

**BYLAWS OF THE
LLAMA FIBER COOPERATIVE OF NORTH AMERICA**

ARTICLE 1: Name

1.1: The name of the cooperative is Llama Fiber Cooperative of North America.

ARTICLE 2: Organization

2.1: The cooperative was originally founded as a limited liability company in the State of Oregon on November 10, 2005, named Pacific Northwest Llama Fiber Cooperative, LLC. It was converted to a cooperative on (date), 2014.

2.2: The fiscal year of the cooperative is the calendar year.

ARTICLE 3: Statement of Purposes

The purposes of the cooperative are:

3.1: To promote llama fiber as a high quality fiber.

3.2: To develop llama fiber products.

3.3: To collect, grade, ship, and have llama fiber processed into value-added products.

3.4: To identify market outlets and strategies for llama fiber and fiber products.

3.5: To sell llama fiber and fiber products, and distribute the net profit to members as patronage refunds.

ARTICLE 4: Membership Requirements

4.1: Members may be individuals or legal entities such as partnerships, corporations, or limited liability companies. Farms or ranches that have multiple owners shall be treated as a single membership.

4.2: A person or legal entity applying for membership shall fill out a membership application. The Board of Directors shall decide whether to approve the application. Completing an application does not guarantee that membership will be granted.

4.3: Each member shall pay a membership fee when they are accepted as a member. The membership fee is nonrefundable.

4.4: The membership fee and any annual dues shall be established by the Board and may be changed from time to time.

4.5: Members shall provide an employer identification number or social security number to the cooperative for the purpose of maintaining records of profits and reporting to state and federal tax agencies.

4.6: Members need not live within the boundaries of Oregon or the United States to join the cooperative.

ARTICLE 5: Fiber Collection, Sorting, and Allocation

5.1: Members shall contribute usable fiber and labor hours to the cooperative on an annual basis. Pounds of fiber and labor hours volunteered will represent the member's contribution for that year. The Board of Directors may establish a table of labor hours and fiber pound conversion ratios, which may be revised from time to time.

5.2: Fiber shall be collected and weighed during the collection year. The collection year shall be the same as the calendar year. The Board may establish guidelines for accepting or rejecting contributions.

5.3: Members shall either (a) contribute fiber which has already been sorted according to the standards set by the Board, or (b) contribute labor hours sufficient to sort the fiber that is contributed in that collection year.

5.4: Fiber contributions from each member shall be weighed and recorded. The records shall be used to determine the member's percentage share of any profit for that collection year.

5.5: Fiber shall be sorted and graded throughout the collection year. Any fiber collected after the end of the year shall be counted in the next year.

5.6: Each member's fiber and labor hours shall be counted as a percentage of the total fiber collected during the collection year.

Example. If the total collection of fiber and converted labor hours is 2000 pounds for the collection year and the member's contribution is 100 pounds, then that member's contribution percentage is 5% for that year.

5.7: Records shall be kept of the grade of the fiber contributed by each member. The amount of fiber sorted out as unusable shall also be weighed and recorded. The pounds of unusable fiber need not be tabulated for each member; the total unusable fiber may be calculated as a percentage and be allocated to each member on a proportional basis. However, the Board may allocate unusable fiber to the member contributing it if the fraction of unusable fiber from that member's contribution substantially exceeds the norm; unusable fiber so allocated shall not be credited towards that member's patronage refunds.

5.8: Sorted fiber shall be sent for processing. The Board shall determine which mills are used, what products are made, and the quantity of fiber allocated for each product.

5.9: If there are inadequate funds to process all fiber collected in a particular year, fiber that is not processed shall be carried over into the next year at the same member contribution percentage for

that year.

Example. The total collection of fiber is 2000 pounds for the collection year and the member's contribution percentage is 5% or 100 pounds. The Board decides to only process 1000 pounds. The remaining 1000 pounds is carried over into the next year. That member has a 5% contribution percentage in the inventory carried over into the next year.

5.10: The carryover contribution percentage from a previous year has no effect on the percentage contribution the member has in the new fiber contributed in the current year. The contribution percentage for the current year shall be based on the member contribution in the current year.

ARTICLE 6: Revenue and Patronage Refunds

6.1: Revenue shall be generated by the sale of llama fiber and fiber products, such as finished goods, yarn, batting, roving, and unprocessed fiber.

6.2: Revenue generated by sales and membership fees shall be allocated to an annual operating fund. The operating fund will represent the amount needed to operate the cooperative for the fiscal year including processing fees and operational expenses. The Board of Directors shall determine the amount required for the annual operating fund. The Board may also allocate revenue for operating capital.

6.3: Once the operating fund and operating capital are fully funded, any net profit shall be distributed to members as patronage refunds based on their contribution percentage for that fiscal year. The Board shall determine in what form members receive their patronage refunds, such as cash, products, or other distributions.

6.5: Patronage refunds shall be declared and distributed from the earliest year to the latest year using a first-in first-out inventory method.

