

**AMENDED AND RESTATED BYLAWS
OF
NORTHERN STAR COOPERATIVE SERVICES**

**ARTICLE I.
MEMBERSHIP**

Section 1. Qualifications. Any patron who conducts at least \$1,500.00 in business annually (as calculated in the most recent past fiscal year of the cooperative) with the cooperative is eligible for membership and becomes a member upon approval of the Board of Directors and upon receiving from this association written notification and a copy of the Bylaws and consents to take patronage distribution into income.

Section 2. No member shall have more than one vote on any issue and voting by proxy shall not be allowed. Any firm, corporation or cooperative association holding a membership in this association may elect or appoint any person to represent it at any meeting, and the person so elected or appointed shall have full power and authority to represent such organization and also to cast its vote at any meeting. If two or more persons hold one (1) membership in partnership, joint tenancy or otherwise, the vote of such membership shall be cast by anyone (1) of such persons. The spouse of a member may vote on behalf of such member or stockholder unless the member has indicated otherwise. A husband and wife may both vote on any issue if they are both members and provided each holds a full membership independent of the other.

Section 3. Termination of Membership. At any time if a member (a) has become ineligible for membership, or (b) has failed to patronize this association for a period of one year or more in an amount of at least \$1,500.00 annually in the association, (c) dies; or (d) whenever the Board of Directors by resolution finds that a member has (i) intentionally or repeatedly violated any Bylaw of this association, or (ii) breached any contract with this association, or (iii) remained indebted to this association for ninety days after such indebtedness first became payable, or (iv) willfully obstructed any lawful purpose or activity of this association; then, in any such event, the Board of Directors, in its sole discretion, may terminate such membership. No action taken hereunder shall impair the obligations or liabilities of either party under any contract with the association which may be terminated only as provided therein. Moreover, termination shall not be deemed to revoke such member's consent contained in Article VII, of these bylaws but rather, such member may only revoke such consent in writing. A revocation of consent terminates all of the cooperative's obligations relative to patronage credits. Upon termination of membership the member shall thereafter have no voting rights in this Cooperative. A terminated member's (who has not revoked consent) patronage credits shall be revolved or retired in the same manner as the patronage credits of members. No action taken hereunder shall impair the obligations or liabilities of either party under any contract with the Cooperative which may be terminated only as provided therein.

ARTICLE II. MEMBER MEETINGS

Section 1. Annual Meeting. An annual meeting of the members of this cooperative shall be held annually, not later than six (6) months after the end of the fiscal year, unless otherwise determined by the Board of Directors at the principal place of business of this cooperative. or at such other place conveniently located within the area served by it, and at such date and hour as may be determined by the Board of Directors and designated in the notice of the meeting.

Section 2. Special Meetings. Special meetings may be called as provided by Minnesota Statutes.

Section 3. Notice of Meetings. Notice of meetings, both annual and special shall be provided to the membership in any manner allowed by Minnesota law, including mail to (or, in the case of an association, to the Secretary thereof) to the member's last known post office address, not less than fifteen (15) days previous to the date of the meeting. In lieu of such notice by mail, notice of the meeting may be given by publication as provided by Minnesota law or a publication of the cooperative that is regularly published by or on behalf of the cooperative and circulated generally among the members, at least two weeks previous to the date of the meeting.

After the provision of notice of the meeting of the members, the Secretary shall execute a certificate, as required by Minnesota law and containing the information prescribed. The certificate shall be made a part of the record of the meeting.

Section 4. Quorum. At any regular or special meeting of the members of this cooperative, a quorum necessary to the transaction of business shall consist of at least 10% of the total number of members, provided that if this cooperative has over 500 members, 50 members present shall constitute a quorum. The determination of members present at any meeting shall occur as provided by Minnesota law.

Section 5. Conduct of Meetings. The order of business at the regular meetings and so far as possible at all other meetings shall be:

- (a) Calling of meeting to order.
- (b) Proof of notice of meeting.
- (c) Approval of minutes.
- (d) Report of officers and committees.
- (e) Election of directors.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

Section 6. Voting. Each member shall be entitled to only one vote on any question, regardless of the amount of equity. No proxy voting shall be allowed.

