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October 1, 2020

To Cooperative Network Members:

The Board of Directors of Cooperative Network (the "Cooperative") is recommending that the members approve the conversion of the Cooperative so that it operates under the Minnesota Cooperative Associations Act, Minnesota Statutes Chapter 308B (the "Conversion"). The Cooperative is currently operating under the Minnesota Cooperative Law, Minnesota Statutes Chapter 308A. The Board of Directors has approved the Conversion, contingent on the members approving the same.

The Board of Directors has also approved the enclosed set of Amended and Restated Articles of Organization and Amended and Restated Bylaws that will become effective if the members approve the Conversion, the Amended and Restated Articles of Organization, and the Amended and Restated Bylaws.

INFORMATION MEETINGS AND VOTING PROCEDURES

The Board of Directors and management of the Cooperative will be hosting two virtual information sessions respecting the Conversion and the amendments. These sessions will be held at 10:00 A.M. and 2:00 P.M. on October 27, 2020. An invitation containing the session information will be sent to all members. Please attend one session.

Due to the COVID-19 pandemic, the Board of Directors has also approved voting by mail ballot on the Conversion and other matters. Information regarding voting by mail ballot is enclosed with the notice of annual meeting that has been sent together with this letter.

DISCLOSURE STATEMENT

As required by Minnesota Statutes Chapter 308B.225, below is the disclosure statement of the rights and obligations of the members and the capital stature of the Cooperative if the members approve the Conversion, the Amended and Restated Articles of Organization and Amended and Restated Bylaws. This Disclosure Statement is intended to provide members with an overview of the key points of the Conversion, the Amended and Restated Articles of Organization and the Amended and Restated Bylaws. However, the summary is qualified in its entirety by the actual language of the documents enclosed herewith.

The Conversion does not affect any obligations or liabilities of the Cooperative before the Conversion. When the Conversion is effective, the rights, privileges, and powers of the Cooperative, real and personal property of the Cooperative, debts due to the Cooperative, and causes of action belonging to the Cooperative, remain vested in the Cooperative and are the property of the Cooperative, as converted. Rights of creditors and liens upon property of the Cooperative prior to the Conversion are preserved unimpaired, and debts, liabilities, and duties of the Cooperative prior to the Conversion remain attached to the Cooperative as converted and may be enforced against the

Cooperative to the same extent as if the debts, liabilities, and duties had originally been incurred or contracted by the Cooperative after the Conversion. The rights, privileges, powers, and interests in property of the Cooperative prior to the Conversion, as well as the debts, liabilities, and duties of the Cooperative, are not deemed, as a consequence of the Conversion, to have been transferred for any purpose of the laws of the state of Minnesota.

Membership: The Cooperative will continue to have two class of members: (1) voting members with voting rights and (2) associate members without voting rights. Members will continue to be either voting members or associate members after giving effect to the Conversion.

Termination of Membership: A new provision has been added to the Amended and Restated Bylaws to permit the Board of Directors to terminate a member's membership for certain specified reasons, including when the member has (1) intentionally or repeatedly violated any provision of the Articles of Organization or Bylaws; (2) remained indebted to the Cooperative for more than ninety (90) days after such indebtedness became payable; (3) breached any contract between said person and the Cooperative; or (4) willfully obstructed any purpose or proper activity of the Cooperative.

Voting Rights: After giving effect to the Conversion, each voting member will be entitled to one vote on all matters presented to the members for a vote. This is different from the current voting structure, where a member may have multiple votes based on dues paid by such member.

Nontransferability of Membership: A new provision has been added to the Amended and Restated Bylaws that prohibits the transfer of membership.

Representative Membership: A new provision has been added to the Amended and Restated Bylaws that permits members who are organizations or entities to appoint a representative to represent such member with respect to its membership in the Cooperative.

Member Meetings: Provisions respecting meetings of the members will be largely unchanged after giving effect to the Conversion. Certain provisions have been updated to permit voting by electronic means and to permit meetings to be held by remote communication.

