

**BYLAWS OF
Piedmont Progressive Farmers Co-op
A North Carolina Cooperative Association**

ARTICLE I – ORGANIZATION

Section 1 Purpose

The Cooperative is owned and democratically controlled by its Members. The Members have organized PIEDMONT PROGRESSIVE FARMERS CO-OP as a Cooperative Association for their mutual benefit and to accomplish in the following purposes:

1. To provide opportunities for disadvantaged farmers in the Piedmont Region to collectively market, process, and distribute their farm products at a fair market rate.
2. To collect and share information among members to improve growing sustainable practices and quality of member growers' products.
3. To provide healthful and high quality food into the Piedmont Region's food system.
4. To provide a democratic system for organizing the economic efforts of member growers.

Section 2 Powers

Subject to the principles, obligations, and constraints stated in this Section 2 (Powers), the Cooperative Association (or simply "Cooperative") shall have all the powers and duties as granted by North Carolina General Statutes Chapter 54, Subchapter IV, and Chapter 55, as currently written and later amended.

1. *Principles and Obligations.* The Cooperative Association shall comply with all valid laws. In addition, the Cooperative commits to apply the following values in all of its activities.
 - a. The Cooperative's accounting method will include a triple bottom line in which social, environmental, and financial accounts are also reported.
 - b. The Cooperative is fundamentally committed to maintaining mutually beneficial relationships with members, customers, and employees.
 - c. The Cooperative is fundamentally committed to the equality of all persons and will provide equal opportunities for all members, customers, and employees.

ARTICLE II – MEMBERS

Section 1 Membership.

Members of the Cooperative must support its purposes and values and accept the responsibilities of membership. Members shall purchase one common share of ownership as provided in Article IX (Capital and Shares) and maintain the following qualifications:

1. *Natural Persons.* Members must be natural persons or legal business entities representing the interests of a natural person or single family of natural persons and actively engaged in farming.

2. *Geography.* Member farms must be in or near Caswell County, North Carolina.
3. *Commitment.* Members must belong to an economically marginalized underserved group or fundamentally committed to eliminating all disadvantages and inequities burdening such groups.
4. *Agreement.* Maintain a current marketing agreement with the Cooperative.
5. *Compliance.* Members must comply with the quality, safety, production practice, and other standards or certification adopted by the Cooperative, and hold a current valid Farm Number issued by the USDA Farm Service Agency. To participate in the Cooperative's sales to certain institutional or wholesale markets, Members may need to have and maintain certification for Good Agricultural Practices (GAP) or otherwise be committed to obtaining GAP certification.
6. Meet such other conditions as may be prescribed by the Board of Directors.
7. Cooperate with the other Members and participate in the activities and governance of the Cooperative.

Section 2 Admission to Membership.

All applications for membership must be approved by the Board of Directors. Member status is effective as of the time the Board approves the application for membership. The Board may suspend admission of new members if the Cooperative cannot make full use of the productive capacity of current members. In reviewing membership applications, the Board may give consideration to various factors affecting the cooperative, including applicants' production capacity and the Cooperative's intention to benefit farmers from disadvantaged groups. The Cooperative was formed through the efforts of a primarily African American led organization, Piedmont Progressive Farmers Group, Inc., and it is the intent of the Cooperative to continue to be African American led. Therefore, membership shall be made up of not less than 75% disadvantaged farmers, defined as farmers of color, female, disabled or veteran.

Section 3 Responsibilities of Members.

Members shall participate productively in the business and governance of the Cooperative, including attending meetings and voting in elections. Members shall keep the Cooperative informed of any changes in name or current address, shall pay equity investments due to the Cooperative according to their commitments, honor their marketing agreements, and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. A member who upholds these responsibilities is considered an active member in good standing.

Section 4 Rights of Members.

Members have the right to participate in the business of the Cooperative. Members have the right to vote in the election of the Cooperative's Board and other cooperative elections, to attend meetings of the Board, to receive notice of and attend membership meetings, to have access to financial and other information showing the current business performance of the cooperative, to petition as described in these bylaws, and to approve amendments to these bylaws. Each member shall have one vote and no more on all matters submitted to members. All rights and responsibilities of members are subject to these Bylaws as they may be amended from time to time, and to Policies and other decisions of the Cooperative or the Board. The Board may through Policies or majority decision limit the exercise of these Rights by members not in good standing.

