

ARTICLES OF INCORPORATION

Executed by the undersigned for the purpose of forming a Wisconsin Cooperative under Chapter 185 of the Wisconsin Statutes.

ARTICLE I

The name of the cooperative shall be Viroqua Food Cooperative.

ARTICLE II

The period of existence of the cooperative shall be perpetual.

ARTICLE III

The address of the cooperative is: 609 N Main Street, Viroqua, Wisconsin 54665.

ARTICLE IV

The purpose of the cooperative shall be to engage in any activity with the purposes for which cooperatives may be organized according to the laws of the state of Wisconsin, Chapter 185.

ARTICLE V

The cooperative is organized with capital stock in the following classes:

Class A: 10,000 shares- \$25.00 par value per share

Class B: 5,000 shares- \$25.00 par value per share

Class C: 117,000 shares- \$25.00 par value per share

The preferences, limitations, designation, and relative rights of each class of stock are as follows:

Class A- Class A Stock is preferred stock without voting rights, except as provided in Wisconsin Statute Sections 185.52, 185.61, and 185.63. The rate of dividend upon said class of stock shall not exceed 8% of its par value for any year. Dividends of this class shall be cumulative. At the discretion of the Board of Directors, all dividends or distributions of the cooperative or any part thereof may be paid in certificates of preferred stock or credits on preferred stock or ad interim certificates representing fractional parts thereof, subject to conversion into full shares.

The cooperative reserves the prior right to acquire any Class A stock offered for sale by any shareholder or the right to recall the Class A stock of any shareholder. The consideration paid for sale by any Class A stock shall be its par value and accrued unpaid dividends, provided that if the book value of such stock is less than par value, the consideration shall be such book value.

Class A stock shall only be traded on the books of the cooperative. The cooperative shall have a lien on all of its issued Class A preferred stock for all indebtedness of the holders thereof the cooperative.

Class A Stockholders may request the cooperative's Board of Directors to redeem their stock at any time. Any redemption request requires approval of the cooperative's Board of Directors.

Upon dissolution, the holders of Class A preferred stock shall be entitled to receive the par value of their stock, or its book value, whichever is lower, plus any dividend declared thereon before any distribution is made.

Class B- Class B stock shall be the membership stock of the cooperative. Class B stock shall be issued only to a person eligible to become a member of the cooperative as prescribed by the Articles and the cooperative's Bylaws. Each member shall hold only one share of Class B stock and each eligible holder shall be entitled to one vote in any meeting of the stockholders. No dividends shall be paid on Class B stock. The Bylaws of this cooperative may specify that a holder of Class B stock may cease to be an eligible member by violation of conditions of membership as specified by the Bylaws. Class B stock is non-refundable stock.

Class C- Class C stock is preferred stock without voting rights, except as provided in Wisconsin Statute Sections 185.52, 185.61, and 185.63. The rate of dividend upon said class of stock shall not exceed 8% of its par value for any year. Dividends of this class shall be cumulative. At the discretion of the Board of Directors, all dividends or distributions of the cooperative or any part thereof may be paid in certificates of preferred stock or credits on preferred stock or ad interim certificates representing fractional parts thereof, subject to conversion into full shares.

The Board of Directors has the authority to issue Class C stock in multiple series. The Board shall establish the numbers of shares offered, rate of dividend, redemption terms, and any such additional terms and conditions as the Board deems appropriate at the time of issuance for each series of Class C stock.

The cooperative reserves the prior right to acquire any Class C stock offered for sale by any shareholder or the right to recall the Class C stock of any shareholder. The consideration paid for sale by any Class C stock shall be its par value and accrued unpaid dividends, provided that if the book value of such stock is less than par value, the consideration shall be such book value.

Class C stock shall only be traded on the books of the cooperative. The cooperative shall have a lien on all of its issued Class C preferred stock for all indebtedness of the holders thereof the cooperative.

Upon dissolution, the holders of Class C preferred stock shall be entitled to receive the par value of their stock, or its book value, whichever is lower, plus any dividend declared thereon before any distribution is made.

Class C Stockholders may request the cooperative's Board of Directors to redeem their stock at any time, subject to the terms and conditions of each series of stock. Any redemption request requires approval of the cooperative's Board of Directors.

