

Proposed By-Laws

Montana Food Hub

ARTICLE 1: COOPERATIVE OFFICES and INCORPORATION

Section 1: Name.

The name of the organization is the Montana Food Hub Cooperative (here on referred to as the "Hub")

Section 2: Purpose.

The Hub will be a hybrid community, business, and producer-owned cooperative providing access to high-quality, locally sourced, healthy, and delicious foods. The Hub stockholders may sell, shop, and add value to the regional food supply chain and provide a central distribution area for Montana made products for the greater Great Falls Region known as the Golden Triangle of Montana and beyond. The Hub will create a marketplace bringing together local producers and consumers to collectively grow a healthy, supportive community, and a more sustainable food system in the Golden Triangle.

Section 3: Offices.

The principal office of the cooperative association in Montana shall be located in Great Falls, Montana. The cooperative association may have such additional offices as the Board of Directors may from time to time determine to be necessary or desirable.

Section 4: Fiscal Year.

The fiscal year of the Hub shall be based on a calendar year.

Section 5: Non-Discrimination:

The Hub shall not discriminate based on race, color, sex, sexual orientation, gender identity, physical or mental disability, genetic predisposition, religion, age, ancestry, national origin, political affiliation, or any other arbitrary basis.

ARTICLE 2: SHAREHOLDERS

Section 2.1: Common Stockholders

There shall be five levels of common stock in the Hub. The Board of Directors shall review and determine continuation of stock offerings on an annual basis and shall, at their discretion, adjust any benefits of stockholders, as needed for the good of the Cooperative.

The Board of Directors shall develop facility use policies that further outline the Cooperative membership criteria, food and safety requirements, permitting, and other items as the Board determines in the best interest of the cooperative for stockholders to have prior to utilizing the Hub.

Common Stockholders may hold only one class of stock.

a) Common Stock A- Producers

Producer stockholders are defined as agricultural producers within Montana. The producer stockholder must grow their own product, which can include, but is not limited to:

- table foods (fruits, vegetables)
- pulse crops
- grains
- meats
 - must be slaughtered and processed in a USDA-inspected facility and have followed all state regulations to sell through wholesale and retail venues in Montana.
 - Must have a meat depot license
- Flowers (edible and non)
- Herbs and spices
- Other products as determined by the Board.

A producer stockholder shall annually identify one member of their staff, family, or owner to represent the business in annual meetings.

The representative of a producer stockholder shall only be allowed one vote at any membership meeting, regardless of whether that individual is a private consumer stockholder.

The benefits of a producer stockholder shall be:

- Ability to sell and distribute products through the Hub (both wholesale and retail spaces)
- Access to a commercial kitchen for value-added product development at membership rental rates.
- Priority scheduling to host workshops, classes, or events at the facility at membership rental rates.
- Access to education, training, and marketing opportunities to expand the business at membership rates.
- Cost sharing for back end and supplies as identified by the needs of stockholders and Board/Management
- Cross Marketing and shared services as identified by the needs of stockholders and Board/management.

b) Common Stock B- Business Production

Business production stockholders are defined as business entities that will obtain products and utilize the facility to develop products for resale, production, etc. The business entity can be a sole proprietor, LLC, C-Corp, or others, but it must be registered and insured. A business production stockholder shall annually identify one member of their staff or owner to represent the business in annual meetings.

The representative of any business production stock shall only be allowed one vote at any membership meeting regardless of whether that individual is a private consumer stockholder.

The benefits of a business production stock shall be:

- Ability to sell through the Cooperative (both wholesale and retail spaces)
- Priority in scheduling production kitchen space for product development
- Priority scheduling to host workshops, classes, or events at the facility.
- Wholesale account with the cooperative for produce, value-added products, etc., with membership wholesale pricing.
- Early access to shop at the cooperative after the product is delivered.
- Ability to order through the cooperative to meet purchase requirements, ease of distribution, etc.
- Access to education, training, and marketing opportunities to expand the business at membership costs.

c) Common Stock C – Business Consumers

Business consumer stockholders are defined as stockholders who own or manage a business that will directly purchase products through the cooperative for resale or to utilize in their operations. Business consumer stockholders shall annually identify one member of their staff or owner to represent the business in annual meetings.

The representative of any business consumer stock shall only be allowed one vote at any membership meeting, regardless of whether that individual is a private consumer stockholder.

