

Maine Farm and Sea Cooperative Bylaws

January 2021

Adopted by Board of Directors on XXXXXXXXXX
Adopted by Membership on XXXXXXXXXX

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1 Corporate Affairs

1.1 Name

The name of the corporation is MAINE FARM AND SEA Cooperative (hereinafter referred to as the “Cooperative”).

1.2 Principal Office

The principal office of the Cooperative shall be at 71 Summer St Porter, ME 04068. The principal office may be changed as the Board of Directors may from time to time determine or as the business of the Cooperative may require.

1.3 Other Offices

The Cooperative may also have offices at such other places, within or outside of the State of Maine, as the Board of Directors may from time to time determine or as the business of the Cooperative may require.

1.4 Mission

The mission of the Cooperative is to transform institutional food purchasing and management to build shared democratic ownership for a resilient Maine food system.

1.5 Guiding Principles

The Cooperative is organized to act at all levels of the food chain from farm and sea to table. The Cooperative’s pledge is to:

- Improve and expand local sourcing of products
- Promote fair Work practices and Standards
- Increase accessibility of Local Foods
- Engage the Local Community in education to promote our Goals
- Treat the environment with respect
- Improve Consumer Engagement to promote a resilient system
- Support local farmers, fishermen and producers
- Promote a Cooperative economy

Maine Farm and Sea Cooperative also respects and honors the 7 International Cooperative Principles:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members’ Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation Among Cooperatives
7. Concern For Community

1.6 Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of the month of July and end on the last day of June in each year.

1.7 Execution of Instruments

Subject to any limitation in the Articles of Incorporation, these Bylaws, or otherwise imposed by the Board of Directors or the Members, the President, the Vice President, the Treasurer, and the Secretary are individually and

collectively authorized, in the name and on behalf of the Cooperative, to execute and deliver all deeds, leases, transfers, contracts, bonds, notes and other obligations authorized to be executed on behalf of the Cooperative.

1.8 Corporate Records

The Cooperative shall keep as permanent records minutes of all meetings of its members, shareholders, and Board of Directors, a record of all actions taken by the members, shareholders or Board of Directors without a meeting and a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Cooperative. The Cooperative shall maintain appropriate accounting records, records of its members and shareholders in a form that permits preparation of a list of the names and addresses of all members and shareholders in alphabetical order by class or shares, showing the number and class of shares held by each, records in written form or in another form capable of conversion into written form within a reasonable time and a copy of the following records at its principal office or registered office:

- a) its Articles or Restated Articles of Incorporation and all amendments to them currently in effect;
- b) its Bylaws or restated Bylaws and all amendments to them currently in effect;
- d) the minutes of all member and shareholder meetings and records of all actions taken by members and shareholders without a meeting for the past three years;
- e) all written communications to members or shareholders generally within the past three years;
- f) a list of the names and business addresses of its current directors and officers; and
- g) the most recent annual report delivered to the Maine Secretary of State.

At any time, any member or shareholder, or the agent or attorney thereof, upon at least five days' signed written notice stating the purpose, may examine for any proper purpose any books or records pertinent to the purpose specified in the notice and make extracts therefrom.

1.9 Articles of Incorporation

The Articles of Incorporation are hereby made a part of these Bylaws, and the purposes of the Cooperative shall be as set forth in the Articles of Incorporation. In the event of any inconsistency between the Articles of Incorporation and these Bylaws, the provisions of the Articles of Incorporation shall be controlling. All references in these Bylaws to the Articles or Articles of Incorporation shall be construed to mean the Articles of Incorporation of the Cooperative as amended from time to time.

2 Membership

In the spirit of cooperation, the Cooperative brings together two classes of stakeholders directly involved in sustaining a healthy and vibrant food culture. These member classes are: Producers, and Consumers.

2.1 Producers

Independent corporations, sole proprietors, or other persons or entities that sell products to or through the Cooperative and are located in the Applicable Region may be offered membership as Producer Members of the Cooperative. The Cooperative's goal is to build long-term relationships with producers based on Cooperative membership. The "Applicable Region" is Maine, except with regard to products that the Cooperative cannot acquire in the manner and quantity and at the quality level required within Maine, in which case the Applicable Region shall expand to the minimum geographic breadth necessary to permit such acquisition, in the following sequence: Maine, New Hampshire and Vermont; New England; the Northeast (Eastern Canada, New England, New Jersey, New York and Pennsylvania); and the United States.

2.1.1 Eligibility

An independent producer that patronizes the Cooperative is eligible for membership as a “Producer Member” if it fulfills the following eligibility requirements.

1. Active producer for the Cooperative in good standing. An “active” producer must make a delivery of product to the Cooperative at least once per calendar year.

2.1.2 Membership Stock

Each Producer Member shall own one and only one Producer Membership Share and only Producer Members may own such shares. Existing members shall have no preemptive rights to membership shares issued to new members. To the extent permitted by applicable law, the members of a Producer organized on a cooperative basis may seek Membership individually, instead of the Producer seeking Membership.

The cost of a Producer Membership Share is \$100.

Any changes to the cost of Producer Membership Shares must be made by an amendment to these Bylaws, or, if applicable law so requires, the Articles of Incorporation.

2.1.3 Execution of Membership

Once a producer has met the eligibility requirements for membership, it must:

1. Execute a subscription agreement for the purchase of one share of Producer Membership
2. Purchase Producer Membership (Series P) Stock of the Cooperative at the price described in Section 2.1.2 of these Bylaws.
3. If the producer is unable or unwilling to pay the full price of the Producer Membership Stock, they may use a receivables deduction form for one (1) year in order to pay the balance of their membership stock.
 - i. If the Cooperative declares a patronage dividend to Producer Members in a given year, a portion of a regional producer’s patronage dividend, as determined by the Board of Directors, will be used to pay down the outstanding principal balance on this promissory note.

Upon successful execution of these documents, a producer shall be a full member of the Cooperative with all the rights and responsibilities described in these Bylaws.

2.1.4 Rights & Responsibilities

The rights and responsibilities of Producer Membership in the Cooperative are as follows:

2.1.4.1 Rights

- The right to a portion of the Cooperative’s net proceeds, as detailed in these Bylaws
- The right to speak at all member meetings
- The right to propose agenda items at member meetings
- The right to publicly raise issues and express opinions in Cooperative forums and communication channels
- The right to educational opportunities sufficient to enable responsible and effective operations and governance of the Cooperative.
- The right to stand for election to the Board of Directors
- The right to issue resolutions to the Board (a right for the Cooperative as a whole, not necessarily a right of individual members)
- The right to view company financial information and all corporate records, except for information and records that are required by law to remain confidential, or which are permitted by law to remain confidential and are declared by the Board of Directors to be confidential, but any confidential information or records shall be redacted to maximize the amount of information available to Members and shareholders.

