

***Version 1.1 – Amended 2015-09-13**

****Version 1.2 – Amended 2016-11-5**

Preface

Co-operative Values and Principles Broken Clock Brewing Cooperative ("the Co-op") subscribes to Minnesota Co-op law under Minnesota statute chapter 308A; the Statement on Co-operative Identity adopted by the Congress and General Assembly of the International Co-operative Alliance held in Manchester, England in 1995. The full text of the statement is given below.

Definitions

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Qualified Members shall refer to any individual or group eligible to be a member of the Cooperative under Membership, Section 1.1 of these bylaws and any and all other eligibility requirements presented elsewhere in these bylaws or in the Cooperative's Articles of Organization.

Patron-Member Directors shall refer to those Directors who are elected exclusively by the Patron Membership.

Directors at Large shall refer to those Directors who are elected by the Membership as a whole.

Patronage Refund shall refer to the money returned to Patron Members under Types of Members, Section 2.4.3.

Nonpatron Distribution shall refer to any financial return provided by the Cooperative to the Nonpatron Membership as an allocation of the Cooperative's profits.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

1. Voluntary and Open

Membership Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Persons serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative.

Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Additional Principles

The Co-op subscribed to the following additional principles:

1. Participatory self-management

The Co-op aspires to achieve a fair and just outcome through decision-making in accord with the norm of participatory self-management: that those affected by a given decision be granted a say or influence in proportion to the degree they are affected. Although the Co-op strongly encourages the participation of all members, exercise of one's say shall be purely voluntary, and the Co-op will never pressure, coerce, or otherwise attempt to compel an individual to participate to a degree greater than they wish.

2. Living Wage

When financially able, the Co-op shall pay no less than a living wage (determined by the formula of the Universal Living Wage Campaign) to any of its employees.

3. Sustainability

The productive resources of our environment are finite and many are non-renewable. They can be thought of as loaned to us from future generations. In all aspects of our operation we endeavor to fulfill our desires without compromising the ability of future generations to do the same.

4. Privacy

Through the course of our operation, certain information may be gathered on the membership. Such information collection will always be voluntary (opt-in), and the information will remain

the sole property of the individual in question. Except when compelled by law, the Co-op will never share or sell member information.

5. Responsible Consumption of Alcohol

The prevailing legal conditions regarding the distribution of alcohol are generally retroactive – such as refusing to serve intoxicated individuals. We seek to be proactive in encouraging the responsible consumption of alcohol in a community environment, and will implement practical proactive procedures to prevent intoxicated individuals from driving.

1. Patron Membership

1.1 Qualifications

Membership in the Co-op is open to all natural persons at least 21 years of age and all incorporated entities organized on a co-operative or other non-profit basis. All applicant members must provide valid physical and electronic mailing addresses, and agree to abide by these bylaws and other rules and policies adopted by the Board of Directors ("the Board").

1.2 Cost of Membership

All applicant members must pay a nonrefundable joining fee and make a capital investment in the Co-op. The joining fee and capital investment assessed for membership shall be set by the Board and may be adjusted from time to time.

1.2 Initiation

Membership shall commence upon the filing of a completed application form and receipt of the necessary fee and minimum investment.

2. Types of Members

There shall be four types of members – Individual, Household, and Craft Brewer. All types of members may be referred to collectively as "member-owners," "members," or "owners."

2.1 Individual Members

All natural persons who have paid the joining fee and contributed to their assessed capital investment shall be known as Individual Members. All Individual Members hold the same voting power whether they are fully invested or not. Individual Members who have not fully contributed to their assessed capital investment shall receive no other benefits of membership and may not serve on the Board.

2.1.1 Joint Members

Two natural persons who share the same mailing address may join together and pay a discounted joining fee. Members shall hold two votes

2.1.2 Craft Brewer Members

All natural persons who have paid the joining fee and qualify under the "brewer's membership qualifications". Members hold same benefits as individual members but will be allowed to brew beer no less than once every calendar month. Frequency in brewing may be adjusted from time to time by a majority vote from the Board.

2.1.3 Joint Brewer Members

Two natural persons who share the same mailing address may join together and pay a discounted joining fee. One membership shall be a brewer's membership as long as the brewer member qualifies under the "brewer's membership qualifications". Members shall hold two votes

2.2 Inactivation

A member may have their membership inactivated under certain circumstances, and once inactivated are not entitled to any benefits of membership.

2.2.1 Address Inactivation

All members without valid mailing addresses (physical and electronic), and having no other

activity with the Co-op for a period of 2 years from the date of address invalidity, shall be considered inactive.