The benefits of a business consumer's stock shall be:

- Wholesale account with the cooperative for produce, value-added products, etc., with membership wholesale pricing.
- Early access to shop at the cooperative after the product is delivered.
- Option to order through the Cooperative to meet purchase requirements, ease of distribution, etc.
- Access to education, training, and marketing opportunities to expand the business at membership rates.

d) Common Stock D - Private Consumers

Private consumers stockholders are defined as stockholders who are individuals and **do not** represent any form of interest in a business, enterprise, farm, ranch, production, etc. in the Hub.

The benefits of private consumer stock shall be:

- Access to stockholder-only events and sales, including priority access.
- Priority to reserve the facility for events, classes, workshops, and activities of the Hub.

e) Common Stock E- Employees

The Hub can offer ownership to employees who do not already own common stock through another class upon review by the Board of Directors, at such a time that it is financially feasible and when all employee positions are filled. The Board will determine the value of an employee stock at the time of offering and will amend the Hub's articles of incorporation when it is completed.

Section 2.2: Preferred Stockholders-Non-Voting

The Hub shall offer non-voting preferred investing stock to stockholders and non-stockholders. The preferred stockholders shall receive dividends upon profit from the Hub as determined by the Board of Directors annually. The dividends shall not exceed the State Law return of investment percentages as per MCA 35.15 and shall never place the Hub in financial difficulties.

Section 2.1: Meeting of Incorporation and Initial Board of Directors

Subscribers of common stock shall elect a Temporary Board of Directors for no less than two years at the first meeting. The board shall include the Commissioners, and two additional subscribers placed in nomination prior to or during the first meeting.

The Temporary Directors and all subscribers shall purchase the total amount of their stock within thirty (30) days of written notification of the Cooperative's acceptance of this subscription and the issuance by the Secretary of State of a Certificate of Completed Organization of the Cooperative. No certificate for shares (s) shall be issued until the entire subscription price has been paid in full and all other provisions of the Stock Subscription Agreement are met.

- The newly elected Board of Directors has the right to design and offer a variance to common stockholders based on hardship.

Section 2.3: Annual meeting.

The common stockholders' annual meeting will be held within the first quarter of each year upon the completion of the prior year's financials. The Directors shall determine the date with at least 21 days' notice provided to shareholders to elect Directors and for the transaction of such other business that may come before the meeting.

Section 2.4: Special Meetings.

The President of the Directors may call a special meeting of the common stockholders for any purpose or purposes, unless otherwise prescribed by statute. The President shall call a special meeting at the request of the stockholders of not less than 20% of the common shares entitled to vote at the meeting.

Section 2.5: Place of meeting.

The Board of Directors may designate any place within the State of Montana as the place of meeting for any annual or special meeting. If no designation is made, the place of meeting shall be the principal office of the cooperative association in the State of Montana. Directors may provide for virtual attendance at the Meeting of Incorporation or annual or special meetings.

Section 2.6: Notice of meeting.

Written notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 7 nor more than 21 days before the date of the meeting, either personally, by mail, or by electronic means, by or at the direction of the President, Vice-President or Secretary, or the persons otherwise calling the meeting, to each common shareholder of record entitled to vote at such meeting.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at the shareholder's address as it appears on the stock transfer books of the cooperative association, with postage prepaid. Stockholders may opt to receive electronic notices in lieu of U.S. mail delivery.

Section 2.7: Quorum.

A majority of the common stockholders of the cooperative association entitled to vote, or a minimum of 50 stockholders, whichever is less, represented in person or by proxy, shall constitute a quorum at the stockholders' meeting. If less than a majority quorum of such outstanding shares is represented at a meeting, most of the shares so represented may adjourn the meeting from time to time without further notice. At such an adjourned meeting at which a quorum is present or represented, the stockholders may conduct any business that they could have transacted at the meeting as originally notified.

Section 2.8: Voting of shares.

Each outstanding common stockholder entitled to vote shall be entitled to one vote on each matter submitted for a vote at a meeting of common stockholders.

Preferred stockholders shall have no voting rights outside of what is outlined within the Montana Code Annotated Section 35 – Chapter 15.

Section 2.9: Voting by absent common stockholders' mail.

