

HAMILTON FARMERS MARKET COOPERATIVE
Bylaws
Approved as of 3/31/07
Amended 3/28/09, Amended 3/20/10
Amended and Approved 10/27/14
Amended and Approved 10/29/18

Article I. Organization

Section 1.1 - Name. The name of the organization is Hamilton Farmers Market Cooperative (referred to in these Bylaws as "Co-op").

Section 1.2 - Purpose and Mission. Hamilton Farmers Market Cooperative is a cooperative association organized to:

- provide for its members - the Valley's Farmers, Growers, Craftspeople and others - an economical place – a **Farmers Market** - for them to sell their products and/or services;
- provide a venue where the community and visitors come together and socialize;
- stimulate the local economy;
- promote awareness about food, nutrition, health and cooperative values;
- educate the public on the benefits of supporting local businesses;
- and engage on a cooperative basis in any other lawful trade, business or industry authorized by Montana law.

Section 1.3 - Cooperative Principles. The Co-op shall align its goals and activities with the principles of cooperatives: (i) voluntary and open ownership without arbitrary discrimination; (ii) democratic governance and economic participation by Owners; (iii) education and training of Co-op participants; (iv) association with other cooperatives to strengthen the cooperative movement; (v) development of the Co-op's community.

Section 1.4 - Nondiscrimination. The Co-op shall not discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, political affiliation or other arbitrary basis.

Section 1.5 - Principal Office.

The principal office of the Co-op shall be located on Bedford Street and Third Street, Hamilton, Montana. The Co-op's mailing address is PO Box 844, Hamilton, MT, 59840.

Section 1.6 - Fiscal Year. The fiscal year of the Co-op shall coincide with the calendar year.

Article II. Farmers Market Co-op Ownership

Section 2.1 - Eligibility for Ownership. Interested parties may become owners of the Co-op by:

- (2039071608) Being a resident of Ravalli County;
- (2039071609) Applying for ownership by submitting a Letter of Intent;
 - (3) Becoming the holder of one (1) share of the Co-op's common stock; and
 - (4) Entering into an Ownership Agreement and paying such monthly membership fees as determined by the Board of Directors.

Section 2.2 - Rights. Each Owner shall be entitled to purchase booth space from the Co-op as available to Owners, and to participate in the governance of the Co-op as set forth in these Bylaws.

Section 2.3 - Responsibilities. Owners shall abide by: 1) the Bylaws and any amendments to them, 2) Market Rules & Responsibilities, and any decisions made at Membership or Board meetings. Owners are expected to apprise the Co-op in writing of any changes of name or address. The name and address provided by an Owner in writing shall be the address to which all notices for that Owner will be sent.

Section 2.4 - Access to Information. Each Owner or applicant for ownership shall be provided a copy of these Bylaws. Owners shall be provided adequate and timely information as to the organizational and financial affairs of the Co-op. Subject to Montana law, Owners, upon request, shall be provided access to the books and records of the Co-op at reasonable times and for a proper purpose. The Board of Directors reserves the right to protect the ownership roster and all personnel records.

Section 2.5 - Non-transferability. Ownership rights and interests may not be transferred except to the Co-op. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

Section 2.6 - Termination. Ownership may be terminated voluntarily by an Owner at any time upon written notice to the Co-op. Ownership is terminated automatically when a member has not been active in the Co-op for two consecutive years. Termination of Ownership by the Board may only occur for just cause and in writing. The Owner must be accorded an adequate opportunity to respond to written charges in person or in writing within fourteen days. Owner will be suspended from Co-op activities until the dispute is resolved.

Article III. Meetings of Owners

Section 3.1 - Annual Meeting. An Annual Meeting of Owners shall be held to elect Directors, review reports on operations and finances, and to conduct such other business as may properly come before the Owners.

Section 3.2 - Special Meetings. Special Meetings of Owners may be called by the Board; the Co-op will announce such meetings and their dates. Owners may call a Special Meeting by submitting a petition signed by no less than 25% of all the Owners. The petition must state the business to be brought before the meeting and the proposed date of the meeting. Petitions must be received by a Co-op Director not less than fourteen days before the date of the meeting at which the matter is to be presented and voted upon by the Owners. A quorum for the vote will consist of 51% of all Co-op Owners. Any additional business conducted at a Special Meeting, other than that specified in the notice of the meeting, shall be of an advisory nature only.

