

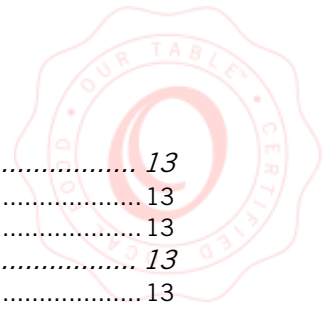
Our Table Cooperative Bylaws



March 25, 2014

Adopted by Board of Directors on March 30, 2014
Adopted by Membership on March 28, 2014

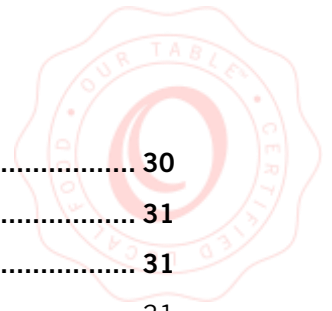
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1 Corporate Affairs

1.1 Name

The name of the corporation is OUR TABLE COOPERATIVE (hereinafter referred to as the “Cooperative”).

1.2 Principal Office

The principal office of the Cooperative shall be at 13390 SW Morgan Road, Sherwood OR 97140. 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 Oregon, 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 bring people and resources together to create a healthy, vibrant and economically viable food culture.

1.5 Guiding Principles

The Cooperative is organized to act at all levels of the food chain from farm to table in order to deliver Certified Local Food™ to the local community. Certified Local Food™ is the Cooperative’s pledge to:

- Build a thriving and profitable local food economy
- Grow onsite on the Cooperative’s farm or source all produce and products from Oregon
- Meet or exceed the national organic standards

Although some farms in the cooperative’s family may not be certified organic, the Cooperative guarantees that everything it sells is:

- Free of all chemical pesticides and herbicides
- Non GMO
- Raised and cared for ethically and humanely

The Cooperative prioritizes living wages for farm-workers, building soil fertility for long-term nutritious local food, and meeting the needs of our community through delicious, local chemical-free foods. Certified Local is the Cooperative’s commitment to move beyond organic in service to the land, its members, its workers and its Community.

The Cooperative strives to create a culture of accountability and interdependence within its membership and to the goals of the business.

1.6 Fiscal Year

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

1.7 Execution of Instruments

All deeds, leases, transfers, contracts, bonds, notes and other obligations authorized to be executed on behalf of the Cooperative shall be signed by the President, or the Vice President, or the Treasurer or the Secretary except as the Board of Directors may otherwise determine.



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;
- c) resolutions adopted by the Board of Directors creating one or more classes or series of shares and fixing their relative rights, preferences and limitations, if shares issued pursuant to those resolutions are outstanding;
- 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 Corporation Division of the State of Oregon.

At any time, any member or shareholder, or the agent or attorney thereof, upon 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 Corporation as amended from time to time.

2 Membership

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

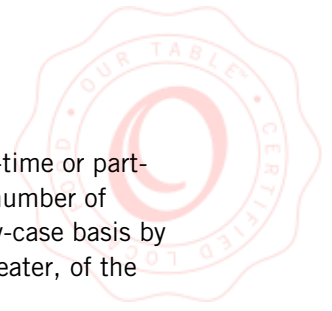
2.1 Workers

Natural persons employed by the Cooperative may be offered membership as Worker Members of the Cooperative.

2.1.1 Eligibility

Wage employees of the Cooperative are eligible for membership as a "Worker Member" if they fulfill the following eligibility requirements.

1. Active Full-time or part-time employee of the Cooperative in good standing. An "active" employee must have worked for a minimum of twenty-one (21) hours per week average over the preceding six (6) months.



2. Have completed a minimum twelve (12) month trial period of employment on a full-time or part-time basis. The trial period starts when an employee joins payroll regardless of the number of hours worked per week. The length of this trial period can be increased on a case-by-case basis by a two-third (2/3) majority or unanimous consent minus two (2) vote, whichever is greater, of the current worker members of the Cooperative.
3. Be recommended for membership by their supervisor upon successful completion of the first year review process and any necessary follow up.
4. Have successfully completed the Worker Member Training for the Cooperative (see section 2.1.1.1.)
5. Have been approved by a vote of the current worker members of the Cooperative with unanimous consent minus two (2) or two-third (2/3) majority, whichever is greater.

The general rule shall be that if an employee is not accepted for membership after the trial period, said employee shall be terminated; exceptions to this rule may be made on a case-by-case basis by a two-third (2/3) majority or unanimous consent minus two (2) vote, whichever is greater, of the current worker members of the Cooperative.

It is the intent of the Cooperative that all eligible employees become worker members. Unless otherwise decided by a two-third (2/3) majority or unanimous consent minus two (2) vote, whichever is greater, of the current worker members of the Cooperative, an eligible employee who elects not to become a worker member shall be terminated.

The “Pioneer” group of employees, defined as part-time or full-time employees who joined payroll prior to Feb 22, 2014, shall have a trial-period longer than 12 months as defined in the Cooperative’s Personnel Policy.