2.2.2 Joining Member Inactivation

Members who have not fully paid their capital investment and who have not made a contributing payment towards their assessed capital within the past month shall also be considered inactive.

2.3 Reactivation

Inactive members may have their membership reactivated upon filing a valid address or making a payment on their assessed capital investment. If a member's capital has been retained by the Co-op, it will be returned to their account upon reactivation.

2.4 Termination

Either party may terminate membership through the procedures given below.

2.4.1 Withdrawal

Members may withdraw their membership at any time. Resigning members shall provide a written resignation and an address to which the Co-op may send confirmation of their resignation.

2.4.2 Expulsion

A member may be expelled for causes including, but not limited to: (a) intentionally or repeatedly violating any provision of the Co-op's Certificate of Formation, Bylaws, or Board policies; (b) breaching any contract with the Co-op; or (c) willfully obstructing any lawful purpose or activity of the Co-op. Expulsion requires a majority vote of the Members' Assembly and members who are to be expelled shall be given notice of the proposed expulsion and an opportunity to address a meeting of the Members' Assembly.

2.4.3 Return of Capital Investment

Members who withdraw from the Co-op shall be refunded the full value of their investment once new membership capital is acquired. Members who are expelled from the Co-op shall be immediately refunded the full value of their investment provided that such refund does not jeopardize the fiscal solvency of the Co-op. Member capital investment shall be returned subject to offset by any debt owed to the Co-op by the withdrawing or expelled member. Any additional conditions and terms for the refund of membership capital that may be established by the Board of Directors shall apply to all members equitably.

2.5 Transferability

Membership may be transferred only with the prior consent of the Board.

3 Nonpatron Membership

3.1 Eligibility Requirements

Any Qualified Member may become a Nonpatron Member.

3.2 Application and Purchase Requirement

A prospective Nonpatron Member shall make an application to purchase a Nonpatron membership interest in writing to the Cooperative. The application shall indicate, at least, the amount of money, services, or other consideration the prospective Nonpatron Member intends to provide to the Cooperative as well as identifying information about the prospective Nonpatron Member. Upon approval by the board, the prospective Nonpatron Member shall sign a membership interest purchase agreement for the number of units of Nonpatron membership interest that have been agreed upon by the Cooperative and the potential Nonpatron Member.

3.3 Approval

Upon the affirmative vote of the Board of Directors and execution by the prospective Nonpatron Member applicant of the Cooperative's then current member control agreement, the Board of Directors shall accept the purchase agreement of the Nonpatron Member and accept the money, services, or other consideration offered in exchange for nonpatron membership.

3.4 Voting Rights

Each Nonpatron member shall have a vote in the affairs of the Cooperative in an amount proportional to such Nonpatron Member's membership interest in the Cooperative.

3.5 Transfer

The Board of Directors shall create whatever policies it deems necessary restricting the transfer of Nonpatron Member interests. The Board of Directors shall publish these policies to Nonpatron Members in any manner it deems necessary, including but not limited to, notification by post, electronic communication, notification in a regular publication provided to Nonpatron Members, or production on the Cooperative's website. Under no circumstances may a Nonpatron Membership interest be transferred or assigned except as provided in the policies created by the Board of Directors. The Board of Directors may at its sole discretion authorize the repurchase of membership interests of any willing Nonpatron Member.

3.6 Distribution of Profits or Losses

If the Board of Directors decides to issue a return to the membership, then 85% of the Total Return shall be distributed to the Nonpatron Membership. This distribution shall be divided proportionally among the holders of outstanding Nonpatron Membership interests according to their share of such interests.

4. Members' Assembly

4.1 Definition

The Members' Assembly comprises all members of the Co-op.

4.2 Powers & Duties

The Members' Assembly is the voice of the membership and holds the following powers, as well as any other powers granted to the membership under Minnesota law: (a) election and removal of Directors; (b) passage of advisory resolutions for consideration by the Board; and (c) approval of Ends Policies for the Co-op.

4.3 Meetings

The Members' Assembly shall meet at least two times per calendar year. The Board is responsible for calling, organizing, and presiding over all meetings of the Members' Assembly.

4.3.1 Regular Meetings

The Members' Assembly must conduct at least two regularly scheduled business meetings per calendar year. The membership shall receive notification of regular business meetings at least 30 and not more than 60 days before the meeting date.

4.3.2 Special Meetings

Special meetings may be called by a majority vote of the Board of Directors or a petition of at least 25 active members. The membership shall receive notification of the special meeting at least 7 days before the meeting date.

