

**MICHIGAN FLOWER GROWERS' COOPERATIVE BYLAWS**

**As adopted by the Board of Directors on  
June 12, 2017**

## **Name, Purpose, and Membership**

- 1. Qualifications for Membership.** Any individual, firm, partnership, limited liability company, association, corporation, and/or any other person or legal entity engaged in the business of producing and/or selling locally grown floriculture products in Michigan or a contiguous area that meets the additional qualifications and requirements for membership as established by these Bylaws, applicable agreements and the rules, regulations and policies of the Michigan Flower Growers' Cooperative (the "Cooperative" or MFGC), shall be eligible to become a member; provided, admission to membership of an applicant for membership is not a right and shall be determined in the sole discretion of the Board.
- 2. Preferred Qualifications.** The following criteria are preferred but not required for membership admission:
  - 2.1** Applicant is a producer rather than a distributor of the goods they propose to sell at market.
  - 2.2** Applicant has a proven track record of producing and selling high quality floricultural products to professional florists and designers.
  - 2.3** Applicant uses sustainable growing practices, based on applicant's statement of growing methods and/or third party certification such as Veriflora or USDA Organic Certification.
  - 2.4** Applicant shows a record of successful community involvement in agricultural endeavors such as farmers markets, industry organizations and group activities; successful involvement in MFGC as a non-member consignment grower, employee or intern; current MFGC member references and grower's statement in application.
- 3. Continuing Mandatory Qualifications for Membership.** Compliance with the following rules, regulations and qualifications shall be a mandatory continuing qualification of membership in the Cooperative. Members who fail to comply with these requirements, as determined in the sole discretion of the Board, shall no longer be eligible for membership and their membership shall be terminated by the Board. The Board shall adopt procedural rules governing the termination of membership for failure to meet these continuing requirements of membership.
  - 3.1** Members must maintain a high level of professional quality in all products brought for sale at market as determined by the Board.
  - 3.2** Members and their representatives must maintain a level of professional courtesy in dealings with market customers and other MFGC Members, employees, vendors and their representatives at all times as determined by the Board of Directors.
  - 3.3** Applicants agree to onsite inspection of their farm or business from one or more Members of the Board of Directors before being admitted as Members and shall permit onsite inspections on reasonable notice after being admitted.
  - 3.4** Members must adhere to all policies, rules, and regulations governing the marketing of products in the market.

4. **Procedure for Admitting Members and Conditions on Membership.** Any person who wants to become a Member shall submit an application for membership to the Market Manager or Cooperative Membership Committee Chair in writing. Each application that is submitted shall be reviewed by the Cooperative Membership Committee and presented to the Board of Directors as soon as practicable after submission. The applicant shall become a Member when the Board of Directors has approved its application and the applicant has:
  - 4.1 Paid the membership fee established pursuant to Section 5 below; and
  - 4.2 Executed a Membership Application and a Membership Agreement, which may be amended from time to time, in a form approved by the Board of Directors, agreeing to be bound by the Articles of Incorporation and the Bylaws of the Cooperative, as amended, and such policies, rules and regulations as may from time to time be adopted by the Board of Directors; and
  - 4.3 Satisfied any other conditions established for membership by the Board of Directors.
  - 4.4 Provided, Members may be admitted on a conditional basis--restricting their sales through the market to certain times of year and certain crops if determined necessary by the Market Manager and/or the Board of Directors.
5. **Membership Fee.** Upon incorporation, the Incorporators shall automatically be members by reason of being an incorporator, but shall be required to pay a membership fee of \$200 and satisfy the requirements that any subsequently admitted member must satisfy to remain a member after the date of incorporation. A membership fee of \$200 will be charged to Members that apply for and are admitted for membership after the date of incorporation. The Board of Directors may adjust the membership fee at any time by amendment to these Bylaws.
6. **Annual Dues.** The Board of Directors shall set by resolution the amount of any annual dues.
7. **Other Assessments.** The Board of Directors may by resolution establish requirements for additional assessments or capital contributions by Members to meet the capital, operating and other financial requirements of the Cooperative. Fees, dues, assessments and contributions shall be an obligation of each Member when approved by the Board. Every application for membership in the Cooperative shall be accompanied by all then applicable fees, dues and/or assessments.
8. **Contract Between the Cooperative and Members.** The terms, conditions and provisions of these Bylaws shall constitute and be a contract between the Cooperative and each Member and both the Cooperative and its Members shall be bound by such contract, as fully as though each Member and the Cooperative had individually signed a separate instrument containing such terms, conditions and provisions.
9. **Limitation on Liability and Indemnification of Directors.** The Cooperative shall limit the liability and indemnify each Director to the maximum extent authorized under Michigan law. Such limitation of liability and indemnification shall constitute and be a

