

Syracuse Real Food Cooperative, Inc.
Bylaws
Revised and Adopted by the Member-Owners as of December 5th, 2009

I. NAME

This cooperative corporation shall be known as the Syracuse Real Food Cooperative, Inc. (the “Cooperative”), an entity that is incorporated as a cooperative corporation under Article 2 of the Cooperative Corporations Law of the State of New York (the “Cooperative Law”). The principal office of the Cooperative shall be in the City of Syracuse, County of Onondaga, and State of New York.

I.2 Purpose

The purpose of the Co-op is to acquire and distribute food and related goods and services on a cooperative basis for the benefit of its member-owners and other patrons.

I.3 Principles

The business of the Co-op shall be operated in accordance with the International Cooperative principles.

First Principle: VOLUNTARY AND OPEN MEMBERSHIP Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Second Principle: DEMOCRATIC MEMBER CONTROL Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

Third Principle: MEMBER ECONOMIC PARTICIPATION Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Fourth Principle: AUTONOMY AND INDEPENDENCE Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other

organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Fifth Principle: EDUCATION, TRAINING, AND INFORMATION Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of cooperation.

Sixth Principle: COOPERATION AMONG COOPERATIVES Cooperatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

Seventh Principle: CONCERN FOR COMMUNITY While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

II. MEMBERSHIP

A. Eligibility and Acceptance. Any person, household, firm, cooperative, non-profit corporation or corporation (each, a “Person”) may, as provided below, become a member of the Cooperative. This Cooperative shall not discriminate on social or political grounds, on the basis of race, creed, age, sex, handicap, sexual preference or marital status. A Person may become a member of the Cooperative by:

(i) filing with the Cooperative an application for membership in such form and containing such terms as shall be from time to time determined by the Board of Directors. Included in the application shall be a statement that the applicant agrees to (a) comply with and be bound by the terms and conditions contained in the Cooperative's Certificate of Incorporation, as amended from time to time (the "Certificate of Incorporation") and in these Bylaws, as amended from time to time (the "Bylaws"); and (b) take into account, pursuant to Section 1385 and 1388 of the Internal Revenue Code of 1986, as amended, the stated dollar amount of any and all written notices of allocation received from the Cooperative and include such stated dollar amount in his gross income for the year in which such written notices of allocation are received;

(ii) tendering to the Cooperative a membership fee in such amount as may be established by the Cooperative's Board of Directors from time to time;

(iii) being approved for membership by the Cooperative's Board of Directors;

(iv) receiving from this Cooperative written notification and a copy of the Bylaw providing for consent to take patronage distributions received from the Cooperative into income in the manner provided in 26 U.S.C. §1385(a);

(v) becoming the holder of a share of the Cooperative's common stock; and

(vi) meeting such other membership criteria or requirements as established from time to time by the Cooperative's Board of Directors.

B. Termination; Consequences of Membership Termination

(i) Membership may be terminated voluntarily by a member upon notice to the Cooperative. Membership shall terminate automatically if a member (1) who is an individual shall die, (2) who is not an individual shall cease to exist and leaves no successor, (3) fails to patronize the Cooperative for a period of one year, or (4) becomes ineligible for membership for any reason.

(ii) The Board of Directors may in its sole discretion terminate the membership of any member if the Board of Directors determines to its satisfaction that the member has conducted activities contrary to the best interests of the Cooperative, or if the Board of Directors determines that the member has violated the terms of the Cooperative's Certificate of Incorporation or these Bylaws, or such member's application, subscription, or any other contract with the Cooperative, provided that the Board of Directors has provided written notice of the reason for such termination to the member and the member is afforded a reasonable opportunity, not to exceed ten days, to respond to such notice.

(iii) Upon termination of membership, regardless of the reasons therefor, all rights and interests in the Cooperative shall cease except for rights to redemption of capital funds pursuant to these Bylaws. Upon membership termination, the Cooperative shall, at its option: (1) purchase the terminated member's common stock at the lesser of its par value or book value; or (2) convert the terminated member's common stock into nonvoting certificate(s) of interest representing the lesser of the par value or book value of such common stock, subject to the terms of Section _____. Such nonvoting certificate(s) of interest shall not be entitled to receive interest or dividends, and the terminated member shall thereafter have no voting rights in the Cooperative. A terminated member's equity credits and unit retains shall be revolved or retired in the same manner as the patronage credits or equities of active members.

