

Wild Sage Market Cooperative, Inc.
BYLAWS

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Article I: Organization

- 1.1 **Name and Status.** The name of the organization shall be Wild Sage Market Cooperative, Inc. (henceforth “the Cooperative”). The Cooperative is a cooperative corporation under the laws of the State of Wyoming.
- 1.2 **Purpose.** As more fully stated in its articles of organization and other governing documents, the purposes for which the Cooperative is organized are to provide consumer goods to its members that will focus on marketing and processing of local crops, livestock, and other agricultural products.
- 1.3 **Cooperative Principles.** The Cooperative shall be operated in accordance with the cooperative principles adopted by the 1995 General Assembly of the International Cooperative Alliance, such principles being: (i) voluntary and open membership without arbitrary discrimination; (ii) democratic governance; (iii) economic participation by members; (iv) autonomy and independence of the Cooperative; (v) providing education and training; (vi) cooperation with other cooperatives; and (vii) concern for community.
- 1.4 **Nondiscrimination.** The Cooperative shall not arbitrarily discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, disability, political affiliation, or otherwise.

Article II: Membership/Ownership

- 2.1 **Eligibility.** Membership in the Cooperative shall be open to any individual or legal entity who is in accord with its purposes and is willing to accept the responsibilities of membership. The Cooperative shall be owned by its members and shall be operated in accordance with International Cooperative Alliance Statement on the Cooperative Identity for the mutual benefit of its members (henceforth “member-owners”). In case of doubtful eligibility, an application for ownership shall be subject to approval by the Board at any time within six months after the date of application.
- 2.2 **Admission.** Applicants will be admitted to member-owner upon submitting required information and subscribing to purchase one (1) Patron Member Share at a price and over

a period of time determined by the Board of Directors. On or before admission to member-owner, each member shall be provided access to these bylaws, including the appended explanation of the patronage dividend consent provision. Each member who is an entity, including a household composed of more than one adult, shall designate an authorized representative, and may designate an alternate, as to all dealings with the Cooperative.

- 2.3 **Rights.** Member-owners have the right to elect the Board, to attend meetings of the Board, to receive notice of and attend membership meetings, to petition the Board, and to approve amendments to these bylaws. Each member-owner shall have only one vote on all matters submitted to member-owners. The rights of member-owners shall apply only to active member-owners in good standing. All rights and responsibilities of member-owners are subject to applicable state law, the bylaws, and to policies and decisions of the Cooperative or the Board. Persons who have submitted necessary documentation to become a member-owner but have not fully paid for a membership shall for all purposes be considered a member-owner.
- 2.4 **Responsibilities.** Member-owners shall keep current in payments toward their Patron Member Share investments due to the Cooperative, shall keep the Cooperative informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. Member-owners shall also make purchases from the Cooperative at least once per year. A member-owner who upholds these responsibilities is considered an active member-owner in good standing.
- 2.5 **Inactive Status.** An owner who becomes delinquent by three months in payments due to the Cooperative, or who fails to make a purchase from the Cooperative for a one-year period of time, shall be placed into inactive status. The participation rights of such member-owner shall then be suspended. A member-owner in inactive status may attain good standing upon full payment of all arrearages or reestablishment of a patronage relationship with the Cooperative. References herein to the rights and entitlements of member-owners shall be understood to refer only to member-owners in good standing.
- 2.6 **Access to Information.** Member-owners shall be provided reasonably adequate and timely information as to the operational and financial affairs of the Cooperative. A member-owner shall, upon request that is reasonable and made in good faith, be provided information concerning the operational and financial affairs of the Cooperative that is necessitated by and directly related to a proper purpose and that describes with reasonable particularity the information sought, subject to such reasonable restrictions or conditions as is determined by the Board of Directors to be necessary to protect confidential or sensitive information. Any proper request necessitating information from the Cooperative's records of members shall be accommodated by means other than direct access to such records.
- 2.7 **Settlement of Disputes.** In any dispute between the Cooperative and any of its member-owners or former member-owners which cannot be resolved through informal negotiation, it shall be the policy of the Cooperative to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist in developing a mutually acceptable settlement. Neither party with a grievance against

the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

2.8 **Termination of Membership.**

(a) **Voluntary Withdrawal.** A member-owner may terminate his or her membership voluntarily at any time by written notice to the Secretary of the Cooperative. The resignation shall become effective immediately without any action on the part of the Cooperative.

