

Article 1. Name:

The name of this Co-op is the Urban Roots Community Garden Center Cooperative, Inc. (Urban Roots, hereinafter "the Co-op")

Article 2. Offices:

2.1 PRINCIPAL OFFICE. The principal office of the Co-op shall be located at 428 Rhode Island Street, in the City of Buffalo, County of Erie, State of New York.

2.2 OTHER OFFICES: the Co-op may also have other offices at such other places as the Board of Directors, from time to time, may designate.

Article 3. Ownership:

3.1 ELIGIBILITY AND ADMISSION. Ownership in the Co-op shall be voluntary and open to any individual whose purpose in seeking ownership is to use its services and is willing to accept the responsibilities of ownership. Applicants will be admitted to the ownership upon submitting required information and purchasing or subscribing to purchase one or more shares of common stock at a price that is in accordance with the current level of investment as determined by the Board of Directors. Such share purchase requirement may be increased by reason of the reasonable capital needs of the Co-op. In case of doubtful eligibility, ownership shall be subject to approval by the Board at any time within six months of application.

3.2 NOTIFICATION TO OWNERS. Each owner and each applicant for ownership shall be provided with a copy of these bylaws and a written explanation of the meaning and significance of the consent provision in Section 8.3. below.

3.3 RIGHTS. Each owner shall be entitled to make purchases from the Co-op on terms generally available to owners, to receive benefits and entitlements on an equal or ratable basis with other owners, and to participate in the governance of the Co-op as set forth in these bylaws.

3.4 RESPONSIBILITIES. Each owner shall keep reasonably current in payment of the share purchase requirement described in Section 3.1 above and shall notify the Co-op of any change to his or her name or address. An owner who becomes delinquent in meeting his or her share purchase obligation to an extent determined by the Board, or who fails to patronize the Co-op for a period of time determined by the Board, shall be placed into inactive status. His or her participation rights shall then be suspended. An owner in inactive status may attain good standing only upon full payment of all arrearages. References herein to the rights and entitlements of owners, except with respect to rights to redemption of capital funds, shall be understood to refer only to owners in good standing.

3.5 NONTRANSFERABILITY. Neither ownership nor ownership rights and interests

may be transferred except to the Co-op. Following termination of ownership, or at any time as to shares held in excess of the minimum amount, the Co-op will, upon request of the owner, transfer the carrying value of one or more shares or deferred patronage dividends to the credit of another person designated by the requesting owner, provided that the person so designated has acquired ownership in the Co-op and the requesting owner certifies that s/he has not and will not receive consideration for the transaction in excess of the carrying value of the interests on the books of the Co-op. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

3.6 LIMITED LIABILITY OF OWNERS. Owners shall not be liable for any debts or obligations of the Co-op except as otherwise provided by law.

3.7 NONDISCRIMINATION. The Co-op shall not discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, political affiliation or other arbitrary basis.

3.8 ACCESS TO INFORMATION. Owners shall be provided reasonably adequate and timely information as to the organizational and financial affairs of the Co-op. Owners shall be provided financial statements of the Co-op and access to the ownership list, minutes of meetings of owners and other information required by law. Such access shall be at a reasonable time and for a proper purpose.

An owner shall, upon request, be provided any other information concerning the operational and financial affairs of the Co-op that is necessitated by, and directly related to, a proper purpose, subject to such reasonable restrictions or conditions as is determined by the Board to be necessary to protect confidential or sensitive information. Any proper request necessitating information from the Co-op's records of owners shall be accommodated by means other than direct access to such records.

3.9 SETTLEMENT OF DISPUTES. In any dispute between the Co-op and any of its owners, or those formerly having such status, which cannot be resolved through informal negotiation, it shall be the policy of the Co-op to prefer the use of mediation whereby and impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

3.10 TERMINATION. Ownership may be terminated voluntarily by an owner at any time upon notice to the Co-op. Ownership may be terminated involuntarily for cause by the Board, provided that the owner is accorded the opportunity to respond to the charges either in person or in writing. Upon termination of ownership, all rights and interests in the Co-op shall cease except for rights to redemption of capital funds pursuant to Article 8A of these bylaws.

