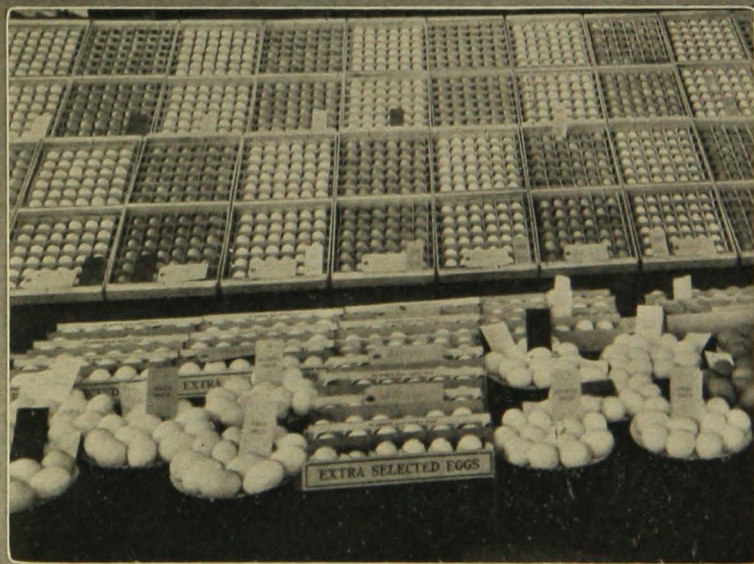


The Minnesota Plan for Marketing Eggs and Poultry

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Why Market Eggs Co-operatively?**To improve quality****To sell more efficiently****To create a name for Minnesota Eggs****To get the largest possible returns**

The practice of buying eggs, good or bad, at a flat price is the principal weakness of the present system for marketing eggs. Buyers generally follow this practice and hence there is very little incentive for the farmer to market a high quality product. This results in careless handling of eggs on the farm and a great loss from deterioration in quality.

The volume of business of most dealers is small and many do not have facilities for proper grading and handling. As a result there is also a great deal of deterioration in quality due to holding eggs under improper storage conditions in the local markets.

The "Minnesota Plan" for co-operative marketing of eggs and poultry seeks to remedy this condition by providing associations with a large volume of business that grade the product and pay the producers according to grade.

CO-OPERATIVE EGG MARKETING MAKING PROGRESS

During the last ten years many co-operative creameries in Minnesota have gone into the business of marketing eggs for their patrons. The practice usually followed by the creameries is to buy the eggs for cash, candle, pack, and ship them in cars with butter to the eastern markets. Some creameries grade the eggs, others do not, and where grading is done, only two or three rough grades are used. The success of marketing eggs by this method varies with the individual creameries. If the creamery has had enough eggs that it could hire a competent man who understands the egg business, knows how to candle, grade, and market the eggs, the farmers have usually had a good market for their product. Several creameries in this class have been very successful. However, the difficulty is that most creameries do not have enough business that they can afford to hire a competent man and to grade the eggs properly. There was need for a larger local unit than the creamery and the "Minnesota Plan" now being put into operation in the state provides for district organizations with a large volume of business.

At the annual meeting of the Minnesota Co-operative Creameries Association, Inc., in March, 1923, the need for better egg marketing methods was discussed, and a committee was appointed to draw up a plan for co-operative marketing of eggs and poultry which would be

recommended to the farmers of the state. This committee planned and put into operation the organization of non-stock district egg and poultry marketing associations. On April 1, 1925, fourteen districts were operating and several were carrying on membership campaigns and will soon begin to operate. The first organization was the Rice County Co-operative Egg and Poultry Association, with headquarters at Faribault. This association started business in August, 1923.

DISTRICT UNITS ASSURE VOLUME

Sufficient volume of business to make possible economical and efficient operation is one of the essentials for success in any co-operative organization. Organizing by districts provides a large enough territory that if a fairly large membership is secured a good volume of business is assured. The territory included in a district depends entirely upon local conditions. In some cases a district will include only one county, in others two or three counties or parts of these counties. The "Twin City district" includes a territory tributary to the Twin Cities within a radius of about 45 miles. The average production of eggs per farm, the number of farmers, railroad facilities, trucking roads, and many other factors must be considered in deciding the area of a district. The purpose is to get a territory that will make an economical marketing unit.

Each district is a separate association, organized on a non-stock basis under the "Special Co-operative Marketing Act of 1923," Chapter 264, Session Laws of 1923. A standard set of articles of incorporation and by-laws is used and has been adopted by all district associations. The districts are federated into a state exchange, the Minnesota Co-operative Egg and Poultry Exchange, with headquarters in St. Paul. This exchange sells the eggs and poultry for the district associations.

