

## By-Laws Of

### The Livestock Cooperative Auction Market Association of North Jersey, Inc.

Revised April 26, 2018

#### Article I- Name

**Section 1:** The name of the association is The Livestock Cooperative Auction Market Association of North Jersey, Incorporated.

#### Article II- Objects

**Section 1:** The objects of this association are to develop and operate an auction market for the sale of livestock of any kind, and for the sale by auction or otherwise of any agriculture products for its members, with the buying or selling for its members of supplies of any kin needed in the production or marketing of the products of the farm or needed in the household, with the employment of labor, and with the financing of any one or more of the above enumerated activities, and to charge a commission therefor.

**Section 2:** The association may rent, buy, build, own, or control any buildings, land or equipment as may be needed, and may perform any of the services authorized by Chapter 13 of Title 4, Section 1 et, seq., 1937 Revision of the Statutes of the Stat of New Jersey and the amendments therefore and supplements thereto, under which this association is incorporated.

**Section 3:** The association shall be operated not for profit to the association but for the mutual benefit of all its patrons. Any savings or margin in excess of cost, and reasonable reserves for operating capital and for contingencies, shall at all times be the property of the patrons and not the property of the association. The association may conduct any and all activities and enterprises for the mutual benefit of the patrons.

#### Article III- Membership

**Section 1:** Any person, partnership, association, or corporation engaged in the production of agricultural products, who will comply with these by-laws, rules and regulations, may make application of membership. Members shall be elected by a majority vote of the Board of Directors. The number of members shall be unlimited, except that the Board of Directors shall have the power to reject any application of membership.

**Section 2:** The membership fee shall be twenty-five dollars (\$25.00) each year except that the Board of Directors may for any future fiscal years increase the membership fee to an amount that the Board of Directors finds necessary and appropriate which shall not be capital but shall be current income of the association for the year.

**Section 3:** The secretary shall issue a certificate of membership signed by him to each member. Such certificates shall not be transferable and shall be valid only son long as the member performs all his obligations as a member and complies with all rules and regulations and by-laws of the association.

**Section 4:** Any member, director or officer may be expelled from the association and his membership forfeited for any false statement contained in or violation of the terms of his application for membership, for violation of the by-laws, or any part thereof, or for the failure to perform any obligations as a member, or for any conduct detrimental to the best interest of the association, upon a two-thirds vote of the directors at any regular or special meeting of the Board of Directors: provided, however, that a written notice specifying the charges against him and the time and place when and where such charges will be heard must be mailed to such a

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member, director, or officer by registered mail, addressed to his last known post office address, ant least twenty days before such meeting: provided further that such member, director, or officer shall be permitted to appear at such meeting in person or with council. With witness in his behalf. Any member, director, or officer so expelled shall forfeit all right to participate in the distribution of savings or surplus accruing during the fiscal year the member was expelled, but shall not be relieved from any liability or obligation theretofore incurred to the association. Any member may, subject to the liabilities incurred by him as a member of the association, resign and withdraw from the association by giving notice in writing at any time during any year.

**Section 5:** Each member shall have one vote at all meetings of the association, in person only. Member associations, and corporations may be represented by a natural person who has previously been certified in writing to the secretary. At any annual meeting, a patron holding membership in the current or preceding fiscal year shall be eligible to vote.

#### **Article IV- Meetings**

**Section 1:** The annual meetings of the association shall be held at such place in the counties of Morris, Sussex, Hunterdon, or Warren, of the State of New Jersey, as the Board of Directors direct. The annual meeting shall be held on the fourth Thursday of April each year.

**Section 2:** The secretary shall notify the members of the annual meeting by posting a notice on the website, posting a notice at the market office, and including a notice in the consignor checks, at least ten days prior to the meeting.

**Section 3:** Special meeting of the association may be called at any time by the order of the president and must be called by him whenever request therefor is made to him in writing, signed by at least fifteen (15) of the members. The president shall determine the time and place of such special meeting. The secretary shall mail notice of such special meeting, stating time, place, and object therefor, to each member at his address as the same appears upon the records of the association, at least three days prior to the meeting, or notify the members in some other manner at least twelve hours in advance of the meeting.

**Section 4:** Fifteen members of the members of the association shall constitute a quorum at any or special meeting of the association: but, if less than a quorum be present at any meeting, the members present shall have power to adjourn to a day certain, and the secretary shall mail notice of the meeting of the adjournment day to each member at his address as the same appears upon the records of the association.