Section 5 Termination of Membership.

A Member may terminate her or his membership in the Cooperative by voluntarily submitting a written statement to the Board of Directors. Membership shall also be terminated by the death of a member, dissolution of the Member as a business entity, or by a member's disability if that condition prevents a member from actively engaging in farming. A Membership may also be revoked by the Board as provided in Section 6 (Suspension or Revocation of Membership). When a Member's membership is terminated for any reason, the Cooperative may repurchase the Member's common share and other equity interest according to the provision of Article IX, Section 9 (Redemption of Equity). A member who voluntarily terminates their membership must apply as a new member if they later desire to re-join the Cooperative.

Section 6 Suspension or Revocation of Membership.

The Board of Directors may for cause Suspend or Revoke a Member's Membership in the Cooperative. Cause for suspension or revocation include: nonparticipation in the business or governance of the Cooperative; violation of the Articles of Incorporation, these Bylaws, or the Rules or Policies of the Cooperative; attempt to transfer the Member's ownership share of the Cooperative to a third party; or any other misconduct that harms the common interest of the Cooperative and its members. Such causes may be more specifically described by adoption of policy or rules by the Board of Directors.

1. *Process. Notice.* Any Officer, Director or the General Manager who believes that there is reason for the suspension or revocation of a Member's membership may request that the Board of Directors review the Member's status. Any Member may also complain of grounds to suspend or revoke another Member's membership by presenting a statement of such grounds in writing to the Board along with a check made payable to the Cooperative in the amount of \$50.00; if the stated grounds are found to be invalid or insufficient by the Board, the Cooperative shall retain the \$50.00; otherwise, the Board shall return the check to the complaining Member. If the Board of Directors agrees by majority vote to review a Member's status for suspension or revocation, the Board shall immediately give not less than ten days prior written notice to the Member of the reasons for review and invite the Member to appear and explain the circumstances. The notice shall state in detail all reasons for the Board's review.

2. *Open Review.* The Board shall openly review the findings of its investigation at its next regular meeting and give such Member ample opportunity to respond to the grounds for revocation and findings of the investigation. By majority vote the Board shall decide:

- a. That there are no grounds to revoke the Member's membership;
- b. That there are valid reasons for termination but that the Member is willing and able to eliminate such reasons and that no further harm will come to the Cooperative from the Member's actions, the Board may instead suspend the Member's membership for a specific, limited period of time to allow that Member the opportunity to do so.
- c. That grounds exist to revoke the Member's membership and that the Member acted in bad faith, caused significant harm to the interests of the Cooperative, or has not remedied the reasons their membership was previously suspended, and revoke the Member's membership.

3. *Effect of suspension.* Suspension of membership shall be for a limited reasonable time during which the suspended Member shall work to remedy their misconduct or violation of rules. During such suspension the Member shall not participate in the business of the Cooperative or exercise a vote in the governance of the Cooperative other than the right to participate in accordance with law in case of dissolution. After the end of the suspension period the Board shall promptly review the matter and, if the Member has remedied the causes for suspension, restore the Member membership privileges to good standing. If the Member has not adequately remedied such causes, the Board may extend the Member's suspension period or revoke that Member's membership.

4. *Effect of revocation.* Revocation of membership immediately terminates a Member's right to participate in the business and governance of the Cooperative. A suspended or terminated member shall have no rights or privileges on account of any stock held, nor vote or voice in the management or affairs of the Cooperative other than the right to participate in accordance with law in case of dissolution. The Member shall immediately surrender any property of the Cooperative in their possession to the Board. The Cooperative shall redeem the Member's common share and any additional equity accrued to the Member pursuant to Article IX, Section 9 (Redemption of Equity).

ARTICLE III – GOVERNANCE BY MEMBERS

Section 1 Powers of the Members

The Members acting together have the sole power to govern the Cooperative and make decisions upon its behalf, except to the extent that such power is delegated to the Board of Directors. Members exercise their power to act together through Annual Meetings, Special Meetings, or Election by written ballot.