Section 7. Voting by Mail/Or Electronic Means. Any member who is absent from any meeting of the members may vote by mail, electronic means or any other method allowed by Minnesota Statute and specifically adopted by the Board of Directors prior to any meeting at which a vote is to occur. A vote occurring by mail shall be on the ballot herein prescribed for any motion, resolution, or amendment that the Board of Directors specifically submits to the members for a vote by mail, except that the election of directors may not be submitted to the members for a vote by mail. Any vote occurring by mail shall strictly comply with then controlling Minnesota law. On any item submitted to the membership for voting by mail or other method, the Board of Directors shall specifically determine when ballots must be received by the cooperative and shall state that time specifically in the Notice of Meeting.

ARTICLE III. BOARD OF DIRECTORS

Section 1. Number and Qualifications. The government of this cooperative and the management of its affairs shall be vested in, a Board of Directors composed of not less than five (5) of its members who shall be elected at the annual meeting of such members and hold office for three (3) years. The directors may establish membership districts. Annually as many directors shall be elected to serve for a three-year term as there are regular vacancies in the number of directors. All directors shall hold office until their successors are elected and qualified. Any vacancy in the board, other than by expiration of a term of office; shall be filled by a majority vote of the remaining directors. In case a vacancy in the board of directors extends beyond the next annual meeting, such vacancy shall be filled until such meeting at which meeting a director shall be chosen by the members for the unexpired term of such vacancy; otherwise, the vacancy shall be filled by the directors for the unexpired term. To be qualified to serve as a director a member must be in good standing and have conducted at least \$1,500.00 of business annually (as calculated in the most recent past fiscal year) with the cooperative.

Section 2. Reorganizational Meeting. The reorganizational meeting of the Board of Directors shall be held following the annual meeting of the members without further notice. At this meeting, the officers of the cooperative shall be elected for the ensuing year.

Section 3. Regular Meetings. Regular meetings of the Board shall be held each month at such time and place as fixed by the Board.

Section 4. Special Meetings. Special meetings may be called by the Chairperson, the manager or any three (3) directors. All meetings shall be held on such notice, if any, as the Board may prescribe, but any business may be transacted at any meeting without mention of such business in the notice.

Section 5. Quorum. A majority of the members of the. Board shall constitute a quorum. The decision of a majority of the directors made when duly assembled shall be valid.

Section 6. Compensation. The compensation, if any, of the directors and officers may be fixed at any annual meeting or special meeting of the members of this cooperative, but upon any failure of the members to do so, the Board of Directors may do so.

Section 7. Audit. The Board of Directors shall have a certified audit of the books of this cooperative audited by a public accountant at least once each fiscal year; and the report of such certified audit shall be made at the next annual meeting of the members. The Board shall meet in Executive Session with a public accountant at the audit meeting.

Section 8. Borrowing. The Board of Directors shall have power, which may be exercised only by a vote of a majority of all of the directors, to authorize and approve the borrowing of money and the pledging and mortgaging of any or all of the assets of this cooperative as security for the sums so borrowed.

Section 9. Corporate Seal. The Board of Directors may adopt, alter, or abandon the use of a corporate seal.

Section 10. Executive Committee. The Board of Directors may appoint an Executive Committee of not less than three (3) directors, one of whom shall be the Chairperson. The Executive Committee shall not have any authority to:

- (a) fill any vacancy either in any elective office or in its own membership or in the Board of Directors;
- (b) employ or discharge any Manager or this cooperative;
- (c) call any meeting of the members;
- (d) meet or otherwise act at any time when either the Board of Directors or the members are holding a meeting; or
- (e) do anything which is required by law to be done only by the Board of Directors and which said Board cannot lawfully delegate to such a Committee.

The Executive Committee shall have such other powers and duties as the Board of Directors may delegate to or require of it.

ARTICLE IV. OFFICERS

Section 1. Election. The officers of this cooperative shall be a Chairperson, Vice Chairperson, a Secretary, and a Treasurer to be elected by the Directors from among their number. The term of all officers shall be until the next annual meeting of the Directors and until their successors are elected and qualified.

