

## ARTICLE I. (NAME)

The name of this association shall be River Market Community Co-op.

## ARTICLE II. (PURPOSE)

The purpose of the association shall be to engage in a marketing, commission, warehousing, manufacturing, processing and mercantile business, and to supply and furnish to its owners on a lawful and cooperative basis such supplies, commodities and property as they may require.

The general nature of its business shall be to buy, sell, market, store, acquire, transport, distribute, process, produce, or otherwise deal in and procure for its owners and patrons on a cooperative basis, food, clothing, supplies, minerals, feed, seed, fertilizer, electrical and other appliances, and other machinery, goods, wares and merchandise of all kinds, petroleum products, fuel oil, grease, automotive parts and accessories, and to render such services as the owners and patrons may desire, and to engage in any activity connected with or related to any of such purposes. For these purposes it shall have power to:

- a. Borrow money from its owners and others upon adequate security, to issue bonds, debentures, notes and other obligations and to secure the same by pledge, mortgage or trust deed on any property of the association; draw, make, accept, endorse, guaranteed warrants, warehouse receipts, certificates and other obligations and negotiable or transferable instruments for any purpose deemed necessary to further the objectives for which the association is formed.
- b. Acquire, purchase, hold, lease, encumber, sell, exchange, and convey such real estate, buildings and personal property as the business of the association may require.
- c. Purchase, sell, transfer, and own capital stock, bonds, and obligations of other corporations.
- d. Join with other cooperative corporations or associations from 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 associations, and to have exercise all of the powers conferred upon the association by the laws of Minnesota under which it was organized, and acts amendatory thereof and supplemental there-to.

## ARTICLE III. (PLACE OF BUSINESS)

The registered office of said association shall be in the City of Stillwater, County of Washington, State of Minnesota. Branch offices may be located at other points.

## ARTICLE IV. (DURATION)

This association shall be perpetual.

## ARTICLE V. (CAPITAL)

**Section 1.** The amount of authorized capital stock of the association shall be one million eight hundred thousand dollars (\$1,800,000) and shall be divided into ten thousand (10,000) shares of Class A stock of a par value of ten dollars (\$10), seventy thousand shares (70,000) of Class B stock of a par value of ten dollars (\$10) and ten thousand (10,000) shares of Class C stock of a par value of one hundred dollars (\$100).

In case of dissolution or liquidation of the association, Class C stockholders would have preference but there shall be no preference between the holders of Class A stock and Class B stock.

**Section 2.** Class B stock may be sold for cash or issued in payment to owners as a patronage refund in proportion to the amount of business done by them with the association under the direction of the Board of Directors, and then only with the consent and approval of the Board of Directors. Only Class A stockholders shall have voting power, and each holder of Class A stock shall be entitled to one vote regardless of the number of shares owned, and voting by proxy shall not be permitted. Only one share of Class A stock shall be issued per owner. No dividends shall be paid on Class A stock of the association. Only Class A stockholders shall be deemed owners of the association.

**Section 3.** Class B stock may be sold for cash or issued in payment of patronage refunds or in exchange for outstanding Class A stock to owners and to any person, firm or corporation not eligible to be a owner of this association. It shall have no voting power and no dividends shall be paid thereon.

**Section 4.** Class C stock shall be sold only to owners of the association (holders of Class A stock). It shall be non-voting stock, but dividends may be paid on Class C stock up to 8%, wherein dividends shall be cumulative.

**Section 5.** No share shall be issued for less than its par value, nor until the same has been paid for in cash or its equivalent, and shall be paid at such time and in such manner as the directors of the association shall order. The association may commence business whenever ten percent (10%) of the authorized capital stock has been subscribed and paid in. The association shall have a prior lien, with the usual right of ordinary liens for enforcement, upon all outstanding stock for any indebtedness due it and no stock shall be sold or transferred except 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 association shall be non-assessable.

**Section 6.** When it is determined by the association that it has sufficient working capital, Class A and Class B stock may be called for payment at par. Such stock may be called for payment 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 such stock may be called on the basis of a percentage of all of said stock outstanding, in which case the same percentage of said stock held by each holder shall be called at the same time, without regard to the date of issue; provided always, that at the time of calling Class A and Class B stock for payment the total amount of such Class A and Class B stock remaining outstanding after deduction of the amount called, plus the permanent surplus of the association, shall at least equal the total liabilities of the association exclusive of such Class A and Class B stock then outstanding. The Board of Directors may set up a separate redemption program for Class B stock that were required as ownership shares.

#### **ARTICLE VI. (ALLOCATION TO PATRONS)**

**Section 1.** All or any part of the patronage refund declared by the association 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 2.** All of the annual net margins (net income), including overpayments made by this association to other cooperative associations and repaid to this association, available for distribution, in excess of dividends, if any, declared on capital stock, shall belong to its owners on the basis of patronage with the association and as provided in the By-laws. The records of the association shall always show the interest of owners in the reserves and surplus of the association.

**Section 3.** In the event of liquidation or dissolution of the association, all debts and liabilities shall first be paid according to their respective priorities. Holders of capital stock shall then be paid the par value of their shares plus any declared unpaid dividends thereon in the order of priority, if any, herein specified and the remainder of the property shall be paid and distributed among the owners and stockholders in accordance with their interest in their shares and surplus of the association as shown by its records.

#### **ARTICLE VII. (DIRECTORS, ANNUAL MEETINGS)**

**Section 1.** The government of this association and the management of its affairs shall be vested in a board of not less than five (5) nor more than fifteen (15) directors who shall be elected by ballot by the owners from their own number at the annual meeting for such terms as the Bylaws may prescribe.

**Section 2.** The annual meeting of the stockholders shall be held within the territory served by this association within four (4) months after the date of the close of the fiscal year, on such date and time as the Board of Directors shall select in each year.

**Section 3.** Vacancies in the Board of Directors, except in cases of removal by the stockholders, may be filled by the remaining owners of the Board, the person or persons so appointed to hold office until the next annual meeting of the stockholders and until their successors have been elected and qualified.

**Section 4.** A director has no personal liability to the cooperative or owners for breach of fiduciary duty except:

1. for a breach of the director's duty of loyalty to the cooperative or its owners;
2. for acts or omissions that are not in good faith or involve intentional misconduct or a knowing violation of law;
3. for a transaction from which the director derived an improper personal benefit; or
4. for acts or omissions occurring before the date when the provision in the articles eliminating or limiting liability becomes effective.

#### **ARTICLE VIII. (OFFICERS)**

**Section 1.** The officers of this association shall be a president, one or more vice-presidents, a secretary and a treasurer, who shall be elected annually by and from the directors. The offices of secretary-treasurer may be combined, and when so combined, the person filling such office shall be termed "Secretary-Treasurer."

#### **ARTICLE IX. (DISSOLUTION, AMENDMENTS)**

**Section 1.** This association may be dissolved in the manner provided by law.

**Section 2.** These articles of Incorporation may be amended as provided by law.