4.3.3 Quorum

A quorum shall consist of at least 50 total members and must include no fewer than five Directors and at least 20% of the Workers' Assembly. Members submitting votes by mail may count towards the quorum for the issue on which they have cast a ballot.

4.4 Voting

The standard for a successful vote shall be a simple majority unless otherwise specified in these bylaws.

4.4.1 Meeting Votes

Meeting votes conducted at a valid meeting of the Members' Assembly shall be final unless a dissenting minority consisting of at least 1/3 of the present membership calls for a referendum on the issue at hand. Proxy votes are prohibited.

4.4.2 Referenda

A referendum may be called by a majority of the Board of Directors, a petition of at least 25 members, or a dissenting minority of at least 1/3 of the present membership during a meeting vote. Referenda may be conducted in-store, by postal mail, or on the Co-op's website, and are required for the election of the Board of Directors.

Referenda shall be open for at least 7 days, but shall continue until at least 100 members (or 10% of the membership, whichever is less) have cast a ballot.

5. Board of Directors

5.1 Definition

The Board shall consist of 15 Directors elected by the membership to handle the governance and oversee the management of the Co-op.

5.2 Representation of the Worker's

Assembly No more than 5 Directors may be members of the Workers' Assembly (as described in Section 4 below). Should a Director be elected as a consumer member, and later admitted to the Workers' Assembly, such Director's seat will count toward this 5 Director limit. If there are already 5 such Workers' Assembly members on the Board, the newly hired Workers' Assembly members that is a

5.3 Powers & Duties

The Board is responsible for setting policy, overseeing Director must resign his or her seat on the Board. The Workers' Assembly, issuing investor shares, leading meetings of the Members' Assembly, and ensuring that all actions taken by the co-op are both lawful and consistent with these bylaws.

****5.3.1 Designated Signing Authority**

The Board shall elect certain members of the co-op board of directors to represent and hold signing authority on behalf of the co-op. Designated signers are permitted to, and authorized to make financial decisions in the name of the co-op with the consent of the other board members.

5.4 Eligibility

Directors must be Invested Members in good standing, willing to submit to a background check (and capable of passing such a check), and not otherwise excluded from service on the Board.

5.5 Nominations

The Board shall establish a Leadership Development Committee responsible for finding and cultivating competent candidates to fill open positions on the board. All candidates for Board positions must fill out an application, disclose all possible conflicts of interest they may hold, and comply with any other requirements of the Leadership Development Committee for inclusion among the Board candidates.

5.6 Terms

Directors shall serve 3-year terms, and elections shall be held on a staggered basis such that a minimum of 1 seat is up for election annually. Directors may serve on the Board for no more than 2 consecutive 3-year terms or 8 consecutive years, and thereafter must wait at least 2 year(s) before standing again for election.

***5.6.1 First three years of elections 2016-2018**

In order to open a minimum of one seat annually board members shall serve one year terms for the first three years, unless someone new is elected in years two and three. Newly elected members in years two and three would follow standard terms pointed out in section 4.6 of the bylaws. Members elected in the first three years will only have terms counted against the 2 term limit if they are elected to three consecutive 1 year terms.

5.7 Election & Removal

5.7.1 Election

Board elections shall be held by a referendum of the members. An election vote shall be open for 30 days, even if the required number of ballots for a successful normal referendum has already been cast.

5.7.2 Removal

A Director may be removed with or without cause. Removal requires a vote of two-thirds vote of the Board, or a majority vote of the Members' Assembly.

5.7.3 Vacancies

Should a vacancy arise, the Board shall choose an individual to fill that position on a temporary basis until the next election cycle.

5.7.4 Officers

The officers of the Board shall consist of President and a Secretary. The President is the chairman of the Board and has responsibility for calling meetings, preparing the agenda, and facilitating meetings. The Secretary is responsible for documenting the meetings of the Board.

5.8 Meetings

5.9 Regular Meetings

The Board shall meet on a regular basis in order to complete the monitoring cycle per calendar year. If a meeting is not considered valid due to lack of participation, inadequate notification of the membership, or any other reason, the Board shall reschedule that meeting for another date.

5.9.1 Special Meetings

Special meetings of the Board may be called for by the President subject to a seconding by another member, or by request of 3 regular Directors.

5.9.2 Notice of Meetings

The membership shall be given notice of Board meetings at least 2 weeks prior to the meeting date. The proposed agenda of the Board meeting shall be made available at least 7 days prior to the meeting.