2.1.1.1 Worker Member Training

In order to be eligible for membership, an employee must complete a comprehensive Worker Member Training program for the Cooperative. During an employee’s trial period, the Cooperative allows an employee to spend up to 2 hours per week of paid time for training, meetings and preparation for membership. The training includes but is not limited to learning about the Articles of Incorporation, Bylaws, and Personnel Policy of the Cooperative; the theory and practice of Dynamic Governance; and the operating procedures, conventions and culture of the Cooperative.

2.1.1.2 Seasonal workers

Seasonal workers of the cooperative are not eligible for Worker membership in the Cooperative. The spirit and intention of the Cooperative is to minimize the use of seasonal workers. As additional work hours become available, the Cooperative will first look to fill these hours using current employees as long as they have the necessary skills.

2.1.2 Membership Stock

The Corporation has three classes of Membership Stock—one for each class of membership. Each Worker Member shall own one and only one Worker Membership Share and only worker members may own such shares. Existing members shall have no preemptive rights to membership shares issued to new members.

The cost of a Worker Membership Share is based on the date on which an employee becomes a member as follows:

- During 2014: Three thousand, five hundred dollars (\$3,500)
- During 2015: Four thousand dollars (\$4,000)
- During 2016: Four thousand, five hundred dollars (\$4,500)
- During 2017: Five thousand dollars (\$5,000)



Any changes to the cost of Worker Membership Shares must be made by an amendment to these Bylaws.

2.1.3 Execution of Membership

Once an employee has met the eligibility requirements for membership, they must:

- 1) Execute a subscription agreement for the purchase of one share of Worker Membership Stock of the Cooperative based at the price described in Section 2.1.2 of these Bylaws.
- 2) If the employee is unable or unwilling to pay the full price of the Worker Membership Stock:
 - a) A promissory note for an interest-free loan from the Cooperative for up to 80% of the price of the Worker Membership Stock; and
 - b) A payroll deduction form for one (1) to three (3) years in order to pay back this promissory note¹.

Upon successful execution of these documents, an employee is 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 Worker 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 meetings
- The right to propose agenda items
- The right to publicly raise issues and express opinions in Cooperative forums and communication channels
- The right to contribute to co-worker annual reviews
- The right to educational opportunities sufficient to enable responsible and effective operations and governance of the Cooperative.
- The right to participate in all pre-vote discussions and all votes held by Worker Members, which includes at minimum the following:
 - votes on new Worker Members
 - votes for Worker representatives to the Cooperative's Board of Directors
 - the right to vote to add, delete or amend Bylaws
- The right to run for 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 company financial information and all corporate records

2.1.4.2 Responsibilities

- Purchase one (1) share of Worker Membership Stock
- Comply with all equity requirements of the Cooperative.
- Bear a portion of the Cooperative's net losses, as detailed in these Bylaws
- To attend and participate in meetings of the Cooperative
- To participate in votes
- To participate in co-op activities
- To mentor new employees
- To act with civility and mutual respect
- To educate oneself about the governance and structure of the Cooperative

¹ If the Cooperative declares a patronage dividend to Worker Members in a given year, a portion of an employee's patronage dividend, as determined by the Board of Directors, will be used to pay down the outstanding principal balance on this promissory note.



- To educate oneself about the business & operations of the Cooperative
- To steward the land with care and respect for the entire ecosystem
- To treat all animals humanely
- To treat all co-op facilities and equipment with care and respect

2.1.5 Termination

Worker Membership in the Cooperative may be terminated voluntarily or involuntarily. Upon termination of a member's employment by the Cooperative, his or her membership shall also be terminated and the worker's stock shall be redeemed by the cooperative in accordance with Article 4 of the Articles of Incorporation.

2.1.5.1 Voluntary Termination

Members wishing to leave the Cooperative must submit a written note to the Executive Director. Resigning members are responsible for fulfilling all outstanding obligations.

2.1.5.2 Involuntary Termination

The Cooperative may terminate a worker's membership and employment if:

1. At the end of any month, the average number of hours worked by a member over the preceding six (6) months fall below twenty-one (21) hours per week either voluntarily or involuntarily, his or her membership will be terminated. Exceptions to this rule shall be on a case-by-case by the Board of Directors.
2. The member violated terms of the Cooperative's personnel policy, board policy, product standards, these Bylaws, or Articles of Incorporation.
3. The member 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 terminated involuntarily without written notice and a right to a hearing before a body designated in the Personnel Policy. The process for termination of employment is described in the Personnel Policy.

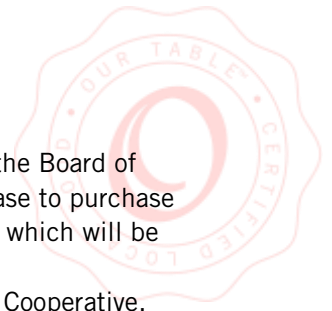
2.2 Regional Producers

Independent corporations or sole-proprietors that sell product through the Cooperative under the Cooperative's brand, meet the Cooperative's product standards, and are located in Oregon. The Cooperative's goal is to build long-term relationships with producers based on cooperative membership.