2.1.4.2 Responsibilities

- Purchase one (1) share of Producer Membership (Series P) Stock
- Pay annual subscription of \$25
- Uphold and further the mission and values of the Cooperative
- Comply with all equity requirements of the Cooperative.
- Bear a portion of the Cooperative’s net losses, as detailed in these Bylaws
- Patronize the Cooperative
- Act with civility and mutual respect
- Educate oneself about the Cooperative’s product standards and help amend them from time to time
- Educate oneself about the governance and structure of the Cooperative
- Educate oneself about the business & operations of the Cooperative
- Treat all co-op facilities and equipment with care and respect
- Be open about production practices and permit the Cooperative’s vetting committee or any other individual or group of persons officially representing the Cooperative, reasonable access to physical facilities and business records in a timely manner

2.1.5 Termination

Producer Membership in the Cooperative may be terminated voluntarily or involuntarily. Upon termination of membership, the regional producer’s stock shall be redeemed by the Cooperative in accordance with Article 5 of the Articles of Incorporation.

2.1.5.1 Voluntary Termination

Members wishing to leave the Cooperative must submit written notice to the Board of Directors. Resigning members are responsible for fulfilling all outstanding obligations.

2.1.5.2 Involuntary Termination

The Cooperative may terminate a Producer’s membership if the member:

1. Did not maintain “active” producer status (i.e. sold product through the Cooperative at a minimum of once per year).
2. Violated terms of the Cooperative’s product standards, Board policy, these Bylaws, or Articles of Incorporation.
3. Is found to have acted contrary to the best interests of the Cooperative.

Members may be terminated for cause from the Cooperative by a 2/3 majority vote of the Board of Directors. The Board may only terminate membership during a Board meeting and the decision of the Board is final.

No member may be involuntarily terminated for cause without written notice and a right to a hearing before the Board of Directors. The procedure for termination for cause will be as follows.

1. The Board of Directors will send a certified letter stating the reason for the proposed termination and outline specific incidences of violation of policies or bylaws. The letter must be sent at least seven days prior to the vote to terminate membership.
2. The member will be invited to the Board meeting to be heard.
3. The decision of the Board is final.

2.2 Consumers

An individual natural person, group of related natural persons (e.g. household), or an entity, that purchases products from the Cooperative. The Cooperative’s goal is to build long-term Cooperative relationships with the community based on Cooperative membership.

2.2.1 Eligibility

Any natural person, group of related natural persons (e.g. household), or entity that patronizes the Cooperative is eligible for membership as a “Consumer Member” subject to the following eligibility requirements:

- Active customer of the Cooperative in good standing. An “active” customer must purchase products from the Cooperative at least once per calendar year.

2.2.2 Membership Stock

Each Consumer Member shall own one and only one Consumer Membership Share and only consumer members may own such shares. Existing members shall have no preemptive rights to membership shares issued to new members. Members of other classes may also be Consumer Members. Any natural person or entity that belongs to more than one membership class either directly or indirectly (such as through an entity) may only stand for election to the Board of Directors under their primary class of membership. They may, however, vote as members in any and all classes of which they are members. In elections where all classes vote together, they shall have one vote, unless allowed by law to vote all stock.

The cost of a Consumer Membership Share is \$100. Any changes to the cost of Consumer Membership Shares must be made by an amendment to these Bylaws, or, if applicable law so requires, the Articles of Incorporation.

2.2.3 Execution of Membership

Once a consumer has met the eligibility requirements for membership, they must:

1. Execute a subscription agreement for the purchase of one share of Consumer Membership (Series C) Stock of the Cooperative based at the price described in Section 2.2.2 of these Bylaws.
 - a. If the consumer is unable or unwilling to pay the full price of the Consumer Membership Stock they may establish a payment plan for one (1) year in order to pay the balance of their membership stock.
 1. If the Cooperative declares a patronage dividend to Consumer Members in a given year, a portion of a consumer’s patronage dividend, as determined by the Board of Directors, will be used to pay down the outstanding principal balance on this promissory note.

Upon successful execution of these documents, a consumer is a full member of the Cooperative, with all the rights and responsibilities described in these Bylaws.

2.2.4 Rights & Responsibilities

The rights and responsibilities of Consumer Membership in the Cooperative are as follows:

2.2.4.1 Rights

- The right to a portion of the Cooperative’s net proceeds, as detailed in these Bylaws
- The right to speak at all member meetings
- The right to propose agenda items at member meetings
- The right to publicly raise issues and express opinions in Cooperative forums and communication channels
- The right to educational opportunities sufficient to enable responsible and effective operations and governance of the Cooperative.
- The right to stand for election to the Board of Directors
- The right to issue resolutions to the Board (a right for the Cooperative as a whole, not necessarily a right of individual members)
- The right to view company financial information and all corporate records, except for information and records that are required by law to remain confidential, or which are permitted by law to remain confidential and are declared by the Board of Directors to be confidential, but any confidential information or records shall be redacted to maximize the amount of information available to Members and shareholders.

2.2.4.2 Responsibilities

- Purchase one share of Consumer Membership (Series C) Stock.
- Comply with all equity requirements of the Cooperative.
- Attend and participate in meetings of the Cooperative
- Participate in votes
- Act with civility and mutual respect while on Cooperative premises. For the purposes of this part, unreasonable conduct shall include, but not be limited to, actual or threatened violence, battery, assault, or harassment towards any Cooperative employee, member, customer, or other individual lawfully permitted on Cooperative premises
- Educate oneself about the governance and structure of the Cooperative
- Educate oneself about the business & operations of the Cooperative
- Treat all co-op facilities and equipment with care and respect
- Inform the Cooperative of any change in mailing address within thirty (30) days of such change.

2.2.5 Termination

Consumer Membership in the Cooperative may be terminated voluntarily or involuntarily.

2.2.5.1 Voluntary Termination

Members wishing to leave the Cooperative must submit written notice to the Board of Directors. Resigning members are responsible for fulfilling all outstanding obligations. If, on the date of voluntarily termination, a Consumer Member is in active status (see section 2.2.1 for a definition of active status), the member shall have the right to redeem their Consumer Membership Stock from the Cooperative in accordance with Article 5 of the Articles of Incorporation. Consumer Members may also choose to donate all or part of the balance in their internal member capital account to the Cooperative at their discretion.

2.2.5.2 Involuntary Termination

The Cooperative may terminate a consumer's membership for the following reasons.

2.2.5.2.1 Inactive Status

A consumer membership is deemed "inactive" if a member has not patronized the Cooperative in the preceding 12 months. While a consumer membership is in "inactive" status, the Cooperative will continue to send all legally required notices to the member. A member may re-activate their membership by patronizing the Cooperative.

If a consumer member remains in "inactive" status for 24 months, then their membership may be involuntarily terminated and the member's capital account is charged an inactive member fee of \$150. Any remaining positive balance in the member's capital account is donated to the Cooperative. Prior to this termination, the member is sent one last notice and has 30 days to respond and re-activate their account. If the member does not respond within 30 days of the notice being sent, their membership is terminated and the matter is deemed closed.

