

BYLAWS

NORDLAND GENERAL STORE COOPERATIVE

ARTICLE 1. NAME, LOCATION AND PURPOSE

Section 1. Name and Address. The name of this cooperative is the Nordland General Store Cooperative (hereinafter referred to as Nordland General Store or NGS) and its address is 7180 Flagler Road, Nordland, WA, 98358.

Section 2. Purpose. The purpose of the NGS is to provide a place of community between and among the residents and visitors of Marrowstone Island and to provide a small, local grocery market for greater convenience for the residents and visitors of the island. Pursuant to the Revised Code of Washington, (“RCW”), Chapter 23.86 (the Governing Statute), the Cooperative elects to avail itself of the additional rights and powers granted to cooperative associations under RCW 23.86.105(1), 23.86.160 and 23.86.170.

ARTICLE 2. DEFINITIONS

Section 1. Definitions. The following words when used in these Bylaws shall have the following meaning:

“Articles of Incorporation” shall mean those Articles of Incorporation filed on November 8th, 2023, with the Secretary of State for the State of Washington, organizing the Cooperative under the Cooperative Association Act of the State of Washington, RCW, Chapters 23.86 et. seq.

“Common Stock” shall have the meaning provided in the Articles of Incorporation.

“Investor Member” shall mean a holder of Preferred Shares of stock. Investor Members shall have only those rights as are provided in the Articles of Incorporation, the Subscription Agreement, and these Bylaws.

“Member” and “membership” shall mean a Patron Member who is current is his or her stock purchase(s) and who has not been terminated pursuant to these Bylaws.

“Membership Agreement” shall mean the agreement signed by a Patron Member(s) upon receiving their Common Stock. The Membership Agreement shall designate the number assigned to the Patron Member.

“Member’s Equity” shall mean the interest of each Member as defined in Article 10 of these Bylaws.

“Patron Member” shall mean a holder of a share of Common Stock. Patron Members shall have only those rights as are provided in the Articles of Incorporation, the Membership Agreement, and these Bylaws.

“Preferred Stock” shall have the meaning as provided in the Articles of Organization and the Subscription Agreement.

“Subscription Agreement” shall mean that subscription agreement entered into between the Cooperative and the Investor Member(s) upon receiving their Preferred Stock.

ARTICLE 3. MEMBERSHIP

Section 1. Eligibility and Initial Membership. All persons age 18 or over are eligible to be members of the NGS so long as they have paid the requisite investment fee and signed the Membership Agreement and/or Subscription Agreement. There will be two classes of stock, Preferred and Common, as further defined in the Articles of Incorporation, the Subscription Agreement, the Membership Agreement and Article 10 of this document. Every Investor Member shall also be a Patron Member; however, every Patron Member need not be an Investor Member.

Section 2. Membership Requirements. The Patron Member shall own Common Stock and shall receive a membership number which may be used at the NGS. The Patron Member shall have one voting share, but the household in which the Patron Member resides may use the membership number for benefits (if any) at the NGS. No member may hold more than one membership in the Cooperative. Members of a household may have a joint membership, but will have only one vote. Joint membership rules and requirements are defined in the Membership Agreement.

The Cooperative shall keep a record of each member’s membership number assigned to each Patron Member. The purchase of one share of Common Stock shall constitute full payment for membership and no further monetary obligation will be required for membership.

Section 3. Transferability. No member shall transfer a membership or any right arising therefrom, except as provided in the Subscription Agreement for Preferred Shares and the Membership Agreement for Common Shares.

Section 4. Voting. Each Patron Member shall have one vote, regardless of the size of investment made to the Cooperative. Voting by the Patron Members shall be for the election of Directors to the Board of the Cooperative and to vote on any issue presented by the Board for voting by the Patron Members at any meeting. All other decisions of the Cooperative shall be made by the Board of Directors. However, the Board of Directors encourage suggestions and comments by the Members and will take such into consideration when making deliberations.

ARTICLE 4. RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members. In the event of a dissolution of the Cooperative, after all debts and liabilities of the Cooperative have been fully paid, and thereafter all capital furnished through Investor Members have been retired as provided in the Articles of Incorporation, these Bylaws and the Subscription Agreement, the remaining property, (if any) shall be distributed among the Patron Members as a patronage dividend as determined by the Board of Directors.

