

Bylaws of Farmington Food Co-Op, Inc.

Approved unanimously by the Board of the "Farmington Food Co-Op" on 07/23/2025

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MISSION

A cooperatively owned and run grocery store dedicated to growing a healthier community and resilient food system by bringing local farmers, producers and consumers together.

ARTICLE I (one). NAME

The name of the Cooperative shall be *Farmington Food Co-Op, Inc.* (referred to herein as the "Cooperative.")

ARTICLE II (Two) PURPOSES

This Cooperative is organized for the following purposes:

A. The Cooperative shall operate a grocery marketplace that is democratically run by member-owners. The Cooperative enables Maine growers and producers of food and other goods to sell their products directly to Maine and regional buyers. This work supports the Cooperative's vision of serving as a reliable community resource that provides locally sourced, environmentally responsible, fairly priced foods and goods while advancing a resilient local economy.

C. Engaging in any lawful act or activity for which cooperatives may be organized under 13 MRSA Chapter 85, Subchapter 1 et seq, and to transact any and all such business incidental thereto primarily for the benefit of its Members. The Cooperative shall have all powers provided by Maine law.

D. The Cooperative shall operate at all times on a cooperative basis and for the mutual benefit of the Cooperative's Members.

ARTICLE III (Three). OFFICE

The registered office of the Cooperative shall be located at 155 Main St, Farmington, ME 04938. The Cooperative may have offices in such other locations as may be deemed by the board of directors to be necessary or convenient to the transaction of business and service of Members.

ARTICLE IV (Four). MEMBERSHIP

Section 1. Classes of Membership. The cooperative may offer membership to stakeholders who are directly involved in sustaining a healthy local food market. The board will vote on when the cooperative is open to accepting applications for each class of membership. These member classes are:

- **Consumer-Member:** An individual or legal entity (including, but not limited to: universities, restaurants, churches, and nonprofits) that purchases products on a regular basis and is located within the Region.

- **Worker-Member:** An individual employed by the Co-op who meets the eligibility criteria established by the Board of Directors.

- **Food Business-Member:** An individual or legal entity that sells products through the Co-op which meet the Co-op's most recent quality standards, and is located within the Region (as defined by the board of directors). If a product cannot be produced to established quality standards by current Co-op

members within the Region, or for any other good reason, the board may offer membership to an eligible producer outside the Region.

Any applicant who meets all membership qualifications of one of the above classes and who is approved by the board of directors, or its delegate, shall be a Member of this Cooperative. Only Members may hold Membership Shares and be entitled to vote. As used in these bylaws, "Member" shall refer to those meeting these requirements who are duly accepted for membership. Membership shall continue from year to year for as long as an individual remains eligible for membership under these bylaws, unless that individual is terminated or resigns. No Member shall be admitted to more than one of the above Membership classes.

Section 2. Member Qualifications. Any natural person or legal entity is eligible to become a Member of the Cooperative, who:

- (1) For Food-Business-Members: is engaged on a full or part time basis in the growing, harvesting, processing, or buying/purchasing of food products or other products marketed by the Cooperative and who meets such other qualifications as may be prescribed by the board of directors from time to time; or
- (2) For Consumer-Members: patronizes the Cooperative through using the goods or services provided by the Cooperative and who meets such other qualifications as may be prescribed by the board of directors from time to time; or
- (3) For Worker-Members: An individual who is employed by the Co-op on a full- or part-time basis, and meets the eligibility criteria adopted by the Board of Directors; and
- (3) has been approved for membership by the Board of Directors or its delegate; and
- (4) agrees to abide fully by its articles of incorporation, bylaws, rules and regulations and executes a Membership Agreement; and
- (5) purchases one Membership Share and remits any required membership fee.

The Worker-Member and Food Business Member classes shall be inactive until activated by the Board, which may determine at that time additional qualifications, rights and the valuation for such class. The board of directors or its delegate must approve all applications for membership, and any application for membership may be rejected in the sole and absolute discretion of the board of directors or its delegate. Member status ("**membership**") is effective as of the time the Membership Share is purchased.

Section 3. Membership Shares. Each applicant for membership shall, at the time of acceptance of their membership application, purchase one Membership Share, of the class for which they qualify, which they shall hold for as long as he/she/they remains a Member.

Section 4. Membership Fee. From time to time the Members may, by majority vote at a regular or special meeting of Members, impose a one-time membership fee, whether refundable or non-refundable, or adjust the amount of such fee, as is deemed appropriate for the benefit of the Cooperative. All applicants for membership shall pay a membership fee at the time of application, if so required.

Section 5. Annual Dues. From time to time the Members may, by majority vote at a regular or special meeting of Members, determine the need for and assess annual Member dues in an amount deemed appropriate for the benefit of the Cooperative. Annual dues may also be assessed for non-member Patrons ("Users"). Members and Patrons shall be obligated to pay Annual Member Dues promptly when due. Dues are non-refundable.