Section 3.3 - Date, Time and Place. The date, time and place of all meetings of Owners shall be determined by the Board and announced by the Co-op. Meetings shall be held at a time and place deemed convenient to Owners.

Section 3.4 - Notice. Written notice of the date, time and place of **Owner Meetings** and the purpose(s) of the meeting shall be mailed and/or emailed to each Owner not less than seven days nor more than thirty days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, with postage prepaid, addressed to the Owner at the Owner's address as it appears in the records of the Co-op. The Co-op may also distribute notices of meetings in a timely manner at the Market during the market season.

Section 3.5 - Record Dates. Unless otherwise determined by the Board, only persons who are Owners at the close of business on the business day immediately preceding the date of distribution of notices shall be entitled to a notice of any meeting of Owners and to vote at such meeting.

Section 3.6 - Quorum and Voting. 40 percent of the Ownership shall constitute a quorum at a properly called Owners' meeting. Each Owner shall have one and only one vote on each issue submitted to a vote. Owners who are eligible to vote and who cannot attend an Owners' meeting, may send a proxy with their vote or written permission to vote on their behalf. Unless otherwise required by law or by these Bylaws, issues shall be decided by a plurality of votes cast. Meetings of Owners shall be conducted generally in accordance with reasonable and accepted rules of parliamentary procedure.

Article IV. Board of Directors

Section 4.1 - Powers and Duties. Except as to matters reserved to Owners by law or by these Bylaws, the corporate powers of the Co-op shall be exercised by the authority of the Board of Directors. The Board of Directors shall manage the business and affairs of the Co-op and make necessary rules and regulations consistent with the Bylaws. The Board of Directors is responsible for hiring the Market Manager who will have charge of the business of the Co-op under the direction of the Board, but will not be a Board Director. Directors will assist the Market Manager. The Board will create the annual Co-op budget with the assistance of the Manager.

Section 4.2 - Number and Qualifications. The Board shall consist of not more than nine individuals, as determined at a meeting of Owners. All Directors shall be Owners and shall not have any overriding conflict of interest with the Co-op.

Section 4.3 - Nominations, Election and Terms. Board candidates may be nominated by the Board, by any Co-op Owner, or by a Co-op Owner volunteering to be a Board candidate at the Annual Meeting. Each director shall hold office for a term of three years except for purposes of maintaining staggered terms. Annually as many directors shall be elected to serve for a three (3) year term as there are regular vacancies in the number of directors. **Directors may hold an unlimited number of terms, but no more than two consecutive terms without a one-year hiatus, provided new candidates are available.** Directors shall hold office until their successors are elected or appointed.

Section 4.4 - Termination. The term of office of a Director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a Director upon written notice to the Co-op; (ii) automatically upon termination of Ownership in the Co-op; (iii) by written notice of concern from the Board to a Director who does not represent the Board or the Co-op satisfactorily; the Director will have an opportunity to respond to the notice in person or in writing prior to a vote on dismissal by the Board. A Director who is absent from three consecutive Board meetings, or five meetings in a term year, unless excused by the Board for good cause, shall be presumed to have resigned.

Section 4.5 - Vacancies. Whenever a vacancy among Directors occurs before a term of office has been completed, the board may appoint a Director to fill the vacancy. Such Director or Directors shall serve until the next regularly scheduled election of Directors.

Section 4.6 - Compensation of Directors. Directors shall not receive compensation.

Section 4.7 - Standards of Conduct. Directors shall be responsible at all times for discharging their duties in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner that they reasonably believe to be in the best interests of the Co-op. The Co-op may not lend money to, or guarantee the obligation of, a Director.

Section 4.8 - Conflicts of Interest. Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board, and such interest shall be made a matter of record in the minutes of the meeting. Directors having such an interest may not participate in the decision of the matter or in deliberations leading to such decision. A transaction in which a Director has an interest may be approved only by a majority of Directors who have no interest in the transaction and upon a determination that the transaction is fair to the Co-op.

Section 4.9 - Committees. The Board may appoint committees to perform two distinct functions: to advise the Board or to exercise authority. An advisory committee may only make recommendations to the Board and shall include at least one Director and may be comprised of Directors, Owners, Management and community members. Committees exercising any authority of the Board shall consist only of Directors, and Management as needed, and shall conform to all procedural requirements applicable to the Board.

