



AMENDED AND RESTATED BYLAWS OF ROANOKE COOPERATIVE ASSOCIATION, LTD.

ARTICLE I ORGANIZATION

Section 1.1 Name: The name of the Corporation is Roanoke Cooperative Association, Ltd., trading as Roanoke Natural Foods Co-op (“Cooperative”).

Section 1.2 Purpose: The Cooperative shall be organized and shall be operated to conduct a retail grocery business for the primary and mutual benefit of the holders of its shares of common stock (“Common Stock”) as patrons of its goods and services. The holders of shares of Common Stock are its member-owners (“Owners”).

Section 1.3 Registered Office: The registered office of the Cooperative in the Commonwealth of Virginia is located at 602 E. Main Street, Floyd, Virginia 24091, and its registered agent is Jonathan Rogers, a member of the Virginia State Bar.

Section 1.4 Principal Office: The principal office of the Cooperative is located at 1319 Grandin Road, SW, Roanoke, Virginia 24015. The Corporation may have an office or offices in other places as determined by the Board of Directors.

Section 1.5 Fiscal Year: The fiscal year of the Cooperative shall be a calendar year, ending on December 31st of each year.

ARTICLE II MEMBERSHIP

Section 2.1 Qualifications: The Cooperative shall have two classes of common stock, designated as Class A (voting) and Class B (non-voting) common stock, or such other classes as designated by the Board of Directors (“Board”) from time to time. Ownership is voluntary and open. Any individual, partnership, corporation or other cooperative or non-profit association shall qualify to be an Owner.

Section 2.2 Admission: Any individual may become an Owner of the Cooperative by completing a membership application and making a financial investment in the Cooperative. The investment, or equity payment, provides capital funds to the Cooperative. The Board shall determine the amount of the equity payment and the schedule for partial or progress payments, if applicable. More than one investment may be necessary over the course of ongoing ownership, as determined by the Board. The Board may set other membership requirements as are determined necessary or desirable to accomplish the purposes of the Cooperative.

Section 2.3 Participation Rights: Each Owner who has provided the required equity payment, or who provides partial or progress payments within the required time interval as determined by the Board, shall be considered to be an Owner in good standing (“Good Standing”) and shall be entitled to:

- (a) Receive patronage refunds in accordance with Article IX of these bylaws (“Bylaws”);
- (b) One vote on matters presented to the Owners;
- (c) Other Owner privileges as outlined in the membership application or as determined by the Board from time to time.

Section 2.4 Duties and Delinquency: The only duties of the Owners to the Cooperative or to each other in respect of the Cooperative shall be those established in these Bylaws and in the membership agreement. An Owner who becomes delinquent in meeting its membership obligations to an extent determined by the Board shall, no sooner than thirty (30) days after delivery of written notification, be placed in inactive status. That Owner’s participation rights shall then be suspended. An Owner in inactive status may attain Good Standing only upon full payment of arrearages. References in these Bylaws to the rights and entitlements of Owners shall be understood to refer only to Owners in Good Standing.

Section 2.5 Termination: A member may terminate his or her membership voluntarily at any time by giving notice to the Cooperative. The Board may terminate membership for other causes only after providing for a fair hearing, the process of which shall be determined the Board.

Section 2.6 Organizational Membership: The Board shall determine the rights, fees, and benefits of membership for organizations, if any, but in no event shall an organization have more than one vote.

Section 2.7 Lifetime Members: Notwithstanding anything to the contrary herein, those identified in the records of the Corporation as Owners at the time these amended and restated Bylaws are approved (“Lifetime Owners”) have the following duties in order to remain Owners in Good Standing:

- (a) Vote, in-person or by proxy, at the special meeting called, contemporaneously with the approval of these Bylaws, to consider certain amendments to the Articles of Incorporation to effect these Bylaws; and
- (b) Sign a new membership agreement, or provide current contact information to the Cooperative.

Those Lifetime Owners who are delinquent in voting, as described in Section (a) above, shall be deemed inactive and their participations rights, as described in Section 2.3 of this Article, shall be suspended as of the date of the special meeting (“Record Date”). A Lifetime Owner deemed inactive shall have five (5) years from the Record Date to sign a new membership agreement, after which said Lifetime Owner’s original equity contribution to the Corporation will be deemed abandoned and remitted to the state as required by law.