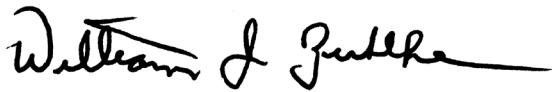
Board of Directors: After giving effect to the Conversion and the Amended and Restated Bylaws, the size of the Board of Directors will be reduced to be no less than nine persons and no more than 13 persons, and shall initially be set at nine persons. The current directors will be deemed to be removed upon the effectiveness of the Conversion, and nine new directors will be elected by the members. The new directors will have staggered terms such that 1/3 of the directors' terms expire each year. Additionally, after the Conversion, all directors will be at large directors and there will no longer be sector specific directors.

Capital Structure: Membership dues will be as determined by the Board of Directors based on information provided by the members. The Cooperative will continue to operate as a non-profit and no earnings or distributions will inure to the benefit of any members.

Amendment of Bylaws: A new provision has been added that will permit the Bylaws to be amended by a majority vote of the Board of Directors (with certain limited exceptions), subject to, however, the right of the voting members to re-amend, void, or supersede any such amendment.

The Board of Directors has spent a significant amount of time reviewing and developing the proposed changes and recommends that the members approve the Conversion, the Amended and Restated Articles of Organization, and the Amended and Restated Bylaws. The Board of Directors encourages you to attend the informational sessions if you have any questions.

Sincerely,

A handwritten signature in black ink, reading "William J. Zuhlke". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

William J. Zuhlke
Board Chairman of Cooperative Network

**CERTIFICATE OF CONVERSION
OF
COOPERATIVE NETWORK**

Cooperative Network, a Minnesota cooperative association organized under Minnesota Statutes (the "Cooperative"), Chapter 308A, hereby files this Certificate of Conversion pursuant to Minnesota Statutes, Section 308B.225 in order to convert and become subject to the provisions of the Minnesota Cooperative Associations Act, Minnesota Statutes Chapter 308B:

1. The Cooperative was initially organized on December 8, 2008.
2. The name of the Cooperative is Cooperative Network and the Cooperative will continue under the same name.
3. The Articles of Incorporation of the Cooperative shall be amended and restated in the form attached hereto as Exhibit A, which Amended and Restated Articles of Organization shall supersede and replace the original Articles of Incorporation.
4. The Cooperative has provided the members with a disclosure statement describing the rights and obligations of the members before and after becoming subject to Chapter 308B, and has obtained the approval of the members in accordance with Minnesota Statutes, Section 308B.225.
5. The Cooperative shall be governed by Chapter 308B effective as of 12:01 a.m. on _____, 2020.

Dated: _____, 2020

COOPERATIVE NETWORK

By: _____
Name: _____
Its: Chairperson

EXHIBIT A

**AMENDED AND RESTATED
ARTICLES OF ORGANIZATION
OF
COOPERATIVE NETWORK**

ARTICLE I

Section 1. Name. The name of this cooperative shall be Cooperative Network.

ARTICLE II

Section 1. Purposes. The purposes of this cooperative are: (a) to improve, foster, and promote the better understanding of the principles and practices of cooperatives; (b) to do all things necessary for the advancement of cooperatives; (c) to promote the interests of the members of cooperatives; (d) to foster and promote further growth and strengthening of cooperatives; and (e) any other purposes permitted by Minnesota Statutes, Chapter 308B.

ARTICLE III

Section 1. Principal Place of Business. The street address of this cooperative's principal place of business shall be: 16 North Carroll Street, Suite 900 Madison, WI 53703-2721.

ARTICLE IV

Section 1. Registered Office. The street address of this cooperative's initial registered office shall be: 445 Minnesota Street, Suite 1551, St. Paul, MN 55101.

ARTICLE V

Section 1. Organizer. The organizer of this cooperative is:

[Board Secretary]
[Board Secretary Address]
[Board Secretary Address]

ARTICLE VI

Section 1. Limitation of Director Liability. No director of this Cooperative shall be personally liable to the Cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for liability for:

(a) a breach of the director's duty of loyalty to the Cooperative or its members;

- (b) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- (c) a knowing violation of securities laws or for illegal distributions;
- (d) a transaction from which the director derived an improper personal benefit; or
- (e) an act or omission occurring before the date of the provision of this Article VI, Section 1 became effective.

It is the intention of the members of this Cooperative to eliminate or limit the personal liability of the directors of the Cooperative to the greatest extent permitted under Minnesota law. If amendments to the Minnesota Statutes are passed after this Article VI, Section 1 becomes effective which authorize cooperative associations to act to further eliminate or limit the personal liability of directors, then the liability of the directors of this Cooperative shall be eliminated or limited to the greatest extent permitted by the Minnesota Statutes, as so amended.