Section 4.10 - Indemnification. Subject to limitations in Montana law and in the Co-op's Articles of Incorporation, the Co-op shall indemnify its current and former Directors and officers against all reasonable expenses to which they may become subject by reason of their positions with the Co-op or their service in its behalf to the fullest extent permitted by law. Indemnification payments and advances

for legal expenses shall be made on a priority basis in such increments as will not jeopardize the ability of the Co-op to pay its ordinary and necessary obligations. All such payments made shall be reported in writing to Owners.

Article V. Officers of the Board of Directors

Section 5.1 - Designation and Qualifications. The principal officers of the Co-op shall be Directors. The offices shall consist of President, Vice President, Secretary and Treasurer. The Board may designate other officers or assistant officers. The offices of Secretary and Treasurer may be held by one Director. Employees of the Co-op are not eligible to serve as principal officers.

Section 5.2 - Election, Terms and Removal. Officers shall be elected annually by the Board at its first meeting following the annual membership meeting. Officers will be elected to a one year term and may be reelected to that office. They may serve no more than four years in that office during two consecutive terms. An Officer may be removed from office and replaced by the Board of Directors. Notice will be given to the officer that discussion of their removal will be on the agenda.

Section 5.3 – Officer Duties. In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board, Officers shall have the following duties and such additional duties as are determined by the Board:

(a) The President shall preside over and facilitate all meetings of the Co-op and Board of Directors; will oversee all permit applications, notes, deeds, and other instruments on behalf of the Co-op; and will perform or delegate all acts and duties required as official spokesperson to the public on behalf of the Cooperative.

(b) The Vice President shall be responsible for performing the duties of the President in his or her absence or disability. The Vice President will assist, when requested, other Officers in the performance of their duties.

(c) The Secretary shall be responsible for, or delegate, the announcement of all meetings and their agendas. The Secretary shall record and keep adequate minutes for all meetings of the Board and Owners. The Secretary has the option of appointing an assistant from the Board of Directors or the membership at large.

(d) The Treasurer shall oversee: (i) the maintenance of financial records, (ii) the reporting of financial information to the Board and Owners and (iii) the filing of required reports and returns. The Treasurer will work with the Market Manager to create the yearly Co-op budget and may also assist Committee Chairpersons in making their budgets. The Treasurer may perform other monetary duties as may be assigned by the Board.

Article VI. Meetings of the Board

Section 6.1 - Meetings. The Board of Directors shall determine the date, time and place of regular Board meetings. Regular meetings of the Board shall be held monthly from January through November. Special Board Meetings shall be called by the President or shall be called by the Secretary upon request of any three Directors.

Section 6.2 - Notice. Regular Board meetings shall require no notice other than the resolution of the Board, it being the responsibility of absent Directors to inquire as to the time of further scheduled meetings. Special Board Meetings shall require oral or written notice to all Directors. Every effort will be made to notify Board members at least forty-eight hours before the time of a Special Board Meeting.

Section 6.3 - Quorum. The presence in person of a majority of Directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.

Section 6.4 - Decision Making. The Board shall strive to make decisions by consensus, attempting to reconcile differing points of view based upon the best interests of the Co-op. Any decision made by consensus shall be deemed to be inclusive of a vote. If, in the opinion of a majority of Directors present, diligent efforts have failed to produce a consensus and the issue requires immediate action, then such issue shall be decided by a majority vote of the Directors.

Section 6.5 - Action Without a Meeting. Board actions taken without a meeting shall be read into the minutes of the next meeting of the Board.

Article VII. Capital Stock

Section 7.1 - Issuance. The Co-op shall issue Shares of Common Stock and Preferred Stock in order to create Capital Funds. Shares shall be issued only upon full payment of the stated value, as determined by the Board of Directors.

Section 7.2 – Common Shares. Pursuant to Sec 2.1, Common Stock may be issued only to persons eligible for and admitted to Ownership in the Co-op. Owners of Common Shares shall be entitled to a patronage dividend or other patronage refund when financial conditions are such that the Board of Directors determines the dividend or refund is feasible. Such shares shall be nontransferable and may not be pledged as security for a debt. Price of shares may be subject to increase if it becomes necessary to acquire additional capital funds for Co-op needs.

Section 7.3 – Preferred Stock. Owners of Preferred Stock have no voting rights and can only be elected to the Board if they also own a Share of Common Stock. Preferred Stock shall be entitled to a dividend or other patronage refund when financial conditions are such that the Board of Directors determines the dividend is feasible. Preferred Stock price may be subject to increase if it becomes necessary to acquire additional capital funds for Co-op needs.