ARTICLE III BOARD OF DIRECTORS

Section 3.1 Governance: The business and affairs of the Cooperative shall be governed by the Cooperative’s Board of Directors (“Board”), which shall have the power to prescribe the procedures and policies under which the Cooperative shall operate; including the overseeing of merchandise pricing, and all other powers generally exercised by a Cooperative’s Board, except as expressly limited by these Bylaws, the Articles of Incorporation or Virginia law.

Section 3.2 Number: The Cooperative’s Board shall be composed of no fewer than nine (9) and as many as fifteen (15) elected individuals (“Director(s)"). This number may be increased or decreased at

any time by an amendment of these Bylaws. One additional Director shall be appointed by the general manager and/or staff from paid staff and shall serve as the Board's employee representative.

Section 3.3 Election and Term of Directors: Directors need not be Owners of the Cooperative; however, Directors who are Owners must be Owners in Good Standing for the duration of their term. All Directors, with the exception of the employee representative, shall be elected at the annual meeting of the Owners or at any special meeting held in lieu thereof. All Directors, elected or appointed, shall serve a term of three (3) years and shall hold office until their term expires, they resign or they are removed. The terms of the Directors can be staggered to promote consistency in the Board's membership, and approximately one-third (1/3) of the Directors shall be up for election at every annual meeting of the Owners.

Section 3.4 Nominating Committee: The Board shall establish a nominating committee composed of at least two individuals who will seek out and interview individuals interested in a position on the Board. All candidates for election to the Board must be either nominated or approved by the Board or produce a petition signed by at least twenty-five (25) Owners. A nominating petition must be produced at least two (2) months prior to the Annual Meeting, to allow candidates to have their name placed on the written ballot as specified in Article IV, Section 4.2.

Section 3.5 Removal: The term of office of a Director may be terminated prior to its expiration for any of the following reasons:

- (a) Voluntary resignation, by written notice to the Board;
- (b) Termination of the Director's membership in the Cooperative;
- (c) For cause related to the duties of the position of Director, by majority vote of the Board;
- (d) By majority vote of the Owners, with or without cause, at any meeting called for such purpose;
- (e) Absence at three (3) consecutive Board meetings, unless excused by the Board for good cause.

Section 3.6 Vacancy: Upon removal or resignation of any Director, or in the event of any other vacancies on the Board, the Board may appoint another person or persons to serve until the next annual meeting or to finish out said Directors term, as determined by the Board.

Section 3.7 Executive Committee: The Board may designate, by resolution adopted by a majority of all the Directors, four Directors to constitute an Executive Committee. The Executive Committee, consisting of a President, Vice-President, Secretary, and Treasurer, may exercise all the powers of the Board of Directors, and may authorize the seal of the Corporation to be affixed as required, when the Board of Directors is not in session, except to approve an amendment of the Articles of Incorporation, these Bylaws, or a plan of merger or consolidation. The Executive Committee may make rules for the holding and conduct of its meetings, the notice thereof required, and the keeping of its records. The Executive Committee, along with the General Manager and the Operations Manager, are the only ones authorized to represent the Board of Directors in any contact with outside agencies including attorney(s), CPA(s), taxation or employment agencies, or any other officials.

Section 3.8 Other Committees: The Board may create standing or special committees to advise the Board or to exercise such authority as the Board shall designate. Members of all committees shall be appointed by the Board and may be removed or replaced by the Board as needed to further the interests of the Cooperative.

ARTICLE IV MEETINGS

Section 4.1 Annual Meeting of Owners: The annual meeting of the Owners of the Cooperative (“Annual Meeting”) shall be held at a location, time and place designated by the Board. The agenda for the Annual Meeting shall include consideration of reports on the business activities and finances of the Cooperative, election of directors, and such other business as may properly come before the meeting.