Section 2. Right of Indemnity. This Cooperative shall indemnify and advance expenses to any person, including any director, officer, employee or agent of this Cooperative, for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as is permitted by applicable law.

Section 3. Insurance. This Cooperative may purchase and maintain insurance on behalf of any person, including any director, officer, employee or agent of this Cooperative against liability asserted against and incurred by such person in such person's official capacity, whether or not this Cooperative would have been required to indemnify such person against such liability under this Article VI, Section 2.

IN WITNESS WHEREOF, the undersigned organizer has signed these Amended and Restated Articles of Organization effective as of _____, 2020.

[Board Secretary], Organizer

**BYLAWS
OF
COOPERATIVE NETWORK
A 308B COOPERATIVE**

ARTICLE I - MEMBERSHIP

Section 1. Members Generally. Cooperative Network (the "Cooperative") shall have two classes of members: (1) Voting Members and (2) Associate Members. Any person, partnership, corporation, limited liability company, association, trust, unincorporated cooperative association, or other entity who:

- (A) meets the eligibility requirements set forth herein;
- (B) has submitted a written application for membership; and
- (C) agrees to abide by the Articles of Organization and these Bylaws,

may, upon approval by the Board of Directors, become a member of this Cooperative.

Section 2. Voting Members. Only those members meeting the following eligibility requirements shall be voting members of this Cooperative (the "Voting Members"):

- (A) such member must be a cooperative corporation (excluding organizations engaged directly in farming operations), an unincorporated cooperative association, a mutual insurance company, a credit association, credit union, rural electric cooperative, or other corporation operated on a cooperative basis;
- (B) such member must do business in Wisconsin, Minnesota, or another state as approved by the Board of Directors; and
- (C) such member must pay or agree to pay the membership dues from time to time required hereunder.

Notwithstanding the foregoing, a voting membership may be granted to introduce the programs of the Cooperative to organizations eligible for a voting membership at a reduced rate of membership dues for no more than one (1) year.

Section 3. Associate Members. All other members of the Cooperative shall be associate members (the "Associate Members") and shall not have the right to vote on any matters. Associate membership shall be open to general farm organizations, agricultural improvement associations, consumer federations, development firms, law firms, accounting and other professional services firms, non-profit associations other than association of cooperatives, government agencies, other similar associations, individuals or businesses interested in promoting the interests and objectives of the Cooperative. Members who meet the foregoing criteria shall become Associate Members by

complying with the requirements set forth in Article I, Section 1 of these Bylaws and by paying dues applicable to Associate Members as determined from time to time by the Board of Directors. Associate Members shall have the benefits and privileges applicable to Associate Members as determined from time to time by the Board of Directors (which such benefits and privileges shall not include any voting rights).

Section 4. Dues. Membership dues shall be determined as set forth in Article VI of these Bylaws.

Section 5. Withdrawal. Any member may withdraw from this Cooperative and terminate membership by providing a notice of withdrawal to the Cooperative. Withdrawal as a member shall not affect any contract or agreement then in place between the member and the Cooperative.

Section 6. Expulsion. Whenever the Board of Directors finds that any member has:

- (A) intentionally or repeatedly violated any provision of the Articles of Organization or these Bylaws;
- (B) remained indebted to this Cooperative for more than ninety (90) days after such indebtedness became payable;
- (C) breached any contract between said person and this Cooperative; or
- (D) willfully obstructed any purpose or proper activity of this Cooperative,

then in any such event the Board of Directors may expel such member and said member's membership shall then and thereby be terminated.

Section 7. Voting Rights. Each Voting Member shall be entitled to one (1) vote on all matters presented to the members for a vote.

Section 8. Nontransferability of Membership. Membership shall not be assigned, transferred, or encumbered in any manner or by any means whatsoever, either voluntarily, by operation of law or otherwise. Any such purported or attempted assignment, transfer, or encumbrance shall be wholly void and confer no rights upon the purported assignee, transferee or claimant.

Section 9. Representative Membership. A member other than a natural person may appoint a representative to represent the member pursuant to such written authorization as may be prescribed by the Cooperative. Any such person, while so acting in such representative capacity, shall be entitled to have and to exercise all rights, privileges and authority of membership (applicable to the type of membership such member holds) in the Cooperative, including the right to hold office as a director.