Section 6. Transfer of Membership Prohibited. Membership in the Cooperative is non-transferable. Any attempt by a Member to transfer, sell or assign membership or a Membership Share shall be void.

Section 7. Suspension or Termination of Member. The board of directors may either suspend a Member's rights (remove a Member from good standing) as a Member or terminate Member status if the Board shall find, after notice and an opportunity for the Member to be heard, that a Member has:

- Ceased to be an eligible Member under these bylaws or under policies established by the Board,

- Ceased, whether voluntarily or involuntarily, to patronize the Cooperative, except for temporary lapses,
- Violated the Cooperative's articles of incorporation, bylaws, policies, rules, regulations or a Board or management directive,
- Sold or otherwise transferred or attempted the transfer of membership or a Membership Share to any non-Member,
- Failed to satisfy his/her financial or other obligations to the Cooperative within a reasonable time or as otherwise agreed, or
- Violated the Membership Agreement or other agreement(s) made with the Cooperative, or for other good cause.

Upon a Member's termination, the Cooperative shall redeem that terminated Member's Membership Share and provide for the payout of the Member Capital Account as described in Article X, Sections 4 and 5. Termination or suspension shall not relieve that Member of the obligation to pay any dues, assessments, or other charges accrued and due but unpaid.

A suspended or terminated Member shall have no rights or privileges resulting from any previous membership held, nor shall a suspended or terminated Member be entitled to vote or to otherwise have a voice in the management or affairs of the Cooperative other than the right to participate in accord with the law if the Cooperative is dissolved.

Section 8. Resignation of Member. Any Member may resign membership by filing a written resignation with the Secretary of the Cooperative, subject to acceptance by the board of directors or its delegate. Resignation shall not relieve the resigning Member of the obligation to pay any dues, assessments, or other charges accrued and due but unpaid. Upon a Member's resignation, the Cooperative shall redeem that resigned Member's Membership Share for the consideration described in Article X.

Section 9. Reinstatement of Member. Upon a written request, signed by a suspended, terminated or former Member and filed with the Secretary of the Cooperative, the board of directors may, in its sole discretion, reinstate Member status on such terms as the Board may deem appropriate. Upon a Member's reinstatement, that Member shall purchase a Membership Share, if one is not already validly issued to him/her.

Section 10. Patron. Anyone who is not a Member and who uses the goods or services of this Cooperative is a Patron.

ARTICLE V (Five). MEETINGS OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the Members of this Cooperative shall be held at such place, within or outside of the State of Maine, day and time as the board of directors may determine from time to time. The annual meeting shall be held each year at such location, day and time during the Winter months as shall be determined by the Board of Directors. The purpose of the annual meeting shall be to elect directors, report to Members on the operations and fiscal affairs of the Cooperative, and to transact such other business as may come before the meeting.

Section 2. Annual Report. The Board shall cause to be issued a written annual report on the business, financial condition, operations, and status of the Cooperative, and shall provide the same to Members and Patrons in advance of but no later than at each annual meeting. The annual report shall include, but not be limited to: the name of the Cooperative, its principal place of business, a general statement of business operations during the fiscal year, the number of members, the amount of membership fees received, a report on the Capital Plan and the amount of its assets, liabilities and indebtedness.

Section 3. Special Meetings. Special meetings of the Members of the Cooperative may be called at any time by order of the board of directors and shall be called upon the written request of at least twenty five percent (25%) of the number of Members in good standing who sign, date, and deliver to the Secretary one or more written demands for a special meeting describing the purpose(s) for which it is to be held. The

board of directors may designate any time and place to hold any special meeting. No business shall be transacted at any special meeting other than that referred to in the notice of that meeting.

Section 4. Notice of Meetings. Written notice of every regular, annual and special meeting of Members shall be delivered to each Member and Patron by first class mail or electronic mail, whichever is more convenient, at least seven (7) days in advance of said meeting. Such notice shall state the nature of the business expected to be conducted, any election to be held and the candidates for office, and the time and place of the meeting.

Section 5. Voting. Only a Member in good standing to whom a Membership Share has been validly issued may vote at any meeting of Members. Each Member shall be entitled to one vote on any issue. Voting shall be in person or by alternate only or by proxy. The board of directors may establish such procedures for voting by mail, by proxy or by electronic or other means as the Board shall deem necessary. When so determined by the Board, voting may be conducted and tabulated by membership class.

The Cooperative's list of holders of Membership Shares and list of authorized voters shall determine who is entitled to vote at any meeting. It is the responsibility of all Members to attend Member meetings and to vote on issues put before them. Patrons may attend meetings and speak on any issue, but Patrons may not vote.