C. Rights

(i) Each member in good standing shall have one vote only in the affairs of the Cooperative.

(ii) Each member in good standing shall be eligible for other benefits as may be offered from time to time by the Cooperative that are available generally to members.

III. MEETINGS OF MEMBERS

A. Annual Meeting.

(i) Two annual meetings (spring and fall) of the members of this Cooperative shall be held at the principal place of business of the Cooperative or at any other place conveniently located within the area served by it at such time as the Board of Directors shall determine, furthermore, the Fall annual meeting will be scheduled within 6 months after the close of the fiscal year.

(ii) A written report including a balance sheet showing the true assets and liabilities of the Cooperative, and an operating statement for the fiscal period under review, shall be submitted to the annual meeting of the Cooperative.

B. Special Meetings. Special meetings of the members of the Cooperative may be called when a majority of directors, or 10% per cent of the members, or 250 members, whichever is less, submit a petition in writing and request a special membership meeting, which shall be called by the Board of Directors within thirty days of that request.

C. Notice. Written notice of every regular and special meeting of members shall be prepared and mailed to the last known post office address of each member, or posted on prominent signs at all Cooperative locations, not fewer than 10 (ten) nor more than sixty (60) days before such meeting. Such notice shall state the nature of the business expected to be conducted and the time and place of the meeting. No business shall be transacted at any special meeting other than that referred to in the notice.

D. Voting.

(i) Each member shall have one vote only upon any matter submitted to a vote of the members. In the case of any member that is not an individual, such member shall file a written notice with the Cooperative pursuant to Section 41 of the Cooperative Law that designates an individual to act on the member's behalf in conducting the affairs of this Cooperative. That designation shall remain in effect until written notice of a properly authorized change in the designated individual shall be received by the Cooperative.

(ii) Voting may be by written ballots which must be sent to all members with the notice of a meeting, if authorized by the Board of Directors. Members shall be allowed to vote on written ballots until the close of the voting period as set by the Board of Directors. Voting to elect directors, except to fill a vacancy, must be by written ballots, as authorized by the Board of Directors, and shall commence at the annual General Membership Meeting and continue with point-of-purchase balloting for a period of 30 days immediately following said Meeting.

(iii) There shall be no proxy voting.

(iv) Unless otherwise stated in the Certificate of Incorporation, or these Bylaws, or required by applicable law, all questions shall be decided by a vote of a majority of the members voting thereon, and each member shall be entitled to only one vote.

E. Quorum. At any regular or special meeting of the members, a quorum necessary for the transaction of business shall be at least five percent (5%) of the total number of members of the Cooperative. Only members in actual attendance at the meeting shall count towards a quorum, except for matters submitted to the membership by mail. Mail ballots cast shall be counted towards fulfillment of the quorum requirement.

F. Order of Business. The order of business at the Annual Meeting, and, where applicable, at all other meetings of the members shall be:

- (i) Determination of quorum.
- (ii) Proof of due notice of meeting.
- (iii) Reading and disposition of minutes.
- (iv) Annual reports of officers and committees.
- (v) Unfinished business.
- (vi) New business.
- (vii) Election of directors.
- (viii) Adjournment.

IV. BOARD OF DIRECTORS

A. Number, Eligibility. The Cooperative shall have a Board of Directors of 9 directors, each of whom shall be a member of the cooperative in good standing, or, for those members who are not natural persons, a designated representative of such member. Paid employees and spouses or domestic partners of paid employees may not serve as Directors. A person with a conflict of interest so continuing and pervasive that he is unable to effectively fulfill the responsibilities of a director with the Cooperative shall not be qualified to serve as a director.

B. Terms, Limits. Directors will be elected for three year terms at the annual meeting or members. Terms of office shall be so staggered that one-third shall expire in each year. Directors shall hold office until their successors are elected.

C. 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 Cooperative; (ii) automatically upon termination of membership in the Cooperative; (iii) by action at a meeting of members whenever the best interests of the Cooperative would thereby be served; and (iv) for cause by the members in accordance with Section 63 of the Cooperative Law.