(b) **Involuntary Termination.** Membership may be terminated involuntarily by the Board for cause after the member-owner is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing. Cause may include intentional or repeated violation of any provision of the Cooperative's bylaws or policies, actions that impede the Cooperative from accomplishing its purposes, actions or threats that adversely affect the interests of the Cooperative or its member-owners, willful obstruction of any lawful purpose or activity of the Cooperative, breach of any contract with the Cooperative, or failure to patronize the business for more than three (3) years.

2.9 **Return of Equity.** Equity (share value) may be returned upon termination of membership in the Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer needed by the cooperative.

(a) **Delay of Return of Equity.** If a delay in the return of equity is necessary for the operation of the Cooperative, it is the responsibility of the member-owner to keep the Cooperative informed of accurate contact information.

2.10 **Unclaimed Equity.** If a member-owner voluntarily or involuntarily terminates membership in the cooperative and fails to inform the Cooperative of his or her mailing address, then the equity and patronage dividend amount allocated to that member-owner will be donated to a non-profit to the extent authorized by state law if a good-faith attempt at locating the member-owner has not been successful.

Article III: Shares

3.1 **Issuance and terms.** The Cooperative shall issue shares to evidence capital funds provided by member-owners. Shares may be issued only to persons eligible for, and admitted to member-ownership in, the Cooperative. Shares may be issued for money paid in an amount as is determined from time to time by the board of Directors and as share dividends, patronage refunds, or other changes affecting outstanding shares. Shares shall be entitled to no dividend or other monetary return on capital. The minimum share purchase requirement shall be subject to increase for the reasonable capital needs of the Cooperative, provided that such increase applies equally to both existing and newly-admitted member-owners.

3.2 **Share Class and Ownership.** The Cooperative shall have two (2) classes of shares, as described in the Articles of Incorporation and these Bylaws. All shares shall be purchased or issued in amounts to be determined from time to time by the Board of Directors, subject to applicable law.

Class A Patron Member Shares. All member-owners will be required to purchase one (1) Class A share. Ownership of a Class A share shall entitle the member-owner to rights as defined in 2.3 of these Bylaws. Class A shares shall also entitle member-owners to profits, distributions, and patronage dividends as determined by the Board of Directors and in accordance with the Bylaws and any applicable law.

Class B Investment Shares. Class B shares shall not be purchased by those without firstly owning a Class A share and must be a resident of the State of Wyoming. Class B shares shall have no voting or other governance rights. Class B shares may be eligible for dividends as determined by the Board of Directors and in accordance with the Bylaws and any applicable law. Class B shares are limited to 19.999% of the authorized, issued, and outstanding shares that may be issued by the Corporation as provided herein.

- 3.3 **Certificates.** The Cooperative shall issue certificates to evidence fully-paid shares. Each certificate shall have printed upon it information as to voting rights being on a one-member-one-vote basis, proxies being prohibited, and transferability being limited. All certificates shall be signed personally or by facsimile by the President and the Secretary and shall be numbered and registered by the Cooperative.
- 3.4 **Redemption.** Upon request following termination of member-ownership or at any time with respect to shares held in excess of the minimum amount, shares shall be redeemed when replacement capital is provided by other member-owners. Shares shall be redeemable at the lesser of their par value or their net book value less a reasonable processing fee, if any, as determined by the Board. Redemption proceeds shall be subject to offset by amounts due and payable to the Cooperative by the member-owner. No redemption shall be made when payment would impair the ability of the Cooperative to meet its other obligations as they become due.
- 3.5 **Transfer of Shares.** Shares are transferable only with the approval of the Board or as provided in the bylaws and in accordance with applicable law. Any attempted assignment or transfer without Board approval shall be wholly void and shall confer no rights on the intended assignee or transferee.