MEMBERSHIP AGREEMENT IMPORTANT

The association handles eggs and poultry for members only. When a producer becomes a member of the district association he must pay a membership fee of \$3 and sign a marketing contract whereby he agrees to deliver and sell through the organization all his surplus eggs and poultry. This does not include eggs used or sold for incubation, poultry raised or sold for breeding stock, or eggs and poultry sold by the member direct to a consumer. The contract is a five-year contract, but gives the member the right to withdraw after a certain period (usually either two or three years) by giving a written notice of intention to withdraw thirty days prior to the annual meeting. In case the member violates his agreement he agrees to pay the association as

liquidated damages, 5 cents on each dozen eggs, \$1 for each dozen chickens, and \$3 for each dozen turkeys sold contrary to the agreement. The association agrees in the contract that it will assemble, grade, and market the products to the best of its ability.

The contract is of fundamental importance in this plan for several reasons:

1. The association will be sure of a certain volume of business and will know in advance approximately how much business it will have, and can plan accordingly for storage space, equipment, and labor.

2. The member agrees to observe certain rules for the delivery and care of eggs, so the association holds some control over the quality of the product.

3. By being sure of its volume of business the association will not be harmed by unfair competition.

4. Control of the product furnishes a basis for collective bargaining.

5. When the association plans to store eggs the contract will be of value as it gives the association control over the product and makes it possible to distribute sales more evenly throughout the season.

6. The contract transfers title of the product to the association so that the product becomes a basis for credit to the association and producers.

HANDLING THE PRODUCT

Within each district delivery or assembly points are established to which the producers deliver the eggs; and a central grading station where the eggs are graded and from which they are shipped. Wherever possible the co-operative creameries are used for assembling points, as it is convenient for the farmer to deliver the eggs at the creamery when he delivers cream. The creamery association is paid a small fee per dozen for providing assembling service. If there is no creamery at the place to be used for assembling, the co-operation of the merchants is usually secured to provide space for the eggs as they are delivered.

Each member has egg cases for delivering the eggs. These cases are strongly built to stand trucking, and the member's name and number are stamped on each case. According to the membership contract, the member agrees to deliver the eggs in good condition to the local assembling point. The cases are not opened at the local point. A truck comes out from the central headquarters and collects the eggs from the assembling points as frequently as necessary. The cases are loaded on the truck and brought to the central grading station where the eggs are graded. The empty egg cases are returned by the truck the next time it visits the assembling point.

In handling poultry, the members deliver the poultry in coops to the various assembling points and the trucks haul the poultry to the central station. If live poultry is shipped, it is often convenient to route a car with stop-over privilege at certain shipping points, and to give the members notice to deliver the poultry direct to the car on the day designated.

GRADING AND POOLING

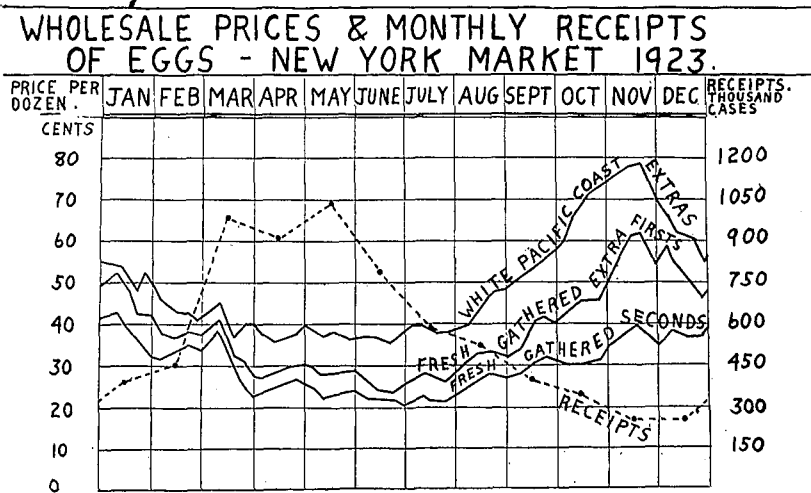
Improving the quality of Minnesota eggs and selling a standardized product, are the main purposes of the co-operative association, and to accomplish these, careful grading is absolutely necessary. All the grading is done at the central grading station, and as the association has a large volume of business it can afford to employ men who are expert in candling and grading. When a member's case comes on the grading floor the eggs are graded and a record is made of the number in the various grades. A duplicate copy of this record is placed in the empty case so that when the member receives the case he also gets the record showing the grade. In grading eggs, quality, weight, and color are considered. Weight must be considered, as a dozen eggs, for example, weighing 28 ounces should be worth more than a dozen weighing only 22 ounces.