Section 6. Member Quorum, Action of Members. The presence of at least ten percent (10%) of the number of Members of the Cooperative or 25 members, whichever is higher as shown on the books of the Cooperative, shall constitute a quorum at any properly called annual or special meeting of Members. Unless otherwise required by the articles of incorporation, these bylaws, or by applicable law.

Section 7. Adjournment. If less than a quorum of Members is present at any meeting, a majority of the Members there present may vote to adjourn the meeting until further notice. Following such adjournment, and under the condition that no earlier-present Member has departed the meeting and the meeting participants have not disbursed, if it is then determined that a quorum is now present, the meeting may be resumed and called to order. Thereafter, any business may be transacted that might have been transacted at the meeting before adjournment.

If the meeting participants have disbursed, no action may be taken until notice of a reconvened meeting has been given in accord with these bylaws, and a quorum is present at such reconvened meeting.

Section 8. Meetings by Electronic Media. If authorized by the Board of Directors in its sole discretion, any Member meeting may be held in whole or in part by telephone, conference call, internet, electronic video screen communication, or any other device or media approved by the Board, which permits all those participating in the meeting to hear each other at the same time. Such participation shall constitute presence in person, and such persons shall be eligible to vote.

Section 9. Action Without Meeting. Any action by the Members may be taken without a meeting if 70% of the number of Members consent to the action in writing or by electronic means and the written consents are filed with the records of the Cooperative. Such consent shall be treated as a vote of the Members for all purposes.

ARTICLE VI (Six). DIRECTORS AND OFFICERS

Section 1. Number and Qualification of Directors. The Cooperative shall have a board of directors ("Board") of *not less than seven (7) and not more than thirteen (13)* directors, elected by the Members. Contingent upon activating the worker class, Worker-Members shall always constitute at least 60% of board seats. Each director elected shall be a Member in good standing of this Cooperative. The Board shall establish the actual number of directors within the range set out above.

No person shall be eligible for directorship or remain as a director if that person is in competition with, or is affiliated with any enterprise that is in competition with, the Cooperative. A director shall not, during the term of his/her office, be a party to any contract for profit with the Cooperative differing in any way from the business relations accorded each Member of the Cooperative unless such contract has received the prior approval of a neutral majority of the Board. If a majority of the board of directors of the Cooperative finds at any time, after notice and an opportunity for the director to be heard, that any director is so engaged or affiliated, that person shall resign or be removed promptly by a majority vote of the board of directors.

Section 2. Nomination and Election of Directors. Not less than thirty (30) calendar days prior to the annual meeting, the Secretary shall call upon the Members to nominate qualified candidates for any director elections. A Member in good standing may nominate themselves or any other qualified Member in good standing for election to the board of directors. Said nomination must be made in writing and submitted to the Secretary no later than thirty (30) calendar days prior to the annual meeting. If there are insufficient candidate nominations to conduct any election, or if the Members so decide at any Member meeting, the Members may vote to suspend the nomination process in this bylaw and accept nominations from the floor at the annual meeting so that an election may be held.

At the first annual meeting of the Members of this Cooperative, directors shall be elected to succeed the incorporators. The Cooperative will establish a Board with staggered initial terms as follows:

- At least three (3) directors will be elected for an initial term of three (3) years,
- At least two (2) directors will be elected for an initial term of two (2) years,
- At least one (1) director will be elected for an initial term of one (1) year.

Following the completion of each director's initial term, successor directors shall be elected to serve a term of three years each.

At annual meetings thereafter, directors shall be elected or reelected for a three-year term to succeed those directors whose terms are expiring. All directors will be elected by written, secret ballot, and the nominee(s) receiving the greatest number of votes shall be elected. The board of directors may establish such processes and procedures for the election of directors as shall be necessary in its judgment.

Section 3. Election of Officers. The board of directors shall meet within seven (7) days after each annual election and shall elect from their number a President, Vice President, Secretary, and Treasurer, each of whom shall hold office until the election and qualification of a successor, unless earlier removed by death, resignation, or by action of the board of directors. All officers shall be Members in good standing of the Cooperative. The same person may hold any two or more offices, except that the same person may not hold the offices of President and Secretary.

Section 4. Removal of Officers. Any officer may be removed at any time by a majority vote of the board of directors, when in its judgment the interests of the Cooperative would be served thereby.

Section 5. Vacancies. Whenever a vacancy occurs in the board of directors, other than from the expiration of a term of office, the remaining directors may appoint a qualified Member to fill the vacancy until the next regular annual meeting of the Members, at which time an election shall be held. The term of any director, elected for the purpose of replacing a vacating director, will be for the same year or years that were remaining in the vacating director's term. The seat of a director who is the designated voter of a legal entity may not be filled by the entity revoking that director's voter designation and authorizing another to vote unless that newly authorized voter is also duly elected or appointed under this Section.

