

BYLAWS
OF
CBH CO-OP

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned, have this day adopted Restated Bylaws of CBH CO-OP under and pursuant to Chapter 47-15 of the South Dakota Codified Laws of the State of South Dakota and all Acts amendatory thereof and supplemental thereto and to that end hereby adopt the following Restated Bylaws which shall supersede the existing Bylaws and Amendments thereto:

BYLAW I.
ANNUAL MEETING

Section 1. Annual Meeting. The annual meeting of the stockholders of this cooperative will be held at such time and place as may be determined by the Board of Directors, within six months after the close of the fiscal year, and designated in the notice of meeting.

Section 2. Fiscal Year. The fiscal year of this cooperative shall commence on the First day of October and end on the Thirtieth day of September of each year.

Section 3. Notice. The secretary shall give notice of the annual meeting by mailing the same to stockholders, at his last known post office address, not less than ten days nor more than thirty days before the date of such meeting. Upon the mailing of any notice of a regular or special meeting of the stockholders of the cooperative as herein provided, the secretary shall execute a certificate setting forth a correct copy of such notice and showing the date of the mailing thereof, and that the same was mailed within the time and in the manner prescribed by law. Failure of any stockholder to receive any such notice shall not invalidate any action which may be taken by the stockholders at any such meeting.

Section 4. Quorum. A quorum at a meeting of the members shall be forty (40) members. Once a member is represented for any purpose at a meeting, such member is deemed present for quorum purposes for the remainder of the meeting. Members represented by electronic or mailed vote may be counted in computing a quorum only on those questions as to which the signed vote is taken.

Section 5. Votes. A member stockholder shall not be entitled to more than one vote. A duly designated representative of an entity registered with a Secretary of State, which entity is a stockholder in this company, may cast a vote. Votes may be cast in person at a meeting of the stockholders. Votes may also be cast by mail or electronically if consistent with South Dakota law and so long as procedures are in place to provide for accuracy.

Section 6. Order of Business. At such annual meeting, reports covering the business of the company for the previous fiscal year shall be submitted to the stockholders by the officers. Directors shall be elected and other business may be transacted. The order of business shall be substantially as follows:

- (1) Roll call and registration,
- (2) Reading of minutes,
- (3) Reports of officers and committees,

- (4) Unfinished business,
- (5) New business,
- (6) Election of directors,
- (7) Adjournment.

Section 7. Special Meetings. Special meetings of the stockholders may be called by the president, or board of directors of the cooperative or upon the written petition of at least twenty percent of the member stockholders, in which case it shall be the duty of the president to cause notice to be given as provided in Section 3 hereof. Such notice shall state the time, place, and purpose of such special meeting and shall be issued within ten days from and after the presentation of such petition and such special meeting shall be held within thirty days from and after the date or presentation of such petition.

BYLAW II. **BOARD OF DIRECTORS**

Section 1. Number, Qualification, and Elections. The government of this cooperative and the management of its affairs shall be vested in a board of directors composed of not more than eleven (11) common stockholders who shall be elected at the annual meeting of such stockholders and hold office for a term of three (3) years. The membership of the board shall always include one (1) member who resides in the Belle Fourche, SD trade area, one (1) member who resides in the Union Center, SD trade area, one (1) member who resides in the Sturgis, SD trade area, three (3) members who reside in SD and serve at large. Two members two (2) who reside in the Crook County, WY trade area, two (2) members who reside in the Campbell County, WY trade area and one (1) member who resides in WY and serve at large. Trade areas shall be determined by the Board of Directors from time to time as they deem necessary. No person shall be eligible for nomination to the Board of Directors after their 70th birthday. No person who may be subject to Removal under Section 3 below, may be eligible for nomination to the Board of Directors.

