



**BYLAWS  
FOR  
PIEDMONT FARMERS MARKETING COOPERATIVE, INC.**

[A non-stock corporation organized pursuant to "The  
Cooperative Marketing Act of South Carolina" Title 33 Chapter  
47 of the code of Laws 1976, as amended]

**SECTION 1  
PURPOSE**

Section 1.01 The purposes and objectives of Piedmont Farmers Marketing Cooperative, Inc. (hereinafter the Cooperative") will be:

- (a) to foster and encourage the continued existence of family farmers within the service area of the cooperative by providing a non-profit distributor for supplies, equipment, fertilizers, chemicals and feeds to its member farmers;
- (b) to establish a uniform price and constant supply of supplies, equipment, fertilizers, chemicals and feeds within the Cooperative's service area by methods of mass purchasing, production, or otherwise;
- (c) to own, for the purposes of selling or leasing to its members, agricultural equipment at the lowest possible price consistent with good economic principles;
- (d) to do any and all things permitted under the Cooperative Marketing Act of South Carolina Title 33 Chapter 47 of the Code of Laws) upon the adoption of a Board of Resolution, approved by no less than  $\frac{3}{4}$  of the Board or a majority vote of the members.

**SECTION 2  
AREAS OF OPERATION**

Section 2.01 The service areas of the Cooperative in South Carolina consist of the counties of Abbeville, Edgefield, Greenwood, McCormick, and Saluda.

## SECTION 3 MEMBERSHIP

Section 3.01 Qualifications of Members. Producers of agricultural meat products or land cultivated crops, who are persons 18 years of age or older, whose residence and principal place of agricultural business is located within the service area of the Cooperative may become members of the Cooperative as follows:

- (a) completing a membership application;
- (b) receiving approval of the application by a majority vote of the Board.
- (c) paying a membership fee as set by the Board, which may be adjusted from time to time;
- (d) signing any purchasing, leasing, or user agreements, as specified in board policy, which may be changed from time to time.

Section 3.02 Membership Records. The Secretary shall ensure that a complete list of the names and addresses of all members is kept. Each member shall notify the Cooperative as soon as possible of any change of address. Until the Secretary receives such notice from the member, the Cooperative may treat the name and address appearing on the Cooperative's membership list as correct for the purpose of giving notices and for all other business purposes.

Section 3.03 Membership Rights. Each member shall be entitled to only one vote at any meeting of the members. Organizations or corporations that are accepted as members shall be treated, for the purpose of voting, as a natural person and allowed only one vote.

Section 3.04 Withdrawal. Any member may withdraw from the Cooperative by giving written notice to the Secretary of the Cooperative prior to the first day of the month prior to the end of a contract period. The membership shall terminate as of the first day of the next contract year. If a member fails to send a cancellation notice, the membership is and shall be treated as renewed for the next year, unless the Board votes to terminate the membership prior to the expiration of the automatic twelve-month extension.

Section 3.06 Termination of Membership. Membership in this Cooperative may be terminated by a majority vote of the Board of Directors if any of the following events occur:

- (a) member has become ineligible for membership for any reason;
- (b) a member has failed to patronize this Cooperative for a period of one or more years;
- (c) a member ceases to have a Uniform Purchasing or Leasing Agreement in effect with this Cooperative or other User Agreement, as specified by general Board Policy;
- (d) a member, who is an individual, dies or a member that is not an individual ceases to exist as a legal entity and leaves no successor; or
- (e) the Board of Directors, by Resolution, finds that a member has:
  - (i) intentionally or repeatedly violated any provision of this Cooperative's Articles of Incorporation or its Bylaws,
  - (ii) breached the Uniform Purchasing or Leasing Agreement or any other delivery agreement, or any contract with, or obligation to this Cooperative or any of its members, including but not limited to the obligation to make timely payments on the member's account with this Cooperative;
  - (iii) taken actions that will impede the Cooperative from accomplishing its purposes;
  - (iv) taken or threatened actions that adversely effect the interests of the Cooperative or its members; or
  - (v) willfully obstructed any lawful purpose or activity of this Cooperative.