Section 6. Regular Board Meetings. In addition to the meetings mentioned above, regular meetings of the board of directors shall be held at least 3 times per year, and at such other times and at such places as the Board may determine. Unless closed pursuant to the Board's policy or vote, all Board meetings shall be open to attendance by all Members and Patrons.

If authorized by the Board of Directors in its sole discretion, any Board meeting may be held in whole or in part by telephone, conference call, internet, electronic video screen communication, or any other device or media approved by the Board, which permits all those participating in the meeting to hear each other at the same time. Such participation shall constitute presence in person, and such persons shall be eligible to vote.

Any action required or permitted to be taken at any meeting of the board of directors, or any committee thereof, may be taken without a meeting if all members of the board or committee consent thereto in writing, and such writing is filed with the minutes of the proceedings of such board or committee.

Section 7. Special Board Meetings. A special meeting of the board of directors shall be held whenever called by the President or by a majority of the number of directors. 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, outline the purpose of the meeting, be signed by the person or persons calling the meeting, be addressed and delivered to the Secretary, and state the time and place of such meeting.

Section 8. Notice of Board Meetings. Oral, written, or electronic notice of each regular meeting or special meeting of the board of directors shall be given to each director by, or under the supervision of, the Secretary of the Cooperative not less than 72 *hours* prior to the time of the meeting. Any director may waive such notice in writing, and his/her appearance at said meeting, as evidenced by the minutes of the meeting, shall automatically constitute a waiver of notice. If the President determines an emergency board meeting is needed, notice of such meeting 24 hours prior to that meeting shall be sufficient. A schedule of board meeting dates for the year, adopted by the board, shall satisfy the notice requirements of this section.

Section 9. Board Quorum, Board Action. A majority of the board of directors shall constitute a quorum at any meeting of the Board. Unless otherwise required by the articles of incorporation, these bylaws, or by applicable law, a vote of a majority of the directors present and voting thereon at a meeting at which a quorum is present shall determine the action of the Board.

Section 10. Reimbursement and Compensation. The Cooperative shall reimburse directors for all reasonable expenses incurred in carrying out their duties and responsibilities, subject to applicable policies and budget limitations. No compensation other than reimbursement for expenses shall be paid to directors.

Section 11. Removal of Directors. Whenever any director fails to meet the qualifications as described in Section 1 of this Article, fails to satisfactorily perform his / her duties, fails to attend three (3) consecutive Board meetings, either regular or special, without just and reasonable cause, or for other just cause when removal is deemed by a majority of the Board (without counting the director under consideration for removal) to be in the best interests of the Cooperative, and provided that notice and an opportunity for the director to be heard has been given in accordance with these bylaws, then the Board may remove said director by a majority vote of the remaining members of the Board, and thereafter fill the vacancy in accord with Section 5 of this Article.

Members, through a petition noting the charges and signed by at least 50 percent (50%) of the number of Members, may request the removal of any member of the Board. Such director shall be notified in writing of the charges and be given an opportunity to be heard at a meeting of the Members. Removal of a director by Member petition shall require a vote of eighty percent (80%) of the number of Members voting at a meeting called for this purpose at which a quorum is present.

ARTICLE VII (Seven). DUTIES OF DIRECTORS

Section 1. General Powers and Management of Business. The board of directors shall: have general supervision and control of the business and the affairs of the Cooperative, hire a manager, keep itself informed of and periodically review the operations of the Cooperative, establish an annual budget to provide for the payment of the reasonable and necessary expenses of the Cooperative, establish a Capital

Plan, establish the future direction of the Cooperative through strategic planning and annually report on this to Members, and make all rules, policies, and regulations not inconsistent with applicable laws, the articles of incorporation or these bylaws for the management of the business, mutual benefit of Members and Patrons, and guidance of Members, officers, employees and agents of the Cooperative.

Section 2. Employment of Manager. The board of directors shall have the power to employ, define duties, fix compensation, and dismiss a manager with or without cause at any time. The Board shall authorize the employment of such other employees, agents, and counsel as it deems necessary or advisable from time to time in the best interests of the Cooperative. The manager shall have charge of the ordinary and usual business of the Cooperative, under the supervision of the board of directors, and shall perform such other duties and exercise such authority as the Board may vest in the manager from time to time.

Section 3. Bonds and Insurance. The board of directors may require the manager and all other officers, agents, workers and employees charged by the Cooperative with the responsibility for the custody of any of its funds or negotiable instruments to give an adequate bond. Such bonds, unless cash security is given, shall be furnished by a responsible bonding company and approved by the board of directors, and the cost thereof shall be paid by the Cooperative. The board of directors shall provide for adequate insurance of Cooperative property, or property in the possession of or stored by the Cooperative and not otherwise adequately insured, and, in addition, adequate insurance covering general liability, liability for injury and accidents to workers or employees and the public, director and officer liability insurance and such other insurance as the Board shall deem necessary and prudent.