ARTICLE 4. Meetings of Owners:

4.1 ANNUAL MEETING OF OWNERS. A meeting of the owners will be held annually.

4.2 SPECIAL MEETINGS. A special meeting of the owners may be called by the Board of Directors at any time. The Board must call a special meeting of owners within 30 days or as soon as practicable after receipt of a one or more written petitions which specify any proper business to be brought before a meeting of owners and which is signed by at least ten percent of all owners or fifty (50) owners, whichever is less. The agenda will be limited to the specific items listed on the petition.

4.3 NOTICE. Written notice of the place, date and time of any meeting of owners shall be provided to each owner. In the case of a special meeting, the notice shall also include the purpose of the meeting and by whom the meeting was called. If provided by first class mail or electronic mail, such notice shall be mailed not less than ten nor more than sixty days before the date of the meeting. If provided by third class mail, such notice shall be mailed not less than twenty-four fifteen nor more than sixty days before the date of the meeting.

4.4 QUORUM. The presence in person or by written ballot at the opening of a meeting of fifty owners or ten percent of all owners, whichever is lesser, shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of owners.

4.5 RECORD DATES. Unless otherwise determined by the Board of Directors, only persons who are owners at the close of business on the business day immediately preceding the date of distribution of notices shall be entitled to notice of any meeting of owners and to vote at such meeting.

4.6 VOTING. Each owner shall have one and only one vote upon any matter submitted to a vote of the owners irrespective of the number of shares held. Unless otherwise required by law or by these bylaws, issues shall be decided by a simple majority of votes cast except where one or more choices are to be made from several alternatives, in which case the alternative(s) receiving the most votes shall be considered approved. There shall be no proxy voting. Vacant seats will be awarded to the candidate(s) with the greatest number of votes, and so until all seats are filled. In the event of a tie for the final seat, the deciding vote will be cast by the Board of Directors. Meetings of owners shall be conducted in conformity with reasonable and accepted rules of parliamentary procedure.

4.7 BALLOTING BY MAIL. Owners may, as authorized by the Board, vote by mail ballots. Ballots, together with the exact text of an issue for decision shall be included in the notice of the meeting to which they relate. Ballots shall be submitted in a sealed plain envelope inside another envelope bearing the owner's name and any other required identifying information and shall be submitted in conformity with instructions contained in the notice. Casting of a ballot by mail shall be equivalent to presence in person at a meeting, and ballots shall be counted together with votes cast at the meeting, if any. In

the case of balloting separate from a meeting, the balloting shall for all purposes be considered a meeting of owners.

4.8 ISSUES SUBMITTED BY OWNERS. Notices of a meeting of owners shall include any proper issue submitted by petition of least seven percent of all member-owners or thirty-five member-owners, whichever is less. Petitions must be received by the Co-op not less than sixty days before the date of the meeting at which they are to be presented to a vote of owners.

Article 5. Board of Directors:

5.1 POWERS AND DUTIES. The business and affairs of the Co-op shall be managed under the direction of the Board of Director. The Board of Directors shall make all necessary rules and regulations not inconsistent with law or with these bylaws. The Board of Directors shall have power to hire, oversee and dismiss a General Manager to coordinate and facilitate the daily functioning of the Co-op.

5.2 NUMBER AND COMPOSITION. The Board of Directors will consist of no less than nine (9) nor more than fifteen (15) owners elected by the owners. Paid employees and spouses or partners of paid employees may not serve as Directors. A person with an overriding conflict of interest with the Co-op shall not be qualified to serve as a Director.

5.3 NOMINATION, ELECTION, AND TERMS. Directors may be nominated by the Board, by a nominating committee, or by petitions signed by at least twenty-five owners and submitted to the Co-op at least sixty days before the date of the annual meeting. Directors shall be elected by owners at the annual meeting. At the first annual meeting after adoption of these bylaws and periodically thereafter as may be necessary, directors shall be elected for specific one, two or three year terms in order to assure that no more than five terms expire in each year. At other times directors shall be elected for terms of three years. Candidates receiving the highest number of votes shall be given the longest available terms. Directors shall hold office until their successors are elected or until their offices are sooner terminated in accordance with these bylaws. Directors may not serve consecutive three-year terms.