Members are paid according to grade, the better grades naturally bringing a better price than the lower grades. This is absolutely fair to the producer, as a member delivering fresh, clean eggs of uniform size and color is entitled to a better price than a member delivering eggs mostly of inferior quality. Paying according to grade is an incentive for the producer to take proper care of the eggs on the farm and deliver the product in good condition, because his returns are greater. The manager of the Rice County Association is authority for the statement that when the organization started business only 35 per cent of the eggs delivered would grade "extra firsts" and four months later 85 per cent of the eggs delivered were in that grade, showing that the producer generally will deliver a high-grade product if paid accordingly.

The association does not buy the members' product and pay cash. It is an organization to sell the eggs and poultry for its members. The member delivers the product; the association grades and sells it to the best advantage and pays the producers when the returns of sales are received. The price the member receives is the price his product sold for, less the actual expenses of handling and marketing, and a small fee per dozen deducted for a reserve fund. Districts make returns twice a month to the patrons.

The eggs are pooled by grade, the time of the pooling period being half a month. By pooling in this way, all members in a district having

eggs in a pool get the same price for the same grade. As the exchange sells the eggs for all the districts, the entire state is the area for the pool, the eggs of one district being pooled with those of the same grade in other districts.



QUALITY PAYS

The aim of the co-operative egg marketing associations is to put a high-quality standardized product on the market and establish a reputation for Minnesota eggs. This means that producers must take proper care of the eggs on the farm, deliver them to the association often and in good condition, and the association must grade and standardize the product and handle it properly in marketing.

The consumer wants a high-quality product and is willing to pay a higher price for fancy quality eggs. No consumer cares to buy inferior eggs, yet producers are flooding the markets with poor eggs. A co-operative association has no business selling a poor quality product, and its success depends upon selling a high-grade product.

Various co-operative associations on the Pacific coast and in the eastern states secure a fancy price on the New York market for eggs shipped because they sell a standardized high-quality product. A study of prices for different grades of eggs on the large markets shows that the high quality grades bring much higher prices than eggs of ordinary and inferior quality. The range in price is not so great during the spring months when there is a large supply on the market, but during the fall it is especially marked. In the fall of 1923 there was a range of from 20 to 85 cents per dozen between the lowest and the highest grades.

A co-operative egg marketing association has little reason for existence unless it aims to sell a high-quality product. Producing good eggs, however, is a farm problem. The association does its part by grading, selling by grade on the market, and paying the producer according to the quality of his products. Obviously, the association can not sell a high grade product unless the producer will furnish it. The hen does her part by laying a good fresh egg. Maintaining the quality of that egg and delivering it in good condition to the association is the job of the farmer. The member will be well repaid for his efforts by the increased price which he will receive, as compared to that received for an inferior quality.

The following are rules for care of eggs on the farm. If the producer will take pains to follow these rules he can deliver eggs of high grade:

1. Gather the eggs daily in cool weather and twice a day during the summer months.
2. Keep eggs in a cool dry place, until delivered.
3. Keep nests filled with clean dry shavings or straw.
4. Confine broody hens as soon as discovered.
5. Confine male birds when hatching season is over, and produce infertile eggs.
6. Never wash eggs; a washed egg will not keep fresh.
7. Keep eggs away from bad odors. Eggs absorb odors.
8. Use the cracked, dirty, and small eggs at home. These are wholesome when fresh, but are discriminated against on the market.
9. Deliver the eggs often to the association—at least twice a week during warm weather.

In addition to observing the above rules the producer will usually find it profitable to adopt one or two standard breeds. As a result he will get eggs that are more uniform in size and color. Good housing and proper feeding are also very essential for the production of large eggs of high quality.

Year-round production is of great value to the producer and the association as well. Most of the eggs in Minnesota are now produced during the spring months when prices are low. In the fall, eggs are scarce and generally prices are high. Having fresh eggs to sell in the fall usually means more profits to the producer, and the association can get a better outlet for eggs by being able to supply fresh eggs during the slack season.

OTHER ADVANTAGES

In addition to improving the quality of Minnesota eggs, the egg and poultry marketing association is of benefit to the producers in other ways.

1. A district properly organized has a large enough volume of business that the products can be handled economically. Being able to make carlot shipments means lower transportation costs per unit of product. It also means lower overhead costs.