During "inactive" status, a consumer member continues to have all the rights of membership including dissolution distributions as provided for in the Articles of Incorporation and these Bylaws.

2.2.5.2.2 Termination for Cause

A consumer member's membership may be terminated involuntarily if the member:

1. Violated terms of the Cooperative's product standards, Board policy, these Bylaws, or Articles of Incorporation.

2. Is found to have acted contrary to the best interests of the Cooperative.

Members may be terminated for cause from the Cooperative by a 2/3 majority vote of the Board of Directors. The Board may only terminate membership during a Board meeting and the decision of the Board is final.

No member may be involuntarily terminated for cause without written notice and a right to a hearing before the Board of Directors. The procedure for termination for cause will be as follows.

1. The Board of Directors will send a certified letter stating the reason for the proposed termination and outline specific incidences of violation of policies or bylaws. The letter must be sent at least seven days prior to the vote to terminate membership.
2. The member will be invited to the Board meeting to be heard.
3. The decision of the Board shall be final.

2.3 Redemption of Membership Shares Upon Termination

The Cooperative shall redeem membership stock upon termination of membership, or within 60 days thereafter, except with respect to the payment of accrued by unpaid patronage distributions. The redemption price for shares of membership stock redeemed by the Cooperative shall be the consideration in dollars for which the shares were issued, plus or minus accrued and unpaid patronage distributions, as provided in this subsection. The Cooperative may set off obligations to it. That portion of the redemption price attributable to the original consideration in dollars for which the membership stock was issued shall be paid in some combination of cash and commercially reasonable promissory notes, as the Board of Directors shall deem appropriate. The promissory note issued, if any, shall be payable in full within five years of being issued and shall have such other commercially reasonable terms as the Board of Directors shall deem appropriate. The immediately preceding sentence notwithstanding, payment of the notes shall be subordinated to the banking and other financial needs of the Cooperative, as determined by the Board of Directors from time to time in its commercially reasonable judgment. The remaining portion of the redemption price, consisting of the accrued but unpaid patronage distributions, shall be paid at such time as such patronage distributions would otherwise become due. No redemption of membership stock or other evidence of equity shall be made if the result thereof would be to bring the value of the remaining assets of the Cooperative below the aggregate of its indebtedness or otherwise to impair its capital.

3 Preferred Stock

Refer to Exhibit B in the Articles of Incorporation.

4 Transfer Restrictions

The Articles of Incorporation of the Cooperative restrict the transfer of shares of Membership and Preferred Stock. Refer to Exhibit B of the Articles of Incorporation for details.

5 Certificates of Stock

The Cooperative may issue certificates representing the ownership of membership stock and preferred stock. Certificates must be signed, either manually or in facsimile, by the president or any other principal officer of the Cooperative. Each certificate may (but shall not be required to) bear the Cooperative seal or its facsimile. Certificates must bear the name of the Cooperative, number and class of shares represented by the certificate, the par value of each share or a statement that the shares are without par value, and if the shares are membership stock, a designation as such. Certificates shall also bear any restrictions on the issuance or transfer of the stock. If more than one class of stock is authorized, designation of the classes and respective preferences, limitations, and relative rights shall appear on the certificates. In case of the loss, destruction, or mutilation of a membership certificate, a duplicate certificate may be issued in its place, upon such terms as the Board of Directors may prescribe.

Each certificate (including membership and preferred stock certificates) shall contain a statement in substantially the following form:

"The sale or transfer of these shares is restricted in accordance with the Articles of Incorporation of the Cooperative."

6 Finances and Patronage

In accordance with accepted accounting practices and applicable Cooperative and tax laws, the annual net proceeds from operations of the Cooperative may be distributed to the membership as patronage allocations or may be retained as income to the Cooperative. The Board of Directors will annually review the finances of the Cooperative and decide how any net proceeds shall be used to further the goals of the Cooperative and its stakeholders.

All or any part of the net proceeds may be applied to losses incurred in prior years. In the best interests of the Cooperative, the Board may apportion net losses to Producer Members of the Cooperative (negative patronage allocations). In the event a negative patronage allocation is made, future positive patronage allocations shall be applied first to offsetting past negative patronage allocations. For the avoidance of doubt, while Consumer Members are exempt from negative patronage allocations, they are not eligible for positive patronage allocations until past negative patronage allocations for other membership classes have been offset.

6.1 Unallocated Reserves (retained income)

The Board of Directors may create reasonable reserves for necessary purposes and retain a portion of net proceeds in the Cooperative to help keep operations on a sound financial basis. Any such reserves are unallocated (i.e. not assigned or attributed to individual members) and are kept in the Corporate Capital Account of the Cooperative.

6.2 Dividends on Preferred Stock

It is the intention of the Cooperative to declare a dividend to Preferred Stockholders whenever possible. The target dividend rate shall be up to 6% of the total par value of the Preferred Stock outstanding. The Board of Directors may declare a dividend even in years when the operations of the Cooperative results in a net loss.

6.3 Patronage Allocation to Members

In the event that the Board of Directors decides to distribute all or part of net proceeds as patronage allocations to members, such distribution shall be assigned between the two membership classes using the **Patronage Allocation Ratio**. Within each class of membership, patronage allocations shall be apportioned based on a member's patronage.

6.3.1 Patronage Allocation Ratio

The Patronage Allocation Ratio is initially set to the following values:

- Producer Members: 70%
- Consumer Members: 30%

It is the intention of the Cooperative to periodically adjust this ratio to reflect the business realities of the Cooperative. The Patronage Allocation Ratio is used to compute the distribution of patronage dividends among the various membership classes.

The Patronage Allocation Ratio shall be revisited every three years at the annual meeting of the members. The Patronage Allocation ratio for Consumer Members shall be set no higher than 30%, but a majority vote of the members may set said Allocation ratio lower than 30% or may adjust Allocations for other classes of membership in any way.

6.3.2 Producer Member Class

The total patronage allocation to the producer member class shall first be divided into a membership and a non-membership pool based on the total dollar value paid by the Cooperative to purchase products from producer members as compared to the total dollar value paid to purchase products from non-member producers. Subsequently the amount assigned to the membership pool shall be further apportioned between individual producer members based on the dollar value paid by the Cooperative to each producer member as a proportion of the total dollar value paid to all producer members.

The amount assigned to the non-membership pool shall be treated as unallocated reserves and added to the Corporate Capital Account.

6.3.3 Consumer Member Class

The total patronage allocation to the consumer member class shall first be divided into a membership and a non-membership pool based on the total dollar value of products purchased from the Cooperative by consumer members as compared to the total dollar value of gross sales of all products sold by the Cooperative.

Subsequently the amount assigned to the membership pool shall be further apportioned between individual consumer members based on the dollar value of products purchased from the Cooperative by each consumer member as a proportion of the total dollar value of products purchased by all consumer members.