5.4 COMPENSATION. Compensation of the Board of Directors shall be determined by a resolution of by no less than a two-thirds majority of all directors. All decisions regarding directors compensation shall be announced to the ownership of the Co-op at the next regular or special meeting of the owners. Officers and directors shall also be entitled to reimbursement for actual expenses incurred in attending board meetings or other business of the Co-op. Such expense claims shall be approved by a majority of the Board.

5.5 STANDARDS OF CONDUCT. Directors shall be responsible at all times for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of the Co-op, and with that degree of care which an ordinarily prudent person in a like position would use under similar circumstances.

5.6 CONTRACTS FOR PROFIT. During his or her term of office a director shall not be a party to a contract for profit with the Co-op which in substance shall differ in any way from similar contracts by it with owners or with others, or which shall vary from terms generally current among owners.

5.7 CONFLICT OF INTEREST. Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board, and such interest shall be made a matter of record in the minutes of the meeting. Directors having such an interest may not participate in the discussion or decision of the matter. A transaction in which a director has an interest shall be prohibited unless the transaction is fair to the Co-op and is approved by no less than a two-thirds majority of all disinterested directors.

5.8 COMMITTEES. The Board may establish standing and ad hoc committees, including, but not limited to, a nominating committee, a marketing and public relations committee, an events committee, a membership committee, a planning and business opportunities committee, and building committee. The Board President shall appoint a chair and co-chair to each standing and active ad hoc committee which will be required to submit a written report at each scheduled board meeting. Each director shall be required to serve on at least one active committee. Committee membership will be open to owners not serving as directors. The Board cannot establish an Executive Committee (a committee of the Board which has all the powers of the Board).

5.9 INDEMNIFICATION. In order to attract and retain qualified people to serve as directors and officers, the Co-op shall indemnify its directors and officers as required or permitted under New York law. Indemnification payments shall be made on a priority basis but only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its other obligations as they become due.

5.10 TERMINATION. The term of office of a director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a director upon notice to the Co-op; (ii) automatically upon termination of membership in the Co-op; (iii) for cause by action of no less than a two-thirds majority of present owners voting at a meeting of the owners at which there is a quorum of ten percent of all owners whenever the best interests of the Co-op would thereby be served, provided that the accused director is accorded due notice of the charges and the opportunity to be heard in person or by counsel and to present and cross-examine witnesses; and (iv) for cause by no less than a two-thirds majority of all directors of the Board provided that the accused director is accorded the opportunity to respond to the charges in person or in writing the Board under the same notice, voting and procedural requirements applicable to removal by owners. A director who is absent from two consecutive Board meetings, unless excused by the Board for good cause, shall be presumed to have resigned.

5.11 VACANCIES. The Board must fill vacancies on the Board on an interim basis until such time as a meeting of owners is called. Owners shall elect directors to fill the remaining term of all vacancies on the Board by voting as described in Article 4, Section

5. Interim directors shall have all rights, duties, and responsibilities as duly elected directors.

Article 6. Meetings of the Board of Directors:

6.1 REGULAR MEETINGS. A meeting of the Board shall be held within one month after the annual meeting of member-owners. Other regular board meetings will shall be held according to a schedule determined by the Board, not less than six (6) times per year.

6.2 SPECIAL MEETINGS. Special meetings can be called by one-half of the directors at any time. Special meetings may be called by the President and shall be called by the Secretary upon request of any three directors.

6.3 NOTICE. Meetings called by resolution of the Board shall require no notice other than such resolution, it being the responsibility of absent directors to inquire as to the time of further scheduled meetings. Special meetings shall require written or oral notice to all directors. Written notice shall be delivered at least five days before the date of the meeting and oral notices shall be given in person or by a telecommunications device at least 24 hours before the time of the meeting. Notices of meetings of the Board shall also be posted in a timely manner and in a conspicuous place in the Co-op store, but an inadvertent failure to do so shall not affect the validity of the meeting.

6.4 WAIVER OF NOTICE. Any notice of a meeting required under these bylaws may be waived in writing at any time before or after the meeting for which notice is required. A person who attends a meeting shall thereby waive any defects in the notice of such meeting unless he or she attends for the express purpose of objecting to the manner in which the meeting was convened.