contract between the Cooperative and each Director and the Cooperative and each Director shall be bound by such contract, as fully as though the Cooperative and each Director had individually signed a separate instrument containing such terms, conditions and provisions.

## **Member Rights/Obligations; Member Meetings; Quorum & Voting; Termination**

- 10. Purchase of Services by Members.** To remain a member of the Cooperative, each Member shall purchase or utilize the goods and services of the Cooperative on such terms and conditions as are provided in these Bylaws, the Membership Agreement, any marketing agreement, lease or other agreement entered into by and between the Cooperative and the Member as such agreements may be amended from time to time. For purposes of this paragraph, the sale of a Member's products in the market as authorized by any agreement with the Cooperative, is use of Cooperative goods and services. The membership of a Member who fails to purchase or use the goods or services provided by the Cooperative for two consecutive years may be terminated by the Board. However, nothing in these bylaws shall obligate the Cooperative or Member to deal exclusively with the other.
- 11. Payment of Obligations.** Each Member shall pay any and all amounts which may from time to time become due and payable by the Member to the Cooperative as and when such obligations shall become due and payable.
- 12. Annual Meeting.** Commencing in the first year after the organizational meeting of the Cooperative, an annual membership meeting shall be held and take place at a time and place as the Board of Directors shall designate. The purpose of the annual meeting shall be to report to members on the operations and finances of the Cooperative, and to conduct voting for vacancies or expired terms on the Board of Directors, and other issues properly submitted to a vote of the Members.
- 13. Special Meetings.** A simple majority vote of the Board of Directors may authorize a special meeting of the members at any time. Special meetings may also be called by a written request signed by no less than thirty-five percent of the active membership. Business conducted at special meetings shall be limited to the purposes set forth in the notice for such meetings. The Chair shall set the time and place of a meeting requested by the membership, and notice shall be sent to the requestors within fourteen days of receipt of a request. Any request for a meeting by the membership shall specifically state the purpose of the meeting and any proposed resolution to be acted upon.
- 14. Meeting Notice.** The Chair or Board of Directors, when calling an annual or special meeting of the Members, shall cause to be delivered to each active Member, either personally, by postal mail or electronic transmission, not less than ten nor more than 50 days before the 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. Determination of active Member status for notice purposes shall be as of the date that notice is sent to members.