Section 4. Accounting System and Audits. The board of directors shall cause to be installed an accounting and records system which shall be adequate to meet the requirements of the business, and the Board shall require proper records to be kept of all business transactions.

The board of directors shall cause an audit of the Cooperative's books and records to be performed annually, or at such other time intervals as the Board may establish, by such person(s) as the Board shall vest with this responsibility. All audit findings shall be reported to the Board, which shall ensure that any required actions are promptly taken. A summary of these audit findings and any actions taken shall be reported annually to the Members.

Section 5. Depository. The board of directors shall: select one or more banks to act as depositories for the funds of the Cooperative, determine the manner of receiving, depositing, and disbursing the funds of the Cooperative, establish the form of checks, and authorize the person(s) by whom they shall be signed. The Board shall reserve the power to change at will such banks and the person(s) signing checks, and shall ensure that appropriate security procedures are established to safeguard access to depository funds.

Section 6. Executive Committee; Other Committees. The Board may, at its discretion, appoint from its own number an Executive Committee, and determine its tenure of office, powers and duties. The Board may delegate to the Executive Committee all or any stated portion of the functions and powers of the Board, subject to the general direction, approval, and control of the Board. Copies of the minutes of any Executive Committee meeting shall be mailed, delivered electronically or otherwise delivered to all directors within seven (7) days following such meeting and shall be posted in a conspicuous place for the information of Members.

The board of directors may, at its discretion, establish such other committees and vest them with such powers and duties, as the Board deems appropriate.

Section 7. Signatory Authority. The President shall have all general signatory power and authority to execute all instruments and writings of whatever kind on behalf of the Cooperative, including but not limited to all: checks and drafts, negotiable instruments, contracts and agreements, deeds and leases, tax returns, applications for loan or grant and all related documentation, loan agreements, promissory notes and mortgages and other documents granting security therefor.

In addition, the board of directors may authorize in writing any officer(s), the manager, employees, agents or others to enter into any contract or to 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 business.

Section 8. Loans. No loans shall be contracted on behalf of the Cooperative and no evidence of indebtedness or pledge or mortgage of Cooperative property shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

ARTICLE VIII (Eight). DUTIES OF OFFICERS

Section 1. Duties of President. The President shall (1) preside over all Board meetings and Member meetings of the Cooperative; (2) call special meetings of the board of directors; (3) appoint such committees as the board of directors may deem advisable for the proper conduct of the Cooperative; (4) ensure that all orders and resolutions of the Board are put into effect, (5) perform all acts and duties usually performed by a presiding officer, and (6) have such authority and perform such acts and duties as may be prescribed by the Board from time to time.

Section 2. Duties of Vice President. In the absence or disability of the President, the Vice President shall perform the duties of the President, provided, however, that in case of the death, resignation, or disability of the President, the board of directors shall have the prerogative to declare the office vacant and elect any eligible person as President. The Vice President shall have such authority and perform such other acts and duties as may be prescribed by the President or the Board from time to time.

Section 3. Duties of Secretary/Clerk. The Secretary shall be the Clerk of the Cooperative corporation, and shall keep a complete record of all meetings of the Cooperative and of the board of directors, and shall have general charge and supervision of the books and records of the Cooperative.

The Secretary/Clerk shall sign papers pertaining to the Cooperative as authorized or directed by the board of directors. The Secretary shall serve all notices required by law and by these bylaws, and shall make a full report of all matters and business pertaining to the office and operation of the business to the Members at the annual meeting. The Secretary shall keep the corporate seal and all corporate books and records of the Cooperative and affix the corporate seal to all papers requiring a seal; shall keep all Member records; shall make all reports required by law and these bylaws; and shall have such authority and perform such other duties as may be required by the Cooperative or prescribed by the President or the board of directors.

Upon the election of a successor, the Secretary shall promptly turn over to the successor all books, records and other property belonging to the Cooperative. Duties of the Secretary may be performed by staff or Members under the supervision of the Secretary.

Section 4. Duties of the Treasurer. The Treasurer shall be responsible for the custody, keeping and disbursing of all monies, funds, accounts, bank accounts and other financial assets of the Cooperative, and shall keep full and accurate records and books of account for Members and for all transactions of the Cooperative. The Treasurer shall make such reports as may be required, and shall make a full report of all financial matters and the financial condition of the Cooperative to the Members at the annual meeting. The Treasurer shall have such authority and perform such duties with respect to the finances of the Cooperative as may be prescribed by the President or the board of directors.

Upon the election of a successor, the Treasurer shall promptly turn over to the successor all monies, financial assets, property, books, records and documents pertaining to his/her office or belonging to the Cooperative. Duties of the Treasurer may be performed by staff or Members under the supervision of the Treasurer.