Section 3.07 Consequences of Membership Termination. Termination of membership in any manner will operate as a release of all rights, title and interest of the member in the property and assets of the Cooperative; provided that such termination of membership will not release the member from debts or liabilities of the member to the Cooperative, nor forfeit the right of such member with respect to any capital credits already entered into his account.

Section 3.08 Membership Certificates. Certificates of Membership will be issued to each applicant approved for membership upon fully paying the membership fee. On the Membership Certificate, there shall be stated the name of the Cooperative, the date issued, and the name of the person to whom issued. Each certificate requires the signature of the President and the Secretary-Treasurer. A record of the names of the holders of Membership Certificates and the dates the Certificates were issued will be kept by the Secretary of the Corporation, or his designee. The records of the Secretary will thereafter be proof of membership in the Cooperative. Certificates of Membership do not have to be numbered. Loss or destruction of certificates does not change the status of the member with the Cooperative, and certificates do not have to be returned to the Cooperative when a member withdraws or is terminated as a member.

#### SECTION 4 MEETINGS OF MEMBERS

Section 4.01 Annual Meetings. The Annual Meeting of the Members of this Cooperative shall be held at such time and place as shall be determined by the Board of Directors. The Annual Meeting shall not be held until the auditors have completed the audit. The notice of the meeting shall state the date, place and hour of the meeting and list the names of candidates for election to the Board, who have submitted a Letter of Intent to Run, as described in Section 4.03(a) and been found qualified to hold a Director's position in accordance with these Bylaws. At the Annual Meeting, the members shall transact business as may properly come before the meeting. The Officers of this Cooperative must submit reports to the members at the Annual Meeting of the Members which cover the business of this Cooperative for the previous fiscal year, and which shall include an audit that shows the condition of this Cooperative at the close of the fiscal year.

Section 4.02 Special Member Meetings. A Special Meeting of the Membership may be called by a majority vote of the Board or receipt by the Cooperative of a petition stating the purpose of the meeting signed by ten-percent of the members whose accounts with the Cooperative are in good standing. The Secretary shall cause written notice of a Special Member Meeting to be given to all members upon vote of the Board or the Cooperative's receipt of a valid member's petition. The written notice shall state the day, place, hour and purpose of the Special Member Meeting. The written notice of such meeting shall be given in accordance with Section 4.04 below. No business shall be transacted at a Special Member Meeting except that stated in the notice of the meeting.

Section 4.03 Director Elections. The Directors' election at the Annual Meeting of the Members shall be conducted by the use of the following procedures:

- (a) With the exception for the initial Directors, who shall be the Incorporators of the Cooperative, any Qualified member of the Cooperative desiring to run for a position on the Board of Directors (whether incumbent or non-incumbent) shall file Notice of intention to do so, at least sixty days prior to the date of the Annual Meeting at which the election will be held, by signing a Notice of intent to Run. The Notice of intent to Run shall include such information about the candidate as may be set by general policy of the Board. If the person seeking to be elected as a Director meets the qualifications of Section 5.2, the Secretary shall cause the list of candidates to be sent along with the Annual Meeting or Special Meeting Notice.

- (b) Each member, present at any meeting during which a Director or Directors will be elected, may cast a vote for each vacant Director's seat for any candidate listed in the notice of the meeting, pursuant to Section 4(a), provided that cumulative voting is not allowed. The manner of casting the vote may be set forth by the Board in a general election policy; or, if the Hoard has not adopted an election policy, the vote will be conducted by distributing to members attending the meeting, who are eligible to vote, a ballot containing the names of all qualified candidates.
- (c) Any person receiving a majority of the votes cast shall be elected to the Board of Directors, provided the seating of the candidate does not violate the County residency restrictions of Section 5.02. If one or more vacancies exist after the first vote, the three (3) persons receiving the highest number of votes, without reaching a majority of votes cast, shall be considered to have been placed in nomination, and the members shall cast paper ballots for those persons, with the vacant seat or seats being filled in accordance with the rules of plurality voting taking into consideration the County residency restriction of Section 5.02.

