

\_\_\_\_\_ Cooperative, LWCA  
Membership Agreement

Member Information:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Email Address: \_\_\_\_\_

Effective Date: \_\_\_\_\_

1. Membership. I agree to become a Worker Member of \_\_\_\_\_ (name of the cooperative) (the “Cooperative”), an Illinois limited worker cooperative association. I have paid or arranged to pay \_\_\_\_\_ (dollar amount) in order to become a Worker Member. I understand that my membership in the Cooperative is not transferable except to the Cooperative, and I agree *not* to sell, assign, or otherwise transfer any interest in my membership except to the Cooperative.
2. Articles and Bylaws. I have received a copy of the Cooperative’s articles of organization (“Articles”) and bylaws (“Bylaws”). I understand that while I am a member, I will be bound by the terms of the Articles and Bylaws, as they may be changed from time to time.
3. Responsibilities of Members. I accept the responsibilities of Worker Members, including the responsibilities set forth in the Cooperative’s Articles, Bylaws, and policies, which include the duty to patronize the Cooperative by contributing my labor; the responsibilities given to Worker Members by the Illinois Limited Worker Cooperative Association Act; and the responsibility at all times to act in a way in which I believe will promote and/or be consistent with the best interests of the Cooperative.
4. Voting. I understand that I will be entitled to one vote in any matter to be decided by Worker Members. The Worker Members use a consensus-based decision-making process described in Article 4 of the Bylaws.
5. Patronage Allocations. The Cooperative shall allocate a portion of its annual net income (when sufficient net income is available) or loss to the Worker Members, in accordance with Section 9.5 of the Bylaws. I understand that I will receive such allocations, if any, on the basis of my patronage, meaning in proportion to my labor as a percentage of the total labor performed with or for the Cooperative. Patronage

allocations may be in cash or in the form of Written Notices of Allocation, as defined by Internal Revenue Code §1388, and will be credited to my Capital Account and redeemable in cash at a future date. Patronage allocations will only be made if the Cooperative had net income, and if the Board determines that surplus funds remain after the Cooperative's upcoming expenses have been provided for and that the Cooperative has a sufficient reserve.

6. Risk of Loss. The Cooperative maintains a Capital Account for each Worker Member. The Capital Account is a ledger on the Cooperative's books that reflects the Member's capital contributions and retained earnings allocated to the member. I understand that the amounts in my Capital Account are subject to loss. I also understand that my right to repayment is subject to the Board's discretion while I am a Member, and that Capital Account balances may be paid to Members who leave the Cooperative over time, under Section 8.4 of the Bylaws, and are not immediately paid in cash.
7. Termination. Upon the voluntary or involuntary termination of my status as a Worker Member in the Cooperative, I will be entitled to the return of the balance of my Capital Account, which I agree is fair and sufficient consideration, and no other payments for my membership shall be due. I understand that allocations of annual net income and loss to the Members may increase or decrease the amount of money that I will receive when I leave the Cooperative.
8. Tax. **I agree to include in my taxable income the stated dollar amount of any and all allocations of income that I receive from the Cooperative, in the manner and to the extent required by federal and state tax law, even if these amounts are not paid out in cash. I understand and acknowledge that the obligation to pay any taxes on these amounts is my personal responsibility, not the Cooperative's.**
9. Confidential Information. I acknowledge that as a Worker Member of the Cooperative, I will have access to and become acquainted with the Cooperative's trade secrets, information, intellectual property, inventions, innovations, processes, records, and specifications owned or licensed by the Cooperative and/or used by the Cooperative in connection with the operation of its business, including, without limitation, the Cooperative's contacts, specifications including coffee blend specifications, business and product processes, methods, customer lists, accounts, and procedures. I also acknowledge that I may have access to and become acquainted with confidential information about the Cooperative's customers and suppliers, including their contact information. All of the information described in this paragraph is defined as the Cooperative's "**Confidential Information**."

I agree to keep absolutely secret and not to disclose and not to convey any of the Cooperative's Confidential Information, directly or indirectly. I agree that I will not use any item of the Cooperative's Confidential Information in any manner except as directed by the Cooperative. For 24 months after I leave the Cooperative, I shall not

solicit any customer, supplier, employee, Worker Member, Investor Member, business partner, or joint venturer, to do business with or work with or for me in a \_\_\_\_\_-related business in \_\_\_\_\_, unless such activity could reasonably be expected to have no negative effect on the Cooperative. The obligations of this section 9 survive the termination of this agreement.

10. Choice of Law. This agreement shall be governed by and interpreted according to Illinois law, without regard to the choice of law principles of other states.
11. Severability. Whenever possible, each provision of this Agreement shall be interpreted so as to be effective under applicable law. If one or more provisions of this Agreement are held to be unenforceable by a court of competent jurisdiction or an arbitrator, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.
12. Counterparts. The parties may sign separate identical copies (counterparts) of this Agreement. Signatures may be electronic.
13. Termination. This agreement terminates upon termination of my status as a Worker Member of the Cooperative. My right to withdraw from the Cooperative and the effects of withdrawal are as set forth in the Bylaws. I agree to be bound by any terms and conditions in the Articles, Bylaws, policies, and this agreement, that continue to apply after termination of membership in the Worker Member class.

Accepted and agreed to by:

\_\_\_\_\_  
Member Signature

\_\_\_\_\_  
Date

\_\_\_\_\_[NAME OF COOPERATIVE]

By its authorized officer:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name, Title