#### **Article V- Directors**

**Section 1:** The number of directors of this association shall be seven. The directors shall be classified with respect to the date of expiration of their term. There shall be three directors of the first class, two directors of the second class, and two directors of the third class: making a total of seven directors. At each annual election of the successors to the class of directors whose terms shall expire that year, successors shall be elected to hold office for a term of three years, so that the term of office of one class of directors shall expire in each year. A director shall be an active member of the association for the past three consecutive years that resides in Morris, Sussex, Warren, or Hunterdon County, of the State of New Jersey, with sales activities of at leas \$1,000.00 per annum with the Co-op, in each of the preceding three years. No member employed by the Co-op in the

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preceding three calendar years shall be eligible to run for the position of director. The directors shall hold office until their successors are elected and qualify.

**Section 2:** Meetings of the directors may be called by the president, or by any five directors, on three days written notice to each director, or by notifying them in some other manner twelve hours in advance of the meeting.

**Section 3:** A majority of the directors in office shall constitute a quorum for the transaction of business.

**Section 4:** Any vacancy shall be filled by the Board of Directors for that portion of the unexpired term up to the next annual meeting of members who shall then select a successor for the remainder of the unexpired term.

**Section 5:** The directors shall determine the policy and carry on the business of the association and shall have the power to act for the association and make such rules and regulations as in their judgement shall be for the best interests of the association. They have full power generally to regulate and control the business of the association and, subject to the provisions of law, to do all things that may be done by the association.

**Section 6:** Any member seeking election as a director of the association, shall submit to the secretary at the association's address by registered mail, a petition accompanied with the signatures of ten (10) active members of the association supporting his nomination at least thirty (30) days before the regular annual meeting. The membership shall be notified of all such nominations at least ten (10) days before the annual meeting for the election of directors.

**Section 7: INDEMNIFICATION BY-LAW** Each director and officer of the association now and hereafter serving as such, shall be indemnified by the association against any and all claims and liabilities including reasonable settlements to which he has or shall become subject by reason of serving or having served in such capacity, or by reason of any action alleged to have been taken, omitted, or neglected by him as such director or officer; and the association shall reimburse each such person for all legal; expenses reasonably incurred by him in connection with any such claim or liability, provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with, any claim or liability arising out of his own willful misconduct or gross negligence.

Any questions as to the above rights and responsibilities shall be finally resolved by directors not a party to the claim, the shareholders, or an opinion by independent council.

A corporation shall have power to purchase insurance covering such liability and expense, whether or not it could have power to indemnify such director or officer under law, contract, or by this by-law. It is intended reasonable advances may be made on such indemnity, and that the burden of proof of lack of entitlement rest on any objector. If any part of these provisions shall be held ineffective, this shall not affect the balance, and in no case shall indemnification be less than provided or permitted to the full extent of the law.

## Article VI- Officers

**Section 1:** The organization meeting of the Board of Directors shall be the first meeting of the Board of Directors held after the annual meeting of the members of the association. At such meeting the Board of Directors shall elect a president, a vice president, a secretary, a treasurer, and assistant treasurer, and such other officers as may be necessary, who shall hold office for one year and until their successors are elected and

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qualify. The president and vice president shall be members of the Board of Directors, the other officers need not be members of the Board of Directors nor members of the association. The Board may appoint a manager and department managers who shall not be directors and who shall appoint and discharge agents and employees and generally conduct the executive and administrative duties of the association subject to the supervision and direction of the Board of Directors.

**Section 2:** The president shall be the chief executive officer and head of the association and shall preside at all meetings of the association and at all meetings of the Board of Directors, and perform such other duties as usually pertain to his office.

**Section 3:** The vice present shall be vested with all the power and shall perform all the duties of the president in his absence or inability.

**Section 4:** The secretary shall attend all regular and special meetings, both of the association and of the Board of Directors, shall cause to be recorded all votes and the minutes of all proceedings in a book to be kept for that purpose, shall see that proper notice is given of all meetings of the association and the Board of Directors, and shall perform such other duties as usually appertain to the office of secretary, or which may be delegated to him.