Section 4.2 Notice of Annual Meeting, Voting by Written Ballot: Notice of the date, time and place of the Annual Meeting shall be given in writing and mailed to all Owners not more than two months prior and not less than one month prior to said Annual Meeting. The notice shall also be posted in a prominent public place at the Cooperative, published in at least one edition of the Cooperative’s newsletter, and posted on applicable electronic bulletin boards. The notice mailed to all Members shall also include a ballot listing the names of all candidates nominated and seeking a position on the Board. If said ballot is signed by an Owner and returned prior to the Annual Meeting, it shall constitute a valid vote in said election.

Section 4.3. Special Meetings of Owners: All other meetings of the Members (“Special Meetings”) shall be held at the times and places fixed by the Board. The time and place shall be stated in the notice or waiver of notice of each Special Meeting. Special meetings of the Members shall be held whenever called by the President, by a majority of the Directors, or by Members holding at least one-fifth of the number of shares of common stock entitled to vote then outstanding. Notice of Special Meetings shall given by mail at the last known address of the Member, or, if the Member be a corporation or other legal entity, to the last known principal business address of such Corporation or legal entity as listed in the records of the Cooperative. Such notice shall state the purpose or purposes of the Special Meeting.

Section 4.4 Conduct of Owner Meetings: The President shall preside over all meetings of the Owners. If s/he is not present, then the presiding officer shall be designated in this order: Vice-President, Treasurer or Secretary. The Secretary of the Cooperative shall act as secretary of all the meetings, if present. If none of the Cooperative’s executive officers are present, a chairperson shall be elected by those attending the meeting. The chairperson shall appoint a secretary of the meeting. The chairperson of the meeting may appoint one or more inspectors of the election to determine the qualification of voters, the validity of proxies, and the results of ballots. Executive officers and/or the general manager may appoint a staff person to take meeting minutes.

Section 4.5 Owner Action Without a Meeting: Any action required or permitted to be taken at an Owners’ meeting may be taken without a meeting and without prior notice if the action is taken by the written consent of the Owners having not less than the minimum votes necessary to effect the action at a meeting of the shareholders, at which all Owners entitled to vote thereon were present and voted, and such consent is delivered to the secretary of the Corporation for inclusion in the corporate records. All Owners entitled to vote shall receive written notice of the proposed action not less than five (5) days before it is taken.

Section 4.6 Meetings of the Board: Meetings of the Board shall be held at times fixed by resolution

of the Board, or upon the call of the President or the Secretary, or upon the call of the majority of the Board members.

Section 4.7 Notice of Meetings of the Board: Notice of any meeting not held at a time fixed by a resolution of the Board shall be given to each Director in writing by mail at least five (5) days before the meeting at his/her address, or by delivering such notice by telephone or electronic means at least five (5) days before the meeting. Any such notice shall contain the time and place of the meeting, but need not contain the purpose of any meeting. Meetings may be held without notice if all the Directors are present or those not present waive notice before the meeting.

Section 4.8 Telephone Conferences: A meeting of the Board may be conducted by telephone conference or other communication equipment whereby all persons participating can hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting.

Section 4.9 Board Action without a Meeting: Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if the action is assented to by all Directors, and such assent is evidenced in writing and filed with the minutes of meetings.

Section 4.10 Owner Attendance at Board Meetings: Owners are invited and encouraged to attend all Board meetings, but those in attendance do not have the power to vote. Owner comments at meetings shall be a maximum of five (5) minutes. Procedure for more lengthy comments shall be to submit such comments in writing for further Board review.

ARTICLE V DELIBERATION AND VOTING

Section 5.1 Quorum and Voting at Owner Meetings: A quorum for the transaction of business of all meetings of the Owners will consist of Owners in Good Standing holding at least one-third (33.33%) of the outstanding shares of common stock entitled to vote, present in person or represented by proxy. Each Owner shall be entitled to one vote in person, by proxy, or by official ballot for each share entitled to vote, as listed on the books of the Cooperative.

Section 5.2 Proxies: Each Owner entitled to vote at a meeting of Owners or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for the Owner by proxy. The Owner shall authorize such person(s) to act as proxy in writing, by mail or by electronic transmission. No proxy will be voted or acted upon after eleven months from its date, unless the proxy provides for a longer period.