Section 2 Elections.

Unless otherwise stated in the Articles of Incorporation, or these Bylaws, or required by applicable law, election of Directors and Officers and all other questions shall be decided through a vote of a majority of the Members voting in an election as described in this Section. Each Member shall be entitled to only one vote. Cumulative voting is not permitted.

1. *Timing.* To ensure that Members have sufficient time to learn about the candidates or questions presented, elections of Directors and Officers and other questions to be decided by Members shall be submitted to the Members by mail not less than 30 days prior to any Annual or Special Meeting.
2. *Ballot.* Votes shall be cast by written ballot. Members may cast their ballots by mail or in person at an Annual or Special Meeting. Ballots must be uniquely identifiable to ensure that each Member receives and casts only one ballot, and such identification shall be detached from the ballot when the vote is cast to ensure the secrecy of each Member's vote. No votes may be cast by proxy.

3. *Method of Election.* The Board shall through written policy create consistent procedures for conducting elections. An election may be scheduled to conclude with casting of ballots in an Annual or Special Meeting provided all Members may cast ballots without attending the meeting. Other election procedures may include electronic voting, ranked-choice voting, and other methods to facilitate member participation in elections. Such methods comply with subsection 2.2 (Ballot) above.
4. *Quorum.* No election on any office or question shall be effective without the participation of a quorum of the membership. Casting of ballots by fifty percent (50.0%) of the members entitled to vote, shall constitute a quorum in any election.
5. *Designation to Cast Ballot.* If a membership is held by a family, partnership, corporation, or other legal entity, such member shall designate in writing the person who will vote on behalf of the member. That designation shall remain in effect until written notice of a properly authorized change is received by the Cooperative.
6. *Supermajority Required for Certain Decisions.* a) The following actions by the Cooperative can only be made through an Election with approval of at least two-thirds of all Members entitled to vote: to demutualize or otherwise depart from a cooperative form of ownership and management; to merge the Cooperative with another Cooperative or business organization; to borrow or issue preferred equity in an amount greater than 50.0% of the asset value of the cooperative; to sell the Cooperative or substantially all of its assets; to increase or decrease the size of the Board of Directors; to amend the Articles of Incorporation. b) The following actions by the Cooperative can only be made through an Election with approval of at least one-half plus one vote of all Members entitled to vote: to incur debt in an amount greater than the twice the total Members' Equity of the Cooperative; or to override any action by the Board of Directors.

Section 3 Meetings of Members

The Cooperative shall hold meetings of its Members for the Board to report on the business performance and other matters affecting the Cooperative, to allow Members to ask questions of the Board and the managers of the business, to present information and education for the benefit of the Members, and for celebration, community, social benefit, or other purposes. Elections of officers and decisions of the membership may be discussed and debated in meetings, but are only valid if conducted pursuant to Article III, Section 2 (Elections).

1. *Annual Meeting.* The annual meeting of the members shall be held each year in the month of November for the purpose of electing Directors and Officers and the transaction of such other business as may be properly brought before the meeting. Questions requiring decision by the Members which arise during the Annual Meeting and during the presence of a Quorum shall be decided by written ballot.

2. *Special Meetings.* Special meetings of the Members for the purpose of specific business that cannot wait to be presented at an Annual Meeting. Special Meetings shall be called upon written request of at least ten percent (10%) of the membership, or by the Board of Directors. The request for Special Meeting shall state the specific purpose of the meeting, describing the business to be transaction and/or all questions to be decided. Members participating in a Special Meeting may by simple majority vote submit a question for decision by the entire membership by Election as provided in Section 2 (Elections).
3. *Notice of Meetings.* The Secretary or other persons calling a meeting for which notice is required shall give notice by postal mail and electronic mail at least 30 (thirty) days before the meeting. The Ballot for any Election to be decided at the Meeting shall be included with the notice. Attendance by a member at a meeting shall constitute a waiver of notice, except where a member attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

ARTICLE IV – DIRECTORS AND OFFICERS

The Members delegate the power to manage the ordinary affairs of the Cooperative to a Board of Directors. The Board of Directors shall have general authority to supervise and control the business and the affairs of the Cooperative. The Board shall enact Policies as authorized by the Articles of Incorporation or these Bylaws for the management of the business and the guidance of the members, officers, employees, and agents of the Cooperative. The Board may designate a Nomination Committee of Directors and Members to cultivate leadership in the cooperative and solicit members to stand as candidates for Board service.