2.2.1 Eligibility

An independent producer that patronizes the Cooperative is eligible for membership as a "Regional 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. Have completed a minimum twelve (12) month trial period. The trial period starts when a producer makes its first delivery to the Cooperative. During the trial period, the Cooperative will not discriminate against the producer on price or in any other manner.
3. Meet the Cooperative's most recent product standards. If the Cooperative's product standards are modified during a producer's trial period, the Board of Directors may, at its discretion, choose to extend a producer's trial period in order to give it time to comply with the modified standard.
4. Have successfully completed the Producer Member Training for the Cooperative.



5. Have been approved by a 2/3 vote of the Board of Directors of the Cooperative. If the Board of Directors votes against membership, the Cooperative will, within three months, cease to purchase product from that producer notwithstanding any outstanding purchase agreements which will be honored.
6. Carry liability and workman's compensation insurance coverage as required by the Cooperative.
7. Qualify as a non-employee of the Cooperative.

2.2.1.1 *Vetting and Branding*

The Board of Directors of the Cooperative shall create a committee to select and vet new regional producer candidates. The committee may include individuals who are not members of the Cooperative. The committee may invite other members of the Cooperative for any site visits to a producer's facilities.

All products sold under the Cooperative's brand must be sourced from Regional Producer Members or regional producers who are in the trial period for membership. The Cooperative may elect to purchase product from non-member producers but in such a case, the product will not be marketed under the Cooperative's brand. It is the intention of the Cooperative to act as a trusted food advisor for its customers. As a result all products sold under the Cooperative's brand must meet the current product standards of the Cooperative and be of the highest quality².

2.2.2 Membership Stock

Each Regional Producer Member shall own one and only one Regional Producer Membership Share and only regional producer members may own such shares. Existing members shall have no preemptive rights to membership shares issued to new members.

The cost of a Regional Producer Membership Share is based on the date on which a regional producer becomes a member as follows:

- During 2014: Five hundred dollars (\$500)
- During 2015: One thousand dollars (\$1,000)
- During 2016: One thousand, five hundred dollars (\$1,500)

Any changes to the cost of Regional Producer Membership Shares must be made by an amendment to these Bylaws.

2.2.3 Execution of Membership

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

- 1) Execute a subscription agreement for the purchase of one share of Regional Producer Membership Stock of the Cooperative based at the price described in Section 2.2.2 of these Bylaws.
- 2) If the regional producer is unable or unwilling to pay the full price of the Regional Producer Membership Stock:
 - a) A promissory note for an interest-free loan from the Cooperative for up to 50% of the price of the Regional Producer Membership Stock; and
 - b) a receivables deduction form for one (1) year in order to pay back this promissory note³.

² We are essentially turning the concept of private labelling on its head. National chain groceries position private labelled products as the value brand but the Our Table brand stands for premium quality and ethical accountability at a fair price.

³ If the Cooperative declares a patronage dividend to Regional 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 regional producer 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 Regional Producer 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 meetings
- The right to propose agenda items
- 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 participate in all pre-vote discussions and all votes held by Regional Producer Members, which includes at minimum the following:
 - votes for Regional Producer representative(s) to the Cooperative's Board of Directors
 - the right to vote to add, delete or amend Bylaws
- The right to run for 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 company financial information and all corporate records

2.2.4.2 Responsibilities

- Purchase one (1) share of Regional Producer Membership Stock
- Comply with all equity requirements of the Cooperative.
- Bear a portion of the Cooperative's net losses, as detailed in these Bylaws
To patronize the cooperative
- To attend and participate meetings of the Cooperative
- To participate in votes
- To participate in co-op activities
- To mentor new regional producers
- To act with civility and mutual respect
- To educate oneself about the Cooperative's product standards and to help amend them from time to time
- To educate oneself about the governance and structure of the Cooperative
- To educate oneself about the business & operations of the Cooperative
- To steward the land with care and respect for the entire ecosystem
- To treat all animals humanely
- To treat all co-op facilities and equipment with care and respect
- To 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

2.2.5 Termination

Regional 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 4 of the Articles of Incorporation.



2.2.5.1 Voluntary Termination

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

2.2.5.2 Involuntary Termination

The Cooperative may terminate a regional producer's membership if the member:

1. Did not maintain "active" regional 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.

2.3 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.

2.3.1 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 product from the Cooperative at least once per calendar year.

2.3.2 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.

The cost of a Consumer Membership Share is \$150. Any changes to the cost of Consumer Membership Shares must be made by an amendment to these Bylaws.

2.3.3 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 Stock of the Cooperative based at the price described in Section 2.3.2 of these Bylaws.



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.

