



Bylaws

ARTICLE I ORGANIZATION

1.1 Purpose. New Pioneer Cooperative (referred to hereafter as “the Cooperative”) is organized on a cooperative basis and is dedicated to the purposes incorporated in its founding. Its mission is to serve the needs of its members, and to stimulate the local agricultural production and marketing of organic foods. The Cooperative fully recognizes the value and dignity of work and shall place the highest priority on the health, welfare, happiness, and rights of all its employees. The Cooperative shall strive to set a community standard for the best possible working conditions, training, wages, benefits, and opportunities for advancement for its employees.

1.2 Principal Office. The principal office of the Cooperative is 22 S. Linn Street, Unit 2A, Iowa City, IA 52240.

1.3 Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of July in each year and shall end on the last day of June of the following year.

ARTICLE II MEMBERSHIP

2.1 Admission. An individual or representative of an association desiring membership must purchase or agree to purchase a member share by signing a Member Share Purchase Agreement.

2.2 Participation Rights. A member in good standing is entitled to make purchases from the cooperative at regular member prices.

2.3 Termination. Membership may be terminated for cause, including willful violation of the by-laws, by majority vote of the Board of Directors, after a fair hearing at which the member has an opportunity to be heard and to present evidence.

ARTICLE III MEMBERSHIP CAPITAL

3.1 Member Share Certificates. A Member Share Certificate shall be issued upon admission to membership and payment of the issuing price of membership. A member share may be held only by members of the Cooperative and no member may hold more than one share. No dividends shall be paid on Member Share Certificates.

3.2 Financial Statements. Within six months of the close of the fiscal year, summaries of the audited balance sheet, statement of cash flow and consolidated income statement shall be posted on the New Pioneer website under the Board of Directors section. A minimum of three years of reports shall be maintained on the website.

For the Income Statement:

Net Revenue

Operating Expenses

Income from Operations

Other Income/Expenses

Income Before Taxes

Net Income

For the Cash flow:

Operating Activities

Investing Activities

Financing Activities

For the Balance Sheet:

Assets

- Current Assets
- Cash & Short Term Investments
- Inventory
- Other Current Assets

Total Current Assets

- Total Property & Equipment
- Other Assets
- Total Assets

Liabilities & Owner Equity

- Current Liabilities
- Accounts Payable
- Accrued Payroll & Benefits
- Other Payables

Total Current Liabilities

- Long Term Liabilities
- Equity
- Total Liabilities & Owner Equity

3.3 Limitation on spending not authorized by the board. The General Manager shall not authorize any retained services in excess of \$10,000, capital expenditures in excess of \$10,000, leases with a total obligation in excess of \$10,000 per annum, nor any long-term debt for New Pioneer Cooperative without the expressed consent of the New Pioneer Cooperative Board of Directors. A simple majority of board members will constitute such consent.

3.4 Redemption. Fully paid member shares shall be redeemable by members upon termination of membership for any reason at their issuing price, or net book value, if lesser. Member shares that are not fully paid shall not be redeemable. In the case of termination for cause, the share shall be redeemed by the Cooperative within sixty days thereafter. In the case of all other terminations, the share shall be redeemed by the Cooperative as soon as it receives an equivalent sum of cash from the issuing of shares to new members.

ARTICLE IV MEETINGS OF MEMBERS

4.1 Annual Meeting. An annual member meeting shall be held within six months after the close of the fiscal year. The annual financial report of the Cooperative shall be presented and vacancies on the Board of Directors shall be filled by election.

4.2 Special Meetings. Special member meetings may be called by the Board of Directors or upon written demand of 20% of the membership or 100 members, whichever is fewer. This meeting must be scheduled no less than 60 and no more than 90 days after receipt of the petition.

4.3 Notice. Written notice of all member meetings, including the date, time, place, and agenda, shall be delivered to each member not less than ten days nor more than ninety days before the meeting date. If issues that require a member vote are on the agenda of the meeting, ballots for voting by mail shall accompany the written notice (including instructions on the procedures for casting a properly postmarked ballot).

4.4 Quorum. Except as otherwise required by law or these by-laws, no quorum shall be necessary for the transaction of business at any regular or special member meeting. A majority of those voting shall constitute a valid vote of members.

4.5 Voting. Each member in good standing forty-five days prior to the annual or any special meeting shall have one vote upon any matter submitted to a vote of the members at that meeting. With the notice of the meeting, each member shall receive

a paper ballot form. The ballot must be submitted before the announced deadline and must be filled out and signed as the accompanying instructions direct in order for the ballot to be counted. Votes shall be tallied by an independent auditor and the results reported to the Board Secretary.

4.6 Issues Submitted by Members. Members may submit non-product issues for decision at an annual or special member meeting by presenting a petition stating the specific action desired and signed by at least twenty-five members in good standing at least ninety days prior to the date of the meeting. Petitions submitted by members that are amendments to the Articles of Incorporation or the Bylaws of the Cooperative shall be reviewed by the Cooperative's attorney(s) to determine compliance with the Code of Iowa. All other member petitions shall be submitted, unedited and without attorney review, to a direct member vote; votes on all issues submitted by members shall be by ballot as described in section 4.5.