Section 1 Number and Qualifications of Directors.

The number of Directors of the Cooperative shall be determined by Board and approved by vote of the membership, but shall be not less than five nor more than nine. All directors must be Members of the Cooperative in good standing. All seats shall be elected by the general membership. To reflect the membership of the Cooperative, the Board shall consist of not less than 75% African American Directors.

Section 2 Election of Directors.

Directors shall be chosen by Election of the members pursuant to Article III, Section 2 (Elections) by a vote of a majority of the current membership. The Election of Directors shall be a part of the order of business of each annual membership meeting and may begin or end at the time of the Annual Meeting.

Section 3 Term of Directors

Members will be appointed to a two-year term. All terms commence on December 1 and all terms end on November 30. A member may be re-appointed for one additional two-year terms. After serving three two-year terms, a member is not eligible for appointment for a period of two-years after the end of the person's last term. In order to stagger the terms of the members and provide some consistency during the formation period of the Cooperative, the initial Board of Director members will be assigned two-year or three-year terms ending in 2022 or 2023.

Section 4 Removal of Directors.

Directors may be removed from office at any time with or without cause by the vote of the members that would be required to elect the Director. If a Director is removed, a new Director may be elected to fill the vacancy in the same Election.

Section 5 Resignation of Directors; Vacancy.

A Director may resign at any time by communicating such resignation to the Board of Directors, its presiding officer or to the Cooperative. The resignation is effective when communicated unless the notice specifies a later effective date or subsequent event upon which it will become effective. The vacancy on the Board resulting from a Director's resignation, death, or other cause shall be filled at the next Annual Meeting. The Board of Directors may appoint a Member to temporarily fill vacancy on the Board resulting from a Director's resignation, death, or other cause. A Temporary Director appointed by the Board shall serve until next Annual Meeting when the vacancy will be filled by Election.

Section 6 Officers.

The Cooperative shall be managed by Officers, consisting of a President, a Secretary, and a Treasurer. The Board may create other subordinate Officers with defined roles to further the interests of the Cooperative. All officers must be Members of the Cooperative.

1. The President shall serve as chair of the Board of Directors and lead its meetings and, subject to the supervision and direction of the Board, shall have administrative authority and responsibility for the operations of the Cooperative. The President shall have such other duties and powers as the Board shall determine from time to time.

2. The Treasurer shall, subject to the supervision and direction of the Board, maintain current and accurate financial records for the Cooperative and lead its financial planning and budgeting.

3. The Secretary shall, subject to the supervision and direction of the Board, maintain the organizational records of the Cooperative including the roster of Members and ledger of share transactions, minutes of meetings, actions of the Members and the Board of Directors, other corporate documents, and perform other duties and powers as determined by the Board. In the absence of the Secretary at a meeting, a temporary secretary designated by the person presiding at such meeting shall perform the duties of the Secretary.

Section 7 Election of Officers.

The officers of the Cooperative shall be elected by the Board of Directors at the annual meeting. Each officer shall hold office for a term of two years, until a successor is validly elected. The Board may appoint a Member to fill vacancy on the Board resulting from an Officer's resignation, death, or other cause.

Section 8 Annual Meeting of Directors.

The annual meeting of the Board of Directors shall be held immediately following the Annual Meeting of Members, for the purpose of electing officers of the Cooperative and the transaction of such other business as may be properly brought before the Board.

Section 9 Regular Meetings.

The Board of Directors shall meet on the first Thursday of every month or on another regular day as decided by the Board. The Board shall give all Members 30 days advance notice the date, time, and place, of each Regular Meeting. Directors are required to attend Board meetings. More than 4 unexcused absences for the calendar year may result in removal of that Director from the Board.