Section 4.04 Notice. Notice shall be given by the Secretary for all Annual and Special Meetings of the Members, either personally or by mailing a notice of the meeting to each member at the member's last known address. Notice shall be provided not less than ten (10) or more than thirty (30) days prior to the date of the meeting. Notice shall be presumed delivered when mailed, postage paid to the address as shown on the records of the Cooperative.

The Secretary shall attach a copy of the notice to the meeting minutes, which will become a part of the record. The failure of any member to receive notice shall not invalidate any action that may be taken by the members at a meeting.

Section 4.05 Quorum. At any Annual or Special Meetings of the Members, a quorum necessary for the transaction of business shall be five percent (5%) of the members or ten members, whichever is greater. If a quorum is not present, the meeting may be adjourned and a new date and time for the meeting set by the Chair.

Section 4.06 Voting. Each member shall be entitled to only one vote. Cumulative voting is not permitted. A member may not appoint a proxy to act on his behalf during a Members Meeting. For the purpose of this section, a Corporation may designate an agent to vote for the Corporation and a person who has, by judicial order, been appointed a guardian for an incapacitated member may, upon presentment of the resolution or judicial order to the Secretary of the Corporation, vote as if he was the member.

Members that are not natural persons must designate an authorized representative to cast their vote in the affairs of this Cooperative. The designation must be in writing, must be properly authorized by the member, and must be provided to the Secretary of this Cooperative. Such a written designation will remain effective until it is superseded by a more recent written designation meeting the same criteria.

Section 4.07 Order of Business. In so far as is practical, the order of business at the Annual Meeting and, where applicable, at all other meetings of the members shall be:

- (1) Registration of Members
- (2) Proof of Notice of Meeting
- (3) Reading of Minutes of Prior Meeting
- (4) Reports of Officers and Committees
- (5) Election of Directors
- (6) Unfinished Business
- (7) New Business
- (8) Adjournment

Section 4.08 Parliamentary Procedure. The rules of parliamentary practice comprised in Roberts Rules of Order, the most recent generally published edition, shall govern meetings of this Cooperative in situations where they are applicable and not inconsistent with law, the Articles of Incorporation, Bylaws, or General Board Policies of this Cooperative.

## SECTION 5 DIRECTORS

Section 5.01 General Powers. The Board of Directors shall govern the business and affairs of this Cooperative and shall be empowered to adopt all necessary rules and regulations not inconsistent with the Articles of Incorporation or Bylaws. Rules and regulations may be established for the operation of the business, the guidance of the officers and other employees, and the management of this Cooperative. The Board of Directors or the officer or officers to whom the power is delegated shall hire and fire employees of this Cooperative and determine duties, salaries, and other conditions of employment.

Section 5.02 Number, Qualifications and Terms of Office. The government of this Cooperative and the management of its affairs shall be vested in a Board of Directors composed of five (5) Directors. The Directors shall be elected at the Annual Meeting of the Members and shall each hold office for a term of three (3) years. The terms of Directors shall be staggered in such a manner that approximately one-third (1/3) of the Directors shall be elected each year. Every Director shall be a member whose account is in good standing with the Cooperative or a representative of a member who is other than a natural person, whose account is in good standing with the Cooperative. The Directors designated in the Articles of Incorporation shall constitute the Board of Directors of this Cooperative to serve until their successors have been duly elected and qualified, as provided in these Bylaws. This designated Board of Directors shall have authority to set terms of less than three years for such designated Directors so as to achieve such staggered elections. Annually, thereafter, as many Directors shall be elected to serve for a three (3) year term as there are regular vacancies in the number of Directors. All Directors shall hold office until their successors are elected and qualified. Any vacancy in the Board, other than by expiration of a term of office, shall be filled by a majority vote of the remaining Directors for the unexpired term of the person holding the seat declared vacant.

A member or the member's representative is not eligible to be a Director if the member or member's representative is in competition with the Cooperative. No two Directors may be residents of the same County; provided however, if any of the five Counties in which the Cooperative provides service has less than 10 members, the Director's seat for this County may be held by a member that resides in a County from which another Director resides.