Subsequent to the Meeting of Incorporation, at any regularly called general or special meeting of the stockholders of the cooperative association, a written vote received electronically or by mail from any absent stockholder(s) and signed by such stockholder(s) may be read in such a meeting. It shall be equivalent to a vote of each such stockholder so signing, providing such stockholder(s) has been previously notified in writing of the exact motion or resolution upon which such vote is taken and a copy of the same is attached to the vote so mailed by such stockholder(s).

ARTICLE 3: BOARD OF DIRECTORS

Section 3.1: General Powers.

The Board of Directors shall manage the business and affairs of the Cooperative. Unless specifically provided otherwise in these Bylaws or by applicable law, the Board of Directors may act by the majority vote of the directors at a meeting in which a quorum is present.

Section 3.2: Number, tenure, and qualifications.

The number of directors of the cooperative association shall be between 7 to 11. Each director shall hold office until the next annual meeting of the stockholders and until the director's successor is elected and qualified.

Subsequent to the first annual meeting upon the completion of the temporary Board of Directors, the Directors may stagger terms of tenure, determined by lot, up to three years in length. The number of directors may be increased from time to time by amendment of the bylaws, but no subsequent decrease shall have the effect of shortening the term of any incumbent director. Directors must be common stockholders or representatives of stockholders who are not natural persons.

An ex-officio director position will be filled by an employee of the cooperative association who is elected by a majority of the employed staff, until such time that the Board effectively begins the Common Stockholder E- Employee. The ex-official director may be excused during an executive session of the Board when personnel issues are addressed.

The Ex-officio cannot be the General Manager of the Hub. The General Manager shall not be a Board member at any time, though the General Manager may, at the time Common Stock E goes into effect, become a worker-owner.

The Board of Directors shall keep a ratio of balance amongst the common stockholders to represent each section accordingly at all times:

Common Stock A- Producers: 2

Common Stock B- Business/Production: 2

`Common Stock C – Business/Consumers: 2

Common Stock D - Private Consumers: 1

At the time that the Board opts to seek Common Stock E- Employee Common Stock, the Board's compensation shall automatically move to the following:

Common Stock A- Producers: 2

Common Stock B- Business/Production: 2

`Common Stock C – Business/Consumers: 2

Common Stock D - Private Consumers: 1

Common Stock E- Employee: 2

Section 3.3: Regular meetings of the Board:

The Board of Directors will meet no less than monthly, with the first meeting being directly after the annual meeting. The Board shall select officers at that time.

The Board of Directors may decide to host additional regular meetings without other notice than such resolution.

Section 3.4: Remote Participation in Board Meetings

Unless determined otherwise by the Board of Directors for a particular meeting, any regular or special meeting of the Board of Directors, or a meeting of a committee, may be held or attended by use of remote communication as allowed by the Board of Directors, which may include electronically, by conference telephone call, internet, remote technology, or other communication through which all participants in the meeting have the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to those entitled to vote, pose questions, and make comments. A director or committee person who attends a meeting using the allowed remote communication shall be deemed present at such a meeting. The Board of Directors may make such additional rules and policies on remote meeting attendance as the Board of Directors determines.

Section 3.5: Notice.

Notice of any meeting of the Board of Directors shall be given by written notice delivered personally, mailed to each director at such director's business address, or via email. If mailed, such notice shall be given at least seven days before the meeting, with notice to be deemed delivered when deposited in the United States mail so addressed, with prepaid postage. If emailed, such notice shall be given at least two days before the meeting, with notice to be deemed delivered when the email is sent with the requested delivery receipt. In case of an emergency, the length of the notice requirements may be shortened to eight hours before the meeting. A director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the

Section 3.6: Quorum.

A majority of the directors shall constitute a quorum for the business transaction at any Board of Directors meeting. If less than such a majority is present, a majority of the directors present may adjourn the meeting without further notice.

Section 3.7: Manner of acting.

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. For voting purposes, each director shall have one vote at all meetings of the Board of Directors.

Section 3.8: Removal of Directors.

The common stockholders may remove directors at a meeting called expressly for that purpose. Any Director may be removed, with cause, by a vote of the holders of two-thirds of the shares then entitled to vote at an election of directors.

The Board of Directors may remove a Director based on inactivity of missing three consecutive meetings without prior notice. The Board shall adopt a code of conduct policy, which shall be grounds for dismissal from the Board after a procedure is followed within the policy.