ARTICLE IX (Nine). OPERATION AT COST AND MEMBERS' CAPITAL

Section 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 Members. The Cooperative may accumulate only such capital, reserves and other financial assets as are determined by the Board to be necessary and prudent to the ongoing operation of the Cooperative's business.

Within a reasonable time after the end of each fiscal year, the Board shall determine the net earnings of the Cooperative for said fiscal year, which determination shall be made in accord with generally accepted business principles and practices, or otherwise as the Board may direct upon the advice of the Cooperative's accountant or other professional advisor.

The net earnings of the Cooperative for said year from all the business of the Cooperative other than business done with or for Members may be retained by the Cooperative as unallocated reserves or surplus. In setting aside funds for reasonable reserves for necessary purposes of the Cooperative, the Board must first set aside such net earnings.

If there are no net earnings on such business, or if such net earnings are insufficient to provide for reasonable reserves for necessary purposes of the Cooperative, as determined by the Board, then reasonable reserves may be set aside by the Board from the net earnings on business done with or for Members.

Section 2. Capital Plan. The Board shall adopt a Capital Plan, which shall be reviewed at least annually thereafter, to establish and provide for the capital needs of the Cooperative. The Capital Plan shall provide for establishing and maintaining capital in an amount sufficient to maintain the Cooperative's facilities and real property owned by the Cooperative. Each Member shall contribute capital in such amount(s) as may be required by the Capital Plan, as it may be amended from time to time, when so notified by the Board.

The Cooperative shall establish a capital account for each Member and shall record each capital contribution by each Member to such account. If capital is accumulated in excess of the amount provided for in the Capital Plan, such excess shall be returned to Members on an equitable basis as provided for in Article X.

Section 3. Patronage Refunds. If available, patronage refunds (patronage dividends) shall be declared and paid from net earnings (net margin) at the end of each fiscal year, as required in these bylaws. Each year, the Cooperative shall be obligated to account for and pay on a patronage basis to all Members all of the Cooperative's net earnings (net margin) over and above the cost of providing services to Members, after paying all costs and making reasonable additions to capital and reserves and redeeming capital credits.

All Members shall be treated equitably, and patronage refunds shall be paid in proportion to and based on the volume or value of products and services purchased or sold by each Member from the Cooperative during the year in question or based on such other equitable method as is established by the Board. Patronage refunds to Members shall be paid in cash or the equivalent or by an appropriate credit to a Member's capital account or in both forms of distribution, as may be determined by the Board from time to time.

Section 4. Declaration and Notice of Patronage. The Cooperative shall, within eight and one-half (8 ½) months after the close of each fiscal year, declare and pay any available patronage refund as required by these bylaws and shall notify each Member thereof.

The patronage notice shall be in the form of a written notice of allocation or a per-unit retains certificate (as those terms are used in Subchapter T of the Internal Revenue Code) or other appropriate document. The Board shall have full discretion to issue such notices and certificates in either "qualified" or "nonqualified" form, as permitted by the Internal Revenue Code and other applicable law.

Section 5. Capital Contributions. Each Member of the Cooperative shall provide capital in such amount(s) as shall be established by the board of directors from time to time according to the Capital Plan adopted by the Board. Capital requirements of Members shall be determined equitably and based on the volume or

value of units of products and services purchased or sold from the Cooperative or based on such other equitable method as is established in the Base Capital Plan. Such amounts shall be allocated to the Member's capital account. Patronage refunds may be credited to Members' capital accounts, when the Board so directs.

Section 6. Dividends. No dividends or interest shall be paid on Member Shares, capital contributions or capital accounts.

Section 7. 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, furnished by each Member is clearly reflected and credited in an appropriate record to the capital account of each Member.

Section 8. Lien for Sums Owed. The Cooperative shall have a first priority lien on each Member's capital account and any other assets held for the Member by the Cooperative for any sums owed to the Cooperative by such Member. The Board may authorize the Cooperative to set off any amount owed by the Member against such assets at any time after it is due and remains unpaid. Any debt to the Cooperative shall be satisfied first before retiring any sums from a Member's capital account or other Member asset.

Section 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 X (Ten). MEMBER EQUITY AND EQUITY REDEMPTION

Section 1. Membership Shares.

There shall be three (3) classes of Membership Shares. Class A Shares shall be active at the incorporation of the Corporation. Class B And C Shares shall be activated by the Board at a later time. All shares have terms, preferences, rights and limitations that are identical.

Class A: Consumer-Member Shares. Number authorized: 6,000.