2.3.4 Rights & Responsibilities

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

2.3.4.1 Rights

- The right to a portion of the cooperative's net proceeds, as detailed in these Bylaws
- The right to speak at all meetings
- The right to propose agenda items
- 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 participate in all pre-vote discussions and all votes held by Consumer Members, which includes at minimum the following:
 - votes for Consumer representative(s) to the Cooperative's Board of Directors
 - the right to vote to add, delete or amend Bylaws
- The right to run for 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 company financial information and all corporate records

2.3.4.2 Responsibilities

- Purchase one share of Consumer Membership Stock.
- Comply with all equity requirements of the Cooperative.
- To attend and participate in meetings of the Cooperative
- To participate in votes
- To participate in co-op activities
- To 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
- To educate oneself about the governance and structure of the Cooperative
- To educate oneself about the business & operations of the Cooperative
- To treat all co-op facilities and equipment with care and respect
- To inform the Cooperative of any change in mailing address within thirty (30) days of such change.

2.3.5 Termination

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

2.3.5.1 Voluntary Termination

Members wishing to leave the Cooperative must submit a written note 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 2.3.1 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 4 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.



2.3.5.2 Involuntary Termination

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

2.3.5.2.1 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 is automatically and 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 automatic 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.

2.3.5.2.2 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 is final.

3 Capital Stock

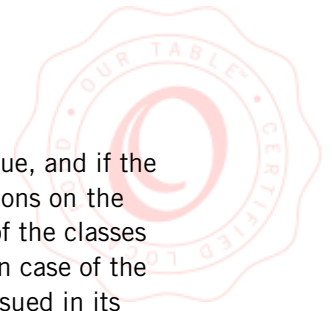
Refer to the Articles of Incorporation.

4 Transfer Restrictions

The Articles of Incorporation of the Cooperative restrict the transfer of shares of Membership and Capital Stock. Refer to Articles 4 & 5 of the Articles of Incorporation for details.

5 Certificates of Stock

The Cooperative may issue certificates representing the ownership of membership stock and capital 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 capital 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 application 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 Worker and Regional Producer Members of the Cooperative (negative patronage allocations).

The diagram in Appendix A illustrates how annual net proceeds are apportioned.

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 Capital Stock

It is the intention of the Cooperative to declare a dividend to Capital Stockholders whenever possible. The target dividend rate shall be between 4% and 8% of the total value of Capital Stock outstanding. The Board of Directors may declare a dividend even in years when the operations of the Cooperative results in a net loss.

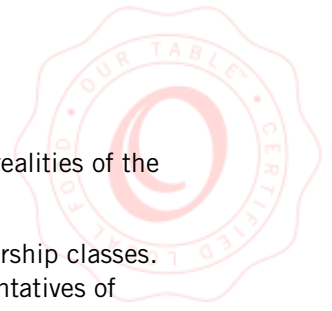
6.3 Patronage Allocation to Members

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 three 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:

- Worker Members: 60%
- Regional Producer Members: 20%
- Consumer Members: 20%



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 for two purposes:

- i) To compute the distribution of patronage dividends between the various membership classes.
- ii) To determine the number of seats on the Board of Directors assigned to representatives of each membership class.

This ensures that the Cooperative's governance and patronage allocation are in synch and both reflect the realities of the Cooperative.

The Patronage Allocation Ratio shall be revisited every three years at the annual meeting of the members.

6.3.2 Worker Member Class

The total patronage allocation to the worker member class shall first be divided into a membership and a non-membership pool based on the total number of labor hours worked by worker members as compared to the total number of labor hours worked by non-member employees.

Subsequently the amount assigned to the membership pool shall be further apportioned between individual worker members based on the number of hours worked by each worker member as a proportion of the total number of hours worked by all worker members.

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

Salaried employees are assumed to work 40 hours per week for patronage purposes.

6.3.3 Regional Producer Member Class

The total patronage allocation to the regional 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 regional producer members as compared to the total dollar value paid to purchase products from non-member producers. Only products sold under the Cooperative's brand are included in this computation.

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

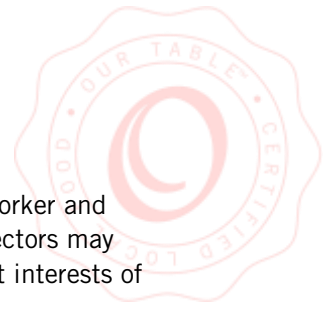
The amount assigned to the non-membership pool shall be treated as unallocated reserves and added to the Corporate Capital Account.

6.3.4 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.



6.3.5 Negative Patronage Allocations

The Board of Directors may decide to assign some portion of net losses from operations to worker and regional 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 according to the Patronage Allocation Ratio described in section 6.3.1. However, since consumer members do not bear any of the Cooperative's losses, the portion of the negative allocation that would have been allocated to the consumer class according to the Patronage Allocation Ratio, is evenly split between the other membership classes.