4.7 Product line changes. A petition for product line change requires the signatures of at least one hundred (100) members of the Cooperative and must be submitted at least 90 days prior to the date of the annual meeting. Upon receipt of any petition, the Secretary will verify the standing of all members signing the petition. If the petition contains the required number of signatures, the requested change will be announced in the newsletter (*Catalyst*) and put to a vote of the membership. Balloting may take place only once a year in combination with the annual Board election. To be successful, such product line votes require a simple majority of affirmative votes. Product line changes that result from this procedure shall be in effect until they are rescinded by another vote.

4.8 Campaigning. Individual board members, general manager, and staff may campaign for board candidates and for or against ballot measures, providing that Cooperative resources (telephones, postage, mailing materials, etc.) are not used. Only resources that are available to any member of the Cooperative may be used in campaigning.

ARTICLE V BOARD OF DIRECTORS

5.1 Number of Directors. The Board of Directors shall consist of seven individuals elected by and accountable to members; no more than one seat on the Board of Directors may be filled by an employee of the Cooperative.

5.2 Qualifications. To serve as a Director, a person must maintain her/his primary residence in Iowa and have been a member in good standing of the Cooperative at least ninety days prior to election to the Board, or be a member in good standing of a member association at least forty-five days prior to election to the Board; the General Manager of the Cooperative may not serve as Director.

5.3 Terms. Directors who are elected for full, unexpired three-year terms shall begin their terms on January 1 of the year following the election. Terms for those Directors shall be staggered so that approximately one-third (2-3) of the Directors' terms shall expire December 31 of each fiscal year. Directors who are elected to fill vacancies for unexpired terms shall serve the remainder of the term of the Director they are replacing, except in the case that a remainder of a term is less than six months, in which case the person elected for that seat shall fill the unexpired portion of six months or less and also a regular, full three-year term beginning on January 1 following the election. Open seats for election shall be filled in the order of the candidates with the highest numbers of votes earning the longest terms, until all seats have been filled. In the event of a tie vote when both candidates will be seated, the winner of the longer term shall be decided by a flip of a coin; if one candidate will not be seated, the procedure prescribed in sec. 5.5 shall be followed (a run-off election).

5.4 Nominations. Any member (or member of a member association) in good standing, who has been a member at least 90 days prior to an election, may apply to be a candidate for the Board of Directors.

5.5 Election. A director shall be elected by receiving a majority of the votes cast. If there are more nominees than positions vacant, the nominees receiving the highest number of votes shall be declared elected. In the event of a tie, a run-off election between the tied candidates shall be held using paper, mailed ballots in official envelopes as specified in 4.5.

5.6 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. Unless requested otherwise by majority vote of the other Board members, they must absent themselves from deliberation or decision on the matter; a Director who is an employee of the Cooperative may not serve as a Board officer.

New Pioneer Cooperative employees who are elected to serve as Directors shall absent themselves from deliberation or decision on issues that present clear and obvious conflicts with the Director's status as a paid employee of New Pioneer Cooperative. These issues include:

1. Performance evaluation and compensation of the General Manager
2. Policies governing employment, employee compensation and benefits within the organization, including bonuses and pension fund contributions. Also, any specific personnel matters that may come before the board such as grievances and appeals of disciplinary actions taken by the General Manager
3. Any matter pertaining to the employee/Director's specific terms of employment or compensation. Employee/Directors shall not serve as officers of the Board of Directors, and the Board of Directors shall not appoint paid employees to fill vacancies that occur on the Board. Exclusive of actual or potential conflicts of interest, the employee/Director shall function as any other Director, with all the rights and responsibilities pertaining to the role, including access to privileged information and records of the Board of Directors.

5.7 Compensation. Directors shall be reimbursed for their actual expenses incurred on behalf of the Cooperative. Directors may also receive a fixed sum for service on the Board. Any compensation or reimbursement shall be under a budget approved by a three-fourths vote of the Board.

5.8 Removal. Any officer or director may be removed by a majority of the voting members of the Cooperative. A petition for such a vote shall be signed by at least one hundred (100) members. If the annual member meeting is more than 90 days after the petition is received, such a vote shall take place at a special meeting called for this purpose as prescribed in sec. 4.2 and using paper ballots as described in section 4.5.

ARTICLE VI MEETINGS OF THE BOARD OF DIRECTORS

6.1 Regular Meetings. Regular, scheduled meetings of the Board of Directors shall be held during the fiscal year. Prior to a regular Board meeting, the date, time, and location of the meeting shall be posted in the places of business of the Cooperative.

6.2 Special Meetings. Special meetings may be called by the Board and shall be called by the Secretary upon request of any two directors.

6.3 Notice. Written or personal notice of each meeting of the Board of Directors, except meetings convened by resolution of the Board, shall be provided to each Director. Written notice shall be mailed at least ten days before the meeting. Personal notice, including notice by telephone, shall be given at least three days before the meeting. The business to be transacted at the meeting need not be specified in the notice.