Section 5.03 Annual Meeting. Immediately following the Annual Meeting of Members, the Board of Directors shall meet for the purpose of electing officers and for the transaction of such other business as shall come before the meeting.

Section 5.04 Regular Meeting. Regular Meetings of the Board of Directors shall be held from time to time at such time and place as may be fixed by Resolution adopted by a majority of the whole Board of Directors. The Board must assemble at least once a quarter.

Section 5.05 Special Meetings. Special Meetings of the Board of Directors may be called by the President or by any quorum of the Directors and shall be held from time to time at a time and place as may be designated in the Notice of the Meeting.

Section 5.06 Notice of Meetings. Notice of each Regular or Special Meeting of the Board of Directors shall be given by the President or Secretary, who shall give at least forty eight (48) hours prior notice of the meeting to each Director by mail, telephone, telephonic facsimile transmission, electronic mail, telegram or in person. Notice shall be deemed given upon mailing if notice is given by mail.

Section 5.07 Waiver of Notice. Notice of any meeting of the Board of Directors may be waived either before, at, or after the meeting in writing and signed by each Director. Director, by attendance at any meeting of the Board of Directors, shall be deemed to have waived notice of such meeting, except when a Director attends the meeting and objects to the transaction of business because the meeting was not lawfully convened.

Section 5.08 Quorum. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business except that, when a vacancy or vacancies exist, a majority; of the remaining Directors shall constitute a quorum. All questions shall be decided by a vote of a majority of the Directors present at a meeting, unless otherwise required by law or these Bylaws.

Section 5.09 Vacancies. If there be a vacancy among the Directors by reason of death, resignation, or otherwise, such vacancy shall be filled for the unexpired term by a majority of the remaining Directors of the Board.

Section 5.10 Removal. Pursuant to applicable provisions of the South Carolina Cooperative Marketing Act, any Director may be removed from office for cause by member petition, as set forth in §33-47-950 of the Code of Laws. In addition, a Director may be removed by a majority vote of the Board of Directors if the Board of Directors finds, after notice to the Director and a hearing with the Board, that the Director has ceased to be eligible to be a Director or is engaged in competition with the Cooperative.

Section 5.11 Executive Committee. The Board of Directors may appoint an Executive Committee to consist of three (3) or more Directors. The Board of Directors may elect other Directors as alternates for members of the Executive Committee. When the Board of Directors is not in session, the Executive Committee shall have authority to exercise all powers of the full Board of Directors, except in respect to:

- (a) Powers reserved by the Board to itself.
- (b) Apportionment or distribution of proceeds.
- (c) Election of officers.
- (d) Filling of vacancies on the Board.
- (e) Amendments to the Bylaws.

Section 5.12 Committees. The Board of Directors may establish committees from time to time making such regulations, as it deems advisable, with respect to the membership, authority, and procedures of such committees; and persons who are not members of the Board may be appointed, provided however, the Chair of the committee is a member of the Board.

Section 5.13 Compensation. Directors, who are not salaried officers of this Cooperative, may receive such fixed sum per meeting attended or such fixed annual sum as shall be determined, from time to time, by Resolution of the Board of Directors, as limited by the provisions of § 33-47-930 of the South Carolina Code of Laws. All Directors shall receive their expenses, if any, for attendance at meetings of the Board of Directors or any committee thereof. Nothing in these Bylaws shall be construed to preclude any Director from serving this Cooperative in any other capacity and receiving proper compensation for the service.

Section 5.14 Action Without a Meeting. Any action, which may be taken at a Director's Meeting or Executive Committee Meeting, may be taken without a meeting if a writing setting forth and approving the action taken shall be signed by all of the Directors or Executive Committee members entitled to vote on such action. Such consent shall have the same force and effect as a unanimous vote at a meeting.

