

**Amended and Restated Articles
of
Natural Harvest Food Cooperative**

Amended and Restated effective as of June 1, 2016

Article I: Name

The name of this cooperative shall be Natural Harvest Food Cooperative, Inc.

Article II: Purposes

The purpose of the cooperative shall be to engage in a mercantile and marketing business to supply and furnish to its members and patrons on a cooperative basis such supplies, food, clothing, hardware, household and garden supplies, goods, wares, merchandise and services as they may require. In order to accomplish this goal, the cooperative shall buy, sell, market, store, warehouse, acquire, transport, distribute, process, produce and otherwise engage in any activity connected with or related to its purposes. The cooperative shall deal on a cooperative basis and provide such goods and services to its members at the lowest reasonable cost, with the least ecological damage.

For these purposes the cooperative shall have power to:

- (a) Borrow money from its members and others upon adequate security; to issue bonds, debentures, notes and other obligations and to secure the same by a pledge, mortgage or trust deed on any property of the cooperative; draw, make accept, endorse, guarantee, execute and issue promissory notes, bills of exchange, drafts, warrants, warehouse receipts, certificates and other obligations and negotiable or transferable instruments for any purpose deemed necessary to further the objects for which the cooperative is formed.
- (b) Acquire, purchase, hold, lease, encumber, sell, exchange and convey such real estate, buildings and personal property as the business of the cooperative may require.
- (c) Purchase, sell, transfer and own capital stock, bonds, and obligations or other corporations.
- (d) Join with other cooperative corporations or cooperatives to form district, state, national or international purchasing, marketing and service organizations; and to purchase, acquire and hold capital stock, notes, bonds, and other obligations of such organizations.
- (e) Do and perform every act and thing necessary and proper to the conduct of its business for the accomplishment of the purposes set forth herein or permitted

by the laws of Minnesota applicable to the cooperative, and to have and exercise all of the powers conferred upon the cooperative by the laws of Minnesota under which it was organized, and acts amendatory thereof and supplemental thereto.

Article III: Principal Place of Business

The registered office of the cooperative shall be 505 N. 3rd Street, Virginia, Minnesota 55792.

Article IV: Duration

The period of the continuance of this cooperative shall be perpetual.

Article V: Capital

Section 1. Authorized Shares. The total amount of authorized capital stock of the cooperative shall be One Million Two Hundred Thousand Dollars (\$1,200,000.00) and shall be divided into Five Thousand (5,000) shares of class A stock of the par value of Sixty Dollars (\$60.00) each, and Thirty Thousand (30,000) shares of Class B Stock of the par value of Ten Dollars (\$10.00) each, and Three Thousand shares (3,000) shares of Class C Stock at a par value of Two Hundred Dollars (\$200.00) each.

Section 2. Class A Stock – Voting. Class A Stock may be issued for cash to a person, household, cooperative, nonprofit corporation or other corporation to qualify him, her or it as a member of the cooperative, if one is eligible therefore. Only holders of Class A Stock shall be deemed to be members of this cooperative. Only holders of Class A Stock shall have voting power, and each holder of Class A Stock shall be entitled to only one vote, regardless of the number of shares owned. Voting by proxy shall not be permitted. No dividend will be paid on Class A Stock.

Section 3. Class B Stock – Non-Voting. Class B Stock may be issued only to holders of Class A Stock for cash, or for payment of patronage refunds, or in exchange for outstanding Class A Stock to any person or organization not eligible to be a member of this cooperative. Class B Stock shall have no voting power and no dividends shall be paid thereon.

Section 4. Class C Stock – Non-Voting. Class C Stock shall be issued only to holders of Class A Stock. Class C Stock has no voting power. The Board of Directors has the authority to issue Class C stock in multiple series. The Board shall establish the number of shares offered, rate of dividend, redemption terms and such additional terms and conditions as the Board deems appropriate at the time of issuance for each series of Class C stock. Dividends may be paid on Class C Stock at the discretion of the Board of Directors after all expenses have been met and any necessary reserves set aside. Dividends, if declared shall not be cumulative nor exceed eight percent (8%) per annum. In the event of dissolution or liquidation of the cooperative, there shall be a preference for

Class C members. Class C Stock shall be redeemable at par as provided by the Board of Directors.