ARTICLE 7: Other Member Services

7.1: Members may purchase fiber and fiber products from the cooperative at retail price less a percentage determined by the Board of Directors. This percentage may be changed from time to time as determined by the Board. The Board shall notify the membership when a change is made.

7.2: The cooperative may offer additional services in the future as opportunities arise.

ARTICLE 8: Membership Voting

8.1: Each membership shall be entitled to one vote on all matters submitted to a vote of the membership. Memberships including more than one owner or constituting a legal entity shall decide among themselves who will cast the vote for that membership.

8.2: The Board of Directors shall determine whether to conduct voting by mail ballot, by email, or by voting in person at a regular or special meeting.

8.3: There shall be no voting by proxy.

8.4: A quorum of members when voting by mail shall be the number of ballots returned and post marked by a specified date. A quorum of members at a meeting shall be three non-board members.

8.5: Approval of any item presented to the membership for approval shall be by a simple majority of those voting.

8.6: A member that has been notified at their last known address as having their membership suspended or terminated shall not have the right to vote on any matter presented to the membership for voting.

ARTICLE 9: Membership Meetings

9.1: There shall be an annual meeting of the cooperative membership. The meeting shall be held within three months of the end of the calendar year.

9.2: The Board of Directors shall determine the time and place of the meeting and shall send written or electronic notice of the meeting to each member at the last known mailing address or electronic address of the member.

9.3: Special meetings for the membership may be called by a majority vote of the Board or by a petition signed by 20% of the members who are in good standing, including having paid any dues for the current year.

9.4: The Board may approve member requests for electronic attendance at meetings on a case-by-case basis.

ARTICLE 10: Membership Suspension and Termination

10.1: Members may terminate their membership at any time. The request or notice of termination shall be made to the cooperative in writing and mailed or delivered to the cooperative.

10.2: Members who are in arrears for any annual dues or who do not contribute sorted fiber or unsorted fiber and labor to the cooperative for two consecutive years shall be notified that their membership is suspended. A written notice of suspension shall be mailed to the member at their last known address.

10.3: If after receiving a notice of suspension, a member fails to make required contributions to the cooperative in the following twelve-month period, they shall be notified that their membership has been terminated. The notice of termination shall be mailed by the cooperative to the last known address of the member.

10.4: Upon termination, the member loses all rights of membership including but not limited to

voting rights, member product discounts, and the right to share in the receipt of revenue earned after the date of termination.

10.5: Members who terminate membership or have their membership terminated by the cooperative shall retain the right to receive any share of profit allocated to their membership prior to the date of termination.

10.6: The payment of profit shares paid to a terminated member shall be paid on the regular distribution schedule of the cooperative.

ARTICLE 11: Officers

11.1: Officers of the cooperative shall be the President, Vice President, Secretary, and Treasurer.

11.2: The Board of Directors shall elect officers at the annual member meeting. Officers may be Board members, but are not required to be.

11.3: The President shall be the chief executive officer, preside at member and Board meetings, and direct the business of the cooperative. The President shall ensure that the cooperative operates in compliance with the Bylaws and all applicable government regulations. The President shall be a voting member of the Board and appoint members to committees authorized by the Board.

11.4: The Vice President shall serve as President during the temporary absence of the President. If the office of President becomes vacant, the Vice President shall become the President for the remainder of the term of office.

11.5: The Secretary shall keep accurate records of the cooperative. The records shall include the current mailing address of each member, minutes of all Board and membership meetings, and all changes and updates to the Bylaws. Records shall be open to inspection by all members in good standing.

11.6: The Treasurer shall receive, deposit, and account for all monies of the cooperative. The Treasurer shall ensure that operating budgets, periodic financial reports, and annual corporate and tax reports are prepared and filed, with the assistance as necessary of paid professionals after approval by the Board. All reports shall follow any generally accepted standards set forth for cooperatives by the state or federal government or prescribed by professional accounting organizations. The Board shall receive quarterly reports of revenue and expenses and balance sheets. The Treasurer shall sign negotiable instruments on behalf of the cooperative. A second member of the Board shall also have authority to sign negotiable instruments in the absence or illness of the Treasurer. The Treasurer shall not sign negotiable instruments on which the Treasurer is the payee.

ARTICLE 12: General Manager

12.1: The Board of Directors may appoint a General Manager.

12.2: The General Manager may be responsible for some or all of the business operations of the cooperative, as directed by the Board.

12.3: The General Manager shall attend Board meetings when the Board or President requests such attendance. Attendance may be by telephone.

12.4: The General Manager shall not be a member of the Board.

12.5: The General Manager may be a paid position, on terms and conditions determined by the Board.

ARTICLE 13: Board of Directors

13.1: A Board of Directors shall govern and manage the affairs of the cooperative. The President shall be the Board chair.

13.2: There shall be seven Directors. All Directors shall be members in good standing.

13.3: Directors shall be elected by and from the membership at large.

