

FOOD SHED CO-OP
PO BOX 1663, WOODSTOCK IL 60098
OWNER AGREEMENT



Owner Information (please print clearly)

Primary Owner Name: _____

Additional Names of Adults in Household: _____

Address: _____

Phone Number: _____

Email Address: _____

I _____ (Owner) hereby agree to purchase, and McHenry County Food Cooperative doing business as Food Shed Co-op, a cooperative corporation organized under the laws of Illinois, agrees to transfer to me at least two (2) and no more than five (5) shares of common stock in the Cooperative, at a price of \$100 per share. With this purchase of stock, I will become a member and part owner of the Cooperative. **I certify that I am a resident of the State of Illinois or Wisconsin and that I am at least 18 years old.**

Select your Ownership Level:

- Founding Owner: Two shares of common stock for \$200
- Founding Owner: Two shares of common stock for \$200 – 10 Month Payment Plan: Down payment of \$30, plus 9 monthly payments of \$20 each (total payment of \$200, plus \$10 administrative fee)
- 14 Carrot Founding Owner: Three shares of common stock for \$300
- 18 Carrot Founding Owner: Four shares of common stock for \$400
- 24 Carrot Founding Owner: Five shares of common stock for \$500

Note: A Founding Owner can purchase additional shares at any time not to exceed five

I understand and acknowledge that a minimum purchase of two shares is all that is required to become an owner of the Cooperative, and that **any additional purchase of shares is optional and will not result in any additional rights, voting or otherwise, or any additional patronage dividends.** If I buy more than two shares, I am making that equity investment solely to help the Cooperative succeed in its mission.

I am paying or making a payment for my shares in today, in cash, by check, or by credit card. My owner rights and responsibilities will begin immediately upon payment.

Owner Rights

The ownership of shares in the Cooperative entitles me to:

1. Vote in the affairs of the Cooperative, including elections of members of the Board of Directors;
2. Run for a position on the Board;
3. Receive patronage dividends, as described below.

Voting. One owner equals one vote. Shares may be owned by an individual or a household (multiple adults sharing a kitchen). Each owner, whether individual or household, has one vote per issue/candidate. Each household must decide how it wants to cast its single vote; no fractional votes are allowed.

Patronage dividends. In any year in which the Board determines that the Cooperative has sufficient earnings, the Cooperative will issue a patronage dividend to each owner in proportion to that owner's spending. The patronage

dividends may be in the form of cash or store credit, at the Board's discretion. The Board may keep some of the Cooperative's income in a reserve fund. I understand that a portion of the patronage dividend allocated to me may be retained by the Cooperative in order to operate and expand the Cooperative's business, and in any given year there may be no patronage dividend.

All patronage dividends and allocations will be issued in a form so as to qualify as "patronage dividends" within the meaning of Subchapter T of the Internal Revenue Code (26 U.S.C. §§ 1381-1388). I acknowledge that I will be liable for income tax on any income received from the Cooperative that is not attributable to my purchases of personal, living, or family items.

Owner Responsibilities

I accept the duties of ownership in the Cooperative, including:

1. Shopping at the Cooperative's store at least once every 12 months (after the Cooperative has opened a store).
2. Notifying the Cooperative of my current contact information.
3. Attending and voting at owner meetings or sending a written proxy vote when I am not able to attend.

I understand that if my contact information changes and I fail to notify the Cooperative, I forfeit any right to receive notice of meetings, patronage dividends, and any other amount that would have been due to me from the Cooperative. If the Cooperative determines that I have not shopped at the Cooperative's store (once opened) for 12 months, and the Cooperative does not have my current contact information, the Cooperative may terminate my ownership without notice.

Limits on Equity

I understand that the Cooperative's stock will not increase in value, and that I will receive no dividends or other monetary return on my capital contribution. (Patronage dividends are based on purchases made, not capital contribution.) Therefore, this stock is not a security.

When I leave the Cooperative, the Cooperative will buy back my stock for its original price, less a reasonable processing fee, and only if the Board determines that the Cooperative is able to re-purchase the stock. The Cooperative may also owe me money if it has retained some of my patronage dividends (see Bylaw 9.4). My shares of the Cooperative's stock may not be sold or transferred to anyone except that they may be sold back to the Cooperative.

I understand that my investment is subject to the same risks inherent in any business enterprise, and that I may lose part or all of my investment.

Other Acknowledgements

I hereby waive my right to receive written notice of owner meetings by mail or personal delivery. I agree to receive notice of meetings exclusively by email. If I do not have an email, I will visit the Cooperative's website to check for posted notifications.

My ownership interest is governed by the Cooperative's Articles of Incorporation, Bylaws, and Board Resolutions, which are available online or by request.

Owner:

On Behalf of the Cooperative:

Signature

Signature

Name

Name, Title

Date

Date