To be nominated for a directorship, a petition signed by 10 or more stockholders shall be filed at the principal office (2030 Main Street, Sturgis SD) of the Cooperative no less than forty-five (45) days before the Annual Meeting to place in nomination a candidate. Petition forms shall be available online at www.cbhcoop.com, at the principal office (2030 Main Street, Sturgis SD) of the Cooperative and other designated CBH CO-OP locations. The Secretary shall prepare and post online at www.cbhcoop.com and at 2030 Main Street, Sturgis SD least twenty-five (25) days before the Annual Meeting a list of nominations for director for each expiring three-year term. The Secretary shall mail with the notice of the meeting, or separately, but at least fourteen (14) days before the date of the meeting, a statement of the number of directors to be elected, the term for which to be elected, and the name and county of the candidates for each term according to Capital Bylaw 1 Section 3. Stockholder shall be limited to signing only candidate's petition. Nominations from the floor shall not be permitted. Current directors as of 2019 will be grandfathered until terms expire, at which time candidates will run for a designated trade area.

Section 1.1. Credentials and Election Committee. The Board of Directors shall, at least sixty (60) days before any meeting of the stockholders, appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of members not less than five (5) nor more than nine (9) who are not members of the Board of Directors or existing Cooperative employees, agents, officers, or known candidates for directors, and who are not immediate family members or members of the same household of directors. In appointing the Committee, the Board shall have regard for the equitable representation of the several areas served by the Cooperative. The committee shall elect its own chairman

and secretary prior to the stockholder meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting stockholder registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of stockholders in person, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to stockholder voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election.

Section 2. Vacancies. 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.

Section 3. Removal. The members or Board of Directors may at any meeting regularly called for that purpose, by a majority vote remove any director or officers for cause upon notice and hearing as provided by law; and in case of such removal to fill the vacancy. Any director, who violates any of the following, shall be disqualified from the Board by a majority vote of directors.

- (a) who missed a total of six (6) regular or special meetings within the cooperative's fiscal year;
- (b) whose account remains delinquent for more than 180 days;
- (c) flagrant and continuous non-use of services offered by the cooperative; and
- (d) who enters into a business dealing directly with customers who otherwise could have used the services of the cooperative.

Section 4. Reorganization. The annual meeting of the board of directors shall be held immediately or at the next regular meeting 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 5. Regular Meetings. Regular meetings of the board shall be held each month at such time and place as may be fixed by the board.

Section 6. Special Meetings. Special meetings of the board of directors may be held at any time upon the call of the president or by any three members (majority) of the board. Each member of the Board of Directors shall be duly notified of all such meetings.

Section 7. Quorum. A majority of the members of the board shall constitute a quorum. Unless otherwise provided by law or these Bylaws, the decision of a majority of the directors made when duly assembled shall be valid.

Section 8. Acting Without Meeting. Any action which 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 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.

Section 9. Executive Committee. The Board of Directors may designate three (3) or more directors, one of who shall be the President, to constitute an executive committee. The committee shall exercise authority as designated by the Board, but shall not have the power to apportion or distribute proceeds, election of officers, filling of vacancies in the board, and amendments of the bylaws.

Section 10. Meetings by Teleconference. Meetings of the board of directors of a cooperative shall be held at such place and upon such notice as it is prescribed in the bylaws. Unless restricted by the articles of incorporation or bylaws, members of the board of directors or any committee designated by the board of directors may participate in a meeting of such board or committee by means of teleconference or similar communications equipment which allows all persons participating in the meeting to hear each other at the same time. Participation by a board or committee member in a teleconference constitutes presence in person at a meeting

Section 11. Duties and Powers. The board of directors, subject to restrictions of law, the Articles of Incorporation, or these Bylaws, shall exercise all of the powers of this cooperative and perform all acts which said board may deem in the best interests of this cooperative and its members. The powers of the board of directors shall include, without limiting in any other way any other powers which said board shall have in accordance with the laws of the State of South Dakota, the Articles of Incorporation, and the Bylaws of this cooperative, the power to sell, lease, mortgage, or otherwise dispose of all or any part of the property of this cooperative and to perform all acts which said board may deem in the best interests of the cooperative or its members, or of the cooperative movement in general.