6.5 QUORUM. Fifty-one percent (51%) or more, including at least two officers, shall constitute a quorum for the transaction of business at any meeting of the Board. In the absence of the President and Vice President the quorum shall select a Chairperson for the meeting. If a quorum is not present, those who are present may adjourn the meeting to a later date.

6.6 OFFICIAL ACTS OF THE BOARD. The Board will act by majority vote of those present at a meeting with a quorum except in instance in which these bylaws expressly dictate otherwise.

6.7 ACTION WITHOUT A MEETING. Decisions of the Board of Directors may be made without a meeting if a consent in writing, stating the action to be taken, is signed by all directors and filed with the minutes.

6.8 OPEN MEETINGS. Meetings of the Board and all committees shall be open to owners, except that sessions of a meeting may be closed as to matters of a confidential or sensitive nature. A portion of meetings may be devoted to hearing concerns of owners.

Additional participation by owners at board meetings is at the discretion of the chair.

Article 7. OFFICERS AND EMPLOYEES.

7.1 DESIGNATION AND QUALIFICATIONS. The principal officers of the Co-op shall consist of the President, Vice President, Secretary and Treasurer. The Board may designate other officers or assistant officers. The President, Vice President, and Treasurer shall be directors.

7.2 ELECTION, TERMS OF REMOVAL. Officers shall be elected by the Board at its first meeting following the annual meeting of owners. Officers may be removed and replaced by a majority affirmative vote of all directors of the Board at any time whenever the best interests of the Co-op would thereby be served.

7.3 DUTIES. In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board, officers shall have the following duties and such additional duties as are determined by the Board:

- (a) The President shall be responsible for assuring the orderly conduct of all meetings, coordinating the activities of the Board, maintaining effective communication with the general manager, and shall deliver a report of Board operations to the annual meeting of owners. The President shall be referred to as the Board of Directors Chair.
- (b) The Vice President shall be responsible for performing the duties of the President in his or her absence or disability and, as requested, assisting other officers in the performance of their duties. The Vice President shall be referred to as the Board of Directors Vice Chair.
- (c) The Secretary shall be responsible for the recording and keeping of adequate minutes of all meetings of the Board and of the owners, assuring the safe-keeping of corporate records, issuing notices required under these bylaws, and authenticating records of the Co-op; and
- (d) The Treasurer shall oversee the maintenance of financial records, reporting of financial information and filing of required reports and returns, and shall deliver a financial report to the annual meeting of owners.

Article 8. Patronage Refunds:

8.1 DISTRIBUTION OF NET SAVINGS. The realized net savings of the Co-op, to the extent that it is attributable to the patronage of owners, shall be received and held by the Co-op for and as the property of its owners, the basis of each owner's interest therein being as set forth in this article. Such net savings shall be allocated and distributed among owners as patronage refunds in proportion to their patronage and in such a manner as to constitute patronage dividends within the meaning of federal income tax law. In determining and allocating such adjusted net savings, the Co-op shall use a single

allocation unit except to the extent that, subsequent to the adoption of these bylaws, it shall engage in any new and distinct line of business.

8.2 EXCEPTIONS. Net savings may be reduced by such reasonable reserves for necessary business purposes as is determined by the Board. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other patrons. Owners shall retain the right to waive in whole or in part, by action at a meeting of owners, any patronage refunds to which they may be entitled.

8.3 CONSENT OF OWNERS. By obtaining or retaining ownership in the Co-op, each owner shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any written notice of allocation in the taxable year in which such notice is received.

8.4 RETENTIONS. A portion of patronage refunds may be retained for the reasonable capital needs of the the Co-op. Such retentions shall be credited to revolving capital accounts in the names of recipient owners, and shall accrue no interest or other monetary return on investment, shall not be transferable. They shall be redeemed when determined by the Board to be no longer needed for capital purposes. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts. Retentions may also be redeemed under compelling circumstances as determined by associates the Board. Retentions shall be subject at all times to being offset by amounts otherwise due and payable to the Co-op.

8.5 ALLOCATION OF NET LOSS.† In the event the Co-op shall incur a net loss in any fiscal year, such loss shall be allocated to owners in the same manner as for net savings, subject to the exclusion of nominal amounts as described in section 8.2. Any such allocated net loss shall be charged first against deferred patronage refunds of prior fiscal years and then against patronage refund allocations of subsequent fiscal years.† Allocated net losses which are not so offset may be charged against the carrying value of shares only upon termination of ownership.† Allocated net losses shall not otherwise be assessed to or collected from owners.