A negative patronage allocation may not result in a negative balance in a member's capital account. In other words, the 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 capital 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 Worker and Regional 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) |

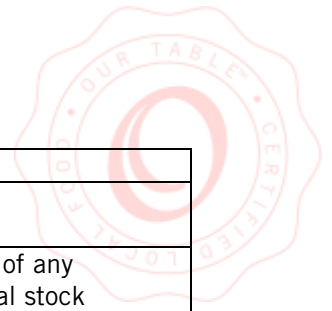
6.4.2 Corporate Capital Account (capital contributions + retained earnings)

The Cooperative maintains one Corporate Capital Account which includes, as special sub-account, the Capital 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 Capital Stockholder Account (see below) | Any decrease in the Capital 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 Capital Stockholder Account

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



| Increased By | Decreased By |
|--|--|
| Paid-in capital invested by holders of Capital Stock (sale of new shares of Capital Stock) | Redemption of Capital Stock |
| Any allocated dividends on Capital Stock declared by the Board of Directors | The payment to Capital Stockholders of any previously allocated but unpaid capital stock dividends |
| Amount of any loan balance that is converted to Capital Stock | Any payment of an outstanding loan balance resulting from a prior conversion of Capital 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 and these Bylaws. 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.

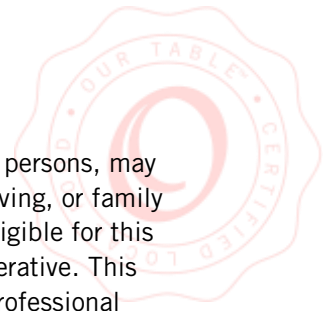
Unless approved by the Board of Directors, the written notices of allocation shall be non-transferable. In the absence of such board approval, any transfer of allocation notices, whether voluntary or involuntary, shall be of no effect against the Corporation and shall not entitle the transferee to receive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

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 which 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 4 types of membership meetings:

- Annual membership meetings



- Regular membership meetings
- Special membership meetings
- Class-specific membership meetings

7.1.1 Annual Meeting

Every Cooperative in Oregon must hold a membership meeting at least once a year.

The annual meeting of the members shall be held on or near the second Monday of February of each year beginning in 2014, the exact date and hour to be determined by the Board of Directors each year. The purpose of the annual meeting is for:

1. The officers and board to report on the business of the Co-op, 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 by a plurality of votes cast by the members entitled to vote in the election. 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 Regular Meetings

Regular meetings of the members may be held without call or formal notice at such places and at such times as the President or a majority of the members may from time to time determine, provided that each member shall be given notice of the determination.

7.1.3 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 (20%) of the members of the Cooperative.

No business shall be considered at a special meeting except as covered in the notice of the meeting.

7.1.4 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.

7.1.5 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 or outside of the State of Oregon.

7.1.6 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 Corporation.
3. Notice shall state the place, date and hour of the meeting.
4. Notice shall be given not less than (7) 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 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 Corporation of her or his current e-mail and/or 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.

7.1.7 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.

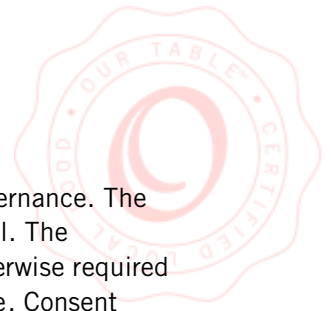
7.1.8 Membership List

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.

7.1.9 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 open director position being elected.

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.



7.1.9.1 *Dynamic Governance*

Member meetings are intended to be conducted according to the principles of Dynamic Governance. The Dynamic Governance procedures for elections and proposals shall be used wherever practical. The principal of unanimous consent shall govern decision making on policy issues except as otherwise required by law, the Articles of Incorporation, these bylaws or other official policies of the Cooperative. Consent means there are no reasoned and paramount objections to a proposed policy decision⁴ acceding to the will of the consensus. The principal of unanimous consent does not confer the right of veto but the right – and even the obligation – of raising reasoned and paramount objections to a proposal.

Class-specific meetings of the:

- a) Worker class will use Dynamic Governance – refer to the Worker Handbook for details.
- b) Regional Producer class will use Dynamic Governance procedures modified as necessary to meet the needs of the members of the class.
- c) Consumer class will foster a decision making culture around Dynamic Governance principals.

7.1.10 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 who 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.

7.1.11 Quorum

For meetings of the Worker Members, a majority of the worker membership class shall constitute a quorum for the transaction of business.

For meetings of the Producer Members, a minimum of one (1) active member shall constitute a quorum for the transaction of business.

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

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

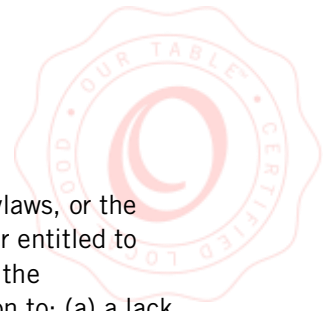
The act of a majority of the members in each class, present at a meeting at which a quorum is present, shall be the act of the members of that class.⁵

7.1.12 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.

⁴ Refer to page 64-70 of “We the People” by John Buck and Sharon Villines, 2007.