Section 5.3 Quorum and Voting at Board Meetings: A majority of the elected Directors serving at the time of a given meeting shall constitute a quorum. The Board shall strive to make decisions through consensus. Where consensus is not possible, each Director shall cast one vote and decisions will be made by a majority vote of the Directors present. Less than a quorum may adjourn the meeting to a fixed time and place, no further notice of any adjourned meeting being required.

ARTICLE VI OFFICERS

Section 6.1 Election: The Board, promptly after the election of new Directors each year, shall elect a President, Vice President, Secretary, Treasurer, and shall elect or appoint such other officers as it may deem proper. All officers shall be elected Directors, and no officer may hold more than one office simultaneously.

Section 6.2 Terms: All officers shall serve for a term of three (3) years or until their respective successors have been elected and qualify, or until their death or until they are removed or resign from office as provided in Article III, Section 3.5.

Section 6.3 Removal: Any officer may be removed at any time, with or without cause, by the vote of a majority of all the Directors. A vacancy of any office shall be filled for the unexpired term by the Board, unless such office is eliminated.

Section 6.4 Duties: The officers shall have such duties as generally pertain to their respective offices, including, but not limited to, the duties listed in this section, as well as such powers and duties as from time to time may be delegated to them by the Board:

- (a) **President:** The President shall preside over all meetings of the Owners and the Board and shall coordinate the activities and process of the Board.
- (b) **Vice-President:** The Vice-President shall perform the duties of the President in his or her absence or disability, and shall, as requested, assist the President in the performance of his or her duties.
- (c) **Secretary:** The Secretary shall record and keep adequate minutes of all meetings of Owners and the Board; shall keep an up-to-date list of the Board members, officers and their terms of office; and shall oversee the issuance of notices as required in these Bylaws.
- (d) **Treasurer:** The Treasurer shall oversee the maintenance of the Cooperative's financial records and controls and the filing of required reports and returns, and shall present financial reports on a periodic basis as determined by the Board.

ARTICLE VII INDEMNIFICATION AND CONFLICT OF INTEREST

Section 7.1 Indemnification: The Cooperative shall indemnify and reimburse each former, current and future Board member and officer for any claim, liability, or expense (including reasonable attorneys fees) to which such person may become subject by reason of being a Board member or officer, or by reason of his or her acts or omissions as a Board member or officer. Such indemnification shall be made only if it is determined by the Board, or by special legal counsel selected by the Board, that the Board member or officer acted in good faith and, in the case of conduct in his or her official capacity, in the reasonable belief that his or her action was in the best interests of the Cooperative; and, in all other cases, in the reasonable belief that his or her conduct was at least not opposed to the best interest of the Cooperative; and, in the case of any criminal proceeding, he or she had no reasonable cause to believe that his or her conduct was unlawful. The indemnification provided in this section shall not be exclusive of any other rights to which Board members or officers may be entitled.

Section 7.2 Conflict of Interest: Participants in any meeting of the Owners, or the Board or any

Board-designated committee, as defined in Article 3 of these Bylaws, shall have a duty to disclose their actual or potential conflicts of interest in any matter under consideration in which they have a direct or indirect financial interest other than as patrons of the Cooperative. After disclosure, such persons may state their position on the matter at issue, but shall not participate in any further discussion or decision of the matter except as requested by the attending Owners, the attending Board members, or the members of the committee.

ARTICLE VIII CERTIFICATES OF STOCK

Section 8.1 Form and Signatures: Common Stock certificates shall only be issued to, and shall only be held by, Owners of the Cooperative upon payment in full of the required equity payment. Common Stock shall be entitled to no dividend or other monetary return on investment. The voting rights of such shares shall consist solely of the voting rights provided Owners in these Bylaws. Each Owner shall be entitled to a certificate or certificates of stock in such form as may be approved by the Board and which are signed by the President or a Vice-President and by the Secretary or the Treasurer and with the corporate seal impressed thereon.

Section 8.2 Transfers: A membership may not be transferred, assigned, encumbered, or alienated in any way, voluntarily or involuntarily, in whole or in part, except with the written consent of the Board. Shares of stock are non-transferable unless and until they have been proffered for redemption by the Cooperative at cost.

