

**SUMMARIZED TABLE OF CONTENTS:
BYLAWS OF THE NATURAL
FOODS CO-OP, INC. (2007)**

Article I.	Membership
Article II.	Shares
Article III.	Termination of Membership
Article IV.	Membership Meetings and Members
Article V.	Directors
Article VI.	Officers
Article VII.	Corporate Records and Reports
Article VIII.	Inspection Rights
Article IX.	Member Benefits Allocation- Program <u>Fiscal and Miscellaneous Matters</u>
Article X.	Bylaw Changes

**DETAILED TABLE OF CONTENTS: BYLAWS
OF COOPERATIVE, INC.**

ARTICLE I. MEMBERSHIP

- 1.1. Classification of Members
- 1.2. Membership Qualifications
- 1.3. Membership Application
- 1.4. Acceptance of Members
- 1.5. Transfers Prohibited
- 1.6. Membership Fee
- 1.7. Bylaws and Articles to Prospective Members
- 1.8. Shareholders and Members

ARTICLE II. SHARES

- 2.1. Share Issuance
- 2.2. Share Ownership
- 2.3. Share Certificates and Disclosure Document
- 2.4. Prohibition on Transfer of Shares
- 2.5. Partial Withdrawal
- 2.06 Insolvency Delay
- 2.07. Unclaimed Equity Interests

ARTICLE III. TERMINATION OF MEMBERSHIP

- 3.1. Voluntary Withdrawal
- 3.2. Death or Dissolution
- 3.3. Expulsion
- 3.4. Settlement of Share Interest

ARTICLE IV. MEMBERSHIP MEETINGS AND MEMBERS

- 4.1. Location
- 4.2. Regular Annual Meetings
- 4.3. Special Meetings
- 4.4. Time For Notice of Meetings
- 4.5. Method of Giving Notice
- 4.6. Record Date for Notice
- 4.7. Contents of Notice
- 4.8. Waivers, Consents, and Approvals
- 4.9. Quorum at Meeting
- 4.10. Loss of Quorum at Meeting
- 4.11. Adjournment for Lack of Quorum
- 4.12. Adjourned Meetings
- 4.13. Voting of Memberships
- 4.14. Use of Written Ballots at Meetings
- 4.15. Contents of Written Ballot Used at Meetings
- 4.16. Action by Ballot Without Meeting
- 4.17. Written Ballot Used Without Meeting
- 4.18. Solicitation of Written Ballots
- 4.19. Withholding Vote
- 4.20. Appointment of Inspectors of Election
- 4.21. Duties of Inspectors of Election

ARTICLE V. DIRECTORS

- 5.1. Number
- 5.2. Qualifications
- 5.3. Nomination
- 5.4. Election
- 5.5. Terms of Office
- 5.6. Stipends and Reimbursement
- 5.7. Call of Meetings
- 5.8. Place of Meetings
- 5.9. Presence at Meetings
- 5.10. Regular Meetings
- 5.11. Special Meetings and Notice
- 5.12. Quorum at Meetings
- 5.13. Acts of Board at Meetings
- 5.14. Adjournment of Meetings
- 5.15. Action Without Meeting
- 5.16. Executive Committees
- 5.17. Resignation of Directors
- 5.18. Removal of Directors
- 5.19. Cause of Vacancies on Board
- 5.20. Declaration of Vacancies

5.21. Filling Vacancies on Board

ARTICLE VI. OFFICERS

- 6.1. Titles
- 6.2. Appointment and Resignation

ARTICLE VII. CORPORATE RECORDS AND REPORTS

- 7.1. Required Records
- 7.2. Annual Report
- 7.3. Annual State of Transactions and Indemnifications

ARTICLE VIII. INSPECTION RIGHTS

- 8.1. Articles and Bylaws
- 8.2. Books and Records
- 8.3. Inspection of Membership List