When an employee stockholder is serving on the Board of Directors, and that person is removed at any time from employment for any reason, the position on the Board automatically becomes vacant. A position on the Board shall not indemnify an employee from following personnel policies or directions/management from the General Manager.

Section 3.9: Vacancies.

Any vacancy on the Board of Directors occurring by removal, resignation, or illness/death may be filled by the affirmative vote of a majority of the remaining directors. A director elected to fill a vacancy shall serve for the unexpired term of the predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by an election at an annual meeting or at a special meeting of the shareholders called for that purpose.

Any directorship to be filled by reason of the removal of one or more directors by the common stockholders may be filled by election by the stockholders at the meeting at which the director or directors are removed. Any director may resign the office at any time, such resignation to be made in writing and delivered to the president or secretary of the cooperative association.

Section 3.10: Presumption of assent.

A Director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken, shall be presumed to have assented to the action taken unless the director's dissent is entered in the minutes of the meeting or unless the director files a written dissent to such action with the person acting as secretary of the meeting, before the adjournment thereof, or forwards such dissent by certified U.S. mail to the secretary immediately after adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 3.11: Reimbursement and Compensation

No member of the Board of Directors shall take any form of compensation outside of reimbursement for travel or activity on behalf of the Hub, as approved by the Board of Directors.

When the Common Stock-E becomes active, the Board of Directors shall determine the fair compensation, if any, for the time an Employee Stockholder spends on board activity.

Section 3.12: Conflict of Interest.

The Board of Directors shall sign a conflict-of-interest statement to be renewed annually by each Board member.

A Stockholder-E (Employee) director shall automatically be recused and shall NOT participate in any discussion related to the hiring and management of the General Manager.

Section 3.13: Committees. The Board of Directors may establish committees consisting of stockholders and at least one director for purposes as the Board of Directors deems necessary or desirable

ARTICLE 4: OFFICERS

Section 4.1: Number.

The officers of the cooperative association shall be a president, vice president, secretary, and treasurer, all of whom shall be elected or appointed by the Board of Directors. The secretary and treasurer may be combined as determined by the Board of Directors. All officers may assign designated work to staff through the advice and agreement of the General Manager.

The Board of Directors may elect or appoint such other officers to expand the Executive Committee as it deems necessary.

Section 4.2: Election and term of office.

Each officer shall be elected for a 2-year term, with the option of serving up to 4 consecutive years in one position.

The officers of the Hub shall be elected annually by the Board of Directors at the regular meeting held after each annual meeting of stockholders. If the election of officers is not held at such a meeting, it shall be held as soon thereafter as is convenient.

Section 4.3: Removal.

Any officer or agent elected by the Board of Directors may be removed, with or without cause, by the Board of Directors whenever, in its judgment, the best interests of the cooperative association would be served by such removal, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

If an employee of the Hub is removed from office by the Board by the Directors, the removal shall not affect employment unless otherwise determined by the General Manager's employee personal policy.

If an employee of the Hub is elected to an officer position and leaves employment with the Hub for any reason, the employee shall automatically be removed from office.

Section 4.4: Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification, or otherwise shall be promptly filled by the Board of Directors for the unexpired portion of the term. Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, the president or the secretary of the cooperative association. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such other officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 4.5: President. The president shall be the principal executive officer of the Hub and subject to the control of the Board of Directors, shall supervise and control all of the business and affairs of the Hub. When present, the president shall preside at all meetings of stockholders and of the Board of Directors. The president may sign, with the secretary or other proper officer of the cooperative association authorized by the Board of Directors, certificates for shares of the cooperative association, deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except when the Board of Directors shall expressly delegate the signing and execution to some other party. In general, the president shall perform all duties incident to the president's office and such other duties as may be prescribed by the Board of Directors.

Section 4.6: Vice-President. The vice-president, in the absence of the president, or in the event of the president's death, inability, or refusal to act, shall perform the duties of president and, when so acting, shall have all the powers of and be subject to all the restrictions on the president. The vice-president may sign, with the secretary, certificates of shares of the cooperative association, and shall perform such other duties as may be assigned to the vice-president by the President or the Board of Directors.

Section 4.7: Secretary. The secretary shall discharge, or cause to be discharged, these duties: (a) keep the minutes of shareholders and directors meetings; (b) see that notices are given as required by these

bylaws or Montana law; (c) be the custodian of the corporate records and seal; (d) keep a register of the post office address of each shareholder; (e) with the president or vice president, sign certificates of shares, the issuance of which has been authorized by the Board of Directors; (f) have general charge of the stock transfer books and other books of the cooperative association; and (g) in general perform all duties incident to the office of secretary and such duties as may be assigned by the president or the Board of Directors

Section 4.8: Treasurer.

