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The Previous Wheatsville Bylaws

Preface to the Bylaws

The purpose of Wheatsville Co-op is to create a self-reliant, self-empowering community of people that will grow and promote a transformation of society toward cooperation, justice, and non-exploitation.

The mission of Wheatsville Co-op is to serve a broad range of people by providing them goods and services, using efficient methods that avoid manipulation of the consumers, and minimize exploitation of the producers or damage to the environment. The primary focus for this mission is supplying high-quality food and non-doctrinaire information about food to people in Austin, Texas.

The structure and procedures set forth in these bylaws spring from a deep dissatisfaction with the performance of both profit-motivated businesses and inefficiently-run or doctrinaire co-ops in accomplishing this mission.

These basic methods are to be used to further this purpose:

1) Concentration on the mission. Running an efficient, honest and democratic food store is a task that will require the full attention of the organization. Encourage dialogue and association among members, but avoid actions by the cooperative itself unless they are directly related to the mission.

2) Provide a good work environment for the staff and volunteers of the cooperative--one that sustains and reinforces their desire to work together, rather than uses it up. Support the personal and professional development of individual workers. Make things fun, too.

3) Create and sustain a non-manipulative flow of information about the sources and uses of the products offered for sale, the operations and finances of the cooperative, and the plans and policies adopted or under consideration. Avoid doctrinaire positions about food and other matters, but provide alternatives to the information people receive from sources motivated by profit or dogmatism.

4) Support community control by providing an informed membership with appropriate methods for exercising and delegating their power. Use this community involvement to provide a stable financial and political base for the co-op.

5) Welcome and respect diversity in the lifestyles, opinions, and consumption patterns of the members of the cooperative. Accept people as they are, introduce them to the alternatives, and then let them choose. Pay attention to the distinctive needs of the local neighborhood and of people overlooked by other stores.

6) Learn from other co-ops and from traditional businesses. Use what has worked elsewhere, and expect performance comparable to what has been achieved elsewhere. Concentrate innovation on areas where the local situation is unusual, and on forming a synthesis of techniques developed by others.

7) Use efficient democratic management processes in which the roles of the people and groups in the co-op are clearly defined. Tell people who are delegated responsibility for a task what results are expected, who they should consult, and what policy, time, and resource limitations they must work within; then, let them act, subject to periodic review.

8) Require and support a high level of productivity. Identify and remove the obstacles to people working in the most efficient manner. Evaluate people's performance by results, not by level of effort.

9) Make effective use of volunteers by encouraging their participation in well-defined tasks suitable to their skills, and by acknowledging their work.

10) Plan for growth by developing the financial, operational, managerial, and planning skills and structures needed to support expansion of this cooperative and of cooperatives in general. Promote the extension of the purpose and methods listed above by working with like-minded, economically-competitive organizations.

Wheatsville supports the following cooperative principles:

1) Open Membership. Membership of a cooperative society should be voluntary and available without artificial or social, political, racial or religious discrimination, to all person who can make use of its services and are willing to accept the responsibilities of membership.

2) One person / One vote. Cooperative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies (e.g., a co-op of individuals) should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies (e.g., a co-op of co-ops), the administration should be conducted on a democratic basis in a suitable form.

3) Limited return on share capital. Share capital should only receive a strictly limited rate of interest, if any.

4) Return of economic results to members. The economic results arising out of the operations of a society belong to the members of that society and should be distributed in such a manner as would avoid one member gaining at the expense of others. This may be done by decision of the members as follow:

(a) by provision for development of the business of the co-operative;

(b) by provision of common services; or,

(c) by distribution among the members in proportion to their transactions with the society.

5) Continuous education of members. All cooperative societies should make provision for the education of their members, officers, and staff and of the general public, in the principles and techniques of cooperation, both economic and democratic.

6) Cooperation among co-ops. All cooperative organizations, in order to best serve the interests of their members and their communities should actively cooperate in every practical way with other cooperatives at local, national and international level.

Article 1 - Membership

1.1 Membership in the Wheatsville Co-op shall commence upon signing of a membership agreement with the cooperative and the payment of required fees, as determined by the Board of Directors.

1.2 Membership may be terminated by either party through such procedures as shall be outlined by the Board of Directors and/or included in the membership agreement.

1.3 Qualifications for Membership

1.3.1 Any individual may become a member of the cooperative through the procedures outlined in Section 1.1, except as prescribed in Article 6.

1.3.2 The Board of Directors may establish one or more "Large Group Membership" policies by which various types of groups may join the cooperative under special arrangements. The Board may institute more than one such class of large group membership. The membership agreement shall specify the voting rights of large group memberships.

1.4 Active and Inactive Members. If a member cannot be located for a period of two years as evidenced by the return of his/her mail, then thereafter the cooperative shall place that member on inactive status. A member may resume active membership by providing a current address.