2. Large organizations can afford to hire an experienced manager, and the producers get the benefit of his knowledge of the marketing of eggs.

3. The organization can study the markets and place the product where there is best demand and at the proper time. This necessarily means that some eggs must be put into storage, but most associations will not attempt to store eggs until their business is firmly established and a reserve fund built up to assist in financing. The state exchange studies the markets and aims to distribute the product intelligently.

4. The associations handle feeds and other poultry supplies for the members on a cost basis.

FUNDAMENTALS FOR SUCCESS

1. Sufficient volume of business.

No district association should attempt to start business until it has a membership large enough that it is sure of a fairly good volume of business. For the average district 30 carloads of eggs and 15 of poultry is probably the minimum volume of business for economical marketing; and a larger volume is desirable. A large volume means lower overhead costs per unit and more efficient use of labor.

2. Proper grading and standardization.

The importance of selling "quality products" has been emphasized previously in this bulletin. To accomplish this, the association must grade carefully and pay the member according to grade.

3. Efficient management.

Good business management is very essential for the success of any co-operative enterprise. The board of directors should be composed of men who have the interest of the association at heart and have executive and business ability. The manager should have a good business knowledge along with experience in handling and marketing eggs and poultry. The association must keep accurate records and observe good business practices, and this responsibility rests largely upon the manager.

4. Support of the members.

The members must be loyal to the association. The membership contract ties the member to his organization, but he must be willing to observe the rules and regulations of the association, especially in regard to delivering quality products. Each member has one vote at the meetings of the organization, and he should attend the meetings and take an active interest in the affairs of his organization.

ARTICLES OF INCORPORATION AND BY-LAWS

The following articles of incorporation and the by-laws are standard and are being used by the districts incorporated. They conform to the requirements of the Co-operative Marketing Law of Minnesota.

ARTICLES OF INCORPORATION OF _____ CO-OPERATIVE EGG AND POULTRY ASSOCIATION

We, the undersigned, do hereby voluntarily associate ourselves together for the purpose of forming a non-stock, non-profit, co-operative association under Chapter 264 of the Session Laws of 1923, known as "The Co-operative Marketing Act" of the State of Minnesota.

ARTICLE I

NAME

The name of this association shall be the _____ Co-operative Egg and Poultry Producers' Association.

ARTICLE II

PURPOSE

(1) The purposes for forming this association are: To promote and engage in any activity in connection with production, preserving, canning, grading, packing, processing, storing, shipping, warehousing, handling, and marketing of any poultry, eggs or their by-products, and in the financing of any or all of said operations; to purchase, sell or deal in poultry, eggs, feed, supplies and equipment either for the benefit of the association or the membership thereof; to borrow money and to make advances to members, to lend money on poultry or eggs or any other adequate security, and to accept as collateral for loans, warehouse receipts, mortgages, or any other kind of property or security; to endorse or guarantee the payment of, or secure in any way commercial paper or negotiable paper or instruments signed by any member of the association; to sell, discount or borrow money upon any commercial paper or negotiable instruments, promissory notes, or warehouse receipts or mortgages or any other property or security owned or under the control of this association; to act as the agents, representatives or brokers of any person, firms, or corporations in any of the above activities; to purchase or otherwise acquire and to hold, own, exercise all rights of ownership; to sell, transfer or pledge shares of capital stock or bonds in any corporation or association engaged in egg, poultry, or agricultural activities; to buy, hold and exercise all privileges of ownership of such real or personal property as may be necessary or convenient for the conduct and operation of any of the business of the association; and to do each and every thing necessary, suitable or proper in the judgment of the directors of this association anywhere, for the accomplishment of any of the purposes or attainment of any of the objects herein enumerated or which shall at any time appear conducive to or expedient for the interests of this association and to contract accordingly.

(2) All activities of this association shall be non-profit and co-operative in character, for the mutual benefit of its producer members, but it shall have and exercise all powers authorized by law, excepting such powers, rights and authority as may be inconsistent with the special statutes applying to non-profit co-operative associations.

ARTICLE III
PLACE OF BUSINESS

The principal place of business of this association shall be in the _____ of _____, county of _____ and state of Minnesota. Branch offices may be located at other points at the discretion of the board of directors.

ARTICLE IV
DURATION

The term of duration of this corporation shall be for thirty (30) years from and after the date of incorporation.

ARTICLE V
DIRECTORS

The governing body of this association shall be a board of directors, which must not be less than five and may be any number in excess thereof, according to the local delivery points represented, and the term of office shall be for one year.

