

**AMENDED AND RESTATED ARTICLES OF
INCORPORATION**

OF

COMMUNITY FOOD COOPERATIVE

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ARTICLE I

Name

The name of this Corporation is COMMUNITY FOOD COOPERATIVE.

ARTICLE II

Duration

The duration of this Corporation shall be perpetual.

ARTICLE III

Purposes and Powers

1. **Purposes.** The purposes for which the Corporation is organized are: to operate as a cooperative organization; to purchase, acquire, process, store, sell and distribute agricultural and other consumer products of a type that are generally for personal, living or family use; to establish retail outlets from which the Corporation may carry out its activities; to provide educational materials and services regarding food, health, cooperative principles and other issues of concern to its members and community; to work in harmony with other cooperative organizations; and to engage in any other activity on a cooperative basis that may be approved at a meeting of members.

2. **Powers.** This Corporation shall have and may exercise all powers necessary to effect any or all of the purposes for which the Corporation is organized, including those powers described in RCW 24.06.030.

ARTICLE IV

Membership Qualification

Membership of this Corporation is available to any person who is a resident of the State of Washington or a foreign country at the time such person applies for membership, who is in

accord with the purposes of the Corporation, wishes to patronize it and is willing to abide by this Corporation's Articles of Incorporation and Bylaws.

ARTICLE V

Authorized Membership Classes

1. **Authorized Memberships.** This Corporation shall have authority to issue an unlimited number of Class A Shares, and such number, class and series of additional shares ("Additional Shares") as the holders of Class A Shares may approve following a recommendation by the Board of Directors.
2. **Automatic Conversion.** Each membership held by a member of this Corporation on the date that these Articles of Amendment and Restatement are filed shall, without further action by the Corporation, automatically convert to a single Class A Share.
3. **Restriction.** Additional Shares may only be issued to holders of Class A Shares.
4. **Voting Rights.** Each holder of a Class A Share is entitled to a single vote. The Class A Shares is the only class of share having the right to vote, and the Board of Directors may not approve any Additional Shares carrying voting rights.

ARTICLE VI

Additional Shares Established

1. **Designation of Additional Shares.** (a) The Corporation hereby designates and authorizes the issue of the following Additional Shares, each with the rights, preferences, powers, privileges and restrictions, qualifications and limitations described in this Article VI:

2,000 Class B Shares;

2,000 Class C Shares; and

1,800 Class D Shares.

(b) Definitions. In these Articles of Amendment and Restatement, the following terms shall bear the following meanings:

(i) "Original Issue Price" shall mean \$100.00 for each Class B Share, \$500.00 for each Class C Share, and \$1,000.00 for each Class D Share.

(ii) "Dividend Rate" shall mean the annual rate of \$2.75 per Class B Share (which is 2.75% of the Original Issue Price), \$20.00 per Class C Share (which is 4% of the Original Issue Price), and \$50.00 per Class D Share (which is 5% of the Original Issue Price).

(c) Dividend Rights.

(i) In each calendar year, the holders of the then outstanding Additional Shares shall be entitled to receive, out of the Corporation's legally available funds and assets, when, as and if declared by the Board of Directors, non-cumulative cash dividends at the applicable annual Dividend Rate. If at any time the Corporation pays less than the total amount of dividends then due with respect to all the Additional Shares, such payment shall be distributed pari-passu among the holders of the Additional Shares.

(ii) Neither the declaration nor payment of dividends on the Additional Shares shall be mandatory in any given calendar year of the Corporation, and no rights or interest shall accrue to the holders of the Additional Shares if the Corporation fails in any calendar year to declare or pay dividends on the Additional Shares in the amount of the respective annual Dividend Rate or in any other amount, whether or not the earnings of the Corporation in any calendar year were sufficient to pay such dividends in whole or in part.

(iii) The Corporation shall have the right to cancel any dividends not claimed by the holder of Additional Shares within six months after the notice of distribution has been made by mail to the holder's address of record.

(d) Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the then outstanding Additional Shares shall be entitled to be paid from the funds and assets of the Corporation that may legally be distributed to the Corporation's shareholders (the "Available Funds and Assets"), prior and in preference to any payment or distribution (or any setting apart of any payment or distribution) of any Available Funds and Assets to the holders of Class A Shares, an amount equal to the Original Issue Price for each Additional Share then held by them plus all declared but unpaid dividends. If upon any liquidation, dissolution or winding up of the Corporation, the Available Funds and Assets shall be insufficient to permit the payment to the holders of the then outstanding Additional Shares of their full preferential amounts, then all of the remaining Available Funds and Assets shall be distributed ratably among the holders of the Additional Shares in proportion to the full preferential amount per Additional Share that each such holder would otherwise have been entitled to receive. A consolidation or merger of the Corporation, or a sale of all or substantially all of its assets, shall be deemed a dissolution and winding up for purposes of this Section.