Section 2. Members' Rights. The members may receive a copy of these Bylaws and the ability to obtain reasonably adequate and timely information as to the organizational and financial affairs of the Cooperative, upon request and upon giving the Board a reasonable time in which to respond. Confidential information may be subject to conditions, restrictions, or denial as determined by the Board, and further stated in Article 5, Section 5 of this document.

Section 3. Non-Liability for Debts of the Cooperative. The private property of the Members, both Investor and Patron, shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

Section 4. Termination of Membership. Membership in the Cooperative may be terminated in either of the following ways:

- (a) Voluntarily by a member at any time upon notice to the Cooperative;
- or
- (b) For reasonable and sufficient cause, including willful violation of the Cooperative's Articles, Bylaws, Membership Agreement, or 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 removed, the Terminated Member will have rights of return on investment as stated in the Articles of Incorporation.

ARTICLE 5. MEETINGS OF MEMBERS AND NOTICE OF MEETINGS

Section 1. Annual Meeting of Members. There shall be an Annual Meeting of the membership. The Board of Directors may also call special meetings for Patron Members and the full membership as provided by statute. Except as otherwise required by law, (a) no quorum of members will be required to transact business and (b) the affirmative vote of a majority of those members present is sufficient for approval. Official ballots will be issued. How ballots will be disseminated, collected and counted shall be at the discretion of the Board of Directors. The Board of Directors may, in its sole discretion, hold meetings by remote communication.

Section 2. Notice of Annual and Special Meeting. Notice of the Annual Meeting or any Special Meeting is sufficient if date, time and location of the meeting and the agenda was posted in the store at least 30 days before the meeting and (b) notice of the meeting was posted in the email list services available for Marrowstone island, as determined by the Board, at least two weeks prior to the meeting. At the Annual Meeting, the Board shall report to the Members about the Cooperative and there shall be an election of officers voted upon by the Patron Members.

Section 3. Voting At Annual Meeting. All Patron Members may vote for Directors by completing a signed ballot. Each Member has one vote upon each matter. The Secretary shall post sample ballots, including names of proposed candidates for the Board in the store no less than 40 days before the Annual or Special Meeting.

Section 4. Member Information. The Board will adopt and maintain a privacy policy, and the Cooperative will comply with that policy as well as all applicable privacy laws, with respect to personal information of the Cooperative's Members and customers. The Cooperative will also adopt commercially reasonable measures to prevent misuse of such information by third parties (including other members who request the right to inspect such information under the Governing Statute).

Section 5. Remote Participation. Any meeting required under these Bylaws may be held via a remote participation platform, such as WebEx, Zoom or Facetime, provided that all participants are able to communicate with each other verbally in real time. Any vote required under these Bylaws may be taken by electronic means acceptable to the Board.

ARTICLE 6. SELECTION, REMOVAL AND VACANCIES OF DIRECTORS

Section 1. Qualifications and Notice of Candidacy. Directors shall be Patron Members of the Cooperative. Candidates who wish to serve shall submit a written notice of intent and biography to the Secretary of the Board at least 45 days prior to the Annual Meeting of the Members in order to appear on the ballot. Candidates must show seriousness of purpose, qualifications pursuant to managing a cooperative, and positive intent.

Section 2. Number and Term. The Board of Directors shall consist of not less than five nor more than nine persons. A Board Member may be a paid employee of the Cooperative. The standard term shall be three years, and no Director shall serve more than three consecutive elected terms. After a period of one year, a former Director shall be eligible for re-election to the Board. Terms shall be staggered, so that there will always be a minority of Board Members being elected in any one year. By way of example, if there are nine Board Members, only three will be running for election in any year.

Section 3. Election and Installation. Those candidates receiving the most votes shall fill the open positions. Runoffs are required in the event of a tie. The persons elected to the Board shall be installed at the first Board meeting following their election and shall hold office until their successors are installed.

Section 4. Removal. Any Board Member may be removed by a minimum of 2/3 vote of the full Board at a regular or special meeting, provided that at least 10 days written notice has been provided to the full Board prior to the meeting and all requirements as stated in the Articles of Incorporation have been fulfilled.

In addition to the above, any Patron Member may bring charges against an officer or director by filing charges in writing with the Secretary of the Cooperative, together with a petition signed by ten percent of the Patron Members requesting the removal of the officer or director in question, pursuant to the requirements of RCW 23.86.087.