Upon dissolution, the holders of Class C preferred stock shall be entitled to receive the par value of their stock, or its book value, whichever is lower, plus any dividend declared thereon before any payment is made to holders of Class A preferred stock.

ARTICLE VI

The basis of distribution of assets upon dissolution, voluntary or involuntary, shall be provided by law, except as may be set forth in these Articles or the Bylaws of this cooperative in any provision not prohibited by law.

ARTICLE VII

The business affairs of the cooperative shall be agreed by the Board of Directors. The number of directors, the length of their terms, and manner of their election shall be set for in the Bylaws consistent with state statutes.

BYLAWS

SECTION 1: NAME

1.1 The name of the cooperative shall be Viroqua Food Cooperative.

SECTION II: PURPOSE

2.1 The purpose of the cooperative shall be to provide high quality food at reasonable price. Preference shall be given to food that is grown organically by local producers. The cooperative shall also seek to offer products which are made and intended to be sold in environmentally sound ways.

2.2 The cooperative shall strive to educate the public, both by example and by community outreach, about the benefits and potentials of cooperatives, and of sound nutrition and agricultural practices. The co-op shall also work to encourage other similar ventures in its neighborhood and beyond.

2.3 The cooperative shall engage in any activity within the purpose for which cooperatives may be organized.

SECTION III: MEMBERSHIP

3.1 Anyone may become an owner of the co-op by listing one's name, address and phone number on an ownership form and by purchasing required equity stock. Required stock purchases are based on the number of adults in a household, and are as follows: Each adult in any household must purchase 2 shares of Class A preferred stock at \$25.00 per share, and 1 Class B ownership stock at \$25.00 per share. The method(s) by which payment may be made will be determined by the Board of Directors of the cooperative. Each adult owner in good standing, by virtue of their purchase of 1 share of Class B ownership stock, shall be entitled to 1 vote in the case of any ownership vote.

3.2 Ownership shares and retained patronage refunds are non-transferable.

3.3 Ownership may be revoked by decision of the Board of Directors, with the right of appeal to the ownership.

SECTION IV: OFFICERS AND BOARD OF DIRECTORS

4.1 Any member may be elected a director.

4.2 There shall be seven directors. Directors shall serve three-year terms, elected in a rotation of two, two and three directors per year respectively. Directors shall not be limited in the number of terms they may serve.

4.3 The Board of Directors shall meet monthly, a minimum of ten times per year. These meetings shall be held at a regular, established time and an agenda will be made available at least two days prior to the meeting. Any member may attend a meeting of the Board of Directors. Any member wishing to address the Board of Directors shall arrange time on the agenda. The Board may include a closed session in the agenda for any given meeting. Any person, other than Board members, may be asked to leave at the time of the closed session. Any binding decision made during a closed session must be made public, with the exception of possible personnel issues.

4.4 Four or more Board members must be present to constitute a quorum. Only Board members present are eligible to vote on matters before the Board, unless a Board member unable to attend has cast his or her vote, in writing, in advance.

4.5 Any Director may resign at any time by written notice to any officer. The resignation shall take effect at the time the notice is received or at such time as is specified in the notice of resignation. The acceptance of the resignation shall not be necessary to make it effective. Upon resignation or incapacitation of any Director, the remainder of the Directors may, at the next Board of Directors meeting, elect an owner to fill in the position until the next annual meeting and Board of Director election.

4.6 The owners may remove an officer or Director from office by a vote of a quorum at any annual owners meeting, and may, elect an owner to fill the unexpired term of the Board member. A quorum is defined as 10% of the first 100 owners plus 5% of additional owners.

4.7 The President, Vice President, Secretary and Treasurer shall be elected from the Board of Directors and by the Board of Directors.

4.8 Committees shall be initiated by the Board of Directors or by the General Membership as deemed necessary.

4.9 Directors shall be compensated by a \$100 per month VFC gift card. The President shall receive a \$125.00 per month VFC gift card.

4.10 Owners may choose to receive notice from, communicate with, and vote in the elections of the Cooperative electronically. It is the Owner's responsibility to provide the Cooperative with a current electronic address.

SECTION V: DUTIES OF OFFICERS AND BOARD OF DIRECTORS

5.1 The Board of Directors shall make policy decisions, oversee long range planning, review the budget, work on committees; evaluate, hire and fire the General Manager, and carry out the mandates of the membership.