Article IV: Member Meetings and Decision Making

- 4.1 **Annual Meeting.** A membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on governance, operations and finances, to review issues that vitally affect the Cooperative, to elect directors, and to transact such other business as may properly come before the meeting.
- 4.2 **Issues Submitted by Owners/Special Meetings.** The Board may call special meetings of the membership. The Board shall call a special meeting if presented with a written petition stating a proper purpose and signed by not less than ten percent (10%) of active members. Notice of special meetings shall be issued to member-owners. In the case of a petition, notice of the special meeting will be issued within twenty (20) days after a presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting.

- 4.3 **Notice of Meetings.** Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Cooperative and communicated to members not less than fifteen (15) days prior to the date of the meeting.
- 4.4 **Voting.** Voting on all matters that member-owners are entitled to vote upon will be accomplished through paper or electronic ballots, or both, as authorized by the Board. Unless otherwise specified in these bylaws, notice of the vote shall be posted in a conspicuous place at the Cooperative and communicated by written notice delivered to member-owners' postal or electronic address not less than fifteen 15 days prior to the end of the election period. Unless otherwise stated in the articles of incorporation, or these bylaws, or required by law, all questions shall be decided by a vote of a majority of the member-owners voting thereon. Proxy voting is not allowed.
- 4.5 **Quorum.** At any meeting of the member-owners, or for any vote of the members, a quorum necessary for decision-making shall be 10% of the total number of members for a cooperative with five hundred (500) or fewer members; or fifty (50) members for cooperatives with more than five hundred (500) members.
- (a) In determining a quorum at a meeting, on a question submitted to a vote by mail or an alternate method, members present in person or represented by mail vote or the alternative voting method shall be counted. The attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members of the Cooperative present at the meeting. The registration shall be verified by the chair or the records officer of the Cooperative and shall be reported in the minutes of the meeting.

Article V: Board of Directors

- 5.1 **Powers and Duties.** Except as to matters reserved to owners by law or by these bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Cooperative shall be managed under the direction and control of the Board of Directors (sometimes referred to in these bylaws as "the Board"). The duties of the Board shall include, but are not limited to, overseeing the operations and finances of the Cooperative, establishing policies to govern operational decisions, and assuring that the mission and purpose of the Cooperative is articulated and properly carried out.
- 5.2 **Number and Eligibility.** The Board shall be composed of seven Directors. Directors must be member-owners of the Cooperative in good standing. Employees and spouses or domestic partners of employees may not serve as Directors. A person with a conflict of interest so continuing and pervasive that he or she is unable to effectively fulfill the responsibilities of a director with the Cooperative shall not be qualified to serve as a director.
- 5.3 **Terms and Elections.** Directors may be self-nominated, or by a nominating committee. Elections shall occur annually, in a manner prescribed by the Board. Directors shall serve a term of three (3) years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year. No Director may serve more than three (3) consecutive terms. Terms of directors shall begin at the first meeting of the Board after the annual meeting, and shall end when their successors take office or when their offices are sooner terminated in accordance with these bylaws.

- 5.4 **Officers.** The Board will designate officers as necessary for the effective conduct of Board business, consistent with any requirements of state law.
- 5.5 **Compensation.** Directors and officers shall not be compensated for their services as directors. Directors and officers may be reimbursed for reasonable expenses incurred in connection with the performance of authorized business of the Cooperative.
- 5.6 **Vacancies.** Any vacancy among Directors may be filled by appointment by the Board. A Director so appointed shall fulfill the remainder of that position's term unless their position is sooner terminated in accordance with these bylaws.
- 5.7 **Termination.** The term of office of a director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a director upon notice to the Secretary; (ii) by decision of 2/3 of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies; (iii) automatically upon termination of membership in the Cooperative; (iv) with or without cause by action at a meeting of member-owners in accordance with the petition and voting provisions of these bylaws. A director who is absent from three consecutive Board meetings or four meetings in any one-year period shall, unless excused by the Board for good cause, be presumed to have resigned.
- 5.8 **Meetings.** The Board shall hold regular and special meetings at such time and place as it shall determine, and all Directors shall be notified in writing of said meeting at least five (5) days in advance, unless the Board agrees to a shorter notice. The Board will provide reasonable notice of all board meetings to member-owners. Attendance at any meeting constitutes waiver of notice of that meeting. Meetings shall be open to all member-owners unless the Board decides to go into executive session regarding confidential or proprietary matters such as: labor relations or personnel issues; negotiation of a contract; discussion of strategic goals or business plans, the disclosure of which would adversely impact the Cooperative's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential.
- 5.9 **Action without a Meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken by written action affirmed by all of the Directors. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action.
- 5.10 **Quorum.** The presence in person, including by any means of communication whereby all directors participating may simultaneously hear each other during the meeting, of a majority (greater than 50%) of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.
- 5.11 **Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest. Directors having such a conflict shall absent themselves from discussion and decision of any related matter under consideration by the Board unless otherwise determined by the Board. Directors may not do business with the Cooperative except in the same manner as other member-owners generally do business with the Cooperative or under other conditions that are procedurally defined to avoid preferential treatment.
- 5.12 **Standards of Conduct.** Directors shall be responsible at all times for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of