The amount assigned to the non-membership pool shall be treated as unallocated reserves and added to the Corporate Capital Account.

6.3.4 Negative Patronage Allocations

The Board of Directors may decide to assign some portion of net losses from operations to producer members in the form of a negative patronage allocation. The Board of Directors may carry such patronage losses to prior or future years when it determines such to be in the best interests of the Cooperative and its members.

Consumer members of the Cooperative do not have a responsibility to bear a portion of the Cooperative's net losses from operations.

Negative patronage is allocated to each membership class in proportion to the Patronage Allocation Ratio described in section 6.3.1, adjusted for the absence of consumer members.. In the event a negative patronage allocation is made, future positive patronage allocations shall be applied first to offsetting past negative patronage allocations. For the avoidance of doubt, while Consumer Members are exempt from negative patronage allocations, they are not eligible for positive patronage allocations until past negative patronage allocations for other membership classes have been offset. minimum balance in the member's capital account is zero.

6.4 Capital Accounts

The Cooperative maintains a system of three types of internal capital accounts to reflect its net worth, and to reflect the allocation of the net worth among the holders of membership and preferred stock. The sum of the balances in each of the capital accounts represents the net worth of the Cooperative.

Capital accounts shall not accrue interest.

6.4.1 Individual Member Capital Accounts

Each member shall have an individual member capital account.

Increased By	Decreased By
Initial purchase of membership stock by member plus any other paid-in capital from the member in excess of the membership stock price	Negative patronage allocations (losses from current operations allocated to members) – only applicable to Producer members
Any written notice of allocation of patronage dividends issued to the member	Redemption of a written notice of allocation previously issued to the member (redemption can be in the form of cash or notes of indebtedness)

6.4.2 Corporate Capital Account (capital contributions + retained earnings)

The Cooperative maintains one Corporate Capital Account which includes, as special sub-account, the Preferred Stockholder Account.

Increased By	Decreased By
Any unallocated reserves (reserves not allocated to members) resulting from operations	Negative allocations to the unallocated reserves resulting from operations
Any increase in the Preferred Stockholder Account (see below)	Any decrease in the Preferred Stockholder Account (see below)
Any gifts or grants to the Cooperative that are not to be allocated to individual member capital accounts	

6.4.3 Preferred Stockholder Account

The Preferred stockholder Account reflects the portion of the Cooperative's net worth represented by the Preferred Stock and defines the redemption value of the Preferred Stock of the Cooperative.

Increased By	Decreased By
Paid-in capital invested by holders of Preferred Stock (sale of new shares of Preferred Stock)	Redemption of Preferred Stock
Any allocated dividends on Preferred Stock declared by the Board of Directors	The payment to Preferred Stockholders of any Preferred Stock dividends
Amount of any loan balance that is converted to Preferred Stock	Any payment of an outstanding loan balance resulting from a prior conversion of Preferred Stock to a promissory note

6.5 Capital Account Statements, Contributions & Distributions

6.5.1 Membership Stock

Each member shall pay to the Cooperative in cash or other property the initial purchase price of Membership Stock in an amount determined from time to time by the Board of Directors, these Bylaws, and the Articles of Incorporation. The price of the membership stock shall be credited to the member's individual member capital account. Any additional capital paid in by a member in excess of the membership stock price shall also be credited to the member's individual member capital account.

6.5.2 Written Notices of Allocation

The apportionment, distribution, and payment of patronage allocations may be made in cash, credits, certificates of interest, revolving fund certificates, retain certificates, letters of advice or other written notices of allocation (qualified or nonqualified) issued by the Cooperative.

Within eight-and-one-half (8-1/2) months after the close of the Cooperative's tax year, the Cooperative shall deliver to each member the cash patronage dividend and/or the "written notices of allocation" showing the amount of any patronage dividend for that fiscal year retained in the Cooperative and credited to their individual member capital account. In accordance with 26 U.S.C. §1388(c), at least twenty percent (20%) of each member's patronage dividend is to be paid in cash and qualified written notices of allocation must be paid in cash.

Unless approved by the Board of Directors, the written notices of allocation shall be non-transferable. In the absence of such Board approval, any transfer of allocation notices, whether voluntary or involuntary, shall be of no effect against the Cooperative and shall not entitle the transferee to receive payment from the Cooperative.

6.5.3 Capital Account Statements

During the payment period for a fiscal year and after all the internal account changes that relate to that fiscal year, each member shall be issued an individual capital account statement. This statement shall include the previous balance in the member's account, the positive and/or negative patronage allocations to the account, the redemptions or distributions from the account, and the resulting current balance in the member's account. If all or part of any written notices of allocation were cancelled by any negative patronage allocations to the account, then the account statement shall specify the notices and amounts cancelled.

6.5.4 Consent to Patronage Distributions.

Each person or entity that applies for and is accepted for membership in the Cooperative, by such act alone, consents to take all dividends into account and pay any taxes thereon, with respect to its patronage, which are made in qualified written notices of allocation (as defined in 26 U.S.C. §1388) and which are received from the Cooperative, at their stated dollar amounts in the manner provided in 26 U.S.C. §1385(a).

As provided in 26 USC §1385(b)(2), consumer members of the Cooperative who are natural persons may exclude from their income tax reporting any patronage dividends attributable to "personal, living, or family items". However, consumer members of the Cooperative that are business entities are not eligible for this exclusion and consent to pay any requisite taxes on patronage dividends issued by the Cooperative. This paragraph is provided for informational purposes only and is not intended to substitute for professional advice.

The consent provided for here shall not limit the right of the Cooperative to make nonqualified distributions to its members to the extent the Board of Directors believes such distributions will be in the best interests of the Cooperative and its members. The Cooperative shall provide written notice to its members of any proposed distribution (whether qualified or nonqualified) and shall explain in such notice how such distribution is to be treated for federal income tax purposes.

6.5.5 Redemption of Written Notices of Allocation

From time to time, the Board of Directors may redeem written notices of allocation credited to a member's capital account, in cash. Such written notices of allocation shall automatically be subordinated to the trade debt of the Cooperative. The internal capital account credits, evidenced by written notices of allocation, shall be paid off in the

order of their date of issuance, the oldest allocation notices first, except that the Board may give first priority to the estates of deceased ex-members. In determining the oldest notices, all allocation notices of the same fiscal year shall have the same priority. If any payment is not sufficient to cover all redeemable notices, a proportionate part of the dollar amount of all the redeemable notices shall be paid. When any portion of a member's allocation notice is paid, the member's internal capital account shall be accordingly debited.

6.5.6 Termination Distributions

Upon voluntary or involuntary termination of membership in the Cooperative, a member's Membership Stock shall automatically be deemed to have been transferred to the Cooperative in return for the consideration specified in this paragraph, and the membership share shall be returned to the Cooperative. The account balance in the terminating member's internal member capital account shall be fixed after the adjustments at the end of that fiscal year and the account shall be closed to any further patronage allocations. The written notices of allocation represented in the account shall be redeemed in accordance with Section 6.5.5 above at the same time other equal notices of equal priority are redeemed.