Section 12. Compensation. The members of the board shall receive no compensation for their services as such, nor with exception of the Secretary and or President, for any services rendered as officers of the cooperative, nor shall the cooperative be held liable for any services, except as herein provided. However, the members of the board shall be allowed their reasonable traveling expenses when actually engaged in the business of the cooperative and such reasonable per diem for attendance at any meeting of the Board of Directors and for all time actually spent upon business of the cooperative as shall be determined by the Board of Directors. The President and Secretary of the cooperative may receive such additional compensation of their service as the Board shall determine.

BYLAW III. **OFFICERS**

Section 1. Election. The officers of this cooperative shall be a president, vice president, secretary, and 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. President. The president shall (1) preside over all meetings of the cooperative and of the board of directors, (2) call special meetings of the cooperative and of the board of directors, (3) perform all acts and duties usually performed by an executive and presiding officer and (4) sign all stock certificates and such other papers of the cooperative as president may be authorized or directed to sign by the board of directors, provided that the board of directors may authorize any person to sign any or all checks, contracts, and other instruments in writing on behalf of the cooperative. The president

shall perform such other duties as may be prescribed by the board of directors.

Section 3. Vice President. In the absence or disability of the president, the vice president shall perform the duties of the president, provided, however, that in case of death, resignation or disability of the president, the board of directors may declare the office vacant and elect a successor.

Section 4. Secretary. The secretary shall keep a complete record of all meetings of the cooperative and of the board of directors and shall have general charge and supervision of the books and records of the cooperative. He/She shall sign all stock certificates with the president and such other papers pertaining to the cooperative as they may be authorized or directed to do so by the board of directors. He/She shall serve 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. He/She shall keep the corporate seal and the stock records of the cooperative, complete and countersign all certificates issued and affix the corporate seal to all papers requiring such seal. He/She shall keep a proper stock record, showing the name of each member of the cooperative, the number of the stock certificates and date of issuance, surrender, cancellation or forfeiture. He/She shall make all reports required by law and shall perform such other duties as may be required of him/her by the cooperative or by the board of directors. Upon the election and qualification of the successor, the secretary shall turn over to them all books, and other property belonging to the cooperative that may have in their possession.

Section 5. Treasurer. The treasurer shall be the custodian of all funds, securities, and property of the cooperative. He/she shall deposit all funds in the name of the cooperative and disburse the same upon the authority of the board of directors and he/she shall perform such other duties as may be prescribed by the board of directors.

Section 6. Secretary-Treasurer. 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-treasurer may delegate any and all duties to any employee of the cooperative with the approval of the board of directors except such duties as are specifically required by law to be performed by the secretary-treasurer.

Section 7. Bonds. Officers and employees having the custody of or handling the funds, securities, or property of the cooperative shall give a bond satisfactory to the board of directors at the expense of the cooperative.

BYLAW IV.

INDEMNIFICATION OF DIRECTORS, OFFICERS, AND EMPLOYEES

Section 1. Indemnification. Each person who at any time shall serve or shall have served as a director, officer or employee of the corporation or cooperative of any other corporation at the request of this cooperative or corporation against all expenses necessarily incurred in connection with the defense of any proceedings in which such person may have been involved by virtue of being or having been a director, officer, or employee provided, however, that such indemnification shall not apply to those proceedings in which such person is adjudged liable for negligence or misconduct in the performance of this duties. The foregoing right of indemnification shall in addition to and not exclusive of all other rights to which such person may be entitled.

Section 2. Insurance. This corporation 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 the corporation, or is or was serving at the request of this corporation as a director, officer, manager, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity.

BYLAW V. MANAGER

Section 1. General Manager/CEO and Help. The board of directors may employ a general manager or managers 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 General Manager shall be the Chief Executive Officer (CEO) of the cooperative.

Section 2. General Manager/CEO's Duties. The duties of the general manager/CEO shall be to have charge of the direct management of the cooperative's business in accordance with the instructions of the board of directors and under the supervision of the board; to engage and discharge the employees of the cooperative in accordance with the authority given by the board; to cause accurate books and records to be kept of the business of the association and to submit the same, together with all files, records, inventories, and other information pertaining thereto for inspection at any time by the board; to disburse funds of the cooperative in payment of its debts in accordance with the authority given by the board taking proper vouchers for such disbursements; to furnish to the board at the regular meeting thereof, a monthly statement in writing of the condition of the cooperative's business and a monthly report of the management; to attend to such other duties and offices as the board of directors may require, including such duties as might ordinarily in the absence of such requirement be performed by the treasurer or by some other officer of the cooperative. The general manager/CEO shall treat all members on a uniform basis, without discrimination of favoritism.