Section 7.4 - Certificates. An Owner shall be entitled to receive a certificate showing Ownership of shares held. All certificates shall be signed personally or by facsimile by a principal officer of the Co-op and shall be numbered and registered by the Co-op. Each certificate shall have printed upon it such information as is required by law. The Co-op may issue a replacement certificate for any Common Share alleged to have been lost, stolen or destroyed without requiring the giving of a bond or other security against related losses.

Section 7.5 - Redemption. Common Stock purchases are a one-time investment based on active owner participation in the Co-op and are non-redeemable. Preferred Stock shall be redeemable upon dissolution of the Cooperative. See Section 10.1.

Article VIII. Patronage Refunds

Section 8.1 - Distribution of Net Savings. The annual net savings of the Co-op generated by the patronage of Owners shall be received and held by the Co-op for and as the property of its Owners. Such net savings shall be allocated and distributed among Owners as patronage refunds in proportion to their patronage, as patronage dividends within the meaning of federal income tax law. In determining and allocating adjusted net savings, the Co-op shall use a single allocation unit, unless or until the Co-op makes provision through new Bylaws to engage in a new and distinct line of business.

Section 8.2 - Exceptions. Net savings may be reduced by reasonable amounts for necessary business purposes as determined by the Board. Dispersion of a Patronage Refund that is too small to justify distribution expenses may be excluded from Patronage Refund provided that the funds are not then or later distributed to other Owners. Owners may present a written waiver to distribution of any patronage refunds, in whole or in part, to which they may be entitled.

Section 8.3 - Consent of Owners. By obtaining or retaining Ownership in the Co-op, each Owner shall be responsible for the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received, as required by the Internal Revenue Code.

Section 8.4 - Retentions. A reserve of patronage funds shall be retained by the Cooperative for reasonable capital needs. Reserved patronage funds shall be redeemable when determined by the Board to be no longer needed for capital purposes. Reserved patronage funds may also be redeemable under compelling circumstances as determined by Board and Owners.

Section 8.5 - Forfeiture. Patronage refunds will be mailed to each Owner's last known address. Any patronage refunds that are not redeemed within two years of distribution shall be considered forfeited and returned to the Co-op's capital funds.

Article IX. Interpretation and Amendment of Bylaws

Section 9.1 - Severability. In the event that any provision of these Bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these Bylaws.

Section 9.2 - Amendment. The Bylaws may be changed, amended or repealed, only by a vote of the Owners. This vote shall occur at an Owners' Meeting with the proposed changes distributed to all members not less than seven days nor more than thirty days from the scheduled date of the meeting. Approval of the proposed changes or amendments by 2/3 of the Owners in attendance at the meeting is required for the proposed changes to become effective.

Article X. Dissolution and Change in Ownership

Section 10.1 - Dissolution. In the event of the dissolution of the Cooperative, assets shall be distributed in the following manner: First, any outstanding secured loans shall be paid off. Second, unsecured loans shall be paid. Third, equity shares shall be returned to preferred stockholders. Fourth, remaining assets of the Cooperative shall be distributed by the Board to non-profit organizations, other cooperatives, as determined by the Board.

Section 10.2 - Change in Ownership. Any change in Ownership of the Hamilton Farmers Market Cooperative shall require a two-thirds majority vote of the total membership.

Amendments

Amendment 1: On March 28, 2009, at the Annual Vendor Meeting, 75% of Market Cooperative members (66 of 88) voted to change their corporate name from Valley Farmers Market Cooperative to Hamilton Farmers Market Cooperative.

Amendment 2: On March 20, 2010, at the Annual Vendor Meeting, 90% of Market Cooperative members (76 of 82) voted to honor stock issued under the old name of the Valley Farmers Market Cooperative.

Amendment 3: On April 9, 2011, at the Annual Vendor Meeting, 76 % of Market Cooperative members (108 of 142), voted to raise the price of Hamilton Farmers Market Cooperative common stock to \$50 beginning May 7th, 2011.

Amendment 4: On October 27, 2014, at the Annual Vendor Meeting, 91% of Market Cooperative members (86 of 94), voted to add to Article II Farmers Market Co-op Ownership the following:

Section 2.7 Return of Forfeited Stock for Reissuance. Co-op common stock forfeited by a member's inactivity shall become the property of the Cooperative and may be reissued to any new or returning lapsed member.

Amendment 5: On October 29, 2018, at the Annual Vendor meeting, the Market Cooperative members in good standing voted to increase common stock purchase fee from \$50 to \$65.