The treasurer shall discharge, or cause to be discharged, these duties: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source, and deposit all moneys in the corporation's name in banks, trust companies, or other depositories that the Board shall select; and (c) in general perform all of the duties incident to the office of treasurer and any other duties that the president or Board may assign to the treasurer.

ARTICLE 5: INDEMNIFICATION OF DIRECTORS, OFFICERS, AGENTS, AND EMPLOYEES

Section 5.1: Indemnification of Directors. The cooperative association shall indemnify any individual made a party to a proceeding because he is or was a director of the cooperative association, against liability incurred in the proceeding, but only if such indemnification is both (i) determined permissible and (ii) authorized, as defined in subsection (a) of this Section 1 of Article 5. (Such indemnification is further subject to the limitation specified in subsection (c).)

- a) Determination and Authorization. The cooperative association shall not indemnify a director under this Section 1 of Article 5 unless:
 - i. Determination. A determination has been made in accordance with the procedures set forth in the Montana Business Corporation Act that the director met the standard of conduct set forth in subsection (b) below, and
 - ii. Authorization. Payment has been authorized in accordance with the procedures set forth in the Montana Business Corporation Act based on a conclusion that the expenses are reasonable, the cooperative association has the financial ability to make the payment, and the financial resources of the cooperative association should be devoted to this use rather than some other use by the cooperative association.
- b) Standard of Conduct. The individual shall demonstrate that:
 - i. The individual acted in good faith; and
 - ii. The individual reasonably believed:
 - i. In acting in an official capacity with the cooperative association, the individual's conduct was in the cooperative association's best interests;
 - ii. In all other cases, that the individual's conduct was at least not opposed to the cooperative association's best interests; and

- iii. In the case of any criminal proceeding, the individual had no reasonable cause to believe that the conduct was unlawful.
- c) No indemnification permitted in Certain Circumstances. The cooperative association shall not indemnify an individual under Section 1 of Article 5 if:
 - i. The individual was adjudged liable to the cooperative association in a proceeding by or in the right of the cooperative association; or
 - ii. The individual was adjudged liable in any other proceeding charging that the director improperly received personal benefit, whether or not the individual acted in an official capacity.
 - iii. Indemnification in Derivation Actions Limited. Indemnification permitted under Section 1 of Article 5 in connection with a proceeding by the cooperative association or in the right of the cooperative association is limited to the reasonable expenses incurred in connection with the proceeding.

Section 5.2: Indemnification of Officers, Employees & Agents.

The Board of Directors, by resolution, may elect to indemnify and advance expenses to any officer, employee, or agent of the Cooperative, who is not a director of the Cooperative, if the officer, employee, or agent meets the same requirements as set forth for directors above and to the extent not excepted under Mont. Code Ann 35–14–856(1)(b).

Section 5.3: Insurance.

The 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 the 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.

Section 5.4: Advance Expenses for Directors.

The cooperative association shall pay for or reimburse, in advance of final disposition of the proceeding, the reasonable expenses incurred by a director who is a party to a proceeding if:

- a) By following the procedures of the Montana Business Corporation Act, the Board of Directors determined that the director met the requirements (c)-(e) listed below; and
- b) By following the procedures and standards set forth in the Montana Business Corporation Act, the Board of Directors authorized an advance payment to a director; and

- c) The director has furnished the cooperative association with a written affirmation of the director's good faith belief that the director has met the standard of conduct described in Section 1 of Article 5; and
- d) The director has provided the cooperative association with a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that the director did not meet the standard of conduct; the director's undertaking must be an unlimited general obligation, but need not be secured, and the cooperative association may accept the undertaking without reference to financial ability to make repayment; and
- e) The Board of Directors determines that the facts then known to it would not preclude indemnification under Section 1 of this Article 5 or the Montana Business Corporation Act.

Section 5.5: Mandatory Indemnification.

Notwithstanding any other provisions of these bylaws, the cooperative association shall indemnify a director or officer who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because he or she is or was a director or officer of the cooperative association, against reasonable expenses incurred by the directors or officers in connection with the proceedings.