(e) No Voting Rights. The Additional Shares shall not carry any voting rights, nor shall their holders be entitled to notice of any members' meeting under the bylaws of the Corporation (as in effect at the time in question) or applicable law. However, the holders of Additional Shares shall be entitled to notice of, and to vote as a separate class at, any meeting convened to consider any matter described in Section (f) below or as otherwise required by law. Where the holders of Additional Shares are entitled to vote on any matter, each Additional Share shall carry a single vote.

(f) Protective Provisions. The Corporation may not, without first obtaining the affirmative vote or written consent of the holders of a majority of each class of then-outstanding Additional Shares, voting as a separate class:

(i) amend its Articles of Incorporation in any manner that would alter, change, or materially and adversely affect any of the rights, preferences, privileges or restrictions of that Additional Share class; and

(ii) authorize, issue or reclassify any other Additional Shares having rights or preferences senior to any of the rights or preferences of that class of Additional Share.

(g) Redemption Rights. The Class B Shares, the Class C Shares and the Class D Shares are redeemable at the option of the holder or the Corporation at any time after one (1), four (4) and five (5) years respectively from the date of their issue, for a redemption price equal to their respective Original Issue Prices plus declared but unpaid dividends. If the holder of an Additional Share wishes to exercise this redemption right, the holder must give the Secretary of the Corporation written notice to that effect. The Corporation must pay the redemption price to the holder in cash, in one or more payments, within one year of receiving the holder's written redemption notice. If the Corporation wishes to exercise this redemption right, the Corporation must give the holder written notice to that effect. The Corporation must pay the redemption price to the holder in cash, in one or more payments, within one year of giving or receiving a written redemption notice.

(h) Transferability. The holders of Additional Shares may not transfer them during their lifetimes. Upon the death of the holder, the Corporation shall be deemed to have exercised its right to redeem the Additional Shares of the deceased holder on the date of the holder's death notwithstanding that the Corporation's deemed exercise of its redemption right falls outside any redemption period that may otherwise have applied.

ARTICLE VII

General Membership Provisions

1. **Application for Class A Shares.** An applicant for Class A Shares must submit a written application for Class A Shares to the Corporation and pay the required Class A Share purchase price in the manner required by the Corporation. In the event of questionable eligibility, admission may be subject to approval by the Corporation's Board of Directors. The amount of the Class A Share purchase price shall be determined by the Board of Directors.

2. **Application for Additional shares.** An applicant for Additional Shares shall sign and submit to the Corporation a purchase agreement covering the Additional Shares being purchased in such form and containing such terms and conditions of purchase as may be adopted by the Corporation's Board of Directors for that purpose.

3. **Class A Share Rights.** The holders of Class A Shares shall have the right to:

(a) Purchase goods from the Corporation at prices generally available to holders of Class A Shares and otherwise to benefit from participation in the activities of the Corporation;

(b) Receive a copy of the Corporation's Bylaws and to obtain reasonably adequate and timely information as to the organizational and financial affairs of the Corporation, including review of the minutes of Board of Directors' meetings and the Corporation's financial statements and records. The information shall be provided to holders of Class A Shares upon request, with reasonable prior notice, at the Corporation's business office during office hours. Confidential information as defined by Board policies will be provided only for a proper purpose and may be made subject to conditions or restrictions as determined by the Board of Directors;

(c) Receive patronage refunds; and

(d) Apply to purchase Additional Shares.

4. **Additional Share Rights.** The holders of Additional Shares shall have the following rights and preferences:

(a) The financial rights and preferences specified in Article VI;

(b) The right to receive a copy of the Corporation's Bylaws and to obtain reasonably adequate and timely information as to the organizational and financial affairs of the Corporation, including review of the minutes of Board of Directors' meetings and the Corporation's financial statements and records. The information shall be provided to holders of Additional Shares upon request, with reasonable prior notice, at the Corporation's business office during office hours. Confidential information as defined by Board policies will be provided only for a proper purpose and may be made subject to conditions or restrictions as determined by the Board of Directors; and

(c) The limited right to vote in the circumstances described in Article VI.