After the year-end adjustments, if there is no balance in the member's individual member capital account that is not represented by written notices, then the membership share shall be returned to the Cooperative for no consideration.

6.5.7 Equity Retirement for Deceased Members

Upon the death of a member, that member's heirs or legal representative may request, in writing, the retirement of the deceased member's capital account. The capital account will be redeemed in the sole discretion of the Board.

6.5.8 Unclaimed Equity

Any equity or patronage refunds that remain unclaimed for a period of time that would cause them to escheat to the state, shall become the property of the Cooperative automatically and without any further action. The Cooperative shall cancel the obligation to pay at that time.

7 Membership Meetings

There are 3 types of membership meetings:

- Annual membership meetings
- Special membership meetings
- Class-specific membership meetings

7.1.1 Annual Meeting

The annual meeting of the members shall be held on or near the second Monday of February of each year beginning in 2016, the exact date and hour to be determined by the Board of Directors each year. For due cause the Board may reschedule the meeting with proper notice. The purpose of the annual meeting is for:

1. The Officers and Board to report on the business of the Cooperative, including a financial summary.
2. Members to elect Directors for Board vacancies.
3. Members to consider and vote upon any amendments to the bylaws and any other business which may properly come before the Members.

Directors shall be elected in accordance with the Articles of Incorporation. If the election of directors is not held on the date designated herein for the annual meeting of the members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as

conveniently possible. Failure to hold the annual meeting shall not work a forfeiture or dissolution of the Cooperative.

The President of the Board (or a designee) will chair the meeting and the Secretary (or a designee) will keep meeting minutes.

7.1.2 Special Meetings

Special meetings of the members may be called for any purpose or purposes by (a) the president, (b) the Board of Directors, or (c) the secretary, upon the filing with the secretary of a petition stating the business to be brought before the meeting signed by not less than ten percent (10%) of the members of the Cooperative.

No business shall be considered at a special meeting except as covered in the notice of the meeting. The Secretary shall cause any special meeting to take place within 30 days of the demand for said meeting.

7.1.3 Class-specific membership meetings

From time to time, it may be necessary to conduct a meeting of the members of a specific membership class. Such meetings shall follow all the procedures described in this section 7 of these Bylaws.

A meeting of one membership class shall limit itself to business that only pertains to that particular class of members and shall not constitute a quorum for the purposes of voting on any business that pertains to the entire Cooperative. Class-specific meetings are intended to address operational business specific to a particular class of members of the Cooperative.

7.1.4 Place of Meeting.

Meetings of the members, whether annual meetings or special meetings, shall be held at such place as may be designated by the Board of Directors, either inside the State of Maine or within a reasonable distance of its borders.

7.1.5 Notice of Meeting

Except as otherwise provided by law, members must be notified of any meeting of the members as follows:

1. Notice shall be given by the Secretary or by an officer of the Cooperative.
2. Notice must be in writing and delivered either (a) in person, (b) via e-mail, (c) by leaving the notice at the member's residence or usual workplace, or (d) by mailing it to the member's address as shown on the records of the Cooperative.
3. Notice shall state the place, date and hour of the meeting.
4. Notice shall be given not less than ten (10) days and no more than thirty (30) days prior to the meeting.
5. Notice shall state the nature of the business expected to be conducted.
6. For special member meetings, only business stated in the notice will receive a final action or vote during the meeting.
7. Notice shall be given to each member of record entitled to vote at such a meeting. Notice need not be given to a member if a written waiver of notice, executed before or after the meeting by such member, is filed with the records of the meeting. Each member shall notify the Cooperative of her or his current e-mail and mailing addresses.
8. If notice is mailed, notice shall be deemed to be given when deposited in the United States mail, addressed to the member as it appears in the records of the Cooperative, with correct postage thereon prepaid.

7.1.6 Closing of Transfer Books and Fixing Record Date

For the purpose of fixing the record date in order to determine the members entitled to notice of a member meeting, to demand a special meeting, to vote, or to take any other action, the Board of Directors may provide that the

membership stock transfer books shall be closed for a stated period not to exceed fifty (50) days and not less than ten (10) days before the meeting or action requiring a determination of members. In lieu of closing the membership stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of members, which date shall not be more than fifty (50) days and not less than ten (10) days before the meeting or action requiring a determination of membership. If the membership stock transfer books are not closed and no record date is fixed, then the date on which notice of the meeting is given to the first member entitled to notice shall be the record date for determination of members. When a determination of members entitled to vote at any meeting of the members has been made as provided in this section, such determination shall apply to any adjournment thereof.

7.1.7 Membership List

After fixing a record date for a meeting, the Secretary of the Cooperative shall prepare an alphabetical list of the names of all members who are entitled to notice of a member meeting. The membership list shall be available for inspection by any member beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Cooperative's principal office or at a place identified in the meeting notice in the city where the meeting is to be held. The Cooperative shall make the membership list available at the meeting and any member, or the member's agent or attorney, is entitled to inspect the list at any time during the meeting or any adjournment. Refusal or failure to prepare or make available the membership list shall not affect the validity of actions taken at the meeting.

7.1.8 Voting of Shares

Each member is entitled to only one (1) vote; provided, however, when electing directors, each member shall have one (1) vote for each director election in which the member is entitled to vote.

Any natural person or entity that belongs to more than one membership class either directly or indirectly (e.g. through an entity) may vote in any and all classes of which they are members. In elections where all classes vote together, they shall have one vote, unless allowed by law to vote all stock.

7.1.9 Proxies

A member may not appoint a proxy to vote or otherwise act for the member; provided, however, each member that is not a natural person but an entity, must designate a representative to cast its vote. If the same individual is appointed as a member representative by more than one member, such member representative shall have the authority to cast the vote of each member whom the member representative represents. Absent written notice to the Cooperative that an individual has been designated to represent a member, such members may be represented by any of their principal officers.

7.1.10 Quorum

For meetings of the Producer Members, a minimum of five (5) active member shall constitute a quorum for the transaction of business.

For meetings of the Consumer Members, a minimum of fifty (50) or five percent (5%) of active members, whichever is less, shall constitute a quorum for the transaction of business.

At meetings where two or more membership classes are present, the quorum requirements for each individual membership class must be satisfied.

The act of a majority of the members in each class, present at a meeting at which a quorum is present, shall be the act of the members of that class.

7.1.11 Action without a Member Meeting

Any action required or permitted to be taken at a member meeting may be taken without a meeting if the action is taken by all of the members entitled to vote on the action. The action must be evidenced by one or more written

consents describing the action taken, signed by all of the members entitled to vote on the action, and delivered to the Cooperative for inclusion in the minutes or filing with the Cooperative records. Action taken under this section is effective when the last member signs the consent unless the consent specifies an earlier or later effective date. Consents signed under this section have the effect of a meeting vote and may be described as such in any document.