6.4 Quorum for Decision Making. Except as otherwise required by law or these Bylaws, a majority of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, and a majority of those voting shall constitute a valid vote of the Board. Proxy votes shall not be used; a Board member must be present in order to vote.

6.5 Open and Closed Meetings. Any board member, at any board meeting, may request an executive session to discuss one, or more, of the following: personnel, legal matters, real estate matters, or strategic issues. The Board, by its regular decision-making process, will agree whether or not to go into executive session.

6.6 Telephone Conferences. Meetings of the Board may be conducted by means of a telephone conference or other communications equipment whereby all persons participating can hear each other at the same time.

6.7 Actions Without a Meeting. Decisions of the Board may be made without a meeting if a consent in writing, stating the action to be taken, is signed by all Directors and filed with the minutes of the following regular meeting. Decisions also may be made between formal meetings by at least a 3/4 majority (6-1) of board members voting via email; any decision thus made must be listed on the agenda of the next meeting and formally voted upon and entered into the board minutes of that meeting. Decisions thus made by the board between regular meetings are limited to time sensitive issues.

6.8 Director Absences. A Board member who cannot attend a regular or special meeting must notify the president. The secretary shall record the Board members present and absent at each Board meeting in the minutes, and shall indicate if the absence is reported or unreported. If a Board member has two or more unreported absences, the Board may remove said member from the Board.

6.9 Meeting Procedure. The rules contained in the current edition of Robert's Rules of Order (or any summary version adopted by the board) shall govern all meetings of the board.

6.10 Executive Session. The board may only enter an executive session by a majority vote of board members. Before the vote, Board members will be informed of matters to be discussed or acted upon. At the next open Board meeting, the Board president will report

the vote to enter executive session and the reason(s) for holding the executive session. The content of executive sessions shall be treated as confidential information by Board members.

ARTICLE VII OFFICERS OF THE BOARD

7.1 Officers. The officers of the Cooperative shall consist of a President, Vice President, Secretary, and Treasurer. All such officers must be Directors. Other officers may be designated by the Board of Directors. All officers shall be selected annually and may be removed with or without cause at any time by the Board of Directors.

7.2 Duties of Officers. Officers shall have the following duties together with such other duties as may be determined by the Board of Directors: (I) the President shall expedite the business of the Board and the implementation of its decisions, preside at meetings of the Board and members, be an ex officio member of all committees and sign formal documents on behalf of the Cooperative as authorized by the Board; (II) the Vice President shall, as requested, assist the President in the performance of her/his duties; (III) the Secretary shall oversee the maintenance of the membership records and the serving of notices for and keeping of minutes of all meetings of the members and the Board; (IV) the Treasurer shall oversee the financial affairs of the Cooperative and the filing of all required reports and returns.

7.3 Election of Officers. The election of board officers (President, Vice-President, Secretary, and Treasurer) for the next year shall be held at the final Board meeting of the old year. After all business of the retiring Board is completed, and departing Directors are excused, the incoming Board will convene for the sole purpose of electing officers for the coming year. The incoming Board shall agree by majority to the method and order of election.

ARTICLE VIII AGENTS AND INDEMNIFICATION

8.1 General Manager. The Board of Directors shall hire a General Manager to administer the affairs of the Cooperative under the direction of the Board.

8.2 Indemnification. The Cooperative shall indemnify or reimburse Directors and officers for all claims and liabilities, including reasonable expenses and attorney's fees, to which they may be subject by reason of such positions with the Cooperative.

8.3 Directors' & Officers' Insurance. In December of each year the retiring Board shall review the level of coverage of the current claims-based policy which protects both past and current directors from legal liability. The new Board shall insure that this or a greater level of coverage is maintained.

ARTICLE IX LABOR SYSTEM

9.1 Member Labor System. New Pioneer shall maintain a member labor system. The system shall be designed so that the benefits to both working and non-working members shall be maximized.

9.2 Board relations with paid employees. The Board of Directors of New Pioneer Cooperative recognizes the right of its employees to bargain collectively and will cooperate in a fair and democratic process for determining such representation, should the need for it arise.

ARTICLE X NOTICE AND WAIVER

10.1 Notice. Any notice required under these Bylaws shall be deemed delivered when deposited in the United States mail with names and addresses as they appear in the records of the Cooperative.

10.2 Waiver. Any notice of a meeting required under these Bylaws may be waived in writing at any time before or after the meeting for which notice is required. The atten-

dance of any person at a meeting, including mailed ballot, shall constitute a waiver of notice of the meeting, except where the person attends for the express purpose of objecting to the transaction of business because the meeting is not legally convened.

ARTICLE XI AMENDMENT

11.1 Amendment. These by-laws may be amended by a three-fourths vote of members using the annual mailed ballot, provided that the proposed amendments are fully stated in the notice of the annual meeting. These Bylaws may also be amended by a three-fourths vote of the Board of Directors.

11.2 Notification of Amendment. Prior to any member meeting, all members shall be notified of any amendment of these Bylaws adopted by the Board of Directors since the last member meeting.