Section 10 Action without a Meeting.

Any action required or permitted to be made at a meeting of the Board may be made 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. Such written affirmation may be made through electronic communication. All Board actions made without a meeting shall be reviewed by the Board during its next regular meeting.

Section 11 Open Meetings; Quorum; Closed Sessions.

All Members shall be entitled to attend any Board meeting. A majority of current Directors constitute a quorum for the transaction of business at a meeting of the Board of Directors. The Board may, during any regular meeting, enter into a period of Closed Session and exclude individuals who are not Directors or Officers for the purpose of discussing confidential matters, including but not limited to employment and personnel matters, real estate, lease, or other critical business negotiations, and consultations with the Cooperative's attorneys or accountants. The Board shall record separate minutes of Closed Sessions and withhold such minutes from publication to the Members, unless disclosure is approved by a majority of all current Directors.

Section 12 Compensation.

The compensation, if any, of the members of the Board of Directors shall be determined by the members of the Cooperative at any annual or special meeting of the Cooperative. No member of the Board of Directors, or member of the immediate family of any board member, shall be employed by the Cooperative on regular salary. The Cooperative shall reimburse directors for all reasonable expenses incurred in carrying out their duties and responsibilities.

ARTICLE V – DUTIES OF DIRECTORS**Section 1 Policies.**

The Board shall exercise its control and guidance of the business through written Policies. Policies shall clearly state directives and constraints to the Officers, General Manager, and operating staff regarding the operation of the Cooperative and its business. The Secretary shall collect and maintain all current policies in single policy manual and provide each Director and the General Manager with a copy of the policy manual.

Section 2 Employment of General Manager.

The Board of Directors shall have power to employ, define duties, fix compensation, and dismiss a General Manager to oversee its business operations with or without cause at any time. The Board shall engage such other employees, agents, and counsel as it from time to time deems necessary or advisable in the interest of the Cooperative. The General Manager shall have charge of the business of the Cooperative under the direction of the Board of Directors through written Policies, including the authority to hire and fire other employees as provided in Article VIII (Business of the Cooperative).

Section 3 Bonds and Insurance.

The Board of Directors shall require the General Manager and all other officers, agents, and employees charged by the Cooperative with responsibility for any of its financial assets to give adequate bonds. Such bonds shall be furnished by a responsible bonding company and approved by the Board of Directors and paid for by the Cooperative. The Board shall direct the Cooperative to purchase suitable insurance coverage to protect the cooperative against loss of its own property and liability for personal or financial injury, and workers compensation insurance. The Board may also direct the Cooperative to purchase suitable insurance coverage to protect the Cooperative's directors, officers, and agents, from claims of liability by reason of their having acted in such positions.

Section 4 Accounting System and Audit.

The Board of Directors shall implement an accounting system adequate to meet the requirements of the business and retain proper records all business transactions. The Board of Directors shall annually secure the services of a competent and disinterested public auditor or accountant, who shall make a careful audit of the books and accounts of the Cooperative and make a written report to the directors and the manager of the Cooperative and made available to the members of the Cooperative. This report shall include at least a balance sheet showing the true assets and liabilities of the Cooperative, and an operating statement for the fiscal period under review.

Section 5 Regular Review.

The Board shall establish a schedule to review the Cooperative's financial performance, Policies, and Committees, as a regular item of business in each Board Meeting. The Board shall review current financial statements and other performance measures at each meeting. The Board shall, over the course of each calendar year, review each Policy and Committee charter in light of the current needs, principles, and goals of the Cooperative. The Board may amend any Policy or Committee charter to better advance the interests of the Cooperative.

ARTICLE VI – INDEMNIFICATION

Section 1 Indemnification of Directors and Officers.