7.1.12 Waiver of Notice by Members

A member may at any time waive any notice required by the Articles of Incorporation, the Bylaws, or state law. The waiver must be in writing, be signed by the member entitled to the notice, and be delivered to the Cooperative for inclusion in the minutes or for filing with the Cooperative records; provided, however, a member's attendance at a meeting waives objection to: (a) a lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (b) consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

7.2 Preferred Shareholders

7.2.1 Shareholder Meeting

Meetings of shareholders may be held in order for shareholders to vote on matters specifically requiring a shareholder vote by applicable law.

7.2.2 Place of Meeting

Meetings of the shareholders shall be held at such place as may be designated by the Board of Directors, inside the State of Maine or within a reasonable distance of its borders.

7.2.3 Notice of Meeting

Except as otherwise provided by law, notice of the place, date, and hour of a meeting of the shareholders shall be given by delivering personally or by mail a written or printed notice of the meeting not less than ten (10) days and no more than sixty (60) days prior to the meeting, to each shareholder of record entitled to vote at such meeting. A notice of such meeting shall set forth the purpose or purposes for which the meeting is called. If notice is mailed, notice shall be deemed to be given when deposited in the United States mail, addressed to the shareholder as it appears in the records of the Cooperative, with correct postage thereon prepaid.

7.2.4 Closing of Transfer Books and Fixing Record Date

For the purpose of determining shareholders entitled to notice of or to vote at meetings, or entitled to receive payment of any dividend, the Board of Directors may provide that the preferred stock transfer books shall be closed for a stated period not to exceed fifty (50) days and not less than ten (10) days before the meeting or action requiring a determination of shareholders. In lieu of closing the preferred stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, which date shall not be more than fifty (50) days and not less than ten (10) days before the meeting or action requiring a determination of shareholders. If the preferred stock transfer books are not closed and no record date is fixed, then the date upon which notice of the meeting is given to the first shareholder entitled to notice shall be the record date for determination of shareholders. When a determination of shareholders entitled to vote at any meeting of the shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

7.2.5 Shareholder List

After fixing a record date for a meeting, the Secretary of the Cooperative shall prepare an alphabetical list of the names of all shareholders who are entitled to notice of a shareholder meeting. The shareholder list shall be

available for inspection by any shareholder beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting at the Cooperative's principal office or at a place identified in the meeting notice in the city where the meeting is to be held. The Cooperative shall make the shareholder list available at the meeting and any shareholder, or the shareholder's agent or attorney, is entitled to inspect the list at any time during the meeting or any adjournment. Refusal or failure to prepare or make available the shareholder list shall not affect the validity of actions taken at the meeting.

7.2.6 Voting of Shares

If applicable law specifically provides for action to be taken by the vote of shareholders of the Cooperative, then each shareholder shall be entitled to one vote for each share of stock owned. Any holder of a fractional share shall not be entitled to any voting rights with respect to that fractional share. Unless applicable law specifically grants voting rights to preferred shareholders, preferred shareholders shall have no voting rights.

7.2.7 Proxies

A shareholder may vote either in person or by proxy executed in writing by the shareholder or by the duly authorized attorney in fact of the shareholder. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Shares standing in the name of another domestic or foreign cooperative may be voted by such officer, agent or proxy as the Board of directors of such cooperative may determine. An administrator, executor, guardian or conservator holding shares may vote the shares, either in person or by proxy, without a transfer of such shares into the name of the administrator, executor, guardian or conservator. Shares standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but no trustee shall be entitled to vote shares held by the trustee without a transfer of the shares into the trustee's name. Shares standing in the name of a receiver may be voted by the receiver, and shares held by or under the control of a receiver may be voted by the receiver without the transfer thereof into the receiver's name if the authority to do so is contained in an appropriate order of the court by which the receiver was appointed. A shareholder whose shares are pledged shall be entitled to vote the shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

7.2.8 Quorum

With respect to action by the shareholders, there shall be a quorum for the transaction of business if the quorum requirements of Section 7.1.11 are met with respect to holders of membership shares, and if a majority of other shareholders entitled to vote on the action are participating in the meeting directly or by proxy. The act of a majority of the shareholders present at a meeting at which a quorum is present shall be the act of the shareholders.

7.2.9 Action without a Shareholder Meeting

Any action required or permitted to be taken at a shareholder meeting may be taken without a meeting if the action is taken by all of the shareholders entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, signed by all of the shareholders entitled to vote on the action and delivered to the Cooperative for inclusion in the minutes of filing with the Cooperative records. Action taken under this section is effective when the last shareholder signs the consent unless the consent specifies an earlier or later effective date. Consents signed under this section have the effect of a meeting vote and may be described as such in any document.

7.2.10 Waiver of Notice by Shareholders

A shareholder may at any time waive any notice required by the Articles of Incorporation, the Bylaws, or applicable law. The waiver must be in writing, be signed by the shareholder entitled to the notice and be delivered to the Cooperative for inclusion in the minutes or for filing with the Cooperative records; provided, however, a

shareholder's attendance at a meeting waives objection to: (a) a lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (b) consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

8 Board of Directors

8.1 General Powers

All corporate powers of the Cooperative shall be exercised by or under the authority of, and the business and affairs of the Cooperative shall be managed under the direction of, the Board of Directors, subject to any limitation set forth in the Articles of Incorporation. The act of the majority of the Directors present at a meeting at which a quorum is present will be the act of the Board unless a different number is provided by applicable law, the Articles of Incorporation, or these Bylaws.

8.2 Number and Qualifications of the Board

1. The Board shall consist of a minimum of three (3) and a maximum of seven (7) directors.
2. Each director, at all times during his or her term, shall be a member in good standing.
3. There will be five (5) directors representing membership classes and two (2) independent directors voted upon at-large by all members. The five (5) membership class representative directors are:
 - a. Producer Representatives – elected by members of the Producer membership class. Commencing at the first annual meeting after which the Cooperative has (and still has) twenty-five (25) producer members, producer members of the Cooperative may elect four (4) Directors. If fewer than twenty-five (25) producer members remain at any subsequent annual meeting, the number of directors elected by producer members shall be reduced to two (2).
 - b. Consumer Representatives – elected by members of the Consumer membership class. Commencing at the first annual meeting after which the Cooperative shall have (and still has) fifty (50) consumer members, consumer members of the Cooperative may elect one (1) Director.
 - c. The two (2) independent directors will be elected by the entire membership as described in section 8.3.
4. Candidates will be elected by a simple majority at the annual meeting of the various classes of members of the Cooperative. If no candidate receives 50% of the vote, a run-off vote of the top two candidates will determine the winner.
5. Any natural person or entity that belongs to more than one membership class either directly or indirectly (e.g. through an entity) may only stand for election for the Board of Directors under their primary class of membership. However, they may vote in any and all classes of which they are members. In elections where all classes vote together, they shall have one vote, unless allowed by law to vote all stock.
6. Individuals in upper management, as defined in a commercially reasonable manner by the Board of Directors, are not eligible to serve as Directors or Officers but may act as ex-officio members.