ARTICLE 6: CONTRACTS, LOANS, CHECKS, AND DEPOSITS

Section 6.1: Contracts.

The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the cooperative association. Such authority may be general or confined to specific instances. In the absence of fraud, no contract or other transaction between the cooperative association and any other business or cooperative shall be affected by the fact that the officers or directors of this cooperative association also shall be officers or directors, or otherwise interested, in such other business or cooperative.

Section 6.2: Loans.

No loans shall be contracted on behalf of the cooperative association, and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 6.3: Checks, drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the cooperative association shall be signed by such officers or agents of the cooperative association and in such manner as may be determined by resolution of the Board of Directors.

Section 6.4: Deposits. All funds of the cooperative association shall be deposited from time to time to the credit of the cooperative association in such banks or other depositories as the Board of Directors may select.

ARTICLE 7: SHARE CERTIFICATES, TRANSFER AND RESTRICTIONS ON TRANSFER

Section 7.1: Certificates for shares.

Certificates representing shares of the cooperative association shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the president or vice president and by the secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the share is issued and date of issue, shall be entered on the stock transfer books of the cooperative association.

All certificates surrendered to the cooperative association for transfer shall be cancelled and no new certificates shall be issued until former certificates for a like number of shares have been surrendered and cancelled, except that in the case of a lost, destroyed or mutilated certificate, a new one may be issued upon such terms and indemnity to the cooperative association as the Board of Directors may prescribe. No certificate shall be issued for any share until such share is fully paid.

Section 7.2: Disposal of earnings.

The Board of Directors of the cooperative association, subject to revision by the holders of common stock at any stockholder meeting and subject to any state law, may apportion the earnings of the cooperative association as follows:

- a) by first paying dividends on paid-up preferred stock, not exceeding state law as per annum on the par value thereof;
- b) from the remaining funds, if any, accessible for dividend purposes, not less than 5% of the net profits for a reserve fund until an amount has accumulated in said reserve fund amounting to 30% of the paid-up common and preferred stock;
- c) from the balance, if any, 5% for an educational fund to be used for education in cooperative principles; and
- d) the remaining of said profits, if any, by uniform patronage on the amount of purchases from or patronaging of the cooperative association's products and services, which may be credited to the account of such patrons on account of common stock in the cooperative association.

Section 7.3: Written Notice of Allocation. Written notices of allocation may be qualified or nonqualified, as determined by the Board of Directors, and may be issued in noncertified form. A notice shall be sent to each stockholder showing the amount distributed to the stockholder, including any amount distributed in cash and any amount distributed in capital credits. Each stockholder shall take into account on the stockholder's income tax return the amount of any patronage dividends which are made in cash or by a qualified written notice of allocation (as defined in Internal Revenue Code § 1388) at their stated dollar amounts in the manner provided in Internal Revenue Code § 1385(a) in the taxable year in which the stockholder receives the written notice of allocation.

Section 7.4: Forfeiture. Any patronage dividends in cash or any payments of capital credits that are not claimed by the respective stockholder within five years of distribution shall be considered forfeited and returned to the Cooperative's capital funds.

ARTICLE 8: SEAL

The Board of Directors may provide a corporate seal which shall be circular in form and shall have inscribed on it the name of the cooperative association and the state of such cooperative association incorporation.

ARTICLE 9: DISSOLUTION

Whenever any notice is required to be given to any stockholder or director of the cooperative association under the provisions of these bylaws or under the provisions of Montana law, a waiver, in writing, signed by the person or persons entitled to such notice, or documented from a verified email address, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 10: AMENDMENTS

These bylaws may be altered, amended, or repealed, and the common stockholders may adopt new bylaws at any regular or special meeting of the common stockholders.

The Board of Directors is authorized to sign the foregoing Bylaws, and any duly adopted amendments thereto, manually or electronically in two or more counterparts each of which shall be deemed an original, but all of them taken together shall constitute only one instrument. Delivery of any executed counterpart of a signature page by fax, email, or other electronic means will be as effective as delivery of a complete, executed original counterpart.

C E R T I F I C A T E

We, the undersigned stockholders of the Board of Directors of Montana Food Hub, do hereby certify that we have adopted the foregoing as the Bylaws of the cooperative association by the common stockholders and direct that the Bylaws be inserted and kept in the corporate record book of the cooperative association.

DATED _____, 2025