ARTICLE IX. ~~MEMBERSHIP BENEFITS~~Fiscal and Miscellaneous Matters

- 9.1. Fiscal Year
- 9.2. Membership Benefits Allocation Program
- 9.3. Distribution of Net Earnings
- 9.4. Adjustments to Net Earnings
- 9.5. Distribution and Notice
- 9.6. Distributions in Shares
- 9.7. Consent of Member-Owners
- 9.8. Retained Amounts
- 9.9. Annual Audit

ARTICLE X. BYLAW CHANGES

- 10.1 Bylaw Changes by the Board
- 10.2 Bylaw Changes by the Members

<u>Record of changes: Date of vote</u>	<u>Overview</u>
<u>February 2016</u>	<u>Changed membership renewal date from calendar to anniversary</u>
	<u>Changed title IX from "Membership Benefits" to "Fiscal and Miscellaneous Matters" and added sections 9.3 to 9.9</u>

ARTICLE I. MEMBERSHIP

Section 1.01. Classification of Members.

The Corporation shall have two classes of Membership.

Equity Membership: One equity share is \$300.00. Each member is entitled to one share as provided under Section 1.02. This amount shall be paid in full, or in \$25.00 installments annually up to

- (a) \$300.00, or in any incremental amount above the \$25.00 minimum. Payment is due on— the member's anniversary date of membership for continuation of membership benefits. If payment is not received as specified, the member is not entitled to membership benefits, including voting rights, and the member is subject to the provisions of Article III for settlement of equity share interest. The account can be made current within two years with renewed payment. Equity share investment dollars are refundable to members pursuant to Article III. All equity members are required to activate their memberships annually either by payment of installment, or for full share holders, by providing current mailing address information.

Employee Membership: Coop employees are automatically active members for the duration of their employment and their membership certificate purchases shall be waived for this period.

Section 1.02. Membership Qualifications.

Any person may become and remain a member of this Corporation by:

- (a) Complying with such uniform conditions as prescribed by the Board of Directors;
- (b) Making full payment of any non-refundable membership fee as set forth in Section 1.06 of these Bylaws;
- (c) Making full payment for one share or installments towards one share pursuant to Section 1.01; and
- (d) If a natural person, being a resident of California. Section

1.03. Membership Application.

An applicant eligible for and desiring admission to membership in the Corporation, shall file a written application for admission in whatever form and containing whatever information the Board of Directors prescribes. The date of the applicant's membership application shall be considered the member's anniversary date.

Section 1.04. Acceptance of Members.

Applications for membership shall be reviewed by the Board of Directors or by a membership committee duly authorized by resolution to admit members. Applications shall be accepted unless rejected in writing within thirty days for reasons satisfactory to the Board. If accepted, the applicant shall be admitted to membership and shall be allowed to vote and hold office. If rejected, the applicant shall be entitled to a refund of any amounts paid for membership fees and his or her equity share, or fractional share.

Section 1.05. **Transfers Prohibited.**

No member may transfer his or her membership or any right arising therefrom.

Section 1.06. **Membership Fee.**

A processing fee in an amount set from time to time by the Board of Directors, may be charged to and collected from each member upon joining the Corporation.

Section 1.07. **Bylaws and Articles to Prospective Members.**

Each prospective member, upon application for membership, shall receive a copy of the Articles of Incorporation, Bylaws, and disclosure document of the Corporation, upon request

Section 1.08. **Shareholders and Members.**

“Shareholder” and “member” and their plurals shall be synonymous terms throughout these Bylaws.

ARTICLE II. SHARES

Section 2.01. **Share Issuance.**

Shares may be issued for money paid in an amount as is determined from time to time by the Board of Directors. Share price is determined in part by applicable Federal and State regulations.

Section 2.02. **Share Ownership.**

Share ownership entitles a member to only one vote in the affairs of the Corporation, irrespective of the total amount of share interest a member owns, and to all the rights of membership as described by statute, the Articles of Incorporation, and these Bylaws.