Section 5. Vacancies. Any vacancy on the Board may be filled by a two-thirds (2/3) vote of the full Board of Directors. Appointees to the Board will serve until the end of the term of the seat they are filling. Appointees to the Board may not be reappointed but must be elected to the Board by the membership.

Section 6. Initial Board. The initial Board of Directors shall be the individuals listed in the Articles of Incorporation, with terms as designated therein. Initial Board Members need not stand for election until their terms expire.

ARTICLE 7. BOARD OF DIRECTORS

Section 1. Meeting of the Board of Directors. The Board shall hold an annual meeting at which time officers shall be appointed, shortly after the Membership annual meeting wherein Directors have been elected. In addition, the Board shall have regular meetings six times a year, the time and place to be determined by the President. Notice of the meeting shall be posted at the store and communicated to Members via email at least one week before the meeting. Special meetings of the Board may be called by the President when deemed necessary, or by written request of a quorum of the Board, with email notice at least 24 hours before the meeting. Notice of the Regular and Special Meetings shall be by email or text at least a week in advance. Notice of Board meetings may be waived by the Board Members. Meetings shall be open to Patron and Investor Members. At any time the Board may convene an executive session to deal with sensitive issues, such as personnel or legal matters.

Section 2. Quorum and Decision Making. A quorum of the Board shall be 33% of the current number of Board of Directors. The Board shall strive to reach consensus. A vote shall pass if a quorum is present and a simple majority of the Board members present vote in the affirmative.

Section 3. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if the Directors unanimously consent to the action in writing or by an electric transmission, including electric mail, that has sufficient information to identify the decision being considered. The action and decision shall be affirmed during the subsequent meeting of the Directors. Meetings may be conducted by video chat.

Section 4. Responsibilities of the Board. The business and affairs of the Cooperative shall be managed by the Board of Directors. The Board has the authority and power to adopt rules, regulations, and resolutions not inconsistent with the Articles and these Bylaws as may deem proper for the management of the Cooperative. These shall include but not be limited to setting rules for acquisition of Common and Preferred Stock, determining dividends for Investor Members, determining the distribution of surplus profits (the definition of which is in the sole and absolute discretion of the Board), establishing governing policies, adopting budgets and monitoring financial budgets, defining the scope of employment, hiring, terminating, setting performance standards for the Manager and employees, setting salaries and benefits, and ensuring performance by monitoring compliance with its policies and goals.

Section 5. Board Committees. In addition to the Budget and Finance Committee, as defined in Article 9, below, the Board may from time to time establish other committees to carry out specific duties within a specified time frame, as determined by the Board.

The Chair of any such committee shall be a Board Member, however, other members of any committee need not be a member of the Board. Any duties of any committee may not exceed the authority of the Board.

Section 6. Prudence and Conflict of Interest. Directors shall be responsible for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interest of the Cooperative and with the care that an ordinary person in a like position would use under similar circumstances. Directors shall be under an affirmative duty to disclose actual or potential conflicts or interest in any matter under consideration by the Board. Each Director shall recuse himself or herself from voting on any matter or transaction that comes before the Board in which the Director has a conflict.

ARTICLE 8. OFFICERS

Section 1. Election of Officers. At its first meeting following an election of Directors, and following the installation of new Directors, the Board, by the affirmative vote of at least 2/3 of the full Board, shall elect from among its members a President, a Vice President, and a Secretary. The Board shall also elect a Treasurer with experience in financial matters, who need not be a member of the Board, but shall have the same confidentiality and conflict of interest standards as an elected Director. The Board may appoint such additional officers as it deems appropriate. Officers shall hold office until their successors are installed, unless they are unable to fulfill their obligations.

Section 2. Term, Removal and Resignation. The term for each office shall be for one year. Any principal officer may be removed by a vote of a majority of the Board whenever in their judgment the best interests of the Cooperative will be served thereby. If the office of President shall become vacant, the Vice President shall become President. If any other office becomes vacant, the remaining Board Members shall appoint another Board Member by majority vote.

Section 3. President. The President shall endeavor to preside at all meetings of the Board of Directors.

Section 4. Vice President. The Vice President shall perform the duties of the President in his/her absence or if a vacancy in the office occurs, and shall undertake such other responsibilities as the President may assign.