To ensure that the Directors and Officers are able to use independent judgment in their duties and actions, to serve the needs of the cooperative without fear of external pressure or risk of financial liability, the Cooperative shall indemnify and hold harmless each person who serves or has served in the past as an Officer or Director of the Cooperative or in any capacity with respect to an employee benefit plan of the Cooperative. This indemnification applies against all liabilities and expenses incurred by a Director or Officer in connection with the defense or disposition of any action, suit, or other proceeding (whether civil or criminal) in which he or she may be involved, while in office or thereafter, by reason of having been such an Officer or Director. This indemnification does not apply to any matter as to which an Officer or Director has been adjudicated to have not acted in good faith in the reasonable belief that his or her action was in the best interests of the Cooperative, or with respect to any matter as to which he or she shall agree or be ordered by any court to make payment to the Cooperative. This indemnification shall be in addition to any other right which any such person may have or obtain and shall inure to the benefit of the heirs of any such person.

Section 2 Insurance

The Cooperative shall purchase insurance in reasonable amounts to cover liability and the expenses of defending against claims of liability reasonably incurred by employees, Members, Officers, or Directors, through having acted in such positions.

ARTICLE VII – EXECUTIVE COMMITTEE AND OTHER COMMITTEES

Section 1 Executive Committee.

The Board of Directors may create an Executive Committee which shall have and may exercise the authority of the Board in the management of the business and affairs of Cooperative during intervals between meetings. The Executive Committee shall consist of the President, Secretary, Treasurer, and two Directors designated by the Board. Vacancies in the membership of the Executive Committee shall be filled by a majority of the whole Board of Directors at a regular meeting or at a special meeting called for that purpose. The Executive Committee shall keep minutes of its proceedings and shall report to the Board of Directors on all actions taken. Minutes of meetings of the Executive Committee shall be prepared and kept with the records of the Cooperative.

Section 2 Quality Assurance & Member Development.

The Board of Directors may designate two or more Directors to constitute a Quality Assurance & Member Development Committee. This Committee shall provide information, training, and member peer learning activities to Cooperative members to improve the skills, knowledge, and abilities of all members and to ensure that members are able to comply with the Cooperative's quality standards. This Committee has the authority to set and enforce quality standards for Cooperative products. Enforcing quality standards will include the authority to reject delivery of products from Cooperative members that do not meet quality standards. The Board may more specifically define the duties and authority of the Quality Assurance & Member Development Committee by adopting a written charter, and may create two separate committees to perform such

functions.

Section 3 Other Committees.

The Board may create standing or temporary committees to address subject matter such as (but not limited to) Finance, Personnel, Safety, Education, and Board Nominations. Standing or other committees having two or more members may be designated by a resolution accompanied by written charter adopted by a majority of the number of Directors then in office. The written committee charter shall specifically define the duties and authority of each Committee. Vacancies in the membership of such committees shall be filled by appointment made in the same manner as provided in the case of the original appointment.

Section 4 Committee Authority.

Each Committee may only exercise the authority delegated to it by the Board of Directors by written resolution and written committee charter and as further limited by these bylaws. No committees of the Board (including the Executive Committee) shall be authorized to take the following actions:

- a. Authorize distributions to or for the benefit of the Directors or officers;
- b. Approve dissolution, merger or the sale, pledge, or transfer of all or substantially all of the Cooperative's assets;
- c. Elect, appoint or remove Directors, or fill vacancies on the Board of Directors or on any of its committees; or
- d. Adopt, amend, or repeal the Articles of Incorporation or bylaws.

ARTICLE VIII – BUSINESS OF THE COOPERATIVE

Section 1 Operation by General Manager.

The Board of Directors shall delegate authority for business operations a General Manager in the employ of the Cooperative. The General Manager is charged with ensuring the operational effectiveness and financial sustainability of the business. The Board shall create written Policies defining, among other things, the General Manager's authority and constraints upon that authority. Among other duties as assigned by the Board, the General Manager shall:

1. Oversee the regular business operations of the Cooperative.
2. Create an annual operating budget and submit it to the Board for approval;
3. Report to the Board each month on the Cooperative's finances and operations;
4. Hire and supervise employees as needed for effective operations of the Cooperative, subject to the annual budget as approved by the Board;
5. Seek strategic opportunities to grow and improve the cooperative's membership and business operations, and report to the Board annually on such opportunities.

Section 2 Annual Budget and Projections.

