmembers in an amount the value of which exceeds the value of the products marketed for members. It shall not purchase supplies and equipment for

nonmembers in an amount the value of which exceeds the value of the supplies and equipment purchased for members.

Article Nine ***Dissolution and Property Interest of Members***

- 9.1 Voluntary Dissolution. At any member meeting held for the purpose of dissolving the Cooperative, the members may adopt a resolution of dissolution by the affirmative vote of sixty percent (60%) of the members votes cast on the proposal. Notice of the meeting shall be given to all members, whether or not entitled to vote.
- 9.2 Involuntary Dissolution. The Executive Committee may adopt a resolution of dissolution in the following cases:
- 9.2.1 When the Cooperative has been adjudged bankrupt or has made a general assignment for the benefit of creditors;
- 9.2.2 By leave of the court, when a receiver has been appointed in a general creditors' suit or in any suit in which the affairs of the Cooperative are to be wound up;
- 9.2.3 When the Articles of Incorporation have been canceled for failing to file annual franchise or excise tax returns or to pay franchise and excise taxes and the Cooperative has not been nor desires to be reinstated; or
- 9.2.4 When substantially all of the assets have been sold at judicial sale or otherwise.

The Executive Committee shall be responsible for seeing the appropriate state filings are made and notices given pursuant to Chapter 1729.

- 9.3 Disbursement of Assets. Upon dissolution, the Executive Committee shall disburse the Cooperative's assets in the following order; first, to pay the Cooperative's debts and liabilities; second, to retire all capital furnished through patronage (member capital accounts) without priority on a pro rata basis; and third, to distribute the remaining property and assets of the Cooperative among the members and former members in the proportion in which the aggregate patronage of each member bears to the total patronage of all such members insofar as practical, unless otherwise provided by law. For the purposes of this section, "former members" shall be defined as persons who were members within the five (5) years prior to the effective date of dissolution.

Article Ten ***Indemnification***

- 10.1 The Cooperative shall indemnify its officers, advisors, employees, and agents to the fullest extent possible under the provisions of the West Virginia Revised Code§ 31D-8-851, as it may be amended from time to time. The Cooperative may purchase liability insurance coverage for any person serving as an officer, advisor, employee or agent to the extent permitted by applicable West Virginia law. The Officers of the Cooperative shall be liable only as members of the Cooperative, unless otherwise provided by law.

Article Eleven ***Amendment***

- 11.1 If notice of the character of the amendment proposed has been given in the notice of meeting, these Bylaws may be altered or amended at any regular or special meeting of the members by the affirmative vote of the majority of the member votes cast.

Article Twelve
Conflict of Interest

- 12.1 General policy. Recognizing that officers and advisors have a duty to loyalty and fidelity to the Cooperative and must govern the Cooperative's affairs honestly and economically, while exercising their best care, skill and judgment for the benefit of the Cooperative, to avoid even the appearance of impropriety, the officers and advisors of the Cooperative shall:
- 12.1.1 Disclose to the E.C. any situation wherein the officer or advisor has a conflicting or duality of interest that could possibly cause that person to act in other than the best interest of the Cooperative; and
- 12.1.2 Follow the procedures stated in Section 2 of this Article, below, governing the participation on behalf of the Cooperative in any transaction in which the person has, or may have, a conflict of interest.
- 12.2 Procedure. Any officer or advisor having a known duality of interest or possible conflict of interest on any matter shall make a disclosure of such conflict to the E.C.. Such officer or advisor shall not vote or use his or her personal influence on the matter, but such officer or advisor may be counted in determining the quorum for the meeting. The minutes of the meeting shall reflect the making of the disclosure, the abstention from voting and the quorum situation. Any officer having a known duality of interest or possible conflict of interest on any matter before such officer for administrative action shall report the conflict to the President or, in the case of the President, to the Vice President. Such officer shall abstain from taking any administrative action on the matter. The requirements in this Section shall not be construed as preventing any officer or advisor from briefly stating his or her position in the matter, nor from answering pertinent questions of the E.C. or other advisors.

Adopted on this, the 3rd day of February, 2013, by the members of the Monroe Farm Market Cooperative.