1.5 On acceptance of Wheatsville membership, Member/Owners agree that their invested capital will be donated to the co-op if they move and do not provide their new address. This donation takes effect two years after the initial indication that their address is no longer current. Donated investment capital may revert to Member/Owners' account without penalty once a current address has been established.

1.6 Each new member shall receive a copy of the articles and bylaws.

Article 2 - Membership Decision-Making

2.1 There shall be two separate methods by which the general membership of this cooperative shall make decisions that are binding as membership decisions. These methods as defined in these bylaws shall include membership meetings and store votes. In these methods only active members can vote. The votes of active members must have equal weight.

In the case of membership meetings, members must vote in person and votes may not be delegated to another person or conveyed by another person. In the case of store votes, an absentee or mail balloting procedure may be devised by the Board of Directors. Mail votes cast by members shall be counted together with those cast in the store if the mail votes are returned to Wheatsville within the number of days specified by the Board.

2.1.1 At least two regular meetings of the membership shall be called in each fiscal year of the cooperative.

2.2 Special meetings of the membership may be called by a majority vote of the Board of Directors, or by a petition signed by 10% of the total active membership.

2.3 Meetings of the membership shall be held at a suitable location in Austin, Texas.

2.4 Notification of Meetings

2.4.1 The members shall be notified of all regular and special meetings at least one week in advance.

2.4.2 Notification of meetings shall be by personally delivered writing, by mail, or by telephone if notice is being given less than thirty days in advance, or alternately by a notice posted in a prominent place in the store if notice is being given thirty days or more in advance of the meeting. Notification shall include the date of the meeting, its time, a proposed agenda, and the location of the meeting, with a map if necessary. It is the responsibility of each member to maintain a correct address in the cooperative's files. Proper notice shall be made if the co-op sends notice to a member at the address in the member's current records, even if that address is not current.

2.4.3 Special meetings called by the Board of Directors must be in accordance with Section 2.4.2 of these bylaws. Notice of a special meeting must specify the purpose for which the meeting is called. Special meetings called pursuant to a membership petition as in Section 2.2 must be called by the Board to convene no more than 30 days after the Board declares that the petition is valid. [Annotation: Sections 13 and 14 of the Co-op Act require these changes.]

2.5 Membership Meetings

2.5.1 Membership shall exercise these powers at the membership meetings:

- (a) Removal of impeached directors;
- (b) Initiation of store votes to amend the bylaws;
- (c) Passage of advisory resolutions.

2.5.2 At least one regular membership meeting per fiscal year shall follow the following order of business:

- (a) Call to order
- (b) Agenda review
- (c) Announcements
- (d) Approval of minutes
- (e) Reports
- (f) Unfinished business
- (g) New business
- (h) Evaluation
- (i) Adjournment

2.5.3 Meetings shall be conducted according to rules and procedures decided upon by the Coordinating Director, unless there is objection by 1/4 of the members present, in which case the meeting shall be conducted according to Robert's Rules of Order, Revised.

2.6 Store Voting

2.6.1 A "store vote," as defined in this section, can be used to exercise any power that resides in the membership as a whole. Any reference to a store vote elsewhere in these bylaws refers to the process described here. A boycott election is a store vote that deals with boycotts.

2.6.2 A store vote may be initiated by a majority vote of either the membership meeting or the Board of Directors, or by a petition as described in Section 2.6.1. Several independent proposals may be included in one store vote process.

2.6.3 A store vote coordinator shall be designated by the Board or, if it fails to designate one, by the Board President. This person shall run the store vote according to these bylaws, Board policy, and any specific directions from the Board or Board President. Subject to these restrictions, the store vote coordinator shall determine the form and rules of the vote, and take or direct the actions necessary to carry it out.

2.6.4 Within 15 days of the vote to initiate a store vote, the text of the proposals to be voted on shall be posted in a conspicuous place in the store, with space provided for comments and suggestions of alternative proposals.

2.6.5 The store vote coordinator shall schedule and conduct a discussion meeting on the proposals, and shall report to the Board any proposed changes suggested in that meeting. The

discussion meeting may occur no sooner than 5 days after notice is posted. The Board may delete or modify its own proposals after the discussion meeting. It may not change a proposal initiated by a membership meeting or a petition, though it may propose alternatives to be voted on at the same time. Any modified or alternative proposals shall be posted in the store within 7 days after their adoption.

2.6.6 The voting shall be by ballot in the store and may start anytime after the 15th day following the original notice of the vote or the 3rd day following the posting of the final wording, whichever comes later. The voting period must be at least 9 days long and must include two Saturdays and Sundays.

2.6.7 The voting process used must permit members to change their votes at any time during the voting period. Members may be required to identify themselves on their ballots to ensure a fair election, but their votes should be kept confidential.