D. Vacancies. Any vacancy among Directors elected by the members may be filled by appointment by the Board of Directors. A Director so appointed shall act as Director and shall serve until the next annual meeting, at which the members shall elect a Director to complete the pertinent term.

E. Compensation. Compensation of the Board of Directors shall be determined by resolution of the Board of Directors. All decisions regarding directors' compensation shall be announced to the membership of the Cooperative at the next regular or special meeting of the members. Officers and directors shall also be entitled to reimbursement for actual expenses incurred in attending Board of Directors meetings or other business of the Cooperative. Such expense claims shall be approved by a majority of the Board of Directors.

G. Contracts for Profit. During her or his term of office, a director shall not be a party to a contract for profit with the Cooperative which in substance shall differ in any way from similar contracts by it with members or with others, or which shall vary from terms generally current among members.

H. Conflict of Interest. Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board of Directors. Directors having such an interest may not participate in the discussion or decision of the matter. A transaction in which a director has an interest shall be prohibited unless the transaction is fair to the Cooperative and is approved by no less than a two-thirds majority of all disinterested directors.

I. Powers and Duties. The business and affairs of the Cooperative shall be managed under the direction of the Board of Directors. The Board of Directors shall make all necessary rules and regulations not inconsistent with law or with these Bylaws. The Board of Directors shall have power to hire, oversee and dismiss a General Manager to coordinate and facilitate the daily functioning of the Cooperative.

J. Limitation on Director Liability. No Director of the Cooperative shall be liable personally to the Cooperative or to any of the Cooperative's members for damages for any breach of duty in his or her capacity as a Director, provided that this provision shall not eliminate or limit the liability of any Director if a judgment or other final adjudication adverse to the Director established that his or her actions or omissions: (i) were in bad faith; (ii) involved intentional misconduct or a knowing violation of law; (iii) resulted in the Director personally gaining in fact a financial profit or other advantage to which the Director was not legally entitled; or (iv) violated Section 719 of the New York Business Corporation Law, as amended, or any successor statute.

K. Indemnification of Directors. This Cooperative shall indemnify each director, officer, or manager of this Cooperative, and any person serving at the request of this Cooperative as a director, officer or manager of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonable incurred to the greatest extent to which such officers, directors or managers of the Cooperative may be indemnified under the New York Business Corporation Law, as amended, or any successor statute.

L. Insurance Regarding Directors. This Cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, manager, employee, or agent of this Cooperative, or is or was serving at the request of this Cooperative as a director, officer, manager, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted and incurred in any capacity.

M. Committees. The Board of Directors may establish and dissolve standing and ad hoc committees.

O. Election. All directors shall be elected by secret ballot, and the candidate(s) receiving the greatest number of votes shall be elected.

V. MEETINGS OF BOARD OF DIRECTORS

A. Meetings. Regular meetings of the Board of Directors shall be held at least quarterly, at such times and places as the Board of Directors may determine. The Board of Directors shall meet within thirty (30) days after the conclusion of voting for new board members.

B. Action without a meeting. Decisions of the Board of Directors may be made without a meeting if a consent in writing, stating the action to be taken, is signed by all of the directors of the Cooperative who would be eligible to attend and vote at a regular meeting of the Board of Directors and filed with the minutes.

C. Action by Conference Call, Etc. Action of the Board of Directors may be taken by participation in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time; participation by such means shall constitute presence in person at the meeting.

D. Special Meetings. A special meeting of the Board of Directors shall be held whenever called by the president or by a majority of the directors. Each call for a special meeting shall be in writing, shall be signed by the person or persons calling the meeting, shall be addressed and delivered to the secretary, and shall state the time and place of such meeting. Only the business specified in the written notice shall be transacted at a special meeting.

E. Notification. Written notice of each meeting of the Board of Directors shall be given each director by, or under the supervision of, the secretary of the Cooperative not less than forty-eight (48) hours prior to the time of meeting. Notice may be waived by any director, and appearance at a meeting shall constitute a waiver of notice.