8.3 Independent Directors

In addition to the member directors, the Board shall also have two independent directors.

8.3.1 Powers

Independent directors shall be full voting members of the Board of Directors and shall be nominated for particular skills they offer the Cooperative.

8.4 Elections

Directors shall be elected through the following process:

1. The Board of Directors shall form a 3-person nominating committee consisting of the President of the Board plus one representative from each of the membership classes.. If a particular class has no members

(or if no members from a given class consent to be a part of the committee), the Board may nominate a member from any other class.

2. Any member of the Cooperative will have the opportunity to submit a nomination to the committee along with materials supporting their nominee's potential contribution to the Cooperative. Nominations must be submitted at least ninety (90) days prior to the annual meeting at which an outside director is to be elected, unless a vacancy for a director seat occurs within less than one hundred twenty (120) days prior to the annual meeting.
3. The Nomination Committee will report the full list of nominations to the members at a special meeting at least thirty (30) days prior to the annual meeting. The committee is encouraged to provide opportunities for the nominee(s) to meet staff before the annual meeting.
4. The candidate(s) presented by the Nomination Committee will be elected by a majority vote of the members at an annual meeting where a quorum is present in each membership class.

8.5 Term of Directors

The initial directors of the Cooperative shall hold office until the first annual meeting of the members and until their successors are elected and take office.

Directors shall serve three (3) year terms. Despite the expiration of a director's term, the director shall continue to serve until the director's successor is elected and qualified or until there is a decrease in the number of directors. The Board may elect to have outgoing directors continue to temporarily serve on the Board during a transition period for new directors.

No director resigning or removed shall have any right to any compensation as such director for any period following his or her resignation or removal, or any right to damages on account of such removal, unless provided by a written agreement or by a resolution of the remaining directors.

8.6 Resignation of Directors

A director may resign at any time by delivering written notice to the Board of Directors, its President, or the Cooperative. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

8.7 Removal of Directors by Members

A director representing a particular membership class may be removed by a vote of a two-third (2/3) majority vote of the members of that membership class only present at a duly called meeting of the membership class. Outside directors may be removed by vote of a two-third (2/3) majority vote of all members of the Cooperative present at a duly called membership meeting.

The written meeting notice must state the reason or reasons for removing the director. The director whose removal is sought must have had the opportunity to answer the reason or reasons for his or her removal at the meeting. The written statement of reason or reasons for removal shall be filed with the minutes of the meeting.

8.8 Removal of Directors by Board

A director may at any time be removed from office for cause by unanimous consent minus two (2), or a two-third (2/3) majority, whichever is greater, of the directors then in office. A director may be removed for cause only after reasonable notice and opportunity to be heard before the Board.

8.9 Vacancy on Board

If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors, the Board of Directors may fill the vacancy. If the Directors remaining in office constitute fewer than a

quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of the Directors remaining in office. A Director elected to fill a vacancy shall be elected for the unexpired term of the Director's predecessor in office.

8.10 Meetings of the Board of Directors

The Board of Directors may hold regular or special meetings inside the State of Maine or within a reasonable distance of its borders. The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the members. The Board of Directors may permit any of the Directors to participate in a meeting by, or conduct the meeting through, use of any means of communication by which all directors participating may simultaneously hear each other during the meeting.

8.10 Notice

Annual and regular meetings of the Board of Directors may be held without notice of the date, time, place, or purpose of the meeting. Special meetings of the Board of Directors must be preceded by at least two (2) days' notice of the date, hour and place of the meeting. The notice need not describe the purpose of the special meeting. Attendance of a Director at a meeting shall constitute a waiver of notice except where a Director attends solely for the purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

8.11 Quorum

A majority of the number of directors shall constitute a quorum for the transaction of business.

Certain provisions of these Bylaws and Articles of Incorporation may require a two-third (2/3) majority of the directors in order to act. In such cases, two-third (2/3) of the directors of the Board must vote on the action and a quorum of the Board as described above shall not be sufficient to undertake such action unless a minimum of two-third (2/3) of the directors are present at the meeting.

8.12 Dissenting Director

A director who is present at a meeting of the Board of Directors shall be presumed to have consented to any action taken unless the director's dissent is entered in the minutes of the meeting, or unless he or she files his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or forwards such dissent by certified or registered mail to the secretary of the Cooperative immediately after the adjournment of the meeting. This right to dissent shall not apply to a Director who voted in favor of such action.

8.13 Action without a Meeting

Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if the action is taken by all of the members of the Board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the Cooperative records reflecting the action taken. Action taken under this section is effective when the last director signs the consent, unless the consent specifies an earlier or later effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

8.14 Waiver of Notice

A director may at any time waive any notice required by the Articles of Incorporation, the Bylaws, or applicable law. Any waiver must be in writing, must be signed by the director entitled to notice, must specify the meeting for which notice is waived, and must be filed with the minutes or Cooperative records; provided, however, a Director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the Director at the beginning of the meeting, or promptly upon the Director's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or consent to action taken at the meeting.

9 Officers

9.1 Number

The principal Officers of the Cooperative shall initially consist of a President, Vice President, Secretary, and Treasurer, each of whom shall be elected by the Board of Directors. All Officers must be on the Board of Directors. No person may hold more than one officer role at the same time.

9.2 Additional Officers

The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

9.3 Election and Term of Officers

The officers of the Cooperative shall be elected by the Board of Directors annually at the annual meeting of the Board of Directors held after or with each annual meeting of members. If the election of Officers is not held at such meeting, such election shall be held as soon thereafter as conveniently possible. Each Officer shall hold office until his or her successor has been duly elected and qualified, or until his or her death, resignation or removal.

9.4 Resignation and Removal of Officers

An Officer may resign at any time by delivering notice to the Cooperative. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors. The Board of Directors may also remove any Officer whenever in its judgment the best interests of the Cooperative would be served thereby.

The membership cannot directly remove an officer of the Cooperative but must act through the Board of Directors if necessary.

9.5 Vacancies

A vacancy in any office because of the death, resignation, or removal of an Officer, or arising from any other cause, may be filled by the Board of Directors for the unexpired portion of the term at any regular or special meeting.

9.6 Compensation and Benefits

The salaries of the Officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director of the Cooperative. No Officer may take part in any vote on the compensation of that particular Officer.

9.7 President

The President shall preside at member and Board meetings. The President may call special meetings of the Board or members. The President shall have general supervision over the affairs and business of the Cooperative. The President may sign or countersign certificates for shares of the Cooperative, deeds, mortgages, bonds, contracts or other instruments of the Cooperative as authorized by the Board of Directors, and in general, the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall be a public representative of the Cooperative and can speak as a designated representative of the Cooperative.