BYLAW VI. CAPITAL STOCK

Section 1. Retirement of Common and Preferred Stock. The board of directors may surrender at par value the common stock of any stockholder who knowingly and intentionally violates any provisions of the Articles of Incorporation or Bylaws of this cooperative, or who ceases to be a patron of this association for one year, or who dies, or who moves from the territory served by this cooperative. In addition the board of directors may, in their discretion and in accordance with the law, retire common, preferred stock, and other equity interests of this cooperative at par value at any time, but in so doing they shall either:

- (1) Retire the same proportion of the total common, preferred stock, and other equity interests held by each stockholder, or
- (2) Retire all or the same proportion of all the capital paid in by each patron in any year or years exclusive of Preferred Stock A.
- (3) Retire all or the same proportion of all of the total common, preferred stock and other equity interests held by those patrons who are deceased or attained the age as determined by the Board.

Section 2. Loss of Right to Vote. Where a holder of common stock ceases to be a producer of agricultural products for a period of one year, or ceases to patronize the cooperative in the minimum annual amount set forth in the Articles of Incorporation, as may be amended from time to time, the Board of Directors shall notify such stockholder that his/her right to vote at stockholders meetings has terminated and request him/her to surrender their shares of common stock in exchange for a like amount of preferred stock and thereupon such stockholder's voting rights shall terminate.

BYLAW VII. **DISTRIBUTION OF SAVINGS**

Section 1.

(a) **Gross Receipts from Patronage.** Gross receipts of the corporation from patronage shall be total proceeds from the sale of products marketed for patrons, total proceeds received for supplies, equipment, commodities, and other property procured for patrons, total proceeds received for services performed for patrons, and total proceeds received (including patronage dividends received) which reduce costs and expenses incurred in connection with these activities.

(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 corporation to its patrons, subject to the deductions therefrom and to the exceptions thereto hereinafter provided.

(b) **Deductions from Gross Receipts from Patronage.** The corporation 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, and

(4) Amounts, attributable to gross receipts from patrons, of:

(i) taxes, other than taxes based on income,

(ii) all 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.

(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 proceeds) from patronage, which shall be distributed to the patrons of this corporation, subject only to the deductions therefrom and the exceptions thereto provided in Section 4 and 5 of this Article.

Section 2.

(a) **Gross Receipts from Sources Other than Patronage.** Gross receipts (total proceeds) of the corporation 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 the manner hereinafter provided.

(b) **Deductions from Gross Receipts from Sources Other than Patronage.** The corporation 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 proceeds) 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 may annually set aside an amount equal to 10% of the total annual net savings as a statutory capital reserve until such reserve (including all allocated and unallocated portions thereof) equals 50% of the paid-up capital stock. Following the adoption of these Bylaws the amounts so set aside shall not be allocated to the credit of the patrons of the corporation. The amounts so set aside shall be accumulated from the following sources. If the following sources (a) through (e) should total more than the required 10%, the total amount thereof shall nevertheless be placed in the capital reserve:

- (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 corporation 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 minimum amount which shall be determined by the Board of Directors.
- (f) Taxes based on income shall be charged to the unallocated portion of the

capital reserve. Notwithstanding any provisions to the contrary, if the unallocated portion of the capital reserve is insufficient to pay taxes based on income, the deficiency shall be paid from the Total Annual Net Savings.

Section 5. Dividends on Stock. If this corporation shall have outstanding any Preferred Stock A, any dividends paid from the annual net savings from patronage remaining after having been reduced by any additions to the capital reserve provided for by Section 4 of this Article.

Section 6. Distribution.