The board of directors of this association may by majority vote affiliate this association in any lawful manner with other like associations in order to form a central association for the purpose of more economical marketing of its products.

ARTICLE VI
MEMBERSHIP

This shall be a non-profit, non-stock co-operative association. The property rights and interest of each member shall be equal.

Any person engaged in the production of eggs or poultry may be admitted to membership upon payment of the membership fee and by complying with the terms and conditions which shall be determined and fixed in accordance with the by-laws.

ARTICLE VII
AMENDMENTS

These articles may be altered or amended in the manner provided by law.

ARTICLE VIII
INCORPORATORS

Name and place of residence of incorporators are as follows:

Name:	Residence:
.....
.....
.....
.....

Signed, sealed, and delivered in the presence of:
..... Acknowledgment
.....
.....

BY-LAWS OF _____ CO-OPERATIVE EGG AND POULTRY
PRODUCERS' ASSOCIATION

Adopted _____, 19__

In accordance with the articles of incorporation as herewith amended to conform to Chapter 264, Session Laws of 1923, known as the "Co-operative Marketing Act," the _____ Co-operative Egg and Poultry Producers' Association does hereby adopt the following code of by-laws as and for the by-laws of said association.

SECTION I
MEMBERSHIP

Qualifications.—(a) Any person in the area covered by this association and who is a producer of eggs and poultry may be admitted to membership in this association by paying an initial membership fee of \$3 (three) and by signing the agreement hereinafter stated, in which he agrees to deliver and sell all his marketable surplus eggs and poultry to this association.

Membership certificate.—(b) Upon payment in full of membership fee, and signing membership agreement, the officers of the association shall cause to be issued to said member a membership certificate entitling the member to all the privileges of membership under "The Co-operative Marketing Act" above mentioned. This fee shall be payable at time of signing the producer's agreement but the prospective member may at this time give the association authority to deduct from his monthly egg or poultry checks not to exceed 5 (five) per cent until membership fee is fully paid.

Certificates of membership shall not be transferable and no person shall acquire the same by operation of law or otherwise than by election to membership in accordance with these by-laws, and the certificate shall so state.

CERTIFICATE OF MEMBERSHIP

Form of membership certificate.—(c) This is to certify that.....
.....having first read the by-laws and marketing agreement of the
----- Co-operative Egg and Poultry Producers' Association, to full compliance with which he hereby agrees, and having paid the membership fee of \$3, is hereby declared to be a member of said association and in token thereof this certificate is duly issued.

Dated.....

The ----- Co-operative Egg and Poultry Producers' Association
(SEAL) By.....Secretary
By.....President

This certificate is non-assignable and non-transferable.

Duties.—(d) Annually the members shall assemble at the point where they deliver their eggs and poultry to the association and choose a director or directors to represent them in the conduct of the business of this association.

The members shall observe strictly such rules for the care and delivery of eggs and poultry as shall be made from time to time by the association.

Withdrawal.—(e) Any member may resign and withdraw from the association, subject to any liabilities incurred by him as a member thereof, by giving a written notice of his desire to withdraw to the secretary within a period of thirty days prior to any annual meeting after the first and second.

Forfeiture.—(f) Any member shall forfeit his membership upon proof being made that he has ceased to engage in the production of eggs and poultry and his membership certificate shall be marked "void" on the records of the association. Any transfer of poultry by the member to any relative of any degree or to any person in trust during membership in this association shall be deemed to have been made subject to and conditional upon compliance with all terms hereof by any such transferee and such compliance is a continuing obligation of the member.

Closing member's interest.—(g) In case of death, removal from the area of this association, expulsion or withdrawal, the board of directors shall, within a reasonable time, equitably appraise his property interest in the association, fix the amount thereof in money, which shall be paid or tendered him within thirty days after such appraisal.

SECTION II
MEETINGS

Time, place and manner of calling.—(a) The annual meeting of the members of this association shall be held on the ----- in ----- each year at ----- at the principal office of the association. Special meetings of the members shall be called by the secretary on request of the directors or when ten per cent of the members petition the board of directors in writing, stating the specific business to be brought before the association. Notice of the annual or special meetings shall be mailed to each member to his address as it appears upon the records of the association at least ten days prior to the time of holding such meetings and in case of special meetings the notice shall state the time, place, and purpose of the meeting.

Manner of voting.—(b) At every meeting each member shall be entitled to cast one vote either in person or by mail, but not by proxy, and such ballots as are sent by mail shall be registered with the secretary and counted only in the meeting at the time when such vote is taken; provided, however, that a notice containing the exact text of the action or resolution has been mailed to such member and is attached to the ballot returned by the absent member.