- 15. Membership Rights and Obligations.** There shall be one class of voting Members of the Cooperative. The membership interest and rights of a Member in the Cooperative or any contractual agreements with the Cooperative may not be transferred without the consent of the Board of Directors. Each Member shall have the following rights:
- 15.1** The right:
- 15.1.1** To purchase and use the goods and services offered by the Cooperative, provided that the Cooperative does not guarantee that it will have sufficient market space to meet 100% of Member's requirements;
  - 15.1.2** To vote in elections to elect the Board of Directors and to elect the officers of the Cooperative; and
  - 15.1.3** To petition for the recall of any Director or all Directors and to vote on the recall of Directors.
  - 15.1.4** To vote on each issue presented for voting at membership meetings and in all instances where the Board of Directors orders member balloting. Balloting may be performed by proxy when executed in writing by the member and delivered to the Chair or Secretary before or at the time of the meeting, and/or by presence at membership meetings.
  - 15.1.5** To submit an initiative to the Board for a vote by the Membership; provided, initiatives to be submitted to the full membership for a vote must be signed by forty percent of the Members.
  - 15.1.6** At the discretion of the Board, to be appointed to serve on committees chartered by the Board.
  - 15.1.7** To obtain information concerning the Board's actions, the Cooperative's operations and finances, and to inspect the books and records of the Cooperative for any proper purpose at any reasonable time.
  - 15.1.8** To bring a complaint or an alleged violation of market policies by any Member to the Board of Directors' attention by written notice setting forth in reasonable detail the facts or circumstances which gave rise to the complaint or alleged violation; provided, such complaints shall be in writing and shall be signed by three Members.
- 16. Non-liability of Members for Cooperative Debts.** A Member shall not, solely by virtue of its status as such, be liable for the debts of the Cooperative; and the property of a Member shall not, solely by virtue of its status as such, be subject to attachment, garnishment, execution or other procedure for the collection of such debts.
- 17. Termination of Membership.**
- 17.1 Voluntary Withdrawal.** A Member may voluntarily withdraw from membership at any time, provided, a Member who terminates its membership in the Cooperative shall no longer be eligible to purchase goods and services from the Cooperative without the consent of the Cooperative. In no case shall voluntary withdrawal from membership in the Cooperative excuse a Member from meeting

its existing financial or contractual obligations to the Cooperative. It is the intention of the Cooperative to refund only the initial fee (without interest) to the withdrawing member provided that the Cooperative can meet its financial obligations without detriment to its creditors/debtors. If the Cooperative does not refund the initial fee, the withdrawing Member shall assume that by virtue of being a Member the initial fee is required to meet the Cooperative's existing financial and contractual obligations.

- 17.2 Involuntary Termination.** The Board of Directors may terminate the membership of any Member that ceases to have the qualifications to be a Member, or who fails to purchase or use the goods or services supplied by the Cooperative for two consecutive years, or who has unpaid financial obligations to the Cooperative, or who fails to comply with:
- (a) the provisions of the Articles or Bylaws of the Cooperative,
  - (b) its contractual obligations to the Cooperative or any assignee of such obligations,  
or
  - (c) any rules, regulations or policies adopted by the Board of Directors, or
  - (d) applicable federal or state laws or regulations, or
  - (e) for other good cause, but only after notice of the grounds for termination and a fair hearing at which the Member has the opportunity to speak and present evidence responding to the grounds for termination.

In no case shall involuntary termination from membership in the Cooperative excuse a Member from meeting its existing financial or contractual obligations to the Cooperative. It is the intention of the Cooperative to refund only the initial fee to the terminated member provided that the Cooperative can meet its financial obligations without detriment to its creditors/debtors. If the Cooperative does not refund the initial fee, the terminated Member shall assume that by virtue of being a Member the initial fee is required to meet the Cooperative's existing financial and contractual obligations or to pay in full or part, the terminated Member's unpaid financial obligations to the Cooperative.

- 18. Quorum and Voting at Member Meetings.** A quorum for the conduct of business at a Member meeting shall be the lesser of twenty-five percent of the Members entitled to vote or 10 active Members, except that a quorum of two-thirds of the members entitled to vote shall be required in the case of a vote on any Major Action. Except as otherwise provided in the Articles of Incorporation, these Bylaws, or by law, all questions other than "Major Actions" (whether presented at a regular or special meeting of the Members) shall be decided by a vote of the majority of the Members present and entitled to vote on the matter. Approval of a "Major Action" shall require the approval of two-thirds of the members entitled to vote. For purposes of this paragraph a "Major Action" shall include:
- (a) The sale of all or substantially all of the Cooperative's assets, and (b) the dissolution, merger or consolidation of the Cooperative with or into another entity.
- 19. Member Mail Ballot.** In conjunction with a Member meeting, the Board of Directors may allow voting by email or phone call upon any motion, resolution or amendment to be acted upon at such meeting by ballot, which shall be in the form prescribed by the Board

of Directors and shall:

- 19.1** Set forth and describe each proposed action and include the language of any motion, resolution, Bylaw amendment, or other written statement upon which a Member is asked to vote.
  - 19.2** State the date of any Member meeting at which Members are scheduled to vote on the matter.
  - 19.3** Provide an opportunity to vote for or against, or to abstain from voting on each proposed action.
  - 19.4** Instruct the Member how to complete and return the completed ballot, stating the time and date by which the Cooperative must receive the completed ballot. Unless otherwise provided by the Board of Directors, a Member may not revoke a completed Ballot received by the Cooperative. A Member's failure to receive a ballot does not affect any action taken by the Member mail ballot.
- 20. Failure of Notice.** The failure of a Member to receive a notice of a Member meeting will not invalidate an action taken by the Members at such meeting, a quorum otherwise being present. Notice of any meeting of the Members need not be given to any Member who signs a waiver of notice, either before or after the meeting. Attendance of a Member at a meeting shall constitute waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting or the manner in which it has been called or convened, except when a Member attends the meeting solely for the purpose of stating, at the beginning of the meeting, any such objection or objections to the transaction of business.

### **Board of Directors**

- 21. Board of Directors.** The governance of the Cooperative and the management of its affairs shall be vested in a Board of Directors.
- 21.1 Initial Board of Directors.** The initial Board of Directors of this Cooperative shall have three (3) directors, as named in the Articles of Incorporation. Each director on the initial Board of Directors shall serve until the Board Reorganization Date, as provided in Section **21.2** below, and until a successor has been duly elected and qualified as provided in the Bylaws, or until such Director's earlier death, resignation, disqualification, or removal.
  - 21.2 Board Reorganization Date.** On the date of the first regular or special Member Meeting after incorporation, but no later than the first Annual Meeting of Members, the Board shall automatically be reconstituted to be made up of 7 directors. Five (5) of the directors shall be elected from among the Members of the Cooperative and two (2) outside directors, who are not Members, shall be appointed by the Board from among qualified individuals employed in the floral industry. The initial Directors' terms shall expire on the Board Reorganization Date, however, nothing herein is intended to preclude any initial Director from being reelected as a Member on the Board. Board appointed Directors shall each serve a two year term, which may be renewed at the Board's discretion.

**21.3 Responsibilities of Directors.** The Board shall take any and all actions necessary to ensure responsible management and operation of the Cooperative.

**Length of Terms.** At the first meeting of the members after incorporation three (3) Directors shall be elected to initial terms expiring in two years and two (2) directors shall be elected to initial terms expiring in one year. At subsequent annual meetings, Directors shall be elected to serve two-year terms and may be reelected to additional terms. Directors appointed as representatives of the floral industry shall serve two year terms.

**21.4 Nomination and Election of Directors.** Each Member shall be eligible to be elected to serve on the Board of Directors. Entity members shall designate an individual to exercise the entity's voting rights and such individual shall be eligible to serve on the Board of Directors. Director Elections shall be conducted under the direction of the Board. Nominations for candidates for each expiring Director term may be made by any Member or its designated voting representative by notifying the Secretary of the nomination prior to or at the time of the Annual Meeting. A Member may nominate himself or herself or its voting representative, or any other Member to be placed on the ballot to be elected to a term for any Director position.

**21.5 Officers.** The Cooperative's officers shall consist of a Chair (who will act as a President to the extent required by law), a Vice Chair, a Secretary and a Treasurer, whose duties and responsibilities may be further defined by resolution of the Board.

**21.5.1** The initial officers shall be selected by the Initial Directors. At the first Annual meeting of the Members and at each Annual meeting thereafter, officers shall be elected by the Members from among the elected members of the Board. At each subsequent Annual Meeting, after the election of Directors to fill expiring terms, Members shall nominate candidates for each officer position from among the elected and sitting Directors, including the Directors whose terms are continuing. After the nominations for officers are closed, the Members shall vote to elect the officers of the Cooperative who shall serve until officers are elected at a subsequent member Meeting.