⁵ Quorum requirements listed here are permitted by ORS §62.275(1)



7.1.13 Waiver of Notice by Members

A member may at any time waive any notice required by the Articles of Incorporation, the Bylaws, or the Oregon Cooperative Corporation Act. 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 Capital 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 the Oregon Cooperative Corporation Act.

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, either inside or outside of the state of Oregon.

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 seven (7) days and no more than thirty (30) 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 capital 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 capital 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 capital 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 the Oregon Cooperative Corporation Act 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 the Oregon Cooperative Corporation Act specifically grants voting rights to shareholders, 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

A majority of the shareholders shall constitute a quorum for the transaction of business. 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 the Oregon Cooperative Corporation Act. 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, or a representative of such a member.
3. There will be five (5) directors representing membership classes and two (2) outside directors voted upon at-large by all members. The five (5) membership class representative directors are:
 - a. Worker Representatives – elected by members of the Worker membership class. Commencing at the first annual meeting after which the cooperative has at least five (5) worker members, the worker members of the cooperative may elect three (3) directors. If fewer than five (5) worker members remain at any subsequent annual meeting, the number of directors elected by worker members shall be reduced to one (1).
 - b. Regional Producer Representatives – elected by members of the Regional Producer membership class. Commencing at the first annual meeting after which the cooperative has (and still has) three (3) producer members, producer members of the cooperative may elect one (1) Director.
 - c. Consumer Representative – 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.

The number of directors representing each membership class shall be equivalent to, and synchronized with, the Patronage Allocation Ratio described in section 6.3.1. It is the intention of the Cooperative to revisit this ratio every three years at the annual meeting of the members in order to ensure that the Cooperative's governance and patronage allocation are in synch and reflect the business realities of the Cooperative.

4. The two (2) outside directors will be elected by the entire membership as described in section 8.3.
5. 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.
6. 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.

8.3 Outside Directors

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

8.3.1 Powers

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



8.3.2 Term

Outside directors shall serve staggered terms of three (3) years, with a maximum of two consecutive terms and then a one-year break before any subsequent service.

8.3.3 Elections

Outside 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 that is not represented by the President. 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 up to ninety (90) days prior to the annual meeting at which an outside director is to be elected.
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 two-third (2/3) vote of the members at an annual meeting where a quorum is present in each membership class. If more than one candidate is presented, a preference voting system will be used for the election. If no candidate received more than two-third (2/3) of the vote, the Committee will be asked to revisit its choice and make a new recommendation at a special meeting within sixty (60) days.

8.4 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 staggered terms of three (3) years, with a maximum of two consecutive terms and then a one-year break before any subsequent service. 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. One-third of the directors are to be elected for a three-year term at each annual meeting. The Board may elect to have outgoing directors continue to temporarily serve on the Board during a transition period for new directors.

On the first Board of the Cooperative, one-third of the Directors on the first Board of the Cooperative shall serve a 1-year term, one-third a 2-year term, and one-third a 3-year term as determined by a majority vote of the Directors.

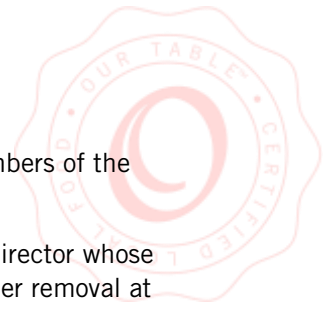
No director resigning or removed shall have any right to any compensation as such director for any period following his or her resignation or removal, or any right to damages on account of such removal, unless provided by a written agreement or by a resolution of the remaining directors.

8.5 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.

8.6 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 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.

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.

8.7 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.

8.8 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.

8.9 Meetings of the Board of Directors

The Board of Directors may hold regular or special meetings in or out of the state of Oregon. 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 and Dynamic Governance

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

If two-third (2/3) or more of the directors are present at a meeting, the board shall conduct its business using Dynamic Governance procedures with the intention of achieving unanimous consent on all policy decisions. However, if a decision is necessary to preserve the stability of the Cooperative as determined by the Board of Directors, a two-third (2/3) majority of directors *present at the meeting* will be sufficient for any act of the Board of Directors.

If less than two-third (2/3) of the directors are present at a meeting, the board shall conduct its business using Dynamic Governance procedures and unanimous consent on policy decisions shall be required for any act of the directors at the meeting in which a quorum is present to qualify as an act of the Board of Directors.

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 the Oregon Cooperative Corporation Act. 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

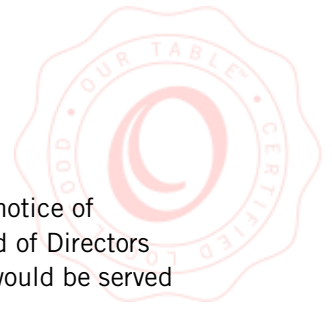
The principal officers of the Cooperative shall initially consist of a president (who must be a director), vice president, secretary, and treasurer, each of whom shall be elected by the Board of Directors. The offices of secretary and treasurer may be combined in one person.