Section 2.03. **Share Receipt and Disclosure Document.**

(a) Nothing in this section shall restrict the Corporation from issuing identity cards or similar devices to members which serve to identify members qualifying to use facilities or services of the Corporation.

(b) Except as provided in Subsection (c) of this Bylaw section, prior to issuing a share, the Corporation shall provide the purchaser of a share with a "disclosure document." The disclosure document may be a prospectus, offering, circular, brochure, or similar document, a specimen copy of the share certificate, or a receipt that the Corporation proposes to issue. The disclosure document shall contain the information required by Section 12401 of the California Corporations Code.

(c) The Corporation shall issue a receipt or written advice of purchase to anyone purchasing a share upon the member's first purchase of a share. No disclosure document need be provided to an existing member prior to the purchase of additional fractional share if that member has previously been provided with a disclosure document which is accurate and correct as of the date of the purchase of additional fractional share.

Section 2.04. **Prohibition on Transfer of Shares.**

No shares of this Corporation may be assigned or transferred. Any attempted assignment or transfer shall be wholly void and shall confer no rights on the intended assignee or transferee.

Section 2.05. **Partial Withdrawal.**

A member having a monetary amount in his or her share account in excess of a monetary amount to be determined from time to time by the Board of Directors may cause the Corporation to purchase his or her excess share amount upon written request to the Board. Subject to Section 2.06 of these Bylaws, the Board must, within one year of such request, pay the amount the member requests in cash or other property or both. The exact form of payment is within the discretion of the Board.

Section 2.06. **Insolvency Delay.**

The Corporation shall delay the purchase of shares as described in Sections 2.05 and 3.04 of these Bylaws if the Corporation, in making such purchase is, or as a result thereof would be, likely to be unable to meet its liabilities (except those whose payment is otherwise adequately provided for) as they mature.

Section 2.07. **Unclaimed Equity Interests.**

Any share of an inactive member, together with any accrued and unpaid dividends and patronage distributions related to that member, that would otherwise escheat to the State of California (after three years) as unclaimed personal property shall instead become the property of the Corporation (after two years) if the Corporation gives at least 60 days prior notice of the proposed transfer to the affected member by 1) first-class or second-class mail to the last address of the member shown on the Corporation's records, and 2) by publication in a newspaper of general circulation in the county in which the Corporation has its principal office. No shares or amounts shall become the property of the Corporation under this section of the Bylaws if written notice objecting to the transfer is received by the Corporation from the affected member prior to the date of the proposed transfer.

ARTICLE III. TERMINATION OF MEMBERSHIP

Section 3.01. **Voluntary Withdrawal.**

A member shall have the right to resign from the Corporation and terminate his or her membership by filing with the Secretary of the Corporation a written notice of resignation. The resignation shall become effective immediately without any action on the part of the Corporation.

Section 3.02. **Death.**

A membership shall immediately terminate upon the death of a member.

Section 3.03. **Expulsion.**

(a) A member may for failure to comply with these Bylaws, rules, or regulations of the Corporation, or for any other justifiable reason, be expelled from the Corporation by resolution adopted by a two-thirds vote of all members of the Board of Directors. Expulsion shall become effective immediately unless the Board shall, in the resolution, fix

another time. On expulsion, the name of the member expelled shall be stricken from the membership register and all of his or her rights shall cease except as provided in Section 3.04 of these Bylaws.

(b) Prior to expulsion of a member, the Board of Directors shall give such member at least 15 days notice prior thereto and the reasons therefore. Such member shall have the opportunity to be heard, orally or in writing, not less than five days before the effective date of expulsion by the Board.

(c) The notice required pursuant to Subsection (b) of this section of these Bylaws may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class or registered mail sent to the last known address of the member shown on the Corporation's records.