## SECTION 6 OFFICERS AND EMPLOYEES

Section 6.01 Officers. The Officers of this Cooperative shall be a President, a Vice-President, a Secretary and a Treasurer, who shall be elected in the manner as provided in Section 6.07 of these Bylaws. The offices of the Secretary and Treasurer may be combined and do not have to be members of the Board of Directors. When the offices of Secretary and Treasurer are combined, the office shall be termed "Secretary-Treasurer." Except for the Secretary-Treasurer, no other office may be held concurrently by the same person. The Board of Directors may elect other officers from time to time; and, in such event, shall establish appropriate duties and responsibilities for any such other officers. Such other officers may, but need not, be members of the Board of Directors.

Section 6.02 President. The President shall see that all Orders and Resolutions of the Board of Directors are carried into effect and shall preside at all meetings of the members and Directors. The President shall be an ex-officio member of all standing committees and shall make appointments to all committees. The President also shall be the official representative of this Cooperative to all outside associations or organizations of which this Cooperative is a member, unless another person is appointed by the President or other action is taken by the Board of Directors. The President shall sign all papers on behalf of the Cooperative, as the President may be authorized or directed to sign by the Board of Directors; provided, however, that the Board of Directors may authorize any other person to sign any and all checks, contracts and other written instructions on behalf of this Cooperative. The President shall have such other duties as may, from time to time be assigned by the Board of Directors.

Section 6.03 Vice-President. The Vice-President shall have powers and perform duties as may be specified in the Bylaws or prescribed by the Board of Directors or by the President. In the event of the absence or disability of the President, the Vice-President shall perform the duties of the President.

Section 6.04 Secretary. The Secretary shall attend all meetings of the members and Board of Directors, record all votes at and keep minutes of all the meetings and record all proceedings of the meetings in the Minute Book of this Cooperative. The Secretary shall give proper notice of meetings of the members and of the Board of Directors. The Secretary shall perform such other duties as may, from time to time, be prescribed by the Board of Directors or by the President.

Section 6.05 Treasurer. The Treasurer shall be the custodian of all funds, securities and properties of the Cooperative and shall perform such other duties with respect to the finances of this Cooperative, as may be prescribed by the Board of Directors or by the President.

Section 6.06 Compensation. The Officers of the Cooperative may receive compensation for their services as determined, from time to time, by Resolution of the Board of Directors, pursuant to the guidelines in §33-47-930 of the South Carolina Code of Laws. No Officer who is a Director may take part in the vote on his salary for services rendered the Cooperative.

Section 6.07 Election of Officers. At a meeting following the Members Annual Meeting, the Board of Directors shall elect from its number a President, one or more Vice-Presidents, a Secretary and a Treasurer (or Secretary-Treasurer). Election for persons to fill any other offices established by the Board of Directors, pursuant to Section 6.01 of these Bylaws, shall be held at the Special Board of Directors Meeting following the Annual Meeting or at any other Directors' Meeting, provided that notice of such election has been given in the notice of such meeting. The Officers shall hold their offices until their successors have been elected and have qualified, except as provided in Section 6.08.

Section 6.08 Removal of Officers. Any Officer may be removed from office in accordance with §33-47-940 of the South Carolina Code of Laws. In addition, any Officer may be removed for cause or without cause by a two-thirds or greater vote of the Board of Directors.

Section 6.09 Chief Executive Officer. The Board of Directors may appoint an employee of the Cooperative to be the Chief Executive Officer. The Chief Executive Officer shall be responsible for running the day-to-day affairs of the Cooperative, as determined by Board Policy. The Chief Executive Officer shall be responsible for the employment and termination of all other budgeted employee positions.

Section 6.10 Bonds of Employees. The Board of Directors may require all officers, agents and employees charged by this Cooperative with the custody of any of its funds or property to be adequately bonded. A bonding company shall furnish such bonds, and the cost thereof shall be paid by the Cooperative.

## SECTION 7 INDEMNIFICATION AND INSURANCE

Section 7.01 Indemnification. This Cooperative shall indemnify each Director, Officer, Manager, employee or agent of this Cooperative, and any person serving at the request of this Cooperative as a Director, Officer, Manager, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred to the extent to which such Directors, Officers, Managers, employees or agents of this Cooperative may be indemnified under the Corporate Laws of South Carolina Title Chapter I through 20 of the South Carolina Code of Laws.