2.6.8 The store vote coordinator shall supervise the counting of the ballots. Interested members may observe the process under rules s/he sets, but only persons designated by the Board may determine the vote by any specific member. The store vote coordinator shall report the results of the count to the Board, along with his/her recommendations on any questionable or disputed ballots.

2.6.9 The Board shall canvass the results of the election, decide on any disputed ballots, and certify any adopted proposals or elected candidates. In order to be adopted, a proposal must receive support on a majority of the ballots cast. If proposals are listed as alternatives, only the proposal with the greatest vote is adopted, if any. If proposals that conflict are adopted at the same time, the proposals with the lesser vote is not effective in areas of conflict.

2.6.10 A petition signed by 400 active members of the cooperative shall cause the withdrawal of the proposal from the ballot of a store vote. The petition must specify the specific proposal on each sheet that is signed by members.

2.6.11 The Board of Directors shall be required to call a store vote upon proposals presented by the membership via petitions signed by 400 active membership. Each sheet of such petitions shall state the proposals to be voted on.

2.6.12 No store vote shall be binding unless at least 400 active membership cast valid ballots. Votes cast by mail may be counted in computing the 10%, if the Board of Directors has authorized voting by mail.

2.6.13 In the case of regular boycott election store votes, the Board may modify certain store voting procedures set forth above by adoption of written boycott election procedures. The Board may modify or eliminate the requirements of Sections 2.6.4, 2.6.5, and the first sentence of 2.6.6. The Board may require more than a simple majority of the ballots cast to be in favor of the boycott in order for a product to be boycott.

2.7 Petitions

2.7.1 The presentation of a petition signed by 25 members of the co-op shall force reconsideration of any action by the Board of Directors at the next regularly scheduled membership meeting. The petition shall have the specifics of the Board action to be reconsidered at the top of each page signed by the members.

2.7.2 The presentation of a petition of 25 members shall add items to the agenda of a regular or special membership meeting. Each petition shall have the specific item to be added to the agenda on the top of each page signed by the members.

Article 3 - Management of the Cooperative Corporation

3.1 Board of Directors

3.1.1 The business and affairs of this corporation shall be managed by a Board of Directors.

3.1.2 Directors shall be elected by the members on a democratic one member, one vote basis.

3.1.3 A Director must be an active member of the cooperative.

3.1.4 Board positions left unfilled for any cause may be temporarily filled until the next election by a vote of the remaining Board.

3.1.5 The Board shall consist of nine Directors.

3.1.5.1 Two Directors shall be staff members. The staff shall act as a nominating committee for these positions by a democratic process approved by the Board. They shall be elected by store vote to one-year terms. To be eligible to be nominated or elected, the person shall be a member of the cooperative. Only staff who are cooperative members may participate in the nomination process. The other Directors shall not be staff members.

3.1.5.2 Seven Directors shall be elected by store vote to two-year terms, with four terms starting in even-numbered years and three terms starting in odd-numbered years.

3.1.5.3 The election store vote shall start in the fall quarter of each year.

3.1.6 Ex-officio directors may be appointed by the Board of Directors to serve for such periods of time as may be desirable or necessary. Such Directors shall have no voting power and shall act in an advisory capacity only.

3.1.7 Directors may not vote by proxy. However, the Directors present at a meeting may, at their option, accept the vote of a Director absent for good cause on a clearly-defined issue. Further, a Director is to be considered present at a meeting if they are able to participate in it via telephone, even if they are not physically present.

3.1.8 A Director can be impeached for cause by a vote of the Board or a petition of 200 active members. An impeached Director may be removed by a majority vote at any membership meeting. The impeached Director shall be given a chance to be heard at the membership meeting.

3.1.9 No Director shall receive compensation for being a director, except such compensation as is given to all other volunteer workers of the cooperative.

3.1.10 The Board shall operate according to the rules and procedures decided upon by the Coordinating Director, except that Robert's Rules of Order, Revised, as amended by previous Board policy, shall be used upon request by 1/3 of the Directors present.

3.1.11 Board decisions shall be made by majority vote, except where these bylaws or the rules of order provide otherwise.

3.1.12 Board meetings may be called by the Board President. A Board meeting shall also be called upon the request of 1/3 of the Directors.

3.2 Powers and Duties of the Board of Directors

3.2.1 The Board may exercise all the powers of the cooperative as given in the Articles of Incorporation.

3.2.2 The Board may set member charges for overhead and such reserves as are necessary and shall determine the terms of the membership agreement.

3.2.3 The Board shall determine the policies according to which the cooperative is run.

3.2.4 The Board shall determine the degree of supervision and control by officers and committees over the activities of the cooperative and over employees and members engaged in co-op activities.