**21.5.2** The Board of Directors, may provide for the appointment of additional officers, including a Market Manager, to manage the day to day operations of the Cooperative.

**21.5.3** Whenever the Board of Directors may so order, one person may hold any two offices, the duties of which do not conflict.

**21.6 Meeting and Minutes.** The Board shall meet at least once per quarter at such time and place as the Board of Directors may designate. Minutes of Board meetings shall be kept by the Board and made available to Members.

**21.7 Vacancies.** Vacancies on the Board of Directors may be filled by appointment by the Board of Directors. Persons appointed to fill a vacancy shall serve the remainder of the unexpired term and may run for reelection when the term of the



person they have been appointed to replace expires.

**21.8 Conflict of Interest.** Directors are required to disclose all conflicts of interest and to recuse themselves from voting related to any matter or transaction that comes before the Board involving a transaction or matter in which the director has a conflict of interest. For purposes of this paragraph, “conflict of interest” shall include, without limitation, being materially affiliated with or having a material financial interest in any vendor or supplier of the Cooperative or any business that competes with the Cooperative. Conflict of Interest transactions include, without limitation, receiving gifts, fees, loans, contributions, in-kind assistance, or favors from suppliers, contractors, consultants, or which may otherwise create the appearance of a conflict of interest.

**21.9 Resignation and Removal of Directors.** Resignation from the board must be in writing and received by the Secretary. Any Director may be removed from office by a majority of the Members voting at any regular or special membership meeting, a quorum being present.

**22. Quorum and Voting at Director Meetings.** A majority of the Board constitutes a quorum for the conduct of business except for voting on a “Major Action.” All questions other than “Major Actions” (whether presented at a regular or special meeting of the Directors) shall be decided by a vote of the majority of the Directors present and entitled to vote on the matter. A quorum for approval of a “Major Action” shall be two-thirds of the members of the Board and approval of a Major Action requires the approval by at least two-thirds of the members of the Board of Directors.

**22.1** For purposes of this paragraph a “Major Action” shall include:

- (a) Approval of an application of a person to be a member of the Cooperative or of non-members to be vendors;
- (b) involuntary termination of a Member as a member of the Cooperative;
- (c) hiring and/or firing any employee by decision of the board;
- (d) approval of an amendment to the Articles of Incorporation of the Cooperative or these bylaws;
- (e) settlement of any lawsuit filed by the Cooperative against any person or filed by any person against the Cooperative; or resolution of any dispute between the Cooperative and a Member that is subject to mandatory arbitration;
- (f) approval of the sale of substantially all of the Cooperative’s assets;
- (g) the dissolution, merger or consolidation of the Cooperative with or into another entity;
- (h) approval of the involuntary termination of a Member under Section 10;
- (i) termination of a member,
- (j) reinstatement of a terminated member;
- (k) the granting of variances to market rules established in these bylaws or otherwise by the Board;
- (l) any resolution changing the amount of membership fees, assessments or capital contributions;
- (m) any decision or resolution approving the purchase, lease of or an investment in real property;