Section 8.3 Replacements: In case of the loss, mutilation, or destruction of a certificate of stock, a duplicate may be issued upon such terms not in conflict with law as the Board may prescribe.

ARTICLE IX PATRONAGE REFUNDS

Section 9.1 Allocation to Owners: In order to assure that it will operate on a cost basis related to its transactions with its Owners, the Cooperative shall allocate and distribute to its Owners its net savings realized from business done with them in such a manner as to qualify as patronage dividends within the meaning of federal income tax law. Owners shall retain the right to waive, in whole or in part, by action at a meeting of the Owners, any patronage refunds to which Owners may be entitled.

Section 9.2 Distributable Net Savings: Distributable net savings may be reduced by such reasonable reserves for necessary business purposes as may be determined by the Board. In determining and allocating distributable net savings, the Cooperative shall use a single allocation unit except to the extent that it shall, subsequent to the adoption of these Bylaws, engage in any new and distinct line of business.

Section 9.3 Basis of Allocation: Distributable net savings shall be allocated to each member in the proportion which his or her patronage bears to the total of all member patronage during the fiscal year. Patronage shall be understood to mean goods and services purchased from the Cooperative and shall be measured in terms of its dollar amount.

Section 9.4 Distribution and Notice:

(a) Patronage refunds shall be evidenced by written notices of allocation delivered to recipient Owners

within eight months and fifteen days following the close of the fiscal year. Written notices shall state the dollar amount of the allocation which constitutes a patronage dividend within the meaning of federal tax laws. All notices, except those subject to Section 9.8 below, shall be accompanied by checks in an amount determined by the Board which must be at least twenty percent (20%) of the total allocation. Any allocations of such a nominal amount that do not justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other Owners.

(b) If the Cooperative exercises due diligence in notifying any Owner or former Owner of retired or refunded patronage checks and if the Owner or former Owner fails to claim the retired or refunded patronage checks or equity contributions within five (5) years after said checks or contributions become payable, then the funds owed to the Owner or former Owner will be deemed abandoned and remitted to the state as required by law.

Section 9.5 Consent of Owners: By obtaining or retaining membership in the Cooperative, each Owner shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

Section 9.6 Retained Amounts: Patronage refunds not currently distributed by check shall be credited or charged to revolving capital accounts in the names of the recipient Owners. Retained patronage refunds shall accrue no dividends or interest, and shall not be transferable or assignable except with the express written consent of the Cooperative. The Cooperative shall have a first lien on retained patronage refunds for amounts otherwise due and payable to the Cooperative by the Owner. The Cooperative may, at any time after such amounts are due and payable for thirty (30) days, offset such amounts against retained patronage rebates to the extent such amounts may exceed accumulated payments for shares. Such offset may not be affected by the Owner or by anyone acting in the right of the Owner.

Section 9.7 Redemption: Retained patronage refunds that are no longer needed for capital purposes of the Cooperative shall be redeemed in such amounts and at such times as is determined by the Board. Retained patronage refunds of particular Owners may be redeemed at the discretion of the Board upon the death of the Owner or under other compelling circumstances. At that time, said retained patronage refunds shall be redeemed only in the order of the oldest outstanding amounts and only at a ratable basis among such amounts for each fiscal year, except that redemptions may be made payable only to Owners who are then in Good Standing or become so within a stated period of time. Retained patronage refunds shall be redeemed at their carrying value on the books of the Cooperative or their net book value, whichever is lesser.

Section 9.8 Allocation of Net Loss: In the event the Cooperative shall incur a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated Owner equity account. If the net loss exceeds such amounts, or in any event if the Board so determines, the amount of such loss may either be carried forward to offset net savings of subsequent fiscal years or allocated to Owners in the same manner as for positive net savings except that such allocation shall not exceed the total of invested capital. Any such allocated net loss shall be charged first against retained patronage refunds of prior fiscal years and then against patronage refund allocations of subsequent fiscal years. Allocated net losses which are not so offset may be charged against the carrying value of share only upon termination of membership. Allocated net losses shall not otherwise be assessed or collected from Owners.