The Cooperative shall operate pursuant to an annual budget created by the General Manager and approved by the Board of Directors. The General Manager shall collaborate with the Officers and Board in developing the annual budget. In addition to creating the budget, the General Manager shall also provide the board with strategic projections of revenue and expenses based on current

operations and expected market and other conditions. The General Manager shall have authority to spend funds as described in the approved budget. The General Manager shall have discretion to spend up to \$500.00 for other items needed by the cooperative without Board approval and shall promptly report to the Board all expenditures not included in the budget.

Section 3 Member Development & Education.

The Cooperative operates for the benefit of its members. In order to continuously improve business operations and benefit to its members, the Cooperative shall regularly provide education, training, peer mentoring, and guidance to all Members to support and improve their participation in the Cooperative, their own business affairs, and personal lives. The General Manager and Quality Assurance & Member Development Committee shall collaborate to develop such programs and cultivate member engagement in them.

Section 4 Quality Assurance and Certifications.

In order to manage its business performance, reduce legal risk, and avoid potential harm to its members, customers, and community, the Cooperative shall establish policies and procedures for operational safety, regulatory compliance, production quality assurance, and consistent record keeping, and to maintain for itself and its individual Members any certification or other credential necessary for safe and financially sustainable operations. The General Manager and Quality Assurance & Member Development Committee shall collaborate to develop such policies and procedures and cultivate member engagement with them.

ARTICLE IX – CAPITAL AND SHARES

Section 1 Common Shares.

The Cooperative shall issue one Common Share of ownership to each Member. Ownership of a share shall entitle a Member to participate in the business and governance of the Cooperative as established by these Bylaws. The Cooperative shall have one class of membership, Producer. Producer class shares shall be the general membership of the Cooperative and held by persons as described in Article II, Section 1 (Membership).

Section 2 Preferred Shares.

The Cooperative may, upon approval of the Board of Directors, issue one or more classes of Preferred Shares subject to written terms and conditions as determined by the Board and in compliance with applicable laws. Ownership of a preferred share does not entitle the shareholder to membership or any right of participation in the business or governance of the Cooperative. No Preferred Share shall have any voting rights. The terms and conditions of a class of Preferred Shares may grant the owners a right to payment of a fixed dividend and a preference in distribution of assets upon dissolution of the Cooperative.

Section 3 Transfer Prohibited.

Shares may only be transferred back to the Cooperative according to the terms of these Bylaws and any applicable Policy of the Cooperative. No transfer of any Share by a Member to any third party, including any other Member, shall be effective.

Section 4 Share Certificates.

The Cooperative shall issue written certificates to each Member and Preferred Share holder as documentation of ownership.

Section 5 Surplus and Patronage Dividend.

Any surplus operating revenue (or loss) of the Cooperative earned in each calendar year shall be allocated to each Member in proportion to the Member's patronage of the cooperative that year. "Patronage" is the measure of the amount of business each Member transacts with the Cooperative as compared to the sum of all Members' participation.

[NOTE: can describe type of participation more specifically: business transacted, value of consumer purchases, value of crops sold to/through co-op, hours worked, etc.]

- a. The patronage dividend, as determined by the Board of Directors, shall be paid in cash, property or written notices of allocations as defined in Subchapter T of the Internal Revenue Code.
- b. Each owner shall have an internal capital account in his or her [or its] name. The surplus earnings of the owner-generated revenue after paying taxes, interest on debt, other obligations of the Cooperative, and allocations to the Reserve Fund, shall be allocated to owners as a patronage dividend. Unless otherwise decided by the Board of Directors, the patronage dividend shall be retained by the Cooperative and credited to the owners' Internal Accounts. At least 20.0% of each year's patronage dividend must be paid out in cash to owners.

Section 6 Use of Capital.

The Board of Directors shall manage the Cooperative's equity capital in a way to preserve and build upon the Cooperative's financial position while also allowing for return of excess equity to Members when such payments will not jeopardize the financial condition of the Cooperative. The Board of Directors shall establish Policies for redeeming equities, stock, or other forms of equity.

Section 7 Reserve Fund.