F. Quorum. A majority of the Board of Directors shall constitute a quorum at any meeting of the Board of Directors.

VI. OFFICERS

A. Designation of Officers. At the first meeting following the annual meeting of members, the Board of Directors shall elect a President and Vice President, Secretary and Treasurer from among the Directors, and may, in their discretion, combine the office of Secretary and Treasurer. All such officers shall hold office for a term of one year, or until their successors have been elected and qualified. Such officers shall serve at the will of the Board of Directors and may be removed by the Board of Directors and successors elected at any Board of Directors meeting.

B. Duties of President. The president shall (1) preside over all meetings of the Cooperative and of the Board of Directors, (2) call special meetings of the Board of Directors, (3) perform all acts and duties usually performed by an executive and presiding officer, and (4) sign all membership (or stock) certificates and such other papers of the Cooperative as (s)he may

be authorized or directed to sign by the Board of Directors; provided, however, that the Board of Directors may authorize any person to sign any or all checks, contracts, and other instruments in writing on behalf of the Cooperative. The president shall perform such other duties as may be prescribed by the Board of Directors.

C. Duties of Vice President. In the absence or disability of the president, the vice president shall perform the duties of the president.

D. Duties of Secretary. The secretary shall keep a complete record of all meetings of the Cooperative and of the Board of Directors and shall have general charge and supervision of the books and records of the Cooperative. The secretary shall sign all membership certificates with the resident and such other papers pertaining to the Cooperative as he may be authorized or directed to sign by the Board of Directors. The secretary shall serve all notices required by law and by these bylaws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. The secretary shall keep the corporate seal and affix it to all papers requiring a seal. The secretary shall keep complete membership (and stock certificate) records. The secretary shall make all reports required by law and shall perform such other duties as may be required of him or her by the Cooperative or the Board of Directors.

E. Duties of Treasurer. The treasurer shall perform such duties with respect to the finances of the Cooperative as may be prescribed by the Board of Directors.

VII. CAPITAL STOCK

A. Common Stock. Only members of this Cooperative may be holders of common stock. A certificate representing one share only of common stock shall be issued to each member of the Cooperative. Each certificate of common stock shall show on its face its designation by class and the privileges, voting rights, or restrictions and qualifications applicable to shares of such class as specified in the Certificate of Incorporation.

B. Preferred Stock. Members and non-members of this Cooperative may be holders of preferred stock. Each certificate of preferred stock shall show on its face the preferences, privileges, restrictions and qualifications of such stock as specified in the Certificate of Incorporation. No voting rights shall be attached to the ownership of preferred stock.

C. Subscription for Stock. Owners of fully-paid shares of capital stock shall be entitled to receive one or more certificates evidencing such holdings. All certificates shall be signed by the President and Secretary and shall be numbered and registered by the Cooperative. Certificates shall be issued only upon full payment of their purchase or subscription price or any membership fee associated therewith.

D. Replacement of Stock Certificates. When existing stock certificates are to be replaced, they must be surrendered before new certificates are issued. Each surrendered certificate and the stub of the certificate shall be canceled, with the date of cancellation noted on the certificate. In the event that any stock certificate has been lost or destroyed, the registered owner of the certificate shall be required to deliver appropriate indemnification commitments to the Cooperative before the Cooperative issues a replacement certificate for the lost or destroyed certificate.

E. Legend on Stock Certificates. Each outstanding stock certificate or other certificates or instruments representing patronage equities, certificates of interest, unit retains, and other equity credits of the Cooperative shall bear the following endorsement in bold print, reflecting the restrictions on transfer set forth in Article XI of these Bylaws:

The shares of stock [or patronage equities, certificates of interest, unit retains, and other equity credits of the Cooperative] represented by this certificate and the transfer thereof are subject to certain conditions imposed by the Certificate of Incorporation, the Bylaws, as each may be amended from time to time, copies of which shall be furnished by the Cooperative to the holder hereof upon written request and without charge.

F. Redemption. Upon request made within two years following termination of membership, common shares shall be redeemed at the discretion of the Board of Directors. The Board shall have the authority to defer the refund of shares provided that all members are treated equitably. Shares shall also be redeemed as soon as practicable upon involuntary termination of membership, upon death of a member, and under other compelling circumstances as determined by the Board of Directors. Shares shall be redeemable at their face value as reflected on the books of the Cooperative. Redemption proceeds shall be subject to offset by amounts due and payable to the Cooperative by the member. In the case of voluntary termination of membership, a reasonable processing fee may be imposed by the Board of Directors. Reapplications for membership after full or partial redemption shall be subject to full repayment of redemption proceeds and a reasonable processing fee, if any, as determined by the Board of Directors.