Section 5. Secretary. The Secretary shall be the custodian of the Cooperative's records, that shall include copies of all relevant records, legal documents, financial statements, minutes of meetings of the Board and of the Membership, and any other pertinent

documents relating to the Cooperative. These documents shall be kept at the Cooperative office and in an online system accessible to all Members and the Board of Directors pursuant to the rules and requirements of the RCW 23.86.

Section 6. Treasurer. The Treasurer shall provide financial counsel to the Board of Directors to ensure the integrity of financial accounts. The Treasurer may execute contracts and agreements approved by the Board of Directors, but may not be the sole signatory on any account on behalf of the Cooperative.

ARTICLE 9. FINANCES

Section 1. Budget and Finance Committee. A Budget and Finance Committee shall consist of the General Manager and/or staff person and two or more members of the Board of Directors and any other person(s) appointed by the President and approved by the Board. This Committee shall draft a budget which shall be presented to the Board for ratification. The budget shall be monitored by the Board of Directors and the General Manager. A financial review may be conducted at least every two years unless doing so would impair the fiscal soundness of the Board.

Section 2. Unbudgeted Capital Expenditures and Fiscal Year. The fiscal year of the Cooperative shall be set by the Board of Directors. Unbudgeted expenditures or other costs in excess of \$5000.00 must be approved by the Board of Directors prior to being expended.

ARTICLE 10. EQUITY INTEREST

Section 1. Equity. Every Patron Member shall own one share of Common Stock and shall have an equity interest in the Cooperative upon payment of a one-time investment fee, as determined by the Board, after signing the Membership Agreement and being assigned a Membership Number. Each Patron Member shall have the same equity interest regardless of the amount of investment made, which allows such member one vote for decisions to be made at the Annual Meeting. Patron Members are not entitled to a reimbursement or refund of any kind but may receive a distribution upon liquidation as described in the Articles of Organization. Patron Members shall have no right to have their share redeemed by the Cooperative.

Investor Members shall own Preferred Stock in the number of shares reflecting their investment in the Cooperative and by signing the Subscription Agreement. Investor Members shall have other rights and may receive a return on investment as evidenced by a dividend at some time in the future, as further defined in the

Subscription Agreement. Investor Members shall have no voting rights. Investor Members shall have no rights to have their shares redeemed by the Cooperative.

The Board of Directors shall pay all debts and liabilities of the Cooperative to the best of its abilities, and thereafter shall allocate all profits (if any) pursuant to RCW 23.86.160 and 23.86.170.

ARTICLE 11. INDEMNIFICATION

In addition to the immunities and releases from liability conferred by RCW 23.86.191 and the Articles of Incorporation, the Cooperative undertakes in accordance with the Governing Statutes to indemnify its current and former Directors, Officers, employees, and agents against any expense, loss, or damages incurred by them in connection with or arising out of their service in such capacities, to the fullest extent allowed by law under any circumstances. This right to Indemnification is a contract right upon which each beneficiary hereof will be presumed to have relied. Any amendment or repeal of this Article will not adversely affect any right or protection of any current or former Director, Officer, employee, or agent for or with respect to any acts or omissions of such individuals occurring prior to such amendment or repeal. The Cooperative, its Directors, Officers, employees and agents shall be fully protected in taking any action or making any payment under this Article, or refusing to do so, in reliance or advice from counsel.

ARTICLE 12. BOOKS AND RECORDS

The Cooperative shall keep a correct and complete record of accounts for the Cooperative, and the Board of Directors shall keep copies of the minutes of the membership meeting and the meetings of the Board of Directors.

ARTICLE 13. AMENDMENTS

Section 1. Amendment by Board. Except for Article 10 or any modification which may alter the Subscription Agreement or the Membership Agreement, these Bylaws may be altered, amended or repealed by the affirmative vote of 2/3 of the full Board of Directors at any regular or special meeting thereof, provided written notice (including electronic writing) of the proposed amendment with the full content of such change is given at least ten (10) days in advance of the meeting to each Director.

ARTICLE 14. DISSOLUTION

Section 1. Discharge of Assets. In the event of a dissolution of the Cooperative, the assets of the Cooperative shall be distributed pursuant to the Articles of Incorporation. Dissolution shall be done by a determination of the Board or Directors and also in accordance with RCW 23.86.250.

ARTICLE 15. SEVERABILITY

If any section, clause, provision, or portion of these Bylaws is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of these Bylaws shall remain in full force and effect and shall not be affected thereby.

(END OF BYLAWS)

SIGNATURES