**Section 5:** The treasurer shall be responsible for full and accurate accounts of receipts and disbursements in books belonging to the association and shall cause to be deposited all moneys and other valuable effects in the name and to the credit of the association in such depositories as may from time to time be designated by the Board of Directors taking proper vouchers for such disbursements, and shall render to the president and director at the meeting of the Board of Directors, and whenever they may require it, as well as to the annual meeting of the association, an account of all his transactions as treasurer and the financial condition of the association, The assistant treasurer shall be vested with all the powers and shall perform all the duties of the treasurer in his absence or inability. The treasurer, assistant treasurer, and any and all directors and employees empowered by the Board of Directors to accept and disburse money and other valuables on behalf of the association shall furnish a surety bond condition for the faithful performance of his duty, in such sum as the directors may require. The cost of such bond shall be paid by the association.

**Section 6:** Vacancies among the officers shall be filled by the Board of Directors for the unexpired terms at any regular meeting or any special meeting of the Board called for that purpose.

### **Article VII- Miscellaneous**

**Section 1:** A charge sufficient to cover operating expense and establish a reasonable reserve fund shall be levied by the association on all business transacted. The amount of such charges shall be determined by the Board of Directors.

**Section 2:** As soon after the end of the fiscal year as possible, after providing for the payment of all operating expenses and the establishing of necessary reserves for the working capital and contingencies, the whole remaining balance of savings or margin shall be divided among the members, for whom the association has carried on transactions during said fiscal year, in the proportion that the volume of business done by each member bears to the total volume of business transacted by association.

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The distribution of margin may, at the discretion of the Board of Directors, be either payable in cash or be evidenced by certificates of equity or be evidenced by credits on the books and records of the association, in which case the issuance of such certificates or the establishments of such credits shall constitute the distribution of patronage dividends to members. When evidence by certificates of equity, such certificates shall be issues to members for the amount of the dividend, or of the balance not paid in cash.

Certificates may be redeemed in whole or in part, at such times and on such terms as the Board of Directors may from time to time determine, they may bear such rate of interest, if any, from the date of issues to the date of redemption, as the Board of Directors may from time to time determine. Such certificates shall be issues in series, each series to be of the fiscal years in which the margin to be distributed originated. Certificated shall be redeemed in the order in which the series were issues, except that the Board of Directors may in their discretion redeem at any time the certificate of an original owner who has died, retired from agricultural activities, moved, or for other reason ceases to be an active member. Certificates of equity shall be subordinate to the claims of general creditors in the event of liquidation. In the event in any given year the amount available to be used for redemption shall not be sufficient to redeem all of a particular series, the Board of Directors, in its discretion, shall determine which certificates of that issue shall first be redeemed.

The amounts of outstanding certificates of equity shall constitute a reserve fund. The books and records of the association shall be kept by years so that the amounts may be ascertained at any time. If the operation in any year result in a net loss, such loss may, in the discretion of the Board of Directors, be charged against the reserve contingencies and working capital, or may be charged in whole or part against the capital reserve fund which shall be reduced accordingly. The Board of Directors shall determine the basis to apply any such loss to the reserve ratably on as equitable a basis as possible.

Such certificates or equity or credits on the books of the association may be transferred only to another member on the books of the association at the discretion of the Board of Directors. The association may set up revolving fund similar to a sinking fund, in cash to buy in certificates of equity on terms prescribed by the Directors.

The association shall charge members for the cost of clerical work to apportion dividends, proportionately to the number of members.

Upon dissolution or winding up the association in any manner, any balance of assets remaining after the payment of all debts including the payment of certificates of equity on the books of the association shall be distributed on the members of the association in proportion to the amount of business done by them with the association during the five years of active operation next preceding the date of dissolution.

**Section 3:** Any person offering livestock or other agricultural commodities for sale through the facilities of this association, and who is eligible for membership, shall be charged the membership fee and be made a member, with the approval of the Board of Directors, and subject to all sections of Article III- membership. The request for selling services shall constitute an application for membership.

**Section 4:** The fiscal year of the association shall be January 1 to the following December 31.

**Section 5:** At the annual meeting of the association an auditing committee shall be appointed by the president, which committee shall consist of three persons who shall not be directors, officers, or employees of the

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association. The duties of the committee shall be to meet with the association's accountant and review the annual report prepared by the accountant. The committee shall then report their findings top the membership at the annual meeting of the association.

**Section 6:** These by-laws may be altered or amended by a vote by ballot of two-thirds of the members present at any regular or special meeting of the association provided that the proposed amendment has been approved by two-thirds off the Board of Directors at a regular or special meeting of the Board and that notice of the proposed amendment has been presented in writing at a previous regular or special meeting of the association or mailed to each member of the association at least ten (10) days before the date of such meeting.