Class B: Worker-Member Shares. Number authorized: 500

Class C: Food Business Member Shares. Number authorized: 1000

All Classes of Membership Shares shall be issued only to Members of that Class who meet membership requirements. Each Member shall purchase one (1) share having no par value. The purchase and sale of all Membership Shares shall be at book value. The board of directors shall establish the value and number of shares authorized for each class to be outstanding at any one time. The record owner of a Membership Share shall be as it appears on the books and records of the Cooperative, and such record owner shall be entitled to one vote on any matter before shareholders for a vote regardless of the number of shares owned. Ownership of Membership Shares is restricted to Members of the Cooperative, and such shares may not be assigned, sold or otherwise transferred by the record owner, whether voluntarily or involuntarily or by operation of law or otherwise, except by action of the Cooperative, which shall act as the transfer agent for all transfers of shares. Upon the termination or withdrawal from Membership of the record owner, their Membership Share shall be retired immediately at book value by the Cooperative's board of directors. No dividends shall be paid on shares of Membership Shares. All Membership Shares shall be valued equally and shall have equal benefits and rights. Membership Shares shall have such additional benefits and rights as may be stated in the bylaws from time to time.

Section 2. Internal Capital Accounts. The Cooperative shall have a system of Internal Capital Accounts as equity accounts to reflect its net worth, to reflect the allocation of net worth among the Members and to determine the redemption value of Membership Shares, and Patronage Refunds. Internal Capital Accounts shall consist of Member Capital Accounts, a Retained Earnings Account, and such other accounts as the

Cooperative's accountant may advise from time to time. The sum of the balances of the Internal Capital Accounts is the net worth of the Cooperative.

The Cooperative shall maintain a Member Capital Account for each Member, and shall record each capital contribution by each Member to such account. The Cooperative may credit other payments and sums due to the Member to this account, as provided for in these bylaws. No dividends or interest shall be paid on Member Capital Accounts.

Section 3. Regular Redemption. If at any time the board of directors determines that the sound financial condition and prudent operation of the Cooperative and the Capital Plan will not be impaired thereby, the capital credited to Members' capital accounts may be redeemed in whole or in part and may be paid to Members in any manner allowed by law. Any redemption of equity to Members is the sole and exclusive prerogative of the Board. A Member whose membership is terminated, whether voluntarily or involuntarily, shall not be entitled to any special redemption of equity beyond any regular redemption of equity that may be determined by the Board from time to time.

Section 4. Discretionary Special Redemptions. Notwithstanding any other provision of these bylaws, the Board, in its sole and absolute discretion, shall have the power to retire any capital credited to Members' capital accounts on such terms and conditions as may be agreed upon by the parties in any instance, provided that the interests of the Cooperative and its Members are deemed to be furthered thereby and funds are determined by the Board to be available for such purposes.

ARTICLE XI (Eleven). CONSENT TO PATRONAGE DISTRIBUTIONS

Each person who applies for and is accepted as a Member in the Cooperative, and each Member of this Cooperative on and after the effective date of this bylaw who continues as a Member after that effective date, by such act alone:

- (a) Gives a continuing consent to the amount of any distributions with respect to his/her/their patronage occurring after the effective date of this bylaw, which are:
 - (i) made in qualified written notices of allocation or qualified per-unit retain certificates (as defined in 26 U.S.C. 1388), and
 - (ii) received by him/her/them from the Cooperative; and
- (b) Makes a continuing agreement to take into account such distributions with respect to his/her/its patronage received from the Cooperative:
 - (i) at their stated dollar amounts,
 - (ii) in the manner provided in 26 U.S.C. 1385(a), and
 - (iii) in the taxable year in which such written notices of allocation and per-unit retain certificates are received by him/her/it.

Written notification of this Article, a statement of its significance, and a copy of the provision shall be given separately to each Member and prospective Member before accepting membership in the Cooperative.

ARTICLE XII (Twelve). NON-MEMBER BUSINESS

This Cooperative may conduct business with non-Members on a patronage or non-patronage basis.

ARTICLE XIII (Thirteen). NON-PATRONAGE INCOME

Non-patronage income is income coming from non-Member Patrons or other sources. The non-patronage income of the Cooperative shall be its gross receipts derived from all sources which under law do not qualify as patronage income, less all expenses properly attributable to the production of such non-patronage sourced income and all income taxes payable on such receipts by the Cooperative. Non-patronage income

may be paid to non-Member Patrons at the discretion of the Board, otherwise it shall be used on behalf of the Cooperative and its Members in accord with such lawful purposes as may be determined by the board of directors from time to time, including assignment to an unallocated reserve account.

ARTICLE XIV (Fourteen). LOSSES

Section 1. Patronage Losses. If the Cooperative suffers a loss during any year on business conducted with or for Members (“**patronage loss**”), such loss may be apportioned among the Members during the year of loss so that such loss will, to the extent practicable, be borne by those who are Members in the loss year on an equitable basis.

The Board shall have full authority to prescribe the basis on which capital furnished by Members may be reduced, or how such patronage loss will otherwise be equitably apportioned among the Members. In the event of a patronage loss in one or more departments or divisions of operation of this Cooperative, but not so much as to cause an overall loss for the fiscal year, such loss or losses may be prorated against each of the remaining profitable departments or divisions on the basis of their respective percentage of the net earnings (net margin) during the fiscal year.