- (n) any decision or resolution approving the lease or purchase of any tangible personal property or equipment for an amount in excess of \$10,000 (excluding purchases made in the ordinary course of business);
  - (o) any decision or resolution to approve leasing, licensing or otherwise permitting the use of market space of the Cooperative to a Member or a third party for a period longer than one month in any given calendar year;
  - (p) any decision or resolution to borrow money from a financial institution, Member or nonmember in an amount in excess of \$10,000; and
  - (q) the issuance of shares of preferred stock or any amendments to the rights and preferences thereof.
- 22.2** If at any meeting of the Board of Directors there should be less than a quorum present, the majority of those present may adjourn the meeting until a quorum is present. At an adjourned meeting any business that might have been transacted at the meeting originally called may be transacted without further notice thereof.
- 22.3** The Board may conduct votes by voice, show of hands, or secret paper ballot and under certain circumstances, designated email.
- 23. Special Meetings.** Special meetings of the Directors may be called by the Chair, or upon written request of at least three Directors. Directors shall request the call of a special meeting of Directors in writing addressed to the Secretary of the Cooperative. Special meetings requested by the Directors shall be held at such time and place as the Chair may designate.
- 24. Regular Meeting Notices.** Notices of regular Directors meetings may be scheduled for a regular time and place up to one year in advance. Notice of the time and place of regular meetings shall be provided to Directors by e-mail, facsimile transmission, telephonically, by U.S. mail, private delivery service or any other means that the Board of Directors approve. After notice of the regular Board meeting schedule is given, no further notice is required but may be given.
- 25. Special Meeting Notices.** Any notice of a special meeting of the Directors shall set forth the time, place, and purpose of such special meeting.
- 26. Failure of Notice.** The failure of a Director to receive a notice of any meeting of the Board will not invalidate an action taken by the Directors at such meeting, a quorum otherwise being present. Notice of any meeting of the Directors need not be given to any Director who signs a waiver of notice, either before or after the meeting. Attendance of a Director at a meeting shall constitute waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting or the manner in which it has been called or convened, except when a Director attends the meeting solely for the purpose of stating, at the beginning of the meeting, any such objection or objections to the transaction of business.
- 27. Participation in Meetings.** Any Director/Member meeting may be conducted by means of conference telephone or similar means of communication by which all persons participating in the meeting can simultaneously hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

- 28. Action Without Meeting.** Any action that may be taken at a meeting of the Board of Directors, or of a lawfully constituted committee, may be taken without a meeting if set forth and approved by a writing signed by all Directors, or by all committee members, as the case may be. The action shall be effective on the date specified, or if no date is specified, on the date on which the last signature is placed on the writing.
- 29. Confidentiality.** The Cooperative's Confidential Information obtained by a Member, Director, any Committee member, or any officer or employee shall be kept in strict confidence by such person. "Confidential Information" includes, without limitation, financial or other proprietary information about the Cooperative or any Member, and other information that the person knows or should reasonably know that the Cooperative or a Member treats as confidential or proprietary, but excludes information that is or becomes generally known to the person to whom it is disclosed other than through wrongful disclosure to such person. Such person shall use and disclose Confidential Information only in the discharge of the person's duties as a Director, Committee member, or officer or employee, as the case may be, and in accordance with the Cooperative's policies and procedures applicable thereto. A Director that violates this Section shall be subject to removal from office.
- 30. Committees.** There shall be a standing Executive Committee and a standing Finance and Audit Committee. The Board of Directors may by resolution establish such other committees of the Cooperative as it deems necessary and beneficial.
- 30.1** The Executive Committee shall be composed of three Board members elected by the Board, to exercise the powers and authority of the Board between Regular quarterly meetings of the Board. Notwithstanding the foregoing, the authority of the Executive Committee shall at all times be subject to the ultimate direction of the Board of Directors and the Board may by majority vote at any time revoke or modify any or all of the Executive Committee's authority.
- 30.2** The Finance and Audit Committee shall be composed of the Treasurer of the Cooperative and two other Members elected by the Board from within the Board of Directors or Membership. The Finance and Audit Committee shall recommend to the entire Board an annual budget, monitor the financial condition of the Cooperative and oversee or act upon other financial matters as may be assigned or authorized by the Board. The Finance and Audit Committee shall recommend to the Board a firm of independent accountants to perform an annual audit or financial review; review with the auditing firm the results of the annual audit or financial review, management letter, and other requested audit reports; and oversee or act upon other audit functions as may be assigned or authorized by the Board. Notwithstanding the foregoing, the Board may elect to itself perform the duties of the Finance and Audit Committee.
- 30.3 Other Committees.** The Board of Directors may from time to time by resolution establish such other Committees as the Board of Directors, in its discretion, deems in the best interests of the Cooperative.