Section 3.04. **Settlement of Share Interest.**

If a membership is terminated for any reason set forth in this Article of the Bylaws, the share interest held by the member shall be purchased by the Corporation, subject to Section 2.06 of these Bylaws, within one year of the date of termination to the extent of the paid-up value of the member's share. The Board of Directors, in so settling the member's share interest, shall have the right to set off any and all indebtedness of the member to the Corporation. The paid-up value of the member's share interest is the monetary amount of such interest (including fractional share) that the member has been issued in accordance with Section 2.01 of these Bylaws.

ARTICLE IV. MEMBERSHIP MEETINGS AND MEMBERS

Section 4.01. **Location.**

Meetings of members shall be held at the principal office of the Corporation, or as determined by the Board.

Section 4.02. **Regular Annual Meetings.**

A regular meeting of members shall be held annually between the first day of April and the last day of June inclusive. The time and place of each annual meeting shall be set by the Board of Directors. The purpose of the meeting shall be the transacting of any proper business, including the election of Directors.

Section 4.03. **Special Meetings.**

Special meetings of members for any lawful purpose may be called by the Board of Directors, the President, or by five percent or more of the members.

Section 4.04. **Time for Notice of Meetings.**

Whenever members are required or permitted to take action at a meeting, a written notice of the meeting shall be given not less than ten nor more than ninety days before the date of the meeting to each member who is entitled to vote on the record date for notice of the meeting. In the case of a specially called meeting of members, within twenty days after receipt of a written request, the Secretary shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the Board of Directors not less than 35 nor more than 90 days after receipt of the request.

Section 4.05. **Method of Giving Notice.**

Notice shall be given either personally or by mail or other written communication to the address of a member appearing on the books of the Corporation or provided by the member. If no address appears or is given, notice shall be given at the principal office of the Corporation.

Section 4.06. **Record Date for Notice.**

The record date for determining the members entitled to notice of any meeting of members is 30 days before the date of the meeting.

Section 4.07. **Contents of Notice.**

The notice shall state the place, date, and time of the meeting. The notice of a regular meeting shall state any matters that the Board of Directors, at the time of giving notice, intends to present for action by the members. The notice of a special meeting shall state the general nature of the business to be transacted. The notice of any meeting at which Directors are to be elected shall include the names of all nominees at the time of giving notice.

Section 4.08. **Waivers, Consents, and Approvals.**

The transactions of a meeting, whether or not validly called and noticed, are valid if a quorum is present and each of the absent members who is entitled to vote, either before or after the meeting, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. All waivers,

consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

A member's attendance at a meeting shall constitute a waiver of notice of and presence at the meeting, unless the member objects at the beginning of the meeting. However, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice, but not included if an objection is made at the meeting.

Section 4.09. **Quorum at Meeting.**

Three members of the voting power shall constitute a quorum at a meeting of members. Any Bylaw amendment to increase the quorum may be adopted only by approval of the members. When a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting and entitled to vote shall be the act of the members, unless provided otherwise by these Bylaws or the law. The only matters that may be voted upon at any regular meeting actually attended by less than one-third of the voting power are matters notice of the general nature of which was given pursuant to the first sentence of Section 4.04 of these Bylaws.

Section 4.10. **Loss of Quorum at Meeting.**

The members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if the action taken, other than adjournment, is approved by at least a majority of the members required to constitute a quorum.

Section 4.11. **Adjournment for Lack of Quorum.**

In the absence of a quorum, any meeting of members may be adjourned by the vote of a majority of the votes represented in person, but no other business may be transacted except as provided in Section 4.10 of these Bylaws.

Section 4.12 **Adjourned Meetings.**

The corporation may transact any business at an adjourned meeting that could have been transacted at the original meeting. When a meeting is adjourned to another time or place, no notice is required if the time and place are announced at the original meeting. If the adjournment is for more 45 days or if a new record date is fixed, a

notice of the adjourned meeting shall be given to each member of record entitled to vote at the meeting.

Section 4.13. Voting of Memberships.

(a) Each member of the Corporation is entitled to one vote on each matter submitted to a vote of the members.