- (a) The annual net savings from patronage, less any deductions therefrom or exceptions thereto as determined by Sections 4 and 5 of this Article, shall be distributed annually (except as hereinafter provided) to the patrons of the corporation who consent to take into account patronage distributions from the corporation in the manner provided in 26 U.S.C. Section 1385, on the basis of their respective patronage, and said patrons shall be notified thereof.
 - (1) In making such distribution, due regard shall be given to the sources from which such savings accrue and separate allocations and distributions shall be made for the marketing and purchasing operations as separate divisions of the corporation.
 - (2) Patronage dividends shall be distributed in cash or in written notices of allocation or by any combination thereof designated by the board of directors. The amount stated in written notices of allocation shall be applied toward the purchase of capital stock of the corporation (but not Preferred Stock A) at its par value or shall be in such other form as is permitted by law.
- (b) Annual net savings from patronage attributable to consenting patrons, which are, as to any one patron, less than the amount specified in Section 4(e), shall be placed in the capital reserve and not distributed to the patrons.

**BYLAW VIII.
ACCOUNTING**

Section 1. Auditing. The board of directors may have the accounts examined semi-annually, and shall have the books audited at least annually by a cooperative auditing service and shall submit its report to the stockholders at their annual meeting.

Section 2. Annual Financial Report. The cooperative shall mail to each of its stockholders or members, the annual financial report which show its assets and liabilities and proceeds or loss for the preceding fiscal year, within nine months after the close of its fiscal year.

**BYLAW IX.
AMENDMENTS**

Section 1. Amendments. These Bylaws may be amended by the members at the annual meeting or any special meeting called for that purpose by a majority vote of the members attending such meeting and that the following conditions are met:

- (a) The proposed amendment or alteration complies with the laws of the State of South Dakota; and
- (b) The bylaw adopted, amended or repealed may be done so by a majority of the members present at a meeting providing that the members voting were sufficient in number to constitute a quorum as provided in the bylaws.

BYLAW X. **CONSENT**


Section 1. Consent. Each individual or entity that hereafter applies for and is accepted to membership in this cooperative and each member of this cooperative as of the effective date of this bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any distributions with respect to its patronage, which are made in written notices of allocation (as defined in 26 U.S.C. 1388) and which are received by the member from the cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. 1385 in the taxable year in which such written notices of allocation are received by member.

Section 2. Consent Notification to Members and Prospective Members. Written notification of the adoption of this Bylaw, a statement of its significance and a copy of the provision shall be given separately to each member and prospective member before becoming a member of this cooperative.

Section 3. Consent of Nonmember Patrons. If this cooperative obligates itself to do business with a nonmember on a patronage basis, such nonmember must either (a) agree in writing, prior to any transaction to be conducted on a patronage basis, that the amount of any distributions with respect to patronage which are made in written notices of allocation (as defined in 26 U.S.C. 1388) and which are received by the nonmember patron from this cooperative, will be taken into account by the nonmember patron at their stated dollar amounts in the manner provided in 26 U.S.C. 1383(a) in the taxable year in which such written notices of allocation are received by the nonmember patron and further, that any revocation of such agreement will terminate this cooperative's obligation to distribute patronage with respect to transactions with such nonmember that occur after the close of this cooperative's fiscal year in which the revocation is received; or (b) consent to take the stated dollar amount on any written notice of allocation into account in the manner provided in 26 U.S.C. 1385(b) endorsing and cashing a qualified checks as defined in and within the time provided in 26 U.S.C. 1388(c)(2)©; provided that failure to so consent shall cause the written notice of allocation that accompanies said check to be cancelled with no further action on the part of this cooperative.

The significant of this Bylaw is that if you become a member after adoption of the Bylaw (and after receipt of this notice), or if you were already a member and remain a member after receipt of notice, any patronage distribution made to you in written notices of allocation (with respect to your patronage of this cooperative for a tax year of this cooperative beginning on or after June 1, 1963 and accompanied by a distribution of twenty (20) percent or more in cash) will be included in your income. (However, the patronage distribution does not have to be included in your income if it represents a patronage distribution on the purchase of personal, living, or family items.)

Revised/Approved 2/2021



Ken Snyder, President
Board of Directors

ATTEST:



Casey Miller, Secretary/Treasurer
Board of Directors