A portion of the Cooperative's net worth shall be maintained as a Reserve Fund that will serve as working capital for the business of the Cooperative and to protect Members and creditors from any operating losses that the Cooperative might incur. The Board of Directors will from time to time determine the proportion of the Cooperative's surplus or deficit that will be allocated to the Reserve Fund, with the remainder of the surplus or loss to be allocated to individual Members.

Section 8 Debt.

The Cooperative is authorized to incur debt to ensure sufficient cash flow to support its regular operations and to finance the expansion of its business. The Board of Directors and the General Manager shall exercise reasonable and prudent judgment in taking and repaying debt to avoid placing the Cooperative in financial jeopardy. Expansion of debt is subject to Member approval as provided by Article III, Section 2-6 (Supermajority Required for Certain Decisions).

Section 9 Redemption of Equity.

When a membership is voluntarily or involuntarily terminated, the Cooperative must redeem the terminated Member's ownership share, capital account and any other equity interest, provided that such redemption does not impair the financial condition of the Cooperative. If the Board determines that the Cooperative cannot immediately pay the full value of a terminated Member's equity, the Cooperative shall instead pay the Member in installments over not more than five years.

Section 10 Redemption of Retained Patronage.

If at any time the Board of Directors determines that the financial condition of the Cooperative will not be impaired by doing so, the Cooperative may redeem all or part of the retained patronage dividend credited to members' accounts by distribution in cash. Any such distribution of retained patronage shall be made in order of priority according to the year in which the patronage dividend was retained, the oldest retained dividends shall be the first distributed.

Section 11 Consent Notification to Members and Prospective Members.

Each person who hereafter applies for and is accepted to membership in this Cooperative, and each member of this Cooperative on the effective date of this bylaw who continues as a member after such date, shall, by such act alone, consent that the amount of any distributions with respect to his patronage occurring after the effective date of this bylaw, which are made in qualified written notices of allocation or qualified per-unit retain certificates (as defined in 26 U.S.C. 1388), and which are received by him from the cooperative, will be taken into account by him at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation and per-unit retain certificates are received by him. Written notification of the adoption of this Article, a statement of its significance, and a copy of the provision shall be given separately to each member and prospective member before membership in the Cooperative.

ARTICLE X – DISSOLUTION AND RESIDUAL PROPERTY INTEREST OF MEMBERS

The Cooperative may be dissolved upon a decision of the Board and a two-thirds (2/3) vote of the members eligible to 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 redeeming any equity accounts which, if they cannot be paid in full, shall be paid in the order of the oldest outstanding amounts; (iii) by distributing any remaining assets in a way that furthers the Cooperative's mission, including to PIEDMONT PROGRESSIVE FARMERS GROUP, INC. a tax exempt nonprofit organization or its successor, as determined by the Board.

ARTICLE XI – MISCELLANEOUS PROVISIONS**Section 1 Fiscal Year.**

The fiscal year of the Cooperative shall be the twelve month period starting January 1st and ending December 31st of each year.

Section 2 Bylaws Printed.

A print copy of these Bylaws shall be kept in the Cooperative’s principal office and copies shall be made available to members upon request.

Section 3 Seal.

The seal of the Cooperative shall bear its name and the designation “NC Cooperative Association”.

Intellectual Property.

The Cooperative may develop and own trademarks, copyrights, and other intellectual property. The brand and trademark “Piedmont Progressive Farmers” is the property of PIEDMONT PROGRESSIVE FARMERS GROUP, INC., and cannot be licensed, assigned, or otherwise disposed of without the written consent of PIEDMONT PROGRESSIVE FARMERS GROUP, INC.

ARTICLE XII – AMENDMENTS

These Bylaws may only be amended with the approval of two-thirds of all Members entitled to vote made pursuant to Article III, Section 2 (Elections). Proposals to amend these Bylaws may be presented for approval by the Board of Directors or directly by petition of at least ten percent (10%) of all the Members.

Attestation

I, _____, Secretary of PIEDMONT PROGRESSIVE FARMERS CO-OP attest that the foregoing bylaws were duly adopted on August 22, 2021 and placed by me in the minute book of the Corporation.