(b) The record date for determining the members entitled to vote at a meeting or cast written ballots is 20 days before the date of the meeting or the day on which the first ballot is mailed or solicited.

(c) Cumulative voting shall not be permitted for any purpose.

(d) Voting by proxy shall not be permitted for any purpose. Section

4.14. Use of Written Ballots at Meetings.

A combination of written ballot and personal voting may be used at any regular or special meeting of members, and may be used for the election of directors. Prior to the meeting, the Board of Directors may authorize distribution of a written ballot to every member entitled to vote. The ballots shall be distributed in a manner consistent with the provisions of Sections 4.05, 4.17(b), and 4.19 of these Bylaws. When ballots are distributed, the number of members voting at the meeting by written ballot shall be deemed present at the meeting for purposes of determining a quorum but only with respect to the proposed actions referred to in the ballots.

Section 4.15. Contents of Written Ballot Used at Meetings.

Any written ballot used at a meeting shall set forth the proposed action to be taken, provide an opportunity to specify approval or disapproval of the proposed action, and state that unless revoked by the member voting in person, the ballot will be counted if received by the Corporation on or before the time of the meeting.

Section 4.16. Action by Ballot Without Meeting.

Any action that may be taken at any regular or special meeting, including election of Directors, may be taken without a meeting through distribution of a written ballot to every member entitled to vote on the matter. The Secretary shall cause a vote to be taken by written ballot on any action or recommendation proposed in writing by at least 20 percent of the members.

Section 4.17. **Written Ballot Used Without Meeting.**

(a) Any ballot used without a meeting shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Corporation.

(b) The form of written ballot distributed to 10 or more members shall afford an opportunity to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time of distribution, to be acted on by the ballot. The form must also provide that whenever the person solicited specifies a choice with respect to any matter, the vote will be cast in accordance with that choice.

(c) A written ballot cannot be revoked. Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Section 4.18. **Solicitation of Written Ballots.**

Ballots shall be solicited in a manner consistent with Sections 4.05, 4.17(b), and 4.19 of these Bylaws. The solicitations shall indicate the number of responses needed to meet the quorum requirement and specify the time by which the ballot must be received to be counted. Ballots other than for the election of Directors shall state the percentage of approvals necessary to pass the measure.

Section 4.19. **Withholding Vote.**

In an election of Directors, any form of written ballot which names the candidates for Director and which the member has marked "withhold" (or otherwise indicated that the authority to vote in the election of Directors is withheld) shall not be used for voting in that election.

Section 4.20. **Appointment of Inspectors of Election.**

In advance of any meeting of members, the Board of Directors may appoint inspectors of election to act at the meeting and any adjournment. If inspectors are not appointed or if any appointed persons fail to appear or refuse to act, the chairperson of the meeting

may and, on the request of any member, shall, appoint inspectors at the meeting.

Section 4.21. Duties of Inspectors of Election.

The inspectors shall determine the number of memberships outstanding and the voting power of each, the number represented at the meeting, and the existence of a quorum. They shall receive votes, ballots, and consents, hear and determine all challenges and questions regarding the right to vote, count and tabulate all votes and consents, determine when the polls will close, and determine the result. They may do those acts which are proper to conduct the election or vote with fairness to all members. The inspectors shall perform these duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical.

ARTICLE V. DIRECTORS

Section 5.01. Number.

The corporation shall have three to seven Directors, collectively known as the Board of Directors.

Section 5.02. Qualifications.

The Directors of the Corporation shall be members in good standing of the Corporation and residents of California.

Section 5.03. Nomination.

(a) The Board of Directors shall prescribe reasonable nomination and election procedures for the election of Directors given the nature, size, and operations of the Corporation. The procedures shall include: 1) a reasonable means of nominating persons for election as Directors, 2) a reasonable opportunity for a nominee to communicate the nominee's qualifications and the reasons for the nominee's candidacy to the members, 3) a reasonable opportunity for all nominees to solicit votes, 4) a reasonable opportunity for all the members to choose among the nominees.