Section 7.02 Insurance. This Cooperative shall have power to purchase and maintain insurance on behalf of any person who is a Director, Officer, Manager, employee, or agent of this Cooperative against liability asserted against and incurred by the person in the person's capacity as a Director, Officer, Manager, employee or agent, or arising from the person's status as a Director, Officer, Manager, employee, or agent of the Cooperative.

## SECTION 8 OPERATIONS ON A COOPERATIVE BASIS

Section 8.01 This Cooperative shall be operated on a cooperative basis. Each transaction between this Cooperative and each member and patron shall be subject to and shall include, as part of its terms and provisions, the Articles of Incorporation and the Bylaws of this Cooperative, each as amended from time to time. Upon contracting to deliver and market meat products or land-cultivated crops with this Cooperative, each member and patron shall be entitled to the patronage refunds, as prescribed by Board Policy and these Bylaws for cooperative net proceeds arising out of one or more patronage transactions with the Cooperative.

## SECTION 9 CALCULATION OF ANNUAL SAVINGS AND DISTRIBUTION OF ANNUAL SAVINGS BASED ON PATRONAGE

Section 9.01 Interest on Dividends. The Cooperative, at all times, will be operated on a non-profit basis for the mutual benefit of its patrons. No interest shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 9.02 Patronage Capital. In the furnishing of goods and/or services, the Cooperative's operations will be so conducted that all members will, through their patronage, furnish capital for the Cooperative. All such amounts, in excess of operating costs and expenses at the moment of receipt by the Cooperative, are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay, by credits, to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative will be set up and kept in such a manner that, at the end of the fiscal year, the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an



appropriate record of the capital account of each patron; and, the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his account.

All such amounts credited to the capital account of any patron will have the same status as though they were paid to the patron in cash in pursuance of a legal obligation to do so, and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as is permitted by law, be (1) used to offset any losses incurred during the current or any prior fiscal year (2) to the extent not needed for that purpose, allocated to its patron on a patronage basis and (3) any amount so allocated shall be included as a part of the capital credited to the accounts of the patrons, as herein provided.

Each year, twenty percent of the margins of a percentage, as adjusted by the Directors to conform with Subchapter T of Chapter 1 of the Internal Revenue Service Code of 1954 or amendments thereto, will be distributed to patrons on a pro-rated basis, based upon business with the Cooperative. This amount may be increased if deemed commercially reasonable by the Board of Directors.

Section 9.03 Dissolution. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative has been paid, including the cost of dissolution or liquidation, outstanding Capital Credits will be retired without priority on a pro-rated basis before any payment are made on account of property rights of the members.

## SECTION 10 RESTRICTIONS ON TRANSFERS AND ASSIGNMENTS

Section 10.01 Consent Required for Transfer or Assignment. No proposed assignment or transfer of voting rights, membership status, equity credits or patronage equities shall be binding on this Cooperative without the consent of its Board of Directors, or until it shall have been entered in the books of this Cooperative. The Board of Directors may withhold its consent to proposed assignments or transfers only for reasonable and just cause.

## SECTION 11 CONSENT BYLAW

Section 11.01 Consent to Take Patronage Distributions Into Income. Each person or organization that hereafter applies for and is accepted for membership in this Cooperative and each member of this Cooperative on the effective date of this Bylaw, who continues as a member after the effective date shall, by these acts alone consent 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 member from this Cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which the written notices of allocation are received.

## SECTION 12 FISCAL YEAR

Section 12.01 The fiscal year of this Cooperative shall commence on the first day of January in each year and shall end on the last day of December.

SECTION 13  
AMMENDMENTS

Section 13.01 These Bylaws may be amended by a majority vote of members present and voting at a duly called Members Meeting.

Section 13.02. The Articles of incorporation for the Cooperative may be amended in accordance with the provisions of §33-47-240 and §33-47-250 of the South Carolina Code of Laws, or amendments thereto.

Approved May 16, 2012