## **Non-Profit Operation**

31. **Operation as a Cooperative.** This Cooperative shall at all times be operated on the cooperative plan for the mutual benefit of its Members.
32. **Allocation of Net-Margins and Patronage Dividends.** The Cooperative shall operate for the mutual benefit of its members, provided that reasonable reserves, as determined by the Board of Directors and the Market Manager, may be set aside and accumulated for the purpose of meeting the operating and capital needs of the corporation and for such other purposes as the Board of Directors may determine are in the best interest of the Cooperative. After all expenses and expenditures of the corporation have been paid and reasonable reserves, as determined by the Board of Directors, set aside, the net-margins earned by the Cooperative from Member patronage shall be allocated to the capital account of each Member. Within 8 and one half months after the end of each year at least 20% of the amount allocated to the capital account of each Member shall be distributed to the Members in cash, or as a credit toward Member purchases from the Cooperative or through another appropriate rebate mechanism, as determined by the Board of Directors.
33. **Allocation of Non-Patronage Earnings.** As determined by the Board, the Cooperative may use, retain, or equitably allocate the Cooperative's nonpatronage earnings and losses.
34. **Dissolution and Liquidation.** In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, the amount or value of the Members' Equity Account, if any, shall be retired next; then the amount of the outstanding capital credits in each Member's capital credit account shall be retired without priority on a pro-rata basis. Then payments shall be made based on the unallocated property rights of Members based on their patronage. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to Members' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital.

### **Miscellaneous**


35. **Arbitration.** If a dispute arises between Members of the Cooperative or between any Member(s) and the Cooperative arising out of the interpretation, application, enforcement or implementation of these bylaws, the violation thereof, or any agreement between a Member and the Cooperative the affected Member(s) and the Cooperative (hereafter referred to as a Party or the Parties) shall first attempt in good faith to resolve the dispute through negotiation. If the dispute is not resolved by the Parties through good faith negotiations within thirty (30) days after a request is made by a Party for negotiations, the Parties agree to attempt to settle the dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association. If the matter is not resolved by negotiation or mediation, it shall be submitted to binding arbitration. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association then prevailing.
36. **Indemnification and Insurance.** This Cooperative shall limit the liability and indemnify each director, officer, and employee of this Cooperative to the maximum extent permitted

by law. Such limitation of liability and indemnification shall constitute and be a contract between the Cooperative and each Director and each shall be bound by such contract, as fully as though the Cooperative and each Director had individually signed a separate instrument containing such terms, conditions and provisions.

- 37. Insurance.** The officers and directors of this Cooperative are hereby authorized to purchase such insurance as they may deem appropriate to insure this Cooperative against losses or expenditures it might have in making an indemnification.
- 38. Severability.** In the event that any provision of these Bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed modified to conform to such statute or rule of law without affecting the validity or enforceability of any other provision of these Bylaws.
- 39. Amendment of Bylaws.** The power to alter, amend, rescind or repeal the Bylaws or adopt new Bylaws shall be vested in the Board of Directors by affirmative vote of two-thirds of all the members of the board.
- 40. Records of Corporate Meetings, and Accounting Records.** The Cooperative shall keep, as permanent records, minutes of all meetings of the Board of Directors and Members, and all actions taken without a meeting. The Cooperative or its agents shall maintain, in a form that permits preparation of a list, a list of the names and addresses of its Members, in alphabetical order by class of shares, and the number, class, and series, if any, of shares held by each. The Cooperative shall also maintain appropriate accounting records, and at its principal place of business shall keep copies (either tangible or electronic) of: (a) its Articles of Incorporation or restated Articles of Incorporation and all amendments in effect (b) its Bylaws or restated Bylaws and all amendments in effect; (c) minutes of all meetings and records of all actions taken without meetings for the past three years; (d) the year-end balance sheets and income statements for the past three fiscal years, prepared as required by Michigan law; (e) all communications to Members generally in the past three years; (f) a list of the names and business addresses of its current officers and directors; and (g) its most recent annual report to the State of Michigan.

**CERTIFICATION**

This is to certify that the foregoing Bylaws were duly adopted by the Board of Directors at a meeting of the board of directors held on June 12th, 2017.

  
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Dated: June 12th, 2017


MFGC By laws, Approved 6/12