ARTICLE X DISSOLUTION

Section 10.1 Dissolution: The Cooperative may be dissolved by a two-thirds (2/3) vote of the Owners at a meeting called to consider the matter.

Section 10.2 Distribution of Assets: Upon dissolution of the Cooperative, its assets shall be distributed in the following manner and order:

- (a) By paying or making provision for payment of all liabilities and the expenses of liquidation;
- (b) By redeeming preferred shares, if any, which, if they cannot be paid in full, shall be paid on a pro rata basis among all outstanding amounts;
- (c) By redeeming Common Stock, if any, which, if it cannot be paid in full, shall be paid on a pro rata basis among all outstanding amounts;
- (d) By distributing any remaining assets to the Owners or former Owners in proportion to their patronage over the preceding five (5) years.

ARTICLE XI ACCESS TO MEETINGS AND INFORMATION

All meetings of the Cooperative's Board and of the Owners shall be open to the membership, except for those portions of the Board meetings that are conducted as executive sessions. Procedures governing an executive session shall be determined by the Board and provided in writing to the Owners upon request. The financial records of the Cooperative shall be open to inspection by Owners at reasonable times. The Board and the staff shall assist Owners in obtaining information about the Cooperative, except in the case of information that must be kept confidential for legal or business reasons. This information may include, for example, letters related to the past performance of prospective employees, and certain other personnel records. A newsletter shall be published on a regular basis, and made available to the Owners, to facilitate communication about the Cooperative's operation, policies and services.

ARTICLE XII CHANGE OF ARTICLES OF INCORPORATION AND BYLAWS

Section 12.1 Articles of Incorporation: The Articles of Incorporation may be amended by the affirmative vote of two-thirds of the Owners voting thereon at any regular meeting, or at a special meeting called for the purpose. Notice of the proposed amendment and of the time and place of holding of such meeting shall be delivered to each Owner, or mailed to his or her last known address, at least ten (10) days prior to such meeting.

Section 12.2 Bylaws: These Bylaws may be amended or edited by a majority vote of the Board and shall be effective immediately, but shall be subject to a three-month comment period of Owners. The content of all amendments will be conspicuously posted in the Cooperative's store for review and comment by Owners. The failure to post amendments shall not affect the validity of amendments otherwise duly enacted. All written comments submitted to the Board during this three-month comment period

shall be reviewed by the Board. The Board has the discretion to act or not act upon any comments submitted.

Section 12.3 Updated Copy of Articles of Incorporation and Bylaws as Amended to be Kept by Secretary: The Secretary of the Cooperative shall keep an updated copy of the Articles of Incorporation and these Bylaws, as amended, in the minutes book of the Cooperative.

These Bylaws were duly adopted by the Board of Directors of the Roanoke Cooperative Association, Ltd. at a meeting held on 18 June, 2007. The above Bylaws are a current statement of the Cooperative's Bylaws.

_____ Sandy Taylor, Secretary

Board of Directors:

_____	_____
Bob Capper	Richard Normand
_____	_____
Julian Taylor	Pete Johnson Jr.
_____	_____
Sandy Taylor	Micki Patrick
_____	_____
Dickson Watts	Melissa Taylor
_____	_____
Scott Smith	Gayle Havens Cooley

EXPLANATION OF PATRONAGE REFUND CONSENT PROVISION

The Internal Revenue Code generally requires each person receiving a patronage refund to include the amount of such distribution in his or her gross income in the taxable year in which it is received. Under bylaws Article IX, Section 9.5, mere acceptance or retention of membership in the Cooperative constitutes consent to such inclusion in taxable income, including the portion of the patronage refund that is retained by the Cooperative for its capital needs. The Cooperative has been advised, however, that the general rule for inclusion in income of patronage refunds is subject to an exception that is applicable to consumer cooperatives. Under that exception, a patronage refund is not required to be included in gross income if the Owner's purchases from the Cooperative are related to "personal, living or family items." The patronage refund would be taxable to an Owner only if his or her purchases related to the operation of a trade or business or other income-producing activities. In effect, the consent provision is of no tax significance to Owners of the Cooperative, except as to organizational Owners and except where the purchases of Owners who are natural persons are for business or income-producing purposes.