Section 2. Chairperson. The Chairperson shall preside over all meetings of the cooperative and of the Board of Directors, call special meetings of the cooperative and of the Board, perform all acts and duties usually performed by an executive and presiding officer, shall sign all papers of the cooperative as may be authorized or directed to sign by the Board, provided that the Board may authorize any person to sign any or all checks, contracts, and other instruments in writing on behalf of the cooperative. The Chairperson shall perform such other duties as may be prescribed by the Board.

Section 3. Vice Chairperson. In the absence or disability of the Chairperson, the Vice Chairperson shall perform the duties of the Chairperson, provided, however, that in case of death, resignation or disability of the Chairperson, the Board of Directors may declare the office vacant and elect a successor.

Section 4. Secretary. The secretary shall direct that a complete record of all meetings of the cooperative and of the Board of Directors be maintained at the Cooperative. The Secretary shall sign such papers pertaining to the cooperative as may be authorized or directed to do by the Board. The Secretary shall give all notices required by law and by these Bylaws and shall make a full report of all meetings and business pertaining to the office to the members at the annual meeting.

Section 5. Treasurer. The Treasurer shall supervise the deposit and disbursement funds upon the authority of the Board of Directors and shall perform such other duties as may be prescribed by the Board. The day-to-day cash management and accounting functions will be the responsibility of management and the Board of Directors shall be responsible for oversight of those functions.

Whenever the Board of Directors may so order, the offices of Secretary and Treasurer may be held by the same person, and such person shall be designated as Secretary-Treasurer. The Secretary and Treasurer or the Secretary-Treasurer may delegate any and all duties to any employee of the cooperative with the approval of the Board, except such duties as are specifically required by law to be performed by such officers or officer.

Section 6. Removal. The members may, at any annual meeting or at any special meeting called for that purpose, by a majority vote, remove any director or officer for cause upon notice and hearing as provided by law and fill any vacancy caused by such removal.

ARTICLE V. GENERAL MANAGER/CHIEF EXECUTIVE OFFICER

Section 1. Manager and Help. The Board of Directors may employ a manager and provide for other help under such contracts of employment and compensation as they may deem advisable and may terminate such employment at their discretion subject to the terms thereof. The manager shall be responsible for the day-to-day management of the Cooperative, for decisions to hire or to terminate the employment of employees, and for all other matters assigned to the manager by the Board of Directors.

ARTICLE VI. DISTRIBUTION OF SAVINGS

Section 1. a. Gross Receipts from Patronage. Gross receipts of the cooperative from patronage shall be all proceeds from the sale of products marketed for patrons, all sums received for supplies, equipment, commodities and other property procured for patrons, all sums received for services performed for patrons, all sums received (including patronage dividends received)

which reduce costs and expenses incurred in connection with these activities and all other sums received that are patronage sourced income as defined by federal or state law.

- (1) Those gross receipts which reduce the costs and expenses incurred in connection with patronage shall be used to reduce the deductions from gross receipts enumerated in Section 1 (b) of this Article.
- (2) All other gross receipts from patronage shall be distributed by the cooperative to its patrons, subject to the deductions therefrom and to the exceptions thereto hereinafter provided.

b. Deductions From Gross Receipts From Patronage. The cooperative shall deduct from "gross receipts from patronage."

- (1) All necessary marketing expenses,
- (2) The actual cost of supplies, commodities, equipment, and other property procured for patrons,
- (3) The actual cost of services performed for patrons,
- (4) Amounts attributable to gross receipts from patronage of:
 - (i) taxes, other than taxes based on income,
 - (ii) all other necessary expenses,
 - (iii) reasonable and necessary additions to reserves for depreciation, for depletion, for obsolescence of physical property, for doubtful accounts, and for other valuation reserves, all established and computed in accordance with generally accepted accounting principles, and
- (5) The amounts expended for the purpose of teaching and promoting cooperation if and to the extent provided in these Bylaws.

c. Annual Net Savings From Patronage. The amount remaining after reducing the "gross receipts from patronage" by the deductions specified in Section 1(b) of this Article shall constitute the annual net savings (net earnings) from patronage, which shall be distributed to the patrons of this cooperative, subject only to the deductions therefrom and the exceptions thereto provided in Sections 4 and 5 of this Article.