VIII. FISCAL MATTERS.

A. Fiscal Year. The fiscal year of the Cooperative shall end on the Sunday closest to June 30.

B. Annual Audit and Report. The operations of the Cooperative for each fiscal year shall be audited by an experienced bookkeeper or accountant or firm of accountants not regularly employed by the Cooperative. A written report of the audit, including a statement of services rendered by the Cooperative, with total amount of business transacted, balance sheet, and income and expense statement, shall be submitted to the annual meeting of members, and shall at all times be available for inspection by any member.

IX. OPERATIONS ON A COOPERATIVE BASIS.

This Cooperative shall be operated on a cooperative basis. Each transaction between this Cooperative and each member shall be subject to and shall include as part of its terms the provisions of the Certificate of Incorporation and the Bylaws of this Cooperative. Upon doing business with this Cooperative, each member shall be entitled to the net savings or patronage proceeds, in the manner provided in these Bylaws, that arise out of the patronage transactions of such member with the Cooperative.

X. PROCEEDS AND DISPOSITION OF PROCEEDS.

A. Operation at Cost. The Cooperative shall at all times be operated on a cooperative service-at-cost basis for the mutual benefit of its members or patrons. No interest or dividends shall be paid by the Cooperative on any capital furnished by its members or patrons pursuant to this Article XI.

B. Refunds and Patrons' Capital. In its business with or for members or patrons, the Cooperative's operations shall be so conducted that all active members and patrons will through their patronage furnish capital for the Cooperative. To assure that the Cooperative will operate on a service-at-cost basis, the Cooperative is obligated to account on a patronage basis to all of its members and patrons for all amounts received from the business done with such member or patron in excess of operating costs and expenses ("Net Savings"). Provided, however, that the Board of Directors retains the right to reduce Net Savings by the amount of such reasonable reserves as it determines for the necessary business purposes of the Corporation.

The Cooperative is obligated to make payments of all Net Savings in cash refunds or by credits to a capital account (whether or not reflected in allocation certificates or other evidences of allocation) for each member or patron as determined by the Board of Directors, and in accordance with Subchapter T of the U.S. Internal Revenue Code. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member or patron is clearly reflected and credited in an appropriate record to the capital account of each member or patron. The Cooperative shall within 8½ months after the close of the fiscal year notify each member or patron, in the form of a written notice of allocation (as defined in 26 U.S.C. 1388), of the amount of capital so credited to his/her account.

All other amounts, such as interest or amounts from non-patronage sources, received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law and to the extent practicable, be allocated to its members and patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of members and patrons as herein provided.

C. Revolving Capital. If at any time, the board shall determine that the financial condition of the Cooperative will not be impaired thereby and that such action is permissible under applicable law, the capital then credited to members' and patrons' accounts may be retired in full or in part. Any such retirement of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power to retire any capital credited to members' and patrons' accounts on such terms and conditions as may be agreed upon by the parties in any instance in which the interests of the Cooperative and its members and patrons are deemed to be furthered thereby and funds are determined by the Board of Directors to be available for such purposes.

XI. RESTRICTIONS ON TRANSFERS OF EQUITY INTERESTS

Capital stock, patronage equities, certificates of interest, unit retains, and other equity credits ("Equity Interests") may be sold or transferred only with the prior written approval and consent of the Board of Directors. No proposed transfer of Equity Interests shall be binding on this Cooperative without such prior written approval and consent of the Board of Directors, nor until the transfer shall have been entered in the books of this Cooperative. The Board of Directors may withhold its consent to proposed transfers for any reason whatsoever, or for no reason. No Equity Interests shall be transferred unless any and all indebtedness owed to the Cooperative by the holder of such Equity Interests shall first be paid. The Equity Interests held by a transferee following approval and consent of the Board of Directors shall remain subject to the provisions (including transfer restrictions) set forth in the Certificate of Incorporation of this Cooperative and these Bylaws.