3.2.5 The Board shall specify the objectives to be pursued by the cooperative and the priorities among those objectives.

3.2.6 The Board shall adopt and maintain plans to achieve the objectives of the cooperative.

3.2.7 The Board shall adopt budgets for operations, development, capital improvements, and finance.

3.2.8 The Board shall elect the officers of the cooperative.

3.2.9 The Board shall confirm or reject the nominees of the General Manager for those management and committee positions it specifies as subject to Board approval.

3.2.10 The Board may remove for cause any person from a position the Board elects or confirms.

3.2.11 The Board shall determine the compensation of the officers.

3.2.12 The Board shall adopt standards of work, attendance, and conduct for Board members. It may impeach a Director for failing to meet those standards and refer the question of removal to a membership meeting.

3.2.13 The Board has the power to perform such other actions as are appropriate to the mission of the cooperative, provided that such actions are legal and not inconsistent with these bylaws.

3.3 Officers

3.3.1 A President and a Secretary shall be elected by and from the Board of Directors. Their terms expire at the first Board meeting after the store vote to elect Directors.

3.3.2 A General Manager shall be elected by the Board as the chief operating officer of the cooperative. Additional officers may be elected by the Board on the recommendation of the General Manager. The Board may specify terms of up to two years for these officers.

3.3.3 Each officer is responsible for leading activity in his or her area of responsibility and for keeping the Board and the other officers informed about it.

3.3.4 The President is the presiding officer at membership meetings.

3.3.5 The Secretary shall see to it that proper records of Board and membership meetings are kept and that the minutes are posted within two weeks of the meeting.

3.3.6 The General Manager has overall responsibility for the performance of the cooperative; within the limits of Board policy, Board directives, and the approved budgets, the manager may take any actions s/he chooses to meet the objectives set by the Board. With the exception of Board coordination, membership votes and meetings, and member evaluation, the General Manager shall direct all the activities of the cooperative.

3.3.6.1 The Staff shall be those persons hired by the cooperative, in accordance with the Board's hiring policies, to manage and carry out the day-to-day business of the co-op, and who receive regular compensation and benefits as approved by the Board.

3.5 Financial Accounting and Budgeting

3.5.1 The Board of Directors is charged with the responsibility to see that adequate financial accounting, reporting, and budgeting systems are established and maintained.

3.6 Annual Report

3.6.1 The Board shall be responsible to see to it that an Annual Report of the cooperative is prepared, published and made available to the membership in a timely fashion. The Board may set a fee for the purchase of this report in order to help pay for its production. If a fee is charged for the report, the Board must provide to the membership, free, a simple set of financial reports for the cooperative. The Report shall contain the previous year's financial statements, the current year's financial projections, a general report from the Board, and a general organizational description.

3.6.2 The Board shall be responsible to see to it that a Semi-Annual Report of the cooperative is prepared, published and made available to the members. This report shall at least tentatively summarize operations through the second fiscal quarter and compare them to budgeted projections. This report is not expected to be nearly as comprehensive as is expected of the Annual Report.

3.6.3 The Board shall be responsible to see to it that quarterly financial statements are made available to the membership in a timely fashion.

3.6.4 A report meeting the requirements of Section 36, Cooperative Association Act, shall be prepared and filed as necessary by the Secretary.

Article 4 - Initiative and Referendum

4.1 Any action by the Board of Directors may be referred to the members for approval or disapproval if demanded within 10 store days after the posting of the minutes of the meeting at which action was taken by petition of at least 10% of all members, or by a majority vote of the

Board of Directors. Any third parties which have acquired rights between the time of the action of the Board and the referendum shall have their rights protected, regardless of the outcome of the referendum.

4.2 Any active member may initiate action for consideration by the Board by presentation of a written proposal to the Board for action at a Board meeting.

Article 5 - Fiscal Year

The fiscal year of the cooperative shall generally be from June through May. The specific dates involved may vary from June 1 and May 31 by as much as 10 days, depending on the particular method adopted by the Board of Directors that is used to determine the fiscal year.

Article 6 - Expulsion

6.1 A member may be expelled for just cause. Initiation of expulsion charges may be made by a majority vote of the Board or petition of 400 total active membership.

6.2 The member against whom the charges are to be preferred shall be informed of the charges in writing at least 10 days in advance of such meeting as the charges shall be voted upon. 6.3 A 60% majority vote of the active members at a regular or special meeting shall be necessary for expulsion.

6.4 Expulsion shall result in denial of membership rights and privileges. The cooperative shall repay such member capital as the expelled member has accumulated, less any outstanding financial and other requirements which the member still owes.

6.5 Reinstatement of an expelled member shall proceed with initiation from the Board via a majority vote or from the membership via a petition of 400 active members. An expelled member may be reinstated by the vote of a 60% majority of the members voting at a regular or special meeting.