the Cooperative and with the care that an ordinarily prudent person in a like position would use under similar circumstances.

- 5.13 **Committees.** The Board may appoint special or standing committees to advise the Board or to exercise such authority as the Board shall designate. Such committees shall include at least one director. The appointment of any committee shall not relieve the Board of its responsibilities in the oversight of the Cooperative.
- 5.14 **Indemnification.** The Cooperative shall indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorneys' fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director, to the full extent allowed by law, except to the extent in which the Director acted in bad faith.

Article VI: Officers

- 6.1 **Designation and Qualifications.** The principal officers of the Cooperative shall consist of President, Vice President, Secretary, and Treasurer. The Board may designate other officers or assistant officers as they deem necessary to properly carry out the purpose and mission of the Cooperative.
- 6.2 **Election, Terms, and Removal.** Officers shall be elected by the Board at its first meeting following the election of directors. Officers shall serve for terms of one year or until election of their successors. Officers may be removed and replaced by the Board at any time whenever, in the Board's opinion, the best interests of the Cooperative would thereby be served.
- 6.3 **Duties.** Officers shall have the following duties and such additional duties as are determined by the Board:
- (a) The President shall be responsible for coordination the activities of the Board, presiding at meetings of the Board and of members, and maintaining effective communication with the general manager, and shall present a report on the operations of the Cooperative at the annual meeting of members.
 - (b) The Vice President shall be responsible for performing the duties of the President or Treasurer in his or her absence or disability and assisting the President and Treasurer in the performance of his or her duties, and shall assure that the Cooperative at all times has a properly registered agent.
 - (c) The Secretary shall be responsible for recording and keeping minutes of meetings of the Board and of members, overseeing the issuance of notices required under these bylaws, authenticating records of the Cooperative, and attending to Board correspondence.
 - (d) The Treasurer shall be responsible for overseeing the maintenance of financial records, issuance of financial reports, and the filing of all required reports and returns, and shall present a report on the financial condition of the Cooperative at the annual meeting of members.

Unless the Board determines otherwise, the President shall have authority to execute on behalf of the Cooperative, and the Secretary to attest to, documents evidencing transactions authorized by the Board.