Section 2. Non-patronage Losses. If in any fiscal year the Cooperative shall incur a loss other than on patronage operations (“**non-patronage loss**”), such loss shall be charged first against any reserve accumulated from non-patronage earnings in prior years.

Section 3. No Member Liability or Assessment. No Member or Patron of this Cooperative shall be liable for any debt or loss of the Cooperative. The board of directors shall have no authority to make assessments against Members for operating money or to cover losses incurred by the Cooperative. This section shall not be construed to deprive the Cooperative of the right to carry backward or forward losses from any source whatsoever in accordance with the Internal Revenue Code, state tax statutes or other applicable laws.

ARTICLE XV (Fifteen). DISSOLUTION AND PROPERTY INTEREST OF MEMBERS

A two-thirds vote of the number of Members of the Cooperative shall be required to dissolve the Cooperative. In the event of the liquidation, dissolution or winding up of the affairs of the Cooperative, whether voluntary or involuntary, after paying or providing for the payment of all debts as provided by law, the holders of written notices of allocation will be entitled to receive an amount in cash equal to the stated amount of such written notices of allocation. The holders of written notices of allocation shall not be entitled to receive any further distributions with respect to such interests.

Thereafter, each Member will be entitled to receive an amount in cash equal to each of the following in this order: a) the payment of any unpaid sums in their capital account; b) the return of the amount paid for their Membership Fee, if any, but not to include any annual membership dues or other fees; and c) the return of any capital contributions actually made. All of the remaining balance of the assets of the Cooperative will be distributed among the then-current Members on an equitable basis based on the value of business done with the Cooperative during the ten fiscal years immediately preceding dissolution, as shown by the books and records of the Cooperative, or by such other equitable method as the Board may determine at that time. No distribution need be made to any person who fails to acknowledge the receipt of notice of liquidation in a timely manner. Said notice shall be deemed sufficient if sent by certified mail, at least 30 days before distribution of any residual assets, to the person's last known business or residence address.

ARTICLE XVI (Sixteen). INDEMNIFICATION

Section 1. Liability to Cooperative. To the fullest extent permitted by law, as the same exists or is hereafter amended, a director of the Cooperative shall not be personally liable to the Cooperative or its stockholders for monetary damages for breach of fiduciary duty as a director.

Section 2. Indemnification. The Cooperative shall indemnify to the fullest extent possible permitted by law any director, officer, employee, or agent who was or is a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she was a director, officer, employee, or agent of this Cooperative, or serves or served at any other enterprise as a director or officer at the request of the Cooperative or any predecessor to the Cooperative. Indemnification shall be for expenses (including attorney fees), judgements, fines, penalties and amounts paid in settlement of suits or claims that are actually and reasonably incurred by him or her in connection with such action, suit or proceeding, PROVIDED THAT he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and with respect to any criminal action, had no reasonable cause to believe his or her conduct was unlawful.

Section 3. Advance for Expenses. Upon a finding by the Board that there is a reasonable likelihood of indemnification, the Board may advance to a person to be indemnified the amount of his or her reasonable expenses incurred in defending any then pending action, suit or proceeding, PROVIDED THAT such person to be indemnified submits a written application for the advance of expenses which certifies therein, including the factual basis for such certification, that their conduct is reasonably likely to be indemnifiable hereunder and agrees to repay such sums advanced if their conduct is not indemnifiable hereunder, and PROVIDED FURTHER that legal counsel for the Cooperative concurs in the Board's finding of a reasonable likelihood of indemnification for such person.

Section 4. Non-exclusive. This indemnification bylaw shall not be deemed to exclude any other rights to indemnification to which those seeking indemnification may be entitled under any applicable law, insurance or other agreement.

Section 5. Insurance. The Cooperative shall purchase indemnification insurance coverage consistent with this bylaw, except to the extent that the cost thereof may be deemed by the Board to be fiscally prohibitive.

Section 6. Amendment. Neither any amendment nor repeal of this Article XVI, nor the adoption of any provision of the Cooperative's Articles of Incorporation or these Bylaws inconsistent with this Article XVI, shall eliminate or reduce the effect of this Article XVI in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article XVI, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE XVII (Seventeen). AMENDMENTS

Section 1. Bylaw Amendment. If notice and the text of the bylaw change has been given in the notice of meeting, these bylaws may be altered, amended, repealed or new bylaws adopted at any regular or special meeting of the Members by the affirmative vote of the majority of the Members present.

WE, THE UNDERSIGNED, being all of the Founding Members of Farmington Food Co-op, Inc., do hereby assent to the foregoing Bylaws and do adopt the same as the Bylaws of said Cooperative; and in witness whereof, we have hereunto subscribed our names as of 07/23/2025