Article 7 - Allocation and Distribution of Net Savings

At least once a year, with a full reporting in the Annual Report to the membership, the Directors shall apportion any net savings of the cooperative in the following order:

- (1) No net savings of any particular year may be distributed to patrons unless the net worth of the co-op exceeds the amount to be distributed.
- (2) The Board may use a portion of net savings for payment of investor dividends in accordance with Board Policy and Section 34(a)(1) of the Texas Cooperative Association Act.
- (3) Of the amount of net savings not needed to produce a positive retained earnings, a portion shall be allocated by the Board to an education fund.
- (4) A portion of the net savings may be allocated to retained earnings.

(5) The remainder shall be allocated or distributed by the Board of Directors as follows:

(a) A portion may be set aside or disbursed for the general welfare of the membership.

(b) A portion as determined by Board vote and in accordance with long term goals and plans may be allocated to other reserves.

(c) The remainder shall be allocated by written notices of allocation (as defined in 26 U.S.C. 1388) at the same uniform rate to all patrons in the proportion each one's patronage bears to total patronage, provided that:

(1) For member patrons with fully paid capital, the proportionate amount of savings return distributed to the member shall be in the form of cash for at least the minimum required by law and the remainder of the distribution may be in the form of cash, property, membership certificates, investment certificates, or in any combination of these.

(2) For a member patron whose required capital investment is not yet fully paid, his or her proportionate amount of savings return shall be in the form of cash for the minimum required by law; the remainder may be credited to his or her account until the amount of the required capital investment has been fully paid. If any savings return remains for the member after the minimum required cash distribution and the capital investment credit, it shall be distributed in the same form as the distribution for members with fully paid capital.

(d) Each person who hereafter becomes a member of this association and each member of this association on the effective date of this bylaw who continues as a member after that date shall, by that act alone, consent that the amount of any distributions with respect to his or her patronage occurring after the effective date of this bylaw which are made in written notices of allocation (as defined in 26 U.S.C. 1388) and which are received by him or her from the association, will be taken into account by him or her at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable years in which such written notices of allocation are received by him or her.

(e) The Board Directors may establish a procedure for members to donate all or a portion of their allocations to designated organizations.

Article 8 - Dissolution

The corporation may at a regular or special meeting of the membership, or by store vote of the membership, be directed to dissolve by a 2/3 vote of the entire membership. If it is directed to dissolve, then by a majority of the members voting, three of their number shall be designated as trustees who shall liquidate, on behalf of the cooperative and within a time fixed in their designation or within any extension of time, its assets, and shall distribute them as follows:

- (1) by paying its debts and expenses;
- (2) by returning to the investors the par value of their capital;
- (3) by returning to the subscribers to invested capital the amounts paid on their subscriptions;
- (4) by returning to patrons the amount of patronage dividends credited to their accounts;
- (5) by returning to members their membership capital; and
- (6) by distributing any surplus as a gift to any cooperative association or non-profit enterprise which may be designated by the trustees appointed to liquidate the cooperative's assets.

Article 9 - Adoption of Bylaws

These bylaws may be adopted, amended, or repealed by a simple majority vote of the active members voting in a store vote or in person at a membership meeting attended by at least 400 active members. Bylaws amendments may be proposed by a 2/3 vote of the Board of Directors or by membership voting at a membership meeting.

Article 10 - Investor Shares

The Board of Directors is authorized to issue investor shares upon the following terms and conditions:

10.1 The Board of Directors must first assure themselves that all legal requirements concerning the issuance of investor shares have been met, especially all the provisions of Article VIII of the Articles of Incorporation, as amended.

10.2.1 Before any certificates evidencing investor shares shall be issued on the stock records of the cooperative, the prospective investors must first furnish evidence to the Board of Directors, the sufficiency of which shall be determined by the Board that (1) the investor is a member of the co-op; (2) the investor is a bona fide resident of the State of Texas and is acquiring the share(s) for investment purposes only, and not with a view toward a public distribution of shares; the Board of Directors shall at least require a letter to that effect from the prospective investor.

10.2.2 The proposed consideration for the issuance of any investor shares by the cooperative must at least equal the par value of the share(s) to be issued.

10.2.3 In the situation where already issued, investor shares are proposed to be transferred on the stock records of the cooperative, the prospective transferee/shareholder must first satisfy the Board of Directors that; (1) the requirements of Bylaw 10.2.1 have been met; (2) the requirements of Bylaw 10.3.5 have been met. The intention of this bylaw provision is to insure complete compliance with the provisions of all applicable securities laws as concerns the cooperative, especially Rule 147, as promulgated by the Securities and Exchange Commission and the

intrastate offering exemption contained in Section 3(a)(11) of the Securities Act of 1933, as amended, and as they may be hereafter amended to read.