Article 8A: Capital Stock:

8A.1 ISSUANCE. To evidence capital funds provided by owners, the Co-op shall issue its common stock. Shares may be issued only to persons eligible for and admitted to membership in the Co-op. Shares shall be issued only upon full payment of their purchase or subscription price which shall not be less than the par value of the shares and which shall include capital funds paid prior to adoption of these bylaws. Payment for shares may be made by contributions of property, labor or services.

8A.2 TERMS. Shares shall be entitled to no dividend or other monetary return on investment. Shares shall be subject to assessment by reason of increased capital needs of the Co-op, but only to the extent that such increase is reflected in the level of investment

then required of new owners.

8A.3 CERTIFICATES. Owners of fully-paid shares shall be entitled to receive one or more certificates evidencing such holdings. All certificates shall be signed by the President and Secretary and shall be numbered and registered by the Co-op. The Co-op may issue a replacement for any certificate alleged to have been lost, stolen or destroyed without requiring the giving of a bond or other security against losses.

8A.4 REDEMPTION. Upon request following termination of ownership, common shares shall be redeemed when replacement capital has been secured by the Co-op from other owners. Shares shall also be redeemed as soon as practicable upon involuntary termination of ownership, upon death of an owner, and under other compelling circumstances as determined by the Board. Shares shall be redeemable at the lesser of their carrying value on the books of the Co-op or their net book value. Redemption proceeds shall be subject to offset by amounts due and payable to the Co-op by the owner. In the case of voluntary termination of ownership, a reasonable processing fee may be imposed by the Board. Reapplications for ownership after full or partial redemption shall be subject to full repayment of redemption proceeds and a reasonable processing fee, if any, as determined by the Board.

Article 8B. Fiscal matters:

8B.1 FISCAL YEAR. The fiscal year of the Co-op shall be April 1 through March 31.

8B.2 ANNUAL AUDIT AND REPORT. The operations of the Co-op for each fiscal year shall be audited by an experienced bookkeeper or accountant or firm of accountants not regularly employed by the Co-op. A written report of the audit, including a statement of services rendered by the Co-op, with total amount of business transacted, balance sheet, and income and expense statement, shall be submitted to the annual meeting of member-owners, and shall at all times be available for inspection by any owner.

8B.3 BONDING. Any officer or employee who handles funds or securities of the Co-op amounting to one thousand or more dollars in a year shall be covered by an adequate bond approved by the Board. The costs of such bond shall be paid by the Co-op.

Article 9. Miscellaneous Interpretation and Amendment of Bylaws.

9.1 INTERPRETATION.† The Board of Directors shall have the power, with or without advice of legal counsel, to interpret these bylaws, apply them to particular circumstances, and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these bylaws.

9.2 SEVERABILITY. In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform conform with such statute or rule of law without affecting the

validity or enforceability of any other provision of these bylaws.

9.3 AMENDMENTS. These bylaws may be amended or repealed only at a meeting of owners, provided that the proposed amendments are stated or fully described in the notice of the meeting at which the amendments are to be adopted. A certified copy of bylaw amendments must be submitted to the Department of Agriculture and Markets within thirty days after adoption.

Appendix:

EXPLANATION OF PATRONAGE REFUND CONSENT PROVISION. The Internal Revenue Code generally requires each person receiving a patronage refund to include the amount of such distribution in his or her gross income in the taxable year in which it is received. Under the bylaw Section 8.3, mere acceptance or retention of ownership in the Co-op constitutes consent to such inclusion in taxable income, including the portion of the patronage refund that is retained by the Co-op for its capital needs.

The Co-op has been advised by legal counsel, however, that the general rule for inclusion in income of patronage refunds is subject to an exception that is applicable to customer cooperatives. Under that exception, a patronage refund is not required to be included in gross income if the owner's purchases from the Co-op related to personal, living or family items. The patronage refund would be taxable to a owner only if his or her purchases related to the operation of a trade or business or other income-producing activities.

In effect, the consent provision is of no significance to owners of the Co-op, except as to organizational owners and except where the purchases of owners who are natural persons are for business or income-producing purposes.