Section 2. a. Gross Receipts from Sources Other Than Patronage. Gross receipts of the cooperative from all sources other than those described in Section 1(a) of this Article shall constitute "gross receipts from sources other than patronage." They shall be subject to the deductions therefrom hereinafter provided, and any net amount thereof shall be held or used for the purposes and in the manner hereinafter provided.

b. Deductions From Gross Receipts From Sources Other Than Patronage. The cooperative shall deduct from "gross receipts from sources other than patronage" amounts attributable to gross receipts from sources other than patronage, of:

- (1) Taxes other than taxes based on income,
- (2) All other necessary expenses, and

- (3) Reasonable and necessary additions to reserves for depreciation, for depletion, for obsolescence of physical property, for doubtful accounts, and for other valuation reserves, all established and computed in accordance with generally accepted accounting principles

c. Annual Net Savings from Sources Other Than Patronage. The amount remaining after reducing the "gross receipts from sources other than patronage" by the deductions specified in Section 2(b) of this Article shall constitute the annual net savings (net earnings) from sources other than patronage.

Section 3. Total Annual Net Savings. The sum of annual net savings from patronage and annual net savings from sources other than patronage shall be known as the "total annual net savings."

Section 4. Capital Reserve. The Board of Directors shall annually set aside an amount equal to not less than 10% of the total annual net savings as a capital reserve, without allocation to patrons, to be accumulated -from the following sources:

- (a) Annual net savings from sources other than patronage.
- (b) Annual net savings from patronage on business done for the United States or any of its agencies.
- (c) Annual net savings from patronage attributable to patrons who are unidentified.
- (d) Annual net savings from patronage attributable to patrons who do not consent to take into account patronage dividends from the cooperative in the manner provided in 26 U.S.C. Section 1385.
- (e) Annual net savings from patronage attributable to patrons who so consent but which are, as to any one patron, less than the de minimis amount that may be established by the Board of Directors from time to time.

If items (a) through (e) should total more than the required 10%, the total amount thereof shall nevertheless be placed in the capital reserve. If such items (a) through (e) do not equal the required 10% an amount sufficient to produce a total addition to the capital reserve equal to 10% of the total annual net savings shall be set aside from the annual net savings from patronage.

Taxes based on income shall be charged to said capital reserve.

Section 5. Distribution. The annual net savings from patronage less any deductions as determined by Section 4 of this Article shall be distributed annually (except as hereinafter provided) to the patrons of the cooperative who consent to take into account patronage distributions from the cooperative in the manner provided in 26 U.S.C. Section 1385, on the basis of their respective patronage, and the patrons shall be notified of allocated dividends. Patronage dividends shall be distributed in cash, or in written notices of allocation, or by any combination of these, all as determined in the discretion of the Board of Directors.

ARTICLE VII.
ACCOUNTING AND MISCELLANEOUS

Section 1. Losses. In the event of a loss in one or more departments, divisions of operations, or functions of this cooperative which is not of such magnitude as to cause an overall loss to the cooperative for the fiscal year, the loss shall be prorated against each of the remaining profitable departments, divisions of operation, or functions on the basis of their respective percentage of the total annual net savings during said fiscal year.

In the event that this cooperative shall incur a net loss in any fiscal year, said net loss shall be charged first against any capital reserve. If the loss exceeds the amount of the capital reserve, the Board of Directors may elect to recover the loss from prior or subsequent years' total annual net savings. The Board of Directors shall not have the authority to make any assessment against members; however, it shall have the authority to apply losses to member's individual patronage credit accounts or to apply an annual fee for the cost of maintaining this cooperative's books and records for inactive accounts. This section shall not be construed or administered so as to deprive this cooperative of the right to carry back or carry forward net operating losses to past or future years in accordance with the applicable provisions of the Internal Revenue Code or state taxing statutes.