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. At least one principal officer (i.e., president, vice president, secretary, or treasurer) must be a director of the Cooperative.



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 who is a director may take part in any vote on the compensation of that officer.

9.7 President

The president shall be the principal executive officer of the Cooperative and 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.

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 of members and appoint members of the Cooperative to serve on those committees. 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, including, without limitation, advising the Board of Directors on the operations of the Cooperative.

10.3 Change of Size and Function

Subject to applicable law, the Board will have the authority at any time to (a) change the number of committee members, (b) fill committee vacancies, (c) change any committee members and the committee's duties and authority, and (d) terminate the existence of a committee.

10.4 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.

10.5 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 the Department of Revenue, State of Oregon, 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.

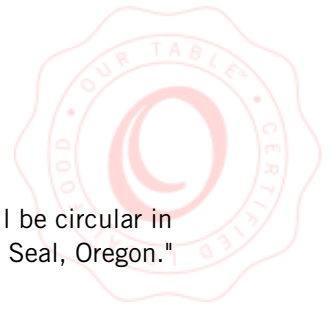
All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Cooperative, shall be signed by such officer, officers, agent, or agents of the Cooperative and in such manner, as shall from time to time be determined by resolution of the 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, Oregon."

17 Amendments

After the Cooperative is incorporated, the temporary board may adopt the initial bylaws. Members may amend or adopt the initial bylaws and any subsequently adopted by-laws, 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 of 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:

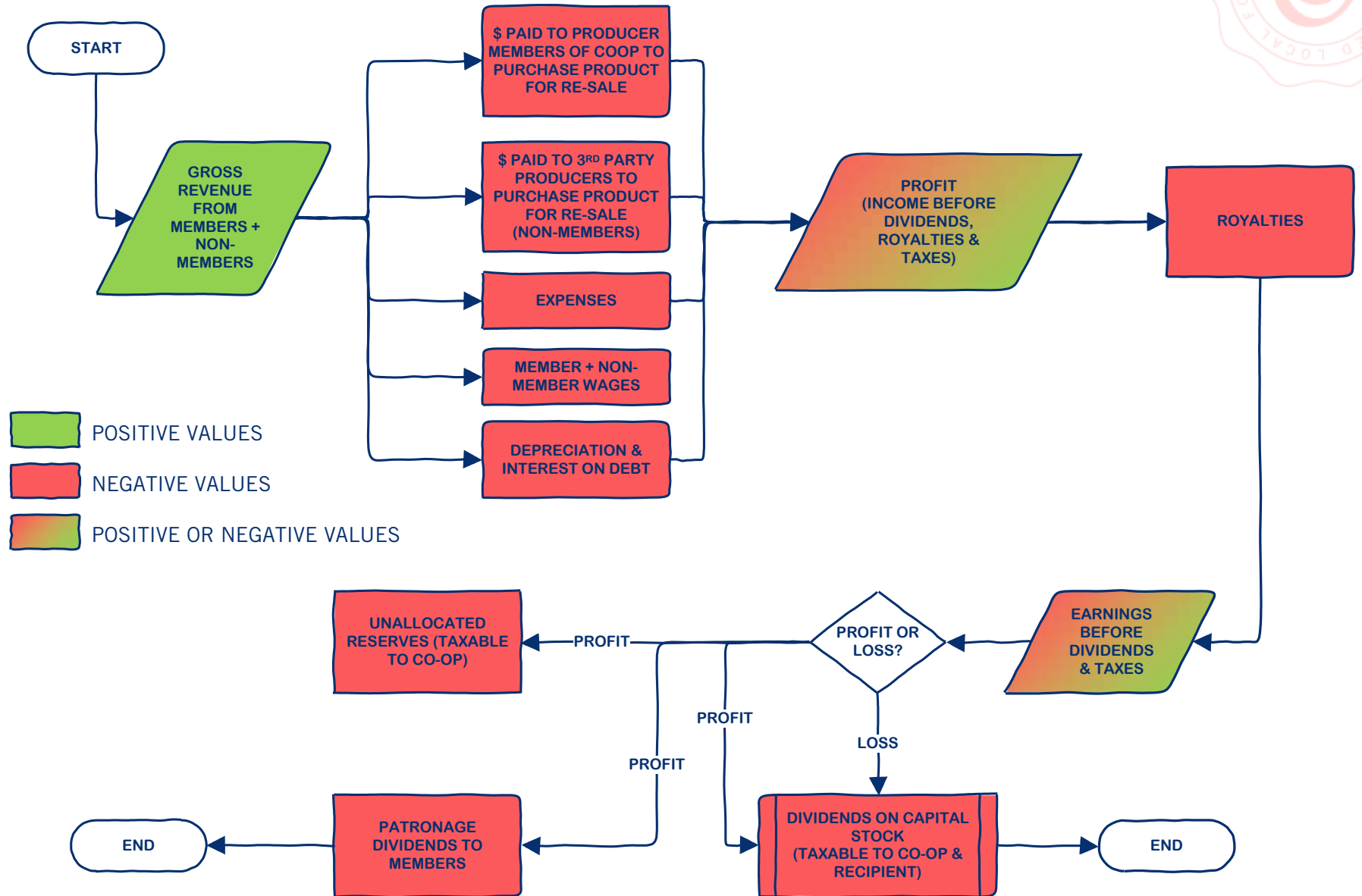
- a) Any Bylaw adopted or amended by the board shall be reported at the next regular member meeting and shall be at any time, subject to amendment or repeal by the members;
- b) The Board may not make, amend, or repeal any provision of these Bylaws which by law, by the Articles of Incorporation, or by these Bylaws requires an action by the membership;
- c) 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.