10.3.1 The certificates evidencing the issuance of investor shares shall contain the full corporate name of the cooperative, the fact that it is incorporated under the Cooperative Association Act of the State of Texas, set out the stated capital for the Association, the number of investor shares being issued, and the name of the record shareholder, and be numbered in the order they are issued.

10.3.2 Each investor share certificate must state plainly on its face that the share represented by the certificate is non-assessable when fully paid; non-voting; without preemptive rights; and that investors must be members.

10.3.3 Investor share certificates shall be dated and executed by the Coordinating Director and by the Secretary. The certificates are not valid without genuine signatures.

10.3.4 Investor share certificates shall contain the restrictive legend, described in Bylaw 10.3.5, to be imprinted on either the front or the back of the certificate; if printed on the back, a bold faced reference to the restrictive legend will be printed on the front of the certificate.

"These shares have not been registered for sale with either the Securities and Exchange Commission, the Texas Securities Board or other securities agency. They can be sold only by exemption from any applicable registration requirements. During the period in which securities that are part of an issue are being offered and sold by the cooperative, as issuer, and for a period of 9 months from the date of the last sale by the cooperative, as issuer of such securities, all resales of any part of the issue by the person, shall be made only to persons resident within the State of Texas. This share has been acquired for investment purposes only, and not with a view toward a public distribution of shares. Before this share certificate can be validly transferred, except by gift to an immediate family member, the shareholder must first offer to sell the shares at par value back to the cooperative by written notice to the Board of Directors before any proposed sale, transfer or exchange can be effective. The Board of Directors shall have 90 days to exercise the cooperative's right of first refusal; if the cooperative cannot legally re-purchase all the shares or does not exercise this right to re-acquire all the shares, all the investor shares not so re-purchased by the cooperative may be sold, transferred or conveyed to another member, provided the proposed transferor/shareholder shall have first furnished evidence satisfactory to the Board of Directors in the exercise of reasonable judgment and discretion, to the effect that the proposed sale, transfer, or conveyance would not violate the Securities Act of 1933, as amended, or the Texas Securities Act, as amended, or any other applicable securities law, rule, regulation, or administrative order."

10.3.6 The cooperative shall transfer its own securities on the share records of the cooperative, and shall make a notation in all appropriate records of the cooperative of the stop transfer aspects of the restrictive legend required by Bylaw 10.3.5, as well as any and all other appropriate notations, found by the Board to be an appropriate precaution against Interstate Offers and Sales.

10.4.1 The Board shall have the power to set the redemption and dividend terms and rates for investor shares, consistent with the provisions in Sections 10.4.2 and 10.4.3. If the Board so specifies, the dividend rates may exceed 8% and dividends may be cumulative. This power applies to dividends for 1983-84 and subsequent years.

10.4.2 Any change in dividend or redemption policy that applies to shares that have already been issued shall not take effect until 60 days after notice has been mailed to all shareholders affected

by the change. To qualify as notice, this mailing must prominently show (1) the terms in the old policy that are being changed, (2) the terms adopted in their place in the new policy, and (3) the method by which the shareholder can notify the co-op that s/he requests redemption of his or her shares under the terms of the old policy.

10.4.3 If a shareholder requests redemption of some or all shares, the dividend and redemption policy is in effect for those shares throughout the redemption period.

Article 11 - Unclaimed Distributions

11.1 If Wheatsville attempts to distribute savings returns, membership capital, investor dividends, or payment for redemption of investor shares, and the check used for payment is returned to Wheatsville as undeliverable or is not cashed, the payment shall revert to the cooperative 30 months after payment was attempted. However, Wheatsville shall give to the affected member at least 60 days prior notice of the cooperative's proposed transfer date of the proprietary interests to the cooperative. Notice shall be provided by first or second class mail to the last address of the member shown on the corporation records and by publication in a newspaper of general circulation in the county in which the cooperative has its principal office, namely, Travis County. Notice given in the foregoing manner shall be deemed actual notice.

11.2 No propriety interest shall become the property of the corporation if written notice objecting thereto is received by the corporation from the affected member prior to the date of the proposed transfer. If there is no objection to the transfer of the proprietary interest from the member to the corporation, then said proprietary interest shall become the property of the corporation on the transfer date, which shall be at least 60 days from date of notice.

11.3 A proprietary interest shall mean and include any membership, membership certificate, membership share, share certificate, or any share certificate of any class representing a proprietary interest in and issued by the corporation together with all accrued and unpaid dividends and patronage distributions relating thereto.

11.4 Upon passage, this bylaw shall be immediately in effect. This bylaws is intended to be retroactive so as to affect all of the members' proprietary interests in the cooperative.