Section 5. Issuance of Stock/Paid-in Capital. No share of stock shall be issued for less than its par value, nor until the stock has been paid for in cash or its equivalent as set forth above. Stock shares shall be paid for at such time and in such manner as the Board of Directors shall determine. The cooperative shall have a prior lien, with the usual right of ordinary liens for enforcement, upon all outstanding stock for any indebtedness due it.

Section 6. Transfer/Redemption of Stock. No Stock shall be sold or transferred, except back to the cooperative with the consent and approval of the Board of Directors. Capital stock shall be subject to redemption as provided by law, in the manner as the Bylaws prescribe. The capital stock of this cooperative shall be non-assessable.

Section 7. Calling Stock. When the Board of Directors determines it has sufficient working capital, Class B, and/or Class C Stock or any series from these classes of stock may be called for payment at par. Such stock may be called for payment either (a) in chronological order with reference to date of issue, in which case all of such stock issued in a given fiscal year shall, as nearly as practicable, be called at the same time; or (b) on the basis of a percentage of all said stock outstanding, in which case the same percentage of said stock held by each member shall be called at the same time, without regard to the date of issue. The Board of Directors may create separate revolving funds to redeem Class B and Class C stock as the Board deems proper. In any case, the total amount of such Class B Stock remaining outstanding after deduction of the amount called, plus the Class A and Class C stock and the permanent surplus of the cooperative, shall at least equal the total liabilities of the cooperative.

Article VI: Allocations to Members

Section 1. Allocation of Patronage Refunds. All or any part of the annual net income from patronage, including patronage refunds received by the cooperative from other cooperative cooperatives, available for distribution, which are in excess of dividends on capital stock and additions to reserves, shall belong to members of the cooperative and shall be allocated to them on the basis of patronage and as provided in the Bylaws. Such distribution shall be made annually.

Section 2. Method of Payment of Patronage Refunds. All or any part of the patronage refund declared by the cooperative at any time may be paid in Class B Stock, by allocated equity reserve or by the issuance of capital interest certificates, or by any other media determined by the Board of Directors.

Section 3. Payment of Debts Upon Liquidation. In the event of liquidation or dissolution of the cooperative, all debt and liabilities shall be paid first according to their respective priorities: there shall first be given a preference to holders of Class C stock; preference shall then be given to holders of Class B stock; holders of Class A shall have

the lowest priority. Holders of capital stock shall then be paid the par value of their shares in the order of priorities. Any remaining assets shall be contributed as the Board of Directors or trustees of the cooperative shall determine either (a) to a cooperative doing business on a cooperative basis or (b) to a non-profit corporation which is exempt from income taxes under Section 501(c)(3) of Internal Revenue code.

Article VII: Board of Directors

Section 1. Governance. The government of this cooperative and the management of its affairs shall be vested in a Board of Directors. The directors shall be elected by ballot by the members from their own number at the annual meeting. The size of the Board of Directors and the terms of its members are described in the Bylaws.

Section 2. Board of Directors Vacancies. Vacancies in the Board of Directors, except in cases of removal by the members, may be filled by the remaining members of the Board, the person or persons so appointed to hold office until the next annual meeting of the members and until their successors have been elected and qualified.

Section 3. Directors Not Personally Liable. A Director is not personally liable to the cooperative or its members for monetary damages for breach of fiduciary duty except in the following circumstances: (a) for breach of a director's duty of loyalty to the cooperative cooperative or its members; (b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (c) for a transaction from which the director derived an improper personal benefit; or (d) for an act or omission occurring prior to the date these amended Articles of Incorporation became effective.

Section 4. Annual Meeting. The annual meeting of the members shall be held in the territory served by this cooperative, on such date and time, as the Board of Directors shall select each year.

Article VIII: Officers

The officers of this cooperative shall be a President, one or more Vice Presidents, a Secretary and a Treasurer elected annually by and from the directors.

Article IX: Dissolution & Amendments

Section 1. Dissolution. This cooperative may be dissolved in the manner as provided by law.

Section 2. Amendments. These Articles of Incorporation may be amended as provided by law.