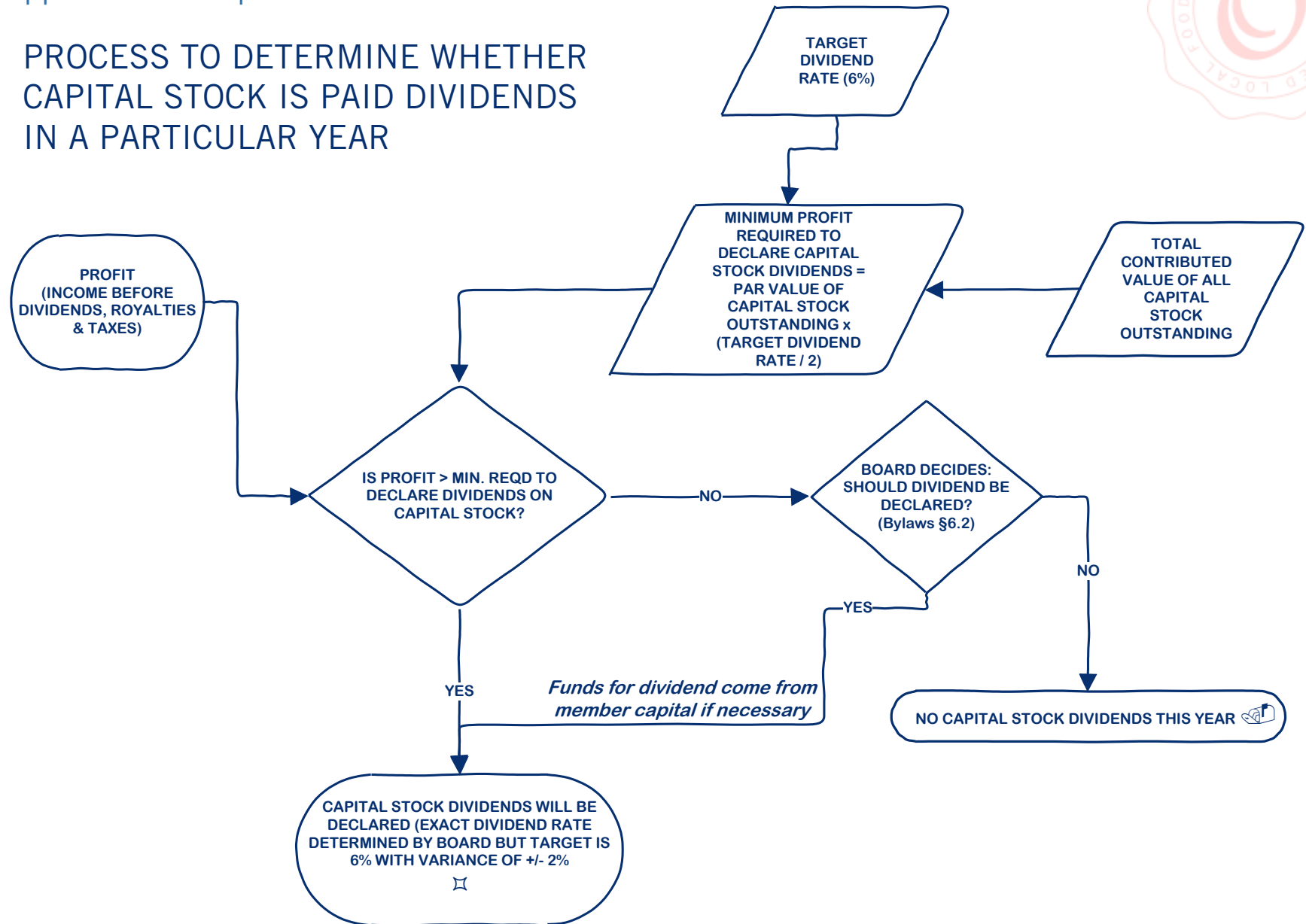
19 Appendix A – Revenue Flow





20 Appendix B – Capital Stock Dividends

PROCESS TO DETERMINE WHETHER CAPITAL STOCK IS PAID DIVIDENDS IN A PARTICULAR YEAR





21 Appendix C – Patronage Dividends for Members