9.8 Vice President

The Vice President shall exercise the functions of the President during the absence or disability of the President, and shall have such other powers and discharge such other duties as may be assigned to him or her from time to time by the Board of Directors.

9.9 Secretary

The Secretary shall have the responsibility for preparing minutes of the director and member meetings and for authenticating records of the Cooperative. The Secretary shall also issue notices of meetings, have charge of the seal (if any) and Cooperative records, countersign certificates for shares and in general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

9.10 Treasurer

The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Cooperative, receive and give receipts for money due and payable to the Cooperative from any source whatsoever, deposit all such monies in the name of the Cooperative in such banks, trust companies, and other depositories as shall be selected in accordance with the provisions of the Bylaws, and in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to the treasurer by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors may determine.

10 Advisory Committees of Members

10.1 Advisory Committees

The Board of Directors may create one or more advisory committees and can appoint members of the Cooperative and others to serve on those committees. Additionally, any Membership Class is entitled to create an advisory committee to represent the interests of its members. An advisory committee created by a Membership Class can be created by a majority vote of the class members voting at the member meeting. Each such committee shall have at least two (2) members. The creation of an advisory committee, the appointment of members to it, and the authority granted to it must be approved by a majority of all directors in office when the action is taken.

10.2 Authority

Subject to any limitation imposed by applicable law, each advisory committee may exercise such authority as granted by the Board of Directors or by the applicable Membership Class, including, without limitation, advising the Board of Directors on the operations of the Cooperative.

10.3 Conduct of Meetings

Each committee will conduct its meetings in accordance with the applicable provisions of these Bylaws relating to meetings and action without meetings of the members. Each committee may adopt any further rules regarding its conduct, so long as such rules do not conflict with the Articles of Incorporation or Bylaws of the Cooperative or with applicable law, and shall keep meeting minutes and other records.

10.4 Compensation

Committee members shall not be paid compensation for their services on advisory committees.

11 Cooperative Contracts with Members

A transaction with the Cooperative in which a member of the Cooperative has a direct or indirect interest is not voidable by the Cooperative solely because of the member's interest in the transaction if such member agrees to:

1. Sell, market, or deliver to or through the Cooperative or any facilities furnished by it, all or any specified part of products produced or distributed or to be produced or distributed either by the member or under the control of the member;
2. Authorize the Cooperative or any facilities furnished by it to act for the member in any manner with respect to all or any specified part of such products;
3. Buy or procure from or through the Cooperative or any facilities furnished by it, all or any specified part of goods or services to be bought or procured by the member; and
4. Authorize the Cooperative or any facilities furnished by it to act for the member in any manner in the procurement of goods or the procurement or performance of services.
5. The above-outlined transactions are intended to be non-exclusive and other contracts with the Cooperative are not voidable by the Cooperative, provided that they are fair to the Cooperative.

12 Cooperative Contracts with Directors

A transaction with the Cooperative other than in the ordinary course of business for which the Cooperative is organized in which a director of the Cooperative has a direct or indirect interest is not voidable by the Cooperative solely because of the director's interest in the transaction if any one of the following is true:

1. The material facts of the transaction and the Director's interest were disclosed or known to the Board of Directors and a majority of the Directors who have no direct or indirect interest in the transaction authorized, approved, or ratified the transaction;
2. The material facts of the transaction and the Director's interest were disclosed or known to the members entitled to vote and a majority of the member votes entitled to be counted, authorized, approved, or ratified the transaction; or
3. The transaction was fair to the Cooperative.

13 Disallowance of Deductible Expense

Any payment made to an Officer or Director of the Cooperative as compensation, interest or rent, or to reimburse him or her for expenses incurred by him or her on behalf of the Cooperative, which is disallowed in whole or in part as a deductible expense by the Internal Revenue Service or Maine Revenue Service shall be reimbursed by such Director or Officer to the Cooperative to the full extent of the amount so disallowed. Any Officer or Director of the Cooperative who receives payment of such amounts so disallowed shall promptly, on demand, repay the same to the Cooperative. The Cooperative may withhold from future compensation or other payments which may be due or become due to any such Officer or Director, the amount of any such disallowance if the same is not repaid to the Cooperative on demand.

14 Contracts, Loans, Checks and Deposits

14.1 Contracts

The Board of Directors may authorize any Officer, Officers, agent, or agents, to enter into any contracts or execute and deliver any instrument in the name of and on behalf of the Cooperative, and such authority may be general or confined to specific instances. Unless otherwise directed by the Board of Directors, the President shall have the authority to enter into those contracts in the name of and on behalf of the Cooperative that are made in the ordinary and usual course of business of the Cooperative.

14.2 Loans.

No loan shall be contracted on behalf of the Cooperative and no evidence of indebtedness 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.

14.3 Checks and Drafts.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Cooperative, shall be signed by such Officer, Officers, agent, or agents of the Cooperative and in such manner, as shall from time to time be determined by resolution of the Board of Directors. In the absence of such resolution, the President shall be deemed authorized to sign these instruments.

14.4 Deposits.

All funds of the Cooperative not otherwise employed shall be deposited from time to time to the credit of the Cooperative in such banks, trust companies, or other depositories as the Board of Directors may select.

15 Indemnification

Refer to the Articles of Incorporation.

16 Seal

The Board of Directors may, but shall not be required to, provide a corporate seal, which shall be circular in form and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Maine."

17 Amendments

After the Cooperative is incorporated, the initial Board may adopt the initial Bylaws. Members may amend or adopt the initial bylaws and any subsequently adopted Bylaws, by the Board or membership, at any annual membership meeting, or special meeting where notice of the proposed amendment is given as follows.

17.1 By Members

These Bylaws may be amended at any membership meeting by a three-fourths (3/4) majority of the members voting, unless otherwise provided by law. Any and all proposed changes to the Bylaws shall be included in the notice of a membership meeting given to all members, as described in Section 7.1.6 of these Bylaws.

17.2 By Directors

The Board of Directors may amend these Bylaws with immediate effect by a vote of 2/3 (two-third) of the Directors provided that:

1. Any Bylaw adopted or amended by the Board shall be reported at the next special member meeting and shall be at any time, subject to amendment or repeal by the members;
2. The Board may not make, amend, or repeal any provision of these Bylaws which by law, by the Articles of Incorporation, or by these Bylaws requires an action by the membership;
3. The Board may not make, amend, or repeal any provision of these Bylaws which alters the procedure for making, amending, or repealing the Bylaws or which alters the provisions for the removal of directors.

18 Confidentiality

The members and shareholders of the Cooperative may be business competitors. Except to the extent reasonably necessary to further the business of the Cooperative, none of the Directors, Officers, agents, or employees of the

Cooperative shall share or disperse information among the members or shareholders relating to the business or affairs of the other members or shareholders.