Quorum of members.—(c) A quorum shall be a majority of the members when the total membership does not exceed one hundred, or in other cases 10 per cent of the total number of members providing this 10 per cent is not less than fifty except on questions where the state law requires the majority of all members. In case less than a quorum is present, members shall have power to adjourn to a certain day by giving proper notice of such adjourned meeting in the regular manner. All members at any meeting shall be registered by the secretary.

SECTION III DIRECTORS

Election of directors by district units.—(a) The directors shall, not less than thirty days prior to the date fixed for the annual meeting each year, cause the territory in which the members of the association deliver eggs and poultry, according to records of the association to be divided into districts around each delivery point patronized by the members. Each of such districts shall be entitled to one director for each fifty members or major portion thereof. At least ten days prior to the annual meeting, the secretary shall cause a primary election to be held by the members of each of these districts for the purpose of selecting their choice for a member or members of the board of directors and the person, or persons, so chosen shall be elected director at the next annual meeting. The voting at such meeting shall be governed by the same rules as at annual meetings of the associations. In addition, one or more directors may be appointed by the state commissioner of agriculture, as provided by law, and shall be subject to removal in the same manner as other directors.

Duties of directors.—(b) The directors shall elect the officers and executive committee, hire a manager, fix salaries, fill vacancies, outline the policies of the association and be responsible to the members for the conduct of the business of the association.

Quorum.—(c) One-third of the directors shall constitute a quorum.

Vacancies.—(d) The directors shall fill vacancies on the board of directors in consultation with members at delivery point, and among the officers for the unexpired term, except as to the director appointed by the commissioner of agriculture.

SECTION IV OFFICERS AND EXECUTIVE COMMITTEE

Election.—(a) The officers of this association shall be a president, vice-president, secretary, and treasurer, elected annually by the directors and shall hold office until their successors shall have qualified and entered upon the discharge of their duties. All officers shall be chosen from the board of directors except the treasurer, who may or may not be a director. The office of secretary and treasurer may be combined and one individual appointed thereto.

Executive committee election duties.—(b) The directors shall elect an executive committee of five from among its members, one of whom shall be president of the association, one of whom shall be vice-president of the association, one of whom shall be secretary of the association, and one of whom shall be treasurer of the association. Said executive committee shall hold office at the pleasure of the board and shall exercise all powers of the board which by law may be delegated to them, and shall have general direction and management of the association when the directors are not in session. The executive committee shall make rules for the calling of its meetings and the conduct of its business. Three members of the executive committee shall constitute a quorum thereof for transaction of business and three affirmative votes shall at all times be necessary in order to adopt any motion or approve any proceeding by said executive committee. This committee shall appoint or select such others officers or employees as it shall designate.

Duties of the president.—(c) The president shall be chairman of and preside over all meetings of the members, directors, and executive committee, direct the affairs of the association, call special meetings of the directors, sign all certificates of member-

ship and all notes, agreements, or other instruments of the association, when so directed by the directors or executive committee and discharge such other duties as may be required by the by-laws, directors, and executive committee.

Duties of the vice-president.—(d) The vice-president shall be vested with all the powers and perform all the duties of the president in his absence.

Duties of the secretary.—(e) The secretary shall be clerk of the board of directors and shall attend all sessions thereof and record all votes and the minutes of all proceedings in books to be kept for the purpose, and shall be the custodian of the documents and papers of the association. He shall give notice of all meetings of the directors, and members of the association, as provided by these by-laws, and sign all certificates of membership..

Duties of the treasurer.—(f) The treasurer shall keep full and accurate account of the receipts and disbursements in books belonging to the association and shall deposit all moneys and other valuable effects in the name of the association as may be directed by the directors; all checks, promissory notes, bills of exchange, and other instruments calling for the payment of money which shall be issued by the corporation shall be signed by such officers as the board may from time to time designate.

Manager and duties.—(g) The board of directors shall have power to appoint a manager, who shall hold office at the pleasure of the board and shall receive such compensation as the board shall determine and have such powers as the board shall from time to time designate.

Annual report.—(h) The officers and manager of this association shall annually prepare an annual report, giving a general statement of its business operation during the fiscal year, showing the number of members, amount of membership fees received, total expenses of operation, the amount of its indebtedness or liability, and copy of its balance sheets on such forms, and such other records as are required, and file as required by law.

Bonding officers.—(i) Every officer, employee, and agent handling funds or negotiable instruments, or property for the association, shall execute and deliver an adequate surety bond for the faithful performance of his duties and obligations as determined by the executive board, cost of such bond to be paid by the association.