XII. CONSENT TO TAKE PATRONAGE DISTRIBUTIONS INTO INCOME.

Each person or organization that hereafter applies for and is accepted for membership in this Cooperative and each member of this Cooperative on the effective date of this Bylaw who continues as a member after the effective date shall, by these acts alone, consent that the amount of any distributions with respect to patronage which are made in written notices of allocation (as defined in 26 U.S.C. § 1388), and which are received by the member from this Cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. § 1385(a) in the taxable year in which the written notices of allocation are received.

XIII. LOSSES

A. Netting of Losses. In the event of a loss in one or more departments or divisions of operation of this Cooperative, but not of such magnitude as to cause an overall loss for the fiscal year of the Cooperative, such loss or losses may be prorated against each of the remaining profitable departments on the basis of their respective percentage of the total net proceeds during such fiscal year.

B. Allocation of Net Losses. In the event this Cooperative shall incur a net loss in any fiscal year, the Board of Directors, in its sole discretion, may (a) charge such net loss against any earned surplus or paid-in surplus which is unallocated, or against any unallocated reserve other than valuation reserves; or (b) may recover the amount of such loss from prior or subsequent years' net margins or savings. If such loss exceeds the total of said unallocated earned surplus any unallocated reserves, or in any event, if the Board of Directors so elects, the amount of such loss may be recovered from prior or subsequent years' Net Savings. In no event shall the Board of Directors have the authority to make any assessment against members or patrons. This section shall not be construed or administered in such a way as to deprive the Cooperative of the right to carry back or carry forward net operating losses to past or future years, in accordance with the applicable provisions of the Internal Revenue Code or state taxing statutes.

XIV. UNCLAIMED MONEY

A claim for money against the Cooperative shall be subject to the provisions of this Article whenever the Cooperative is ready, able, and willing to pay such claim, and has paid or is

paying generally claims arising under similar circumstances, but payment of such claim cannot be made for the reason that the Cooperative does not know the whereabouts or mail address of the one to whom it is payable or the one entitled to payment.

If such claim be not actually paid within a period of three (3) years after it became payable as herein provided, the Cooperative shall remove the claim as a liability on its books; provided that no such removal shall be made unless at least 30 days prior thereto the Cooperative shall have sent by registered United States post, with the return receipt requested, a written notice of the proposed removal, addressed to the person appearing from the Cooperative's records to be entitled to payment of such money at the last address of such person shown by the records of the Cooperative.

If any such claim be removed of record after giving such notice, the claim shall be deemed extinguished but the Cooperative shall continue to maintain a memorandum record of such claim and shall pay the principal amount thereof without interest to any claimant who subsequently establishes to the satisfaction of the Cooperative his/her right to receive payment.

Any and all amounts recovered by the Cooperative pursuant to this Article, after deducting therefrom the amount of any taxes payable thereon, shall be placed in a special account. Any claim paid after the expiration of the period of years herein specified shall be deducted from such account.

XV. MISCELLANEOUS

A. Reserved Rights of the Membership. Only the members, voting according to these bylaws can amend the Certificate of Incorporation for the Cooperative. Only two-thirds of the members voting according to these bylaws can dissolve the Cooperative.

B. Amendments to the Certificate of Incorporation. The Certificate of Incorporation of the Cooperative may be amended only by the affirmative vote of two-thirds of the members voting thereon at any regular or special meeting.

C. Amendments to the Bylaws. These bylaws can be amended by the affirmative vote of two-thirds of the members voting thereon at any regular or special meeting held after due written notice setting forth the proposed action and the purpose of the meeting. These bylaws can also be amended by the Board of Directors, but any amendment adopted by the Board of Directors shall be reported to the next annual meeting of members and, if not affirmatively approved thereat, shall cease to be in effect.

D. Dissolution of the Cooperative. Dissolution can proceed only with two-thirds vote of members present in person or by written ballots at a meeting called and conducted in accordance these bylaws. A committee of three members, selected by the membership, shall carry out the dissolution. Notice of dissolution must be provided to the members of the Cooperative. Upon dissolution, after (1) all debts and liabilities of the Cooperative shall have been paid, (2) the par value of stockholders' shares returned, and (3) all capital furnished through patronage shall have been retired without priority on a pro rate basis, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the

proportion which the aggregate patronage of each member bears to the total patronage of all such members, unless otherwise provided by law.

E. 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 confirm with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.