Section 2. Write-Downs of Investments in Federated Cooperatives. In the event that this cooperative shall have a write-down of any investments that it holds in another cooperative (hereinafter called a "Federated Cooperative"), the Board of Directors shall have the discretion to apply the write-down to the outstanding reserves of this cooperative, or to allocate the write-down to the members' individual patronage credit accounts. The Board of Directors shall have the authority to divide the write-down between the cooperative's reserves and the members' individual patronage credit accounts. The Board of Directors shall have the authority to divide the write-down between the cooperatives' reserves and the members' individual patronage credit accounts in any manner that it chooses.

Section 3. a. Unclaimed Property. Any unclaimed property shall be distributed as provided by Minnesota law.

b. No Addresses. Whenever the cooperative determines that it does not have a current address for the member or patron who was previously allocated equity of the cooperative, or whenever a member or patron fails to maintain a current address at the cooperative, then, in that case and before the equity ever becomes payable or unclaimed, it shall be contributed to the cooperative's unallocated surplus and in the case of a dissolution of the cooperative, the total surplus remaining, including these contributed amounts, if any, will be distributed to the members and patrons as determined by the Board of Directors and in accordance with the Articles of Incorporation and Bylaws of this cooperative.

If any equity becomes payable and ultimately is unclaimed because the member or patron cannot be located or found, the Board of Directors may provide for alternative distributions to organizations, agencies or entities rather than forfeiting this property to the State of Minnesota, all in accordance with (a) above.

Section 4. Fiscal Year. The fiscal year of this cooperative shall begin on the first day of October and end on the last day of September of the following year.

**ARTICLE VIII.
CONSENT**

Each person (including individuals, partnerships, and business or cooperative corporations) who becomes a member and each member of this cooperative who continues as a member shall, by such act alone, consent that the amounts of any distributions with respect to patronage occurring in any fiscal year, which are made in written notices of allocation (as defined in 26 U.S.C. 1385, the Internal Revenue Code) and which are received from the cooperative, will be taken into account at their stated dollar amounts, in the manner provided in 26 U.S.C. 1385 in the taxable years in which such written notices of allocation are received.

**ARTICLE IX.
INDEMNIFICATION OF DIRECTORS,
OFFICERS, EMPLOYEES AND INSURANCE**

Persons (including the heirs or estates of such persons) now or hereafter serving as a director, officer, or employee of this cooperative, or of any other corporation at the request of the cooperative, shall be indemnified by the cooperative to the greatest extent allowed and in the manner provided by Minnesota law, as now in effect or as hereafter amended, against actual expenses incurred by them in connection with any threatened, pending, or completed action or suit whenever brought because they are or were such a director, officer, or employee if they acted in good faith and in a manner they reasonable believed to be in or not opposed to the best interest of the cooperative or corporation.

This 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 against liability asserted against and inclined by the person in the person's capacity as a director, officer, manager, employee or agent, or arising from the person's status as a director, officer, manager, employee or agent of the cooperative.

**ARTICLE X.
CAPITAL PLANNING**

The Board of Directors shall manage the cooperatives equity capital in a way to preserve and build upon the cooperative's financial position while also allowing for redemptions of equity as when the cooperative desires. Accordingly, the Board of Directors shall, from time to time, and in its sole discretion, establish policies for redeeming equities, stock, or other forms of equity used for qualified or non-qualified notices of allocation. The Board retains the power to amend, modify or repeal these policies and may do so retroactively, all in the Board's sole discretion and at any time. No person shall have any right whatsoever to require redemption or retirement of any Member's equity. The Board of Directors may refuse any expenditure(s) if the Board determines that such expenditure(s) is (are) not in the interest of the cooperative. Therefore, no

equity redemption policy shall be interpreted to require any expenditure of capital and the Board of Directors retains all right and power to the final review and approval of each expenditure of capital for any redemption of equity.

ARTICLE XI. AMENDMENTS

These Bylaws may be amended by the members at the annual meeting or at any special meeting called for that purpose if approved by a majority of the votes cast provided that the notice of any such meeting contains a summary statement of the proposed amendment.

The Board of Directors may amend any Bylaw, which shall be effective when a resolution is passed by the Board, but any such amendment shall be announced at the next annual meeting, and may be subsequently amended at an annual or special meeting of the members with prior notice.