Removal of officers.—(j) Any officer may be removed by due process, as provided in the Minnesota Co-operative Marketing Act, Chapter 264 of the Session Laws of 1923.

SECTION V OPERATION AND FINANCE

Pools and grading.—(a) The association shall pool or mingle the eggs and poultry of the member with eggs and poultry of a like grade and quality delivered in the same week by other members. For this purpose the pooling period shall be defined as the calendar week. The association shall grade and classify the eggs and poultry so received and its grading shall be conclusive. The association shall be the sole judge of the standard quality and grade of the eggs and poultry, and shall adopt such method of standardization as will be the most advantageous in general.

Standardization and delivery.—(b) The association may make the necessary rules and regulations to standardize the quality, method and manner of handling, packing, and shipping of eggs and poultry for any purpose, and the producer agrees to observe and perform any such rules and regulations prescribed by the association. All eggs and poultry delivered hereunder to or at the order of the association shall be of the standard and conform to the regulations as to quality and otherwise that may be prescribed either by the state and federal authorities or by the association. Any and all of the grading and inspection powers may be exercised by the agency selling the products of this association. Any deduction or allowance or loss or expense that the association in its discretion may make, suffer, or incur, on account of any eggs or poultry of inferior quality or standard, or of undesirable condition as determined by the association shall be charged against the member and be deducted from his net returns hereunder.

The member agrees that all eggs and poultry delivered hereunder shall be free from damage of any kind, and in good marketable and merchantable condition and shall be delivered to the association as, when and where it shall direct.

Cost of operation.—(c) The association shall re-sell such eggs or poultry of like grade and quality delivered by its members under this agreement or similar contract at the best prices obtainable by it under the market conditions, and shall pay over to

the members the amount received therefrom less the grading, freight, insurance and any other actual marketing expense as payment in full to the member or members named in contract similar hereto, all according to the quantity of eggs or poultry delivered by each of them; and in addition, within the discretion of the association shall take not to exceed one cent per dozen on eggs or per pound on poultry, or both, which shall accrue in a working reserve fund for credits and other commercial purposes, to be determined by the directors.

Distribution of surplus reserve.—(d) The member shall be credited with any deductions for a working reserve fund so created and shall be entitled to withdraw only such portions thereof as the association directs. The above working reserve fund shall stand as an asset of the association and may be used to pay any association indebtedness, but the books of account shall show from what members deductions on such accounts were made and what amounts; and such sums shall be credited to the member but shall not be subject to withdrawal by him except as and until authorized by the board of directors and after payment or deduction of its proper share of corporate debts.

Field service fund.—(e) The funds secured from membership fees shall be credited to a special fund which may be used for organization expenses, publicity and educational purposes and shall be known as the Field Service Fund.

Storage, profits and losses.—(f) The association shall in its discretion, store, process or warehouse eggs or poultry so stored or warehoused shall be deemed tion, or otherwise; and any eggs or poultry so stored or warehoused shall be deemed to have been resold at the current loan value on the dates of storage as conclusively determined by the association, and the sale price so calculated shall be added to the receipts from the eggs or poultry actually sold during that week and shall be distributed as part of that week's receipts as above provided.

Any net profits after paying all warehouse charges, interest, taxes, insurance and other costs resulting from the ultimate resale of such eggs or poultry by the association shall be divided proportionately on the basis of the value of the respective deliveries among the members delivering eggs or poultry during the period in which said products are placed in storage, all as determined conclusively by the association. Any losses after paying all warehouse charges, interest, taxes, insurance, and other costs resulting from the ultimate resale of such eggs and poultry by the association shall be chargeable against and be paid by members proportionately on the value of the respective deliveries of the members delivering eggs and poultry to the association during the period in which said products are placed in storage.

Mortgage lien.—If the producer places a chattel mortgage or other lien upon any of his poultry during the term hereof, the association shall have the right to take delivery of said poultry and to pay off all or part of said lien for the account of the producer and to charge same against him individually. The producer shall notify the association prior to making any such lien and the association shall advise with the producer in any such transactions.