(b) When the Corporation distributes any material soliciting a vote for any nominee for Director in any publication owned or controlled by the Corporation, it shall make available to each other nominee, in the same material, an equal amount or space with equal prominence to be used by the nominee for a purpose reasonably related to the election. The Corporation shall mail within 10 business days to all members any

material related to the election which a nominee for Director has furnished, upon written request and payment of mailing costs by the nominee, or allow the nominee to obtain the names, addresses, and voting rights of members within five business days after the request, as determined by the Board.

Section 5.04. **Election.**

The Directors shall be elected at the annual meetings or by written ballot in accordance with Sections 4.16 to 4.19 of these Bylaws. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected.

Section 5.05. **Terms of Office.**

The terms of office for Directors shall be three years. Each Director shall serve for a three-year term or until a successor has been installed.

Section 5.06. **Stipends and Reimbursement.**

Directors may receive such stipends, if any, for their services, and such reimbursement of expenses, as may be determined by Board resolution to be just and reasonable.

Section 5.07. **Call of Meetings.**

Meetings of the Board of Directors may be called by the President, any Vice-President, the Secretary, or any two Directors.

Section 5.08. **Place of Meetings.**

Meetings of the Board of Directors may be held at any place designated in the notice of the meeting, or, if not stated, in a notice by resolution of the Board.

Section 5.09. **Presence at Meetings.**

Directors may participate at meetings of the Board through the use of conference telephone or other communications equipment, as long as all participating Directors can hear one another. Participation by communications equipment constitutes presence at the meeting.

Section 5.10. **Regular Meetings.**

Regular meetings of the Board of Directors shall be held, without call or notice, at the principal office of the Corporation immediately

following the annual meeting of members, as set forth in Section 4.02 of these Bylaws.

Section 5.11. **Special Meetings and Notice.**

Special meetings shall be held on 4 days' notice by first-class mail or 48 hours notice delivered personally or by telephone or telegraph. Notice of regular or special meetings need not be given to any Director who signs a waiver of notice, a written consent to holding the meeting, or an approval of the minutes (either before or after the meeting), or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to that Director. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 5.12. **Quorum at Meetings.**

A majority of the authorized number of Directors constitutes a quorum for the transaction of business.

Section 5.13. **Acts of Board at Meetings.**

Unless provided otherwise in the Articles of Incorporation, these Bylaws, or by law, every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present is the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for the meeting or a greater number required by the Articles, these Bylaws, or by law.

Section 5.14. **Adjournment of Meetings.**

A majority of the Directors present, whether or not a quorum is present, may adjourn to another time and place. If the meeting is adjourned for more than 24 hours, notice of the adjournment shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

Section 5.15. **Action Without Meeting.**

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all Directors individually or collectively consent in writing to the action. The consents shall be filed with the minutes of the proceedings of the Board. Action by written

consent has the same force and effect as a unanimous vote of the Directors.

Section 5.16. **Executive Committees.**

(a) The Board of Directors may create one or more committees to serve at its pleasure by resolution adopted by a majority of the number of Directors then in office when a quorum is present. Each committee shall consist of or more Directors appointed by a majority vote of the Directors then in office.

(b) Any executive committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to the following actions:

- (1) The approval of any action for which the approval of the members or a majority of all members is required by law;
- (2) The filling of vacancies on the Board or in any committee that has the authority of the Board;
- (3) The fixing of compensation of the Directors for serving on the Board or on any committee;
- (4) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (5) The amendment or repeal of any resolution of the Board which by its express terms are not amendable or repealable;
- (6) The appointment of committees of the Board or the members of such committees; and
- (7) The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected.

Section 5.17. **Resignation of Directors.**

Any Director may resign effective upon written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the effectiveness of the resignation. If a resignation is effective at a future time, a successor may be elected by the Board of Directors to take office when the resignation becomes effective.

Section 5.18. **Removal of Directors.**