Article 12 - Indemnification and Insurance

The cooperative shall indemnify, as allowed by Texas law, any officer or director of the cooperative, for expenses and costs actually and necessarily incurred by him or her in connection with any claim asserted against him or her by reason of the person's being or having been such officer or director, except in relation to matters as to which s/he shall have been guilty of negligence, fraud, a criminal act, or misconduct in respect of the matter in which indemnity is sought. The cooperative may carry appropriate liability insurance to protect its officers and directors and the cooperative itself against the costs of such indemnification.

Article 13 - Liability

The liability of directors of the association is limited as provided by Article 1396-2.26, Vernon's Texas Civil Statutes (Texas Non-profit Corporation Act).

Article 14 - Loss or Losses

In the event this cooperative shall incur a net loss in any fiscal year, the net loss may be charged against any one or more of the several equity accounts of the cooperative as the Board of Directors, in its discretion, may deem appropriate for the business needs of the cooperative. In any event, treatment of members similarly situated shall be equivalent. This section shall not be construed or administered in such a way as to deprive this cooperative of the right to carry back or carry forward net operating losses to past or future years, in accordance with the applicable provisions of the Internal Revenue Code or any state taxing statutes.

The Previous Articles of Incorporation for West Campus Neighborhood Co-op

WE, the undersigned natural persons, all of the ages of eighteen or more and acting as incorporators of an association under the Texas Co-operative Association Act, do hereby adopt the following Articles of Incorporation for the West Campus Neighborhood Co-op.

I. The name of the Association is West Campus Neighborhood Co-op.

II. The Association is a co-operative association.

III. The period of its duration is perpetual.

IV. This Association is organized for the purpose of acquiring, producing, building, operating, manufacturing, furnishing, exchanging and distributing any type of property, commodities, goods and services for the primary and mutual benefit of the members of the Association; and to engage in any other activities and exercise any other powers which are not inconsistent with the Texas Co-operative Association Act.

V. The street address of the initial registered office of the Association is 2208 Pearl, Austin, Travis County, Texas and the name of its initial registered agent at such address is Steve Deutchman.

VI. The number constituting the initial Board of Directors of the Association is six (6), and the names and addresses of the persons who are to serve as the initial directors are:

Michelle Holland, 612 W. 22nd, Austin, TX John Beall , 2510 Rio Grande, Austin, TX

Jim Jones, 1900 Woodland, Austin, TX Roger Martin , 305 W. 10th, Austin, TX

Tom Stitt, 510 W. 23rd, Austin, TX Mary Ellen Tomberlin , 612 W. 22nd, Austin, TX

VII. The name and street address of each incorporator is:

Gary H. Newton, 612 W. 22nd, Austin, TX Michelle Holland, 612 W. 22nd, Austin, TX

Burgess Jackson, 612 W. 22nd, Austin, TX Jim Jones, 1900 Woodland, Austin, TX

Mary Ellen Tomberlin, 612 W. 22nd, Austin, TX

VIII. This Association is organized without shares.

IX. Upon dissolution of the Association, the surplus shall be distributed in the following manner and order:

1. All debts and expenses shall be paid.
2. Any remainder shall go to Austin Community Project.

Signed January 5, 1976.

Articles of Amendment to the Articles of Incorporation

Pursuant to the provisions of Section 10 of the Co-operative Association Act and Article 4.03 of the Texas Non-Profit Corporation Act the undersigned cooperative association adopts the following Articles of Amendment to its Articles of Incorporation, which have the effect of changing the name of the Association, permitting the Association to issue investor shares, providing for a continuation of existing membership rights, and changing the registered agent and office of the Association.

ARTICLE ONE The name of the Association is West Campus Neighborhood Co-op.

ARTICLE TWO The following Amendments to the Articles of Incorporation were adopted by the Association on August 30, 1982.

Articles I, V and VIII of the Articles of Incorporation are hereby amended to read as follows:

I. The name of the Association is Wheatsville Co-op.

V. The street address of the registered office of the Association is 3101 Guadalupe, Austin, Travis County, Texas 78705, and the name of its registered agent at said address is B.J. Combs.

VIII. This Association is organized with investor shares; as of the Date of Adoption of this Article, no investor shares are either subscribed for or paid in.

A. Investor Shares. The Association is authorized to issue 10,000 investor shares, at a par value of \$100.00. Investors shares have the following characteristics:

- (1) Non-assessable;
- (2) Non-voting;
- (3) Non-cumulative investment dividends are authorized, as provided by the Cooperative Association Act and the Bylaws of the Association;
- (4) Only bona fide residents of the State of Texas may purchase investor shares from the Association; and
- (5) Investors may hold

their shares for investment purposes only. Restrictions to transferability of shares and provisions for a 90 day right of first refusal by the Association will be provided in the Bylaws and noted as a legend on each investor share certificate. Investors holding investor shares can only sell, assign or convey his/her certificates in strict accordance with the Bylaws of the Association, and only after furnishing evidence satisfactory to the Board of Directors that any such sale, assignment or conveyance would not be violative of the Securities Act of 1933, as amended, the Securities Act of the State of Texas, as amended, or any other applicable federal or state securities statute, rule or administrative order.