ARTICLE II- MEMBERS' MEETINGS

Section 1. Annual Meeting. The annual meeting of the Voting Members of this Cooperative shall be held annually within one hundred twenty (120) days following the end of the Cooperative's fiscal year at such time and place as determined by the Board of Directors and designated in the notice of the meeting.

Section 2. Special Meetings. Special meetings of the Voting Members may be called at any time by a majority vote of the Board of Directors, or by the chairperson upon the written petition of at least twenty percent (20%) of the Voting Members. The chairperson shall give notice of the special meeting of the Voting Members within ten days from and after the date of presentation of a members' petition, and the special meeting of the Voting Members must be held by 30 days after the date of the presentation of the member's petition. The special meeting of the members notice shall state the time, place, and purpose of the special meeting of the members.

Section 3. Notice. Notice of meetings of the Voting Members, both annual and special, shall be provided to each and every Voting Member personally (or, in the case of a partnership, corporation, limited liability company, association, trust or other entity, to the representative appointed pursuant to Article I, Section 9 of these Bylaws, or if no such representative has been appointed, then to the secretary thereof) either (a) by mail at said person's last known post office address, or (b) by electronic mail directed to an electronic mail address at which the member has consented to receive notice. Notice of annual meetings of the Voting Members shall be provided not less than fifteen (15) days before the date of an annual meeting, and notice of a special meeting shall be provided not less than ten (10) days from the date of the Voting Members' petition for a special meeting. Upon the mailing or electronic directing of any notice of any meeting of Voting Members, the secretary shall execute a certificate, setting forth a correct copy of the notice and showing the date of the mailing or electronic directing thereof and that the same was mailed or electronically directed within the time and in the manner herein prescribed. Said certificate shall be made a part of the record of the meeting.

Section 4. Quorum. A quorum necessary to the transaction of business at any meeting of the Voting Members shall be ten percent (10%) of the total number of Voting Members at such meeting if there are five hundred (500) or fewer Voting Members, or fifty (50) members if there are more than five hundred (500) Voting Members. In determining a quorum on a question submitted to a vote by mail or electronic communication, Voting Members present in person or represented by mail or electronic votes shall be counted. The quorum shall be established by a registration of the Voting Members present at such meeting, which registration shall be verified by the secretary and shall be reported in the minutes of the meeting. A majority vote of the Voting Members present in person or represented by mail or electronic votes shall decide all questions except where a greater vote is expressly required by law or these Bylaws.

Section 5. Proxy or Cumulative Voting. No proxy or cumulative voting shall be allowed at any meeting of the members.

Section 6. Voting by Mail or Alternative Method. Any Voting Member who is absent from any meeting of the Voting Members may vote by mail or, if approved by the Board of Directors, by alternative method (including by electronic communication) upon any motion, resolution, or amendment which the Board of Directors may, in its discretion, submit to the Voting Members for vote by mail or alternative method. If submitted to the Voting Members to vote by mail, such ballot shall be in the form prescribed by the Board of Directors and shall contain the exact text of the proposed motion, resolution, or amendment to be acted upon at such meeting, the date of the meeting, and spaces opposite the text of motion, resolution, or amendment in which such member may indicate said person's affirmative or negative vote thereon. Such Voting Member shall express said person's choice by marking an "X" in the appropriate space upon such ballot. Mail ballots shall be placed in a plain, sealed envelope inside another envelope bearing the printed name and signature of the Voting Member. In the event the Board of Directors approves voting by alternative methods, including by electronic communication, such vote shall be directed to the Cooperative in accordance with the Board of Directors' instructions delivered to the Voting Member in connection with such vote. If received by this Cooperative on or before the date of the meeting, a mail or electronic ballot shall be accepted and counted as the vote of such absent Voting Member at such meeting.

Section 7. Meetings by Remote Communication. Meetings of the Voting Members may be conducted by remote communication in accordance with the provisions of the Minnesota Statute 308B.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Number and Qualifications. The number of directors comprising the Board of Directors shall be determined by the Board of Directors, but it shall be no less than nine (9) nor no more than thirteen (13) persons. The Board of Directors shall be composed of nine (9) persons until otherwise determined by the Board of Directors. Each director shall be a Voting Member in good standing or the duly authorized representative of a Voting Member in good standing who is other than a natural person.