5.9.3 Quorum

At least two-thirds of Directors, of the seats currently held, must be present at all valid Board meetings for a quorum to exist. A Director may be considered present through any electronic means that enables their full participation in the dialogue of the meeting.

5.9.4 Conflicts of Interest

If a quorum of Directors, of the seats currently held, exists but a quorum on an issue cannot be established among non-interested Directors then any number of non-interested Directors totaling two or more shall be considered a quorum for the purpose of transacting the business at hand. Directors abstaining for reasons other than being interested in the current issue shall be included in quorum.

5.9.4.1 Transaction of Business without a Quorum

If a quorum at a valid Board meeting cannot be established then a sub-quorum totaling 50% or more of quorum can be established to discuss and transact business but any decisions made are non-binding until ratified at a meeting with a full quorum.

5.9.4.2 Electronic Votes

An email vote, or email poll, shall follow the same quorum rules as a regular Board meeting except that Board members have 48 hours, from the timestamp on the email, to respond to the request to have their presence counted for quorum and their vote, or abstention, cast. The Board shall establish procedures whereby the membership can opt-in to receive notice of Board votes by email, and a record of all the email communications on the issue shall be kept and presented as minutes at the next regular Board meeting. If the email vote concerns a confidential matter related to litigation personnel, real estate transactions, or other matters deemed sensitive by the Board, the record shall be treated as minutes of an executive session of the Board.

5.9.4.3 Closed Meetings

All meetings of the Board shall be open to the public except for those specifically pertaining to personnel, litigation, real estate, or any other matter deemed sensitive by the Board.

5.9.5 Compensation

The compensation of the Board shall be defined in policy, but may not exceed that of any other position within the Co-op.

6. Workers' Assembly

6.1 Definition

The Workers' Assembly consists of individuals currently employed by the Co-op. A voting member of the Workers' Assembly must be an Invested Member.

6.2 Powers and Duties

The Workers' Assembly is charged with the business operations of the Co-op. It shall implement policies and regulations necessary to fulfill its tasks provided they are not inconsistent with either these bylaws or Board policy. The Workers' Assembly communicates with the Board through its liaison as defined in section 5.4.

6.3 Volunteers

The Workers' Assembly may make use of volunteers, but must first submit volunteer policies for approval by the Board of Directors. The policies must additionally include standards for volunteers and procedures by which volunteers may join the Workers' Assembly.

6.4 Board-Staff Liaison

The Workers' Assembly shall elect one individual to chair their meetings, and that person shall also serve as their liaison to the Board of Directors.

6.4.1 Board Approval

The Board must approve of the person selected by the Workers' Assembly before they may assume the role of Board-Staff Liaison.

6.4.2 Term of Service

The Board-Staff Liaison shall be elected on an annual basis.

6.4.3 Recall

The Board-Staff Liaison may be recalled by a majority vote of the Board, or by a petition of 2/3 of the Workers' Assembly presented to the Board. In the event of such a recall, the Workers' Assembly shall hold special elections to choose a new Board-Staff Liaison.

6.5 Meetings

The Worker's Assembly must meet at least once each month, but is free to meet more often as provided by its rules of operation. All employees must receive notification of meetings at least 7 days before the meeting date.

7. Miscellaneous

7.1 Indemnification

The Co-op shall indemnify, as allowed by law, any officer, Director, or employee of the Co-op, for expenses and costs actually and necessarily incurred in connection with any claim asserted by reason of the person being or having been such officer, Director, or employee, except in relation to matters of negligence, fraud, criminal acts, or intentional misconduct in respect of the matter in which indemnity is sought. The Co-op shall carry appropriate liability insurance to protect its officers, Directors, employees, and the Co-op itself against the costs of such indemnification.

7.2 Severability

If any section, clause, provision, or portion of these bylaws is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of these bylaws shall not be affected thereby.

7.3 Adoption & Amendment

Adoption of these bylaws requires a simple majority vote of the members present at the organizational meeting. These bylaws may be amended at any time. Amendments may be proposed by the Board of Directors, a majority of the Members' Assembly, or by a petition of 25 members. Ratification shall follow voting procedures decided upon by the Members' Assembly and requires a 2/3 majority vote of the members present at the meeting on which the ratification is voted upon for success.

7.4 Sunset

These bylaws must be reviewed and re-approved by the membership every five years. The five year countdown begins on August 16, 2015.

7.5 Bylaw Provision Control

To the extent that the sections of these bylaws entitled "Preface" and "Additional Principles" conflict with the bylaw provisions contained in Section 1 through 5 hereof, the bylaw provisions shall control.