Article VII: Patronage Dividends

- 7.1 **Allocations to Member-owners.** The Cooperative shall allocate and distribute to member-owners the net profit from business done with them in such a manner as to qualify them as patronage dividends consistent with cooperative principles, applicable state and federal laws, and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made.
- 7.2 **Distribution Obligation.** After the end of each fiscal year the realized net savings of the Cooperative attributable to the patronage of member-owners shall be allocated among member-owners in proportion to their patronage, in accordance with this article, and in such a manner and at such a time as to constitute patronage dividends within the meaning of federal income tax law. At least twenty percent (20%) of such allocation shall be distributed, accompanied by a written notice of allocation, to each recipient. The remainder of the distribution will be deferred and recorded in a reserve account, described in section 7.4. Unless otherwise required under federal tax law all of the operations of the Cooperative shall comprise a single allocation unit.
- 7.3 **Consent of Member-owners.** By obtaining or retaining membership in the Cooperative, each member-owner consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the Cooperative. The Board may decide to allow member-owners to donate all or part of his/her patronage dividend to one or more other organizations aligned with the Cooperative or for any other designated purpose that furthers the purpose or mission of the Cooperative.
- 7.4 **Deferred Amounts (Reserves).** The portion of each allocation not currently paid by check shall be credited to revolving capital accounts in the names of recipient member-owners and shall constitute a reserve fund for the general conduct of the business of the Cooperative. Such deferred amounts shall accrue no dividend or other monetary return on capital and may be redeemed when determined by the Board to be no longer needed for their intended purpose. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts, except that redemptions shall be payable only to member-owners who are then in good standing or become so within a six-month period of time. Deferred patronage dividends may also be redeemed under compelling circumstances as determined by the Board. They shall be subject to being offset by amounts otherwise due and payable to the Cooperative and by assessments resulting from tax audit adjustments.
- 7.5 **Non-member Patrons.** The Board may establish policies by which legal entities or persons that are not member-owners but who are aligned with the Cooperative's purpose may contract with the Cooperative to deal on a patronage basis without voting rights.
- 7.6 **Extraordinary Gains.** Margins produced by a transaction (such as income from the lease of premises, investment in securities, or from the sale or exchange of capital assets)

which is directly related to the Cooperative's business will be deemed to be patronage sourced margins and may be distributed to member-owners (and any other patrons with whom the Cooperative has contracted to deal on a patronage basis) in proportion, insofar as is practicable, to their patronage during any period to which such margins are attributable, as determined by the Board.

- 7.7 **Allocation of Losses.** An operating loss will be apportioned among the member-owners and eligible patrons during the year of loss so that the loss will, to the extent practicable, be borne by those member-owners and patrons with respect to the loss year on an equitable basis, including charging the loss against allocated reserves, unallocated surplus, or the patronage equity. Member-owners and patrons may not be directly assessed for any loss. The Board may also direct that all or part of any loss be carried forward or back so long as any carryforward or carryback will not place an inequitable burden upon past or future members. If, in any fiscal year, the Cooperative incurs a loss other than an operating loss, the Board may determine the basis on which patronage capital furnished by the member-owners and eligible patrons may be reduced or such loss is to be otherwise equitably apportioned among the member-owners and eligible patrons.

ARTICLE VIII: Bylaws

- 8.1 **Interpretation.** The Board of Directors shall have the power to interpret these bylaws, apply them to particular circumstances, and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these bylaws.
- 8.2 **Amendments.** These bylaws may be amended or repealed in whole or in part by a majority of the member-owners who participate in the vote at a meeting of members, provided that the proposed amendments are stated or fully described in the notice of the meeting at which the amendments are to be adopted. An amendment may be proposed by decision of the Board or by petition of at least ten percent (10%) of active member-owners. The Board may make temporary amendments that must be submitted to and voted on during the next-scheduled meeting of members.
- 8.3 **Severability.** In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

ARTICLE IX: Dissolution and Liquidation

- 9.1 **Asset Distribution.** The Cooperative may be dissolved or liquidated upon a decision of the Board and a two-thirds (2/3) vote of the member-owners who participate in the vote. Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by paying or making provision for payment of all preferred stock; (iii) by redeeming any equity accounts which, if they cannot be paid in full, shall

be paid on a pro rata basis; (iv) by distributing any remaining assets in a way that furthers the Cooperative's mission, as determined by the Board.

APPENDIX

EXPLANATION OF PATRONAGE DIVIDEND CONSENT PROVISION

Section 7.3 of the Cooperative's bylaws relates to when and how patronage dividends are required to be included in the taxable incomes of recipient member-owners. Section 1385(b) of the Internal Revenue Code provides that a patronage dividend shall not be included in the taxable income of a recipient to the extent that such amount "is attributable to personal, living, or family items." This exclusion from taxable income would apply to member-owners whose purchases from the Cooperative were for such personal use. To such persons section 7.3 is therefore of no effect. To all other member-owners section 7.3 represents their consent to include the amount of their patronage dividend in their taxable incomes for the year in which they receive a patronage dividend. This consent would apply to member-owners who are organizations and others whose purchases from the Cooperative were for business or income-producing purposes.