5.2 The duties of the President include:

- a. To preside at all meetings of the members and of the Board of Directors. The President has voting privileges.
- b. To sign pertinent legal documents.

5.3 The duties of the Vice President include:

- a. To discharge the duties of the President in the event of the absence or disability of the President.

5.4 The duties of the Secretary include:

- a. To keep a true and accurate record of the proceedings of all meetings of the members and of the Board.
- b. To systematically and safely keep such books, papers and records pertaining to the business of the Cooperative as they may be assigned to him or her by the Board of Directors.
- c. To discharge the duties of the President or Vice President in the event of their absence or disability.

5.5 The duties of the Treasurer include:

- a. To ensure safekeeping of such books, papers, receipts, disbursements, etc. in the Cooperative's books and records.
- b. To disburse the funds of the Cooperative as may be ordered by the Board of Directors.
- c. To render, as may be required, true accounts of all financial transactions of the Cooperative and accurate statements of the Cooperative.

SECTION VI: GENERAL MEMBERSHIP MEETINGS

6.1 There shall be an Annual Owner's Meeting in the fall of each year.

6.2 Additional Annual Owner Meetings may be held if a majority of the Board calls for it. Such meetings must be announced to the ownership at least ten (10) days in advance, along with the reason for the meeting. Notice of such meetings must be posted in the cooperative and announced in a direct mailing to owners.

6.3 There shall be one vote per owner.

6.4 Any action of the officers or Board of Directors may be reviewed and amended or reversed by a vote of a quorum at any Annual Owner's Meeting, provided it is published on the agenda appropriately.

SECTION VII: AMENDMENTS TO THE ARTICLES AND BYLAWS

7.1 Bylaws may be adopted, amended or repealed by a vote of a quorum at any Annual Ownership Meeting or by an in-store ballot or mail-in vote. Proposed amendments must be published in a newsletter and posted in the Cooperative at least 30 days in advance of a meeting or for the minimum 30-day duration of an in-store ballot, mail-in vote, or electronic vote. Such notice must include the exact language of the proposed change and a brief justification for the proposed change.

SECTION VIII: EMPLOYEES AND STORE MANAGERS

8.1 The Board of Directors shall accept as its operating criteria that it will make every conscious effort to be an affirmative action, equal opportunity employer, sensitive to biases based on race, age, class, religious/non-religious beliefs, physical difference and sexual orientation.

SECTION IX: FINANCES

9.1 The Board of Directors shall monitor and plan for the Cooperative's financial operation, present this information at the Annual Ownership Meetings and make recommendations regarding any action to be taken.

9.2 The budget for the coming fiscal year will be constructed by management and presented to the Board of Directors for review.

9.3 The fiscal year of the Cooperative shall be from July 1 to June 30.

9.4 Distribution of net proceeds from the Cooperative shall be made in accordance with all applicable State and Federal laws to owners and be decided upon by the Board of Directors. The Board of Directors shall have the power to have an audit made at any time it may see fit by a competent and disinterested auditor or accountant. Net proceeds shall be distributed and paid to owners in accordance with the ratio, which their patronage bears to total patronage. All or any part of net proceeds would be applied to prior year losses.

9.5 The Co-op shall allocate and distribute to owners its adjusted net savings from businesses done with them in the manner set forth in this by-law. Owners shall retain the right to waive in whole or in part, by action at a meeting of owners, any patronage refunds to which they may be entitled.

9.6 The adjusted net profit for each fiscal year shall be allocated to each owner in the proportion in which his or her patronage bears to the total of all owner patronage during the year. Patronage shall

be understood to mean goods and services purchased from the Co-op and shall be measured in terms of dollar amount. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board of Directors, be excluded from distribution provided that they are not then or later distributed to other owners.

9.7 In the event the Co-op should incur a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated owners' equity. If the net loss exceeds such amounts, or in any event if the Board so determines, the amount of such loss may either be carried forward to offset adjusted net profit of subsequent fiscal years. Any such allocated net loss shall be charged first against retained patronage refunds of prior fiscal years and then against patronage refund allocations of subsequent years. Allocated net losses shall not otherwise be assessed to or collected from owners.