5. **Termination of Membership.**

(a) Class A Shares. Class A Shares shall be cancelled and surrendered to the Corporation by their holders in the following circumstances:

(i) Voluntarily by the holder at any time upon notice to the Corporation;

(ii) Automatically whenever payment of annual membership fees becomes delinquent to an extent determined by the Board of Directors; or

(iii) For reasonable and sufficient cause, including willful violation of the Corporation's Articles or Bylaws, by a two thirds' vote of the Board of Directors, after a fair hearing at which the holder has had the opportunity to speak and present evidence.

(b) Additional Shares. Additional Shares shall be surrendered to the Corporation in the following circumstances:

(i) Pursuant to a redemption described in Article VI; and

(ii) On demand by the Corporation, for reasonable and sufficient cause, including willful violation of the Corporation's Articles or Bylaws, by a two thirds' vote of the Board of Directors, after a fair hearing at which the member has had the opportunity to speak and present evidence. If the Corporation exercises this right to terminate, it shall be deemed to have exercised its redemption right provided in Article VI notwithstanding that its exercise of such rights falls outside any redemption period that may otherwise have applied.

5. **Return of Original Issue Price.**

(a) Class A Shares. Following cancellation and surrender of Class A Shares for any reason, the price originally paid by the holder shall be returnable within six months after request by the member and approval by the Board of Directors. In the event of dissolution of the Corporation, the original purchase price for the Class A Shares shall be returned to their holders after payment of all liabilities of the Corporation, including any liability to repay the Original Issue Price for Additional Shares plus all declared but unpaid dividends, and any retained patronage refunds. If sufficient funds are not available for a payment in full, repayment shall be made on a pro rata basis among the holders of the Class A Shares.

(b) Additional Shares. Following cancellation and surrender of Additional Shares for any reason, the Corporation shall pay the holders a redemption price equal to the Original Issue Price for each Additional Share held by the holders plus declared but unpaid dividends in the manner described in Article VI.

6. **Liability.** No holder of Class A Shares or any Additional Shares shall be liable for debts, obligations or liabilities of the Corporation.

7. **Additional Qualifications.** The Board of Directors may impose regulations and qualifications with respect to ownership of Shares by Bylaws not inconsistent with these Articles.

ARTICLE VIII

Distribution of Surplus

The net distributable surplus of the Corporation from cooperative activities after establishing reserves shall be distributed to the holders of Class A Shares in cash or in kind, or both, in proportion to such holder's purchases during the period for which the distribution is made.

Distributions shall be made annually, unless otherwise provided by the Bylaws, but in no event less frequently than every other year. The determination of what constitutes net distributable surplus, the determination of the time and manner of its distribution, the definition and establishment of reserves, the disposition of unclaimed distributions and all other matters relating to the distribution of distributable surplus, not contrary to the Articles, shall be determined by the Board of Directors pursuant to Bylaws which may be adopted, and from time to time amended, by the Board of Directors.

ARTICLE IX

Disposition of Assets on Dissolution

On dissolution of the Corporation, its assets shall be applied first to payment of all liabilities of the Corporation, including expenses of liquidation. If there are any assets remaining after payment of the liquidation preference associated with any outstanding Additional Shares, they shall be applied to pay retained patronage dividends and then to pay the holders of Class A Shares the original purchase price for their Class A Shares which, if they cannot be paid in full, shall be paid on a pro rata basis. Any remaining assets shall be distributed to one or more cooperative organizations selected by the Board of Directors, whose purposes are similar to those of the Corporation.

ARTICLE X

Registered Office and Agent

The name of the registered agent of this Corporation and the street address of its registered office are as follows:

Jon Edholm
405 E. Holly Street, Suite 101
Bellingham, WA 98225

ARTICLE XI

Board of Directors

The number of directors constituting the Board of Directors of the Corporation at the time of the adoption of these Amended Articles of Incorporation is eight (8), and their names are as follows:

<u>Name</u>	<u>Term Expires</u>
Melissa Morin	2018
Caroline Kinsman	2018
Brent Harrison	2019
Ceci Lopez	2020
Phil Buri	2019
Ryan Peters	2020
Margaret Gerard	2019
Seth Mangold	2020

IN WITNESS WHEREOF, these Amended Articles of Incorporation are executed on behalf of the Corporation this 10th day of January, 2018.

Melissa Morin, Board Chair

CONSENT TO APPOINTMENT AS REGISTERED AGENT

The undersigned hereby consents to serve as registered agent for The Community Food Cooperative in the State of Washington.

DATED this _____ day of _____, 2018.

Name

Address
Address