Liquidated damage.—(g) Inasmuch as the remedy at law would be inadequate and inasmuch as it is now and ever will be impracticable and extremely difficult to determine the actual damage resulting to the association should the producer fail to sell and deliver to the association all of his poultry and poultry products, as set forth in the marketing agreement to be entered into between this association and each member thereof, the producer hereby agrees to pay to the association for all eggs and poultry delivered, sold, consigned, withheld or marketed by or for him, other than in accordance with the terms hereof, the sum of five cents for each dozen eggs, one dollar for each dozen chickens and three dollars for each dozen other domestic fowls as liquidated damage for the breach of this contract; it being agreed that the faithful performance of said marketing agreement by the parties thereto is vital to the success of the association and that damages herein and therein provided for in case of breach thereof are fair, just and not in the nature of penalties. The member further agrees that in the event of a breach by him of any provision regarding the delivery of eggs and poultry the association shall be entitled, as an additional remedy, to an injunction to prevent breach or further breach herof and the parties agree that this is a contract for the purchase and sale of personal property under special circumstances and conditions.

If the association brings any action whatsoever by reason of a breach of said marketing contract, the member agrees to pay to the association all costs, premiums for bonds, expenses and fees arising out of or caused by the litigation.

SECTION VI
FISCAL YEAR

The fiscal year of the association shall begin on January 1 each year.

SECTION VII
SEAL

The seal of this corporation shall be an egg-shaped die in the center of which shall appear the words "Corporate Seal" and around the edge of which shall appear the words "_____ Co-operative Egg and Poultry Producers' Association, _____, Minn."

SECTION VIII
AMENDMENTS

The by-laws may be altered or amended at any annual meeting of members, or at any special meeting of members called for that purpose, by a vote representing a majority of all members.

SECTION IX
MEMBERSHIP AGREEMENT

The following agreement shall be signed by each member:

THIS AGREEMENT, made this _____ day of _____, 192____, by and between the _____ Co-operative Egg and Poultry Producers' Association, a non stock, non profit association, party of the first part, organized under the Minnesota state law, known as "The Co-operative Marketing Act of 1923," hereinafter referred to as the association; and, the undersigned poultry producer party of the second part, hereinafter referred to as the member.

WITNESSETH:

I, the undersigned producer, hereby become a member of the _____ Co-operative Egg and Poultry Producers' Association and agree:

- (a) To pay an initial membership fee of \$3.
- (b) To deliver and sell all his marketable surplus eggs and poultry which he may produce, (except such eggs as may be suitable for hatching and actually used or sold for incubation, or poultry raised and sold for breeding stock, or sales direct to a consumer by the member) to the association during the years 1924 (after _____), 1925, 1926, 1927, 1928, unless a written notice is given by either party within a period of thirty (30) days prior to any annual meeting, after the first and second, or in case of the member's death or removal from the area of the association, and the term poultry as used herein shall be understood to include and embrace chickens, turkeys, ducks, and geese.
- (c) To observe such rules for the care and delivery of eggs and poultry as may be prescribed by the association and that all deliveries to the association shall be graded and merchandised by the association or such parties as it may designate. The eggs and poultry delivered hereunder shall become the absolute property of the association.

(d) In case the member violates this agreement in any way by failing to deliver his product or otherwise, the producer hereby agrees to pay the association for all eggs and poultry delivered, so consigned, withheld or marketed by or for him, other than in accordance with the terms hereof the sum of 5 cents for each dozen eggs, \$1 for each dozen chickens, \$3 for each dozen turkeys, as liquidated damages for breach of this contract as specified in section 5 of the by-laws.

(e) To abide by the articles of incorporation and by-laws of the association, which by-laws are hereby made a part of this agreement.

2. The association agrees:

- (a) To buy eggs and poultry and provide facilities for handling the same to best advantage.
- (b) To assemble, grade and market same in any manner deemed by the directors most advantageous in improving the quality and market demand.
- (c) To pay over to the producers the amount received for the eggs or poultry as payment in full according to the quantity in the different grades delivered to the association and the association is hereby authorized to deduct the actual handling

and selling expenses plus not to exceed one cent per dozen on eggs or per pound on poultry, or both, which shall accrue in a reserve fund as per section 5 of the by-laws.

(d) To perform any other service within the function of the association, separately or in conjunction with other similar co-operative associations, as determined by the directors, who shall when 15 similar associations are organized unite and form the Minnesota Egg and Poultry Exchange.

3. At its discretion the association may temporarily defer starting the poultry marketing work until the egg marketing work is well established.

This agreement shall not be binding until enough members have joined to insure sufficient volume to make the work economical and practical as determined by the directors of the association, written notice to be sent as to the date from and after which his said products are to be delivered to the association.

IN WITNESS WHEREOF, we have set our hands and seal the day and date first above written.

_____ Co-operative Egg and Poultry Producers' Association

(SEAL)

_____Secretary

_____President

_____Member

Witness for:

Association_____

Member_____