13.4: The term for each Director shall be three years.

13.5: Director positions shall be numbered one through seven. The terms shall be staggered so that the term of two or three positions expire each year.

13.6: Each Director has one vote. No member may hold more than one Director position at a time.

13.7: Approval of any matter by the Board requires a simple majority vote.

13.8: A quorum of the Board is a simple majority.

13.9: Business shall be conducted using *Robert's Rules of Order* or such other procedures as the Board may adopt.

13.10: To conduct business of the cooperative, a quorum of the Board must be present for an in-person meeting or on a teleconference call at which minutes are recorded. The same Directors constituting a quorum should hear the explanation of the issues to be decided and the opinions expressed by other Directors. Business shall not be conducted by polling individual Directors.

13.11: Directors are non-paid positions.

13.12: The term of office for a Director shall run from the annual membership meeting when the Director is elected to the annual meeting three years later.

13.13: The Board shall meet at least quarterly. Special meetings may be called as needed by the President or at the request of four Directors.

ARTICLE 14: Nomination and Election Procedure

14.1: The Board of Directors shall appoint a Nominating Committee of three members in good standing. No committee member may be a Director or candidate for Director. The committee shall be appointed at least three months before the annual membership meeting. The committee shall recruit at least one candidate for each upcoming vacancy. All nominees must be voting members of the cooperative.

14.2: Nominations will close two months before the annual membership meeting. Each nominee may provide the Nominating Committee a statement on behalf of his or her candidacy at least six weeks before the annual membership meeting. The Nominating Committee shall establish the form of the ballot, its distribution to the membership, and procedures to insure secrecy of each member's vote.

14.3: The Nominating Committee shall supervise the election, counting of ballots, and tabulating the results.

14.4: No later than one month before the annual membership meeting, a ballot containing the list of candidates shall be mailed to each membership. The statement of each candidate and voting instructions shall accompany the ballot. Each membership shall have one vote.

14.5: Each membership shall vote and mail the completed ballot to the Nominating Committee or person designated to receive the ballots. No ballot shall be counted unless received or postmarked by the due date. The due date shall be clearly printed on the ballot.

14.6: If there is none or only one candidate for each Director position open for election, the Nominating Committee shall so advise the Board when nominations close. The Board at its next meeting shall declare the sole nominee(s) elected and/or that a vacancy exists if there be no nominee for an open position. In this situation no election shall be conducted.

14.7: Ballots shall be returned no later than the annual membership meeting.

14.8: After counting the votes, the Nominating Committee shall notify the President and all nominees of the election results. The number of votes for each candidate shall be recorded in the official minutes of the Board. Ballots shall be retained by the Secretary for six months.

14.9: If two candidates receive the same number of votes, the tie shall be broken by a flip of a coin.

14.10: If a vacancy occurs on the Board during a Director's term, the Board shall appoint to the vacancy the unsuccessful candidate with the highest number of votes in the last election. If there was no unsuccessful candidate at the last election, the Board shall fill the vacancy by appointing any member in good standing who agrees to serve as Director. A Director appointed to a vacancy shall serve the remainder of the term for that position.

ARTICLE 15: Committees

15.1: The Board of Directors shall determine needed committees, purpose of the committee, and the committee's authority to expend funds. Committees may include but are not limited to: Finance and Accounting, Nominating, Product Development, Records Review, Sales and Marketing, and Sorting.

15.2: Every committee shall have one Director as a member, except the Nominating Committee.

ARTICLE 16: Operation at Cost and Equity Requirements

16.1: The cooperative shall operate on a service-at-cost basis for the mutual benefit of its members.

16.2: The cooperative will operate on fees and dues collected for membership and on proceeds from the sale of fiber or fiber products.

16.3: The cooperative may pursue funding from non-repayable grants for working capital or product development. This money shall be used for business operations or product development and shall not represent net margin used to determine patronage refunds paid to members.

16.4: The cooperative may with approval of the Board of Directors obtain loans from members, government entities or financial institutions to conduct operations of the cooperative. All such loans shall be recorded in the financial records of the cooperative.

ARTICLE 17: Dissolution

17.1: A resolution to dissolve the cooperative must be mailed to each membership in good standing. Approval of the resolution requires a simple majority vote.

17.2: Upon dissolution, all liabilities and obligations of the cooperative shall be paid, satisfied, and discharged, or adequate provisions made therefor. Any remaining assets shall be distributed to the members in good standing as patronage refunds.

ARTICLE 18: Amendment of Bylaws

18.1: Bylaws may be amended, repealed, or added by a majority vote of the Board at any regular or special Board meeting.

18.2: Before Bylaw changes become effective, they must be approved by a simple majority vote of the membership at a regular or special member meeting or by written ballot.

*****History*****

Approved by membership July 15, 2008; effective upon approval.

Spelling and typographical errors corrected, June 16, 2009.

Amendment approved, February 25, 2012.

Restated Bylaws approved, (date), 2014.