B. Membership Rights. The Membership shall retain full rights, including full voting rights, under the conditions as provided in the Bylaws. The Association hereby ratifies the issuance of membership cards to members as valid, sufficient and continuing evidence of membership rights in the Association.

ARTICLE THREE The amendments to the Articles of Incorporation of the Association were proposed for adoption by at least a two-thirds vote of the Board of Directors and adopted by at least two-thirds vote of the Members voting, a quorum of members voting, as provided in the Bylaws; total number of Members entitled to vote 1,854; total number of members voting 232; total votes for the proposed amendments: 224; total voting against the proposed amendments 8. Date of adoption of the Articles of Amendment to the Articles of Incorporation: August 30, 1982.

Signed September 27, 1982.

Articles of Amendment to the Articles of Incorporation

Pursuant to the provisions of Article 4.03 of the Texas Non-Profit Corporation Act and Section 10 of the Cooperative Association Act, the undersigned cooperative association adopts the following Articles of Amendment to its Articles of Incorporation, which have the effect of authorizing cumulative investment dividends; specifying the distribution of surplus capital upon dissolution of the association in accordance with applicable law; and permitting indemnification and limitation of liability in accordance with applicable law.

ARTICLE ONE The name of the Association is Wheatsville Co-op.

ARTICLE TWO The following Amendments to the Articles of Incorporation were adopted by the Association on July 13, 1993.

Articles VIII and IX of the Articles of Incorporation are hereby amended to read as follows, and the Articles of Incorporation are hereby amended by adding thereto new Articles X and XI to read as follows:

VIII. This Association is organized with investor shares; as of the Date of Adoption of this Article, no investor shares are either subscribed for or paid in.

A. Investor Shares. The Association is authorized to issue 10,000 investor shares, at a par value of \$100.00. Investors shares have the following characteristics:

- (1) Non-assessable;
- (2) Non-voting;
- (3) Cumulative investment dividends are authorized, as provided by the Cooperative Association Act and the Bylaws of the Association;
- (4) Only bona fide residents of the State of Texas may purchase investor shares from the Association; and
- (5) Investors may hold their shares for investment purposes only. Restrictions to transferability of shares and provisions for a 90 day right of first refusal by the Association will be provided in the Bylaws and noted as a legend on each investor share certificate. Investors holding investor shares can only sell, assign or convey his/her certificates in strict accordance with the Bylaws of the Association, and only after furnishing evidence satisfactory to the Board of Directors that any such sale, assignment or conveyance would not be violative of the Securities Act of 1933, as amended, the Securities Act of the State of Texas, as amended, or any other applicable federal or state securities statute, rule or administrative order.

B. Membership Rights. The Membership shall retain full rights, including full voting rights, under the conditions as provided in the Bylaws. The Association hereby ratifies the issuance of membership cards to members as valid, sufficient and continuing evidence of membership rights in the Association. IX. Upon dissolution of the Association, the surplus shall be distributed in the following manner and order:

- A. by paying its debts and expenses;
- B. by returning to the investors the par value of their capital;
- C. by returning to the subscribers to invested capital the amounts paid on their subscriptions;
- D. by returning to patrons the amount of patronage dividends credited to their accounts;
- E. by returning to members their membership capital; and
- F. by distributing any surplus as a gift to any cooperative association or non-profit enterprise which may be designated by the trustees appointed to liquidate the cooperative's assets.

X. The cooperative shall indemnify, as allowed by Texas law, any officer or director or former officer or director of the cooperative for expenses and costs actually and necessarily incurred by him or her in connection with any claim asserted against him or her by reason of the person's being or having been such officer or director, except in relation to matters as to which she or he shall have been guilty of negligence, fraud, a criminal act, or misconduct in respect of the matter in which indemnity is sought. The cooperative may carry appropriate liability insurance to protect its officers and directors and the cooperative itself against the costs of such indemnification.

XI. The liability of directors of the association is limited as provided by Article 1396-2.26, Vernon's Texas Civil Statutes (Texas Non-profit Corporation Act).

ARTICLE THREE The amendments to the Articles of Incorporation of the Association were proposed for adoption by at least a two-thirds vote of the Board of Directors and adopted by at least a two-thirds vote of the Members voting, with a quorum of members voting as provided in

the Bylaws. The total number of members entitled to vote was 3000. The total number of members voting in the store vote on changes to the Articles of Incorporation was 300. The total number of votes for the proposed amendments was 294. The total number of votes against the proposed amendments was 6. The date of adoption of the Articles of Amendment to the Articles of Incorporation was July 13, 1993.

Signed September 1, 1993.