Section 2. Transition to New Board of Directors. Effective as of the effective date of the conversion of the Cooperative from a cooperative corporation governed by Minnesota Statutes 308A to a cooperative corporation governed by Minnesota Statutes 308B and the adoption of these Bylaws (the "Conversion"), all directors constituting the Board of Directors immediately prior to the Conversion shall be deemed to be removed from office by the Members and the Board of Directors shall at such time composed of nine (9) directors who shall have been elected by the Voting Members to be directors upon the effectiveness of the Conversion (the "Initial Board"). Of the directors composing the Initial Board, three (3) directors shall initially have one (1) year terms, three (3) directors shall initially have two (2) year terms, and three (3) directors shall initially have three (3) year terms. Following the end of the then-applicable term of the directors constituting the Initial Board, directors shall subsequently be elected as set forth in Article III, Section 4 of these Bylaws.

Section 3. General Powers. The Board of Directors shall manage the business and affairs of the Cooperative and shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Organization or these Bylaws conferred upon or reserved to the members. The Board of Directors shall adopt such policies, rules, regulations and actions not inconsistent with law, the Articles of Organization and these Bylaws, as it may deem advisable.

Section 4. Election of Directors. At each annual meeting of the Voting Members, elections shall be held to fill any vacancy or vacancies on the Board of Directors. Directors shall be elected as further provided herein, and except as provided in Article III, Section 2 of these Bylaws, for terms of three (3) years and until a successor is elected and qualified. No director shall serve more than four (4) consecutive three-year terms, provided that a person elected or appointed to fill a less than three-year term shall be permitted to complete such short term in addition to three (3) consecutive three-year terms. Elections shall be held by written ballot. Directors shall be elected from among those persons who are nominated by the Nominating Committee. Director elections may be held by mail or electronic ballot in accordance with the procedures set forth in this section and Article II, Section 6 of these Bylaws.

Section 5. Vacancies. Whenever a vacancy occurs in the Board of Directors, other than due to expiration of a term of office or removal from office by vote of the members, a majority of the remaining directors shall appoint a person who meets the qualifications set forth in Article III, Section 1 of these Bylaws to fill the vacancy until the next annual or special meeting of the Voting Members, at which time the Voting Members shall elect a new director to fill the vacancy for the remainder of the term of the vacant directorship.

Section 6. Absence and Removal. In the event that a director fails to attend and participate fully for two consecutive meetings of the Board of Directors, except for cause as approved by board action or as excused otherwise by board action, the Board of Directors may remove such director and upon such removal, the directorship shall be declared vacant and filled as provided in Article III, Section 5 of these Bylaws. The Board of Directors or any individual director may be removed from office, with or without cause, by a vote of a majority of the Voting Members. In case any one (1) or more directors be so removed, successor directors shall be elected at the same meeting or by the same action.

Section 7. Annual Meeting. An annual meeting of the Board of Directors shall be held within ten (10) days following each annual meeting of the Voting Members for the purpose of the election of the officers of the Cooperative for the ensuing year and to transact such other business as may properly come before the meeting.

Section 8. Meetings. Except as otherwise set forth in Article III, Section 6 of these Bylaws, the Board of Directors shall meet regularly at such times and places as the Board of Directors may determine. Special meetings may be called by the chairperson or a majority of the directors. All meetings shall be held on such notice, if any, as the Board of Directors may prescribe; but any business may be transacted at any meeting without mention of such business in the notice, if any, of the meeting.

Section 9. Quorum, Voting. A majority of the directors in office shall constitute a quorum necessary to the transaction of business at any regular or special meeting of the Board of Directors, but if less than a quorum is present, those directors present may adjourn the meeting from time to time until a quorum shall be present. All questions shall be decided by a vote of a majority of the directors present at a meeting.

Section 10. Action Without Meeting. Any action required or permitted by the Articles of Organization or Bylaws or any provision of law to be taken by the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or executive committee entitled to vote on such action. Such consent shall have the same force and effect as a unanimous vote at a meeting.

Section 11. Per Diem and Travel Expense. The Board of Directors (or an authorized committee thereof) shall from time to time establish the rate for per diem reimbursement of members of the Board of Directors; provided, however, that no per diem reimbursement (including any reimbursement for travel or lodging) shall be made to directors for participation in or attendance at annual meetings. Mileage will be reimbursed at a rate consistent with economic conditions determined by the Board of Directors.

Section 12. Chief Executive Officer. The Board of Directors shall employ a chief executive officer to manage the day-to-day affairs and business of this Cooperative. The chief executive officer shall have the authority to implement the functions, duties and obligations of this Cooperative except as restricted by the Board of Directors.

Section 13. Executive Committee. The Board of Directors may designate an executive committee consisting of the chairperson, the treasurer, and the secretary; provided, that in the absence of the chairperson, the vice chairperson shall be a member of the executive committee, and if the offices of treasurer and secretary are held by the same person, the Board of Directors may elect another director to be a member of the executive committee. Further, the Board of Directors may elect other directors as alternate members of the executive committee. To the extent determined by the Board of Directors, such committee shall have and exercise the authority of the Board of Directors in the management and business of the Cooperative. Any such executive committee shall act only in the interval between meetings of the Board of Directors and shall be subject at all times to the control and direction of the Board of Directors. Copies of the minutes of each executive committee meeting shall be placed on file and be available to all directors.

Section 14. Audit Committee. The Board of Directors shall establish an audit committee (or a committee by another name that performs the functions of the audit committee). The audit committee shall provide for an independent review of the Cooperative's financial as set forth in the Bylaws. The Board of Directors may further prescribe the duties and responsibilities of the audit committee.

Section 15. Nominating Committee. The Board of Directors shall appoint a Nominating Committee to identify and nominate director candidates and shall establish the process by which the Nominating Committee shall identify and nominate director candidates. In considering candidates and making nominations, the Committee may consider all factors as the Committee determines to be important and relevant in making nominations.

Section 16. Other Committees. In addition to the Executive Committee, the Board of Directors may designate committees which are subject to the control and direction of the Board of Directors.

Section 17. Insurance. The Board of Directors shall provide for the adequate insurance of the property of the Cooperative, or property which may be in the possession of the Cooperative, or stored by it, and not otherwise adequately insured, and in addition adequate insurance covering other potential liabilities of the Cooperative, in amounts as shall be determined by the Board of Directors are reasonable and customary for the business in which the Cooperative is engaged.

ARTICLE IV – OFFICERS

Section 1. Officers. The directors, at their annual meeting, shall elect from their number a chairperson and vice chairperson. They shall also elect a secretary and a treasurer and such other officers as may be necessary, who may or may not be a director. The officers of secretary and treasury may be held by the same person. Officers who are not directors shall have no voting rights.

Section 2. Method of Election. Directors shall elect officers by ballot. Each director shall be given a nominating ballot on which each director may write the name of one nominee for the officer being elected. If no nominee has a clear majority on the informal ballot, the chairperson may declare the two high as candidates. All officers may be re-elected to as many terms of office as the directors approve.

Section 3. Vacancies. In the event of a vacancy in any office, the directors shall elect any eligible person to fill such vacancy to the unexpired term of such office.

Section 4. Duties of Officers.

- (A) The principal duties of the chairperson shall be to preside at all meetings of the Board of Directors and Executive Committee, and all the regular and special meetings of the members, and have supervision of the affairs of the Cooperative.
- (B) The vice chairperson, in the absence or disability of the chairperson, shall be vested with all powers of the chairperson and shall be required to perform all his duties.
- (C) The secretary, who shall be the statutory records officer, shall (a) take or supervise the taking of complete minutes of all meetings of the members and of the Board of Directors; (b) have custody of this Cooperative's minute

book and of its corporate seal, if any; (c) give, or cause to be given, all notices as required by law or these Bylaws; and (d) perform such additional duties as may be required of said person by the Board of Directors.

- (D) The principal duties of the treasurer shall be to keep and account for all money, credits and property of any and every nature of the Cooperative which shall come into his hands and keep an accurate account of all money received and disbursed and proper vouchers for money disbursed, and to render such accounts, statements and inventories of money received and disbursed, of money and property on hand and generally of all matters pertaining to this office as shall be required by the Board of Directors.

ARTICLE V - RELATED ENTITIES

Section 1. Related Entities. To the extent deemed advisable or desirable by the Board of Directors, the Cooperative may create, acquire, be a partner in or otherwise participate in other organizations and subsidiaries, including but not limited to corporations, partnerships, joint ventures and unincorporated associations. Each entity related to the Cooperative or in which the Cooperative participates will have a structure appropriate to its purposes. The Board of Directors will be responsible in each case for specifying the structure and for designating the relationship between the Cooperative and each such entity and for how directors if any, shall be elected or appointed.

ARTICLE VI - CAPITAL STRUCTURE

Section 1. Dues for Voting Members. The membership dues applicable each Voting Member shall from time to time be determined by the Board of Directors. Each Voting Member shall certify annually to the Cooperative the volume of business transacted by it, the number of members, and any other information as may be requested by the Cooperative. Failure to provide such certification when requested shall be grounds for termination of membership. Membership dues shall be nonrefundable and shall be payable in advance on an annual, semi-annual, quarterly, or monthly basis, as may be agreed upon between the Cooperative and the applicable Voting Member. The Board of Directors may establish a policy to allow for reduction or waiver of full dues in case of financial hardship of a Voting Member.

Section 2. Dues for Associate Members. The Board of Directors shall from time to time establish the membership dues applicable to Associate Members, which such dues need not be uniform with respect to Associate Members.

Section 3. Financial Operations. The Cooperative shall not afford pecuniary gain, incidentally or otherwise to its members. No part of the net earnings of this Cooperative shall inure to the benefit of any Voting Member or Associate Member, but rather shall be used to carry out the nonprofit corporate purposes of this Cooperative. Profits and losses shall not be allocated to any Voting Member or Associate Member, nor shall any Voting Member or Associate Member, receive any distribution of cash or other assets from the Cooperative. The Board of Directors shall establish and accumulate such

reserves as determined by the Board of Directors from time to time, and such reserves shall be established and accumulated prior to the calculation of any profit, it being intended that the Cooperative will operate without a profit.

ARTICLE VII - FISCAL YEAR, BOOKS AND ACCOUNTING

Section 1. Fiscal Year. The fiscal year of the Cooperative shall be the twelve-month period ending August 31.

Section 2. Books and Accounting. The accounts of the Cooperative shall be, at a minimum, compiled annually by a competent accountant selected by the Board of Directors whose duty it shall be to compile all accounts and issue a compilation report prior to the regular annual meeting of the Cooperative. This condition may be changed due to compliance requirements or at the discretion of the board.

Section 3. Reporting to Member. Officers shall make regular and annual reports to the board; also, shall report to the members at the annual meeting on matters entrusted to them.

ARTICLE VIII - AMENDMENT OF BYLAWS

Section 1. Amendments by the Voting Members. Bylaws of the Cooperative may be adopted or amended at any regular or special meeting of the Voting Members if:

- (A) the notice of the meeting contains a summary statement of the proposed bylaw or amendment;
- (B) a quorum is registered as being present;
- (C) the bylaws or amendment is approved by a majority of votes cast.

Section 2. Amendments by the Board of Directors. These Bylaws may also be amended by a majority vote of the Board of Directors, except that (i) a Bylaw that fixes a greater quorum or voting requirement for Voting Members may not be adopted and shall not be amended by the Board of Directors; (ii) to adopt or amend a Bylaw to fix a greater quorum or voting requirement for the Board of Directors, the Board of Directors shall meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater; and (iii) a Bylaw that fixes a greater quorum or voting requirement for the Board of Directors that was adopted by the Voting Members may only be amended by the Voting Members, unless otherwise provided within the Bylaw. Any amendment of these Bylaws adopted by the Board of Directors must be distributed to the Voting Members no later than ten (10) days after the adoption and the notice of the annual meeting of the Voting Members must contain a notice and summary of any such amendment to these Bylaws adopted by the Board of Directors. The Voting Members shall have the right to re-amend, void, and supersede any amendment of these Bylaws by the Board of Directors to the extent provided under applicable law.

ARTICLE IX - DISSOLUTION AND LIQUIDATION

Section 1. Distribution. Upon dissolution and after all debts and liabilities of the Cooperative shall have been paid, the remaining assets shall be distributed to Voting Members on a pro rata basis according to the total amount of membership dues paid by each during the previous five-year period. However, no member shall receive more than the amount of membership dues so paid by it, and any excess over the total thereof shall be turned over to a nonprofit organization dedicated to advancing the interests of cooperatives determined by the Board of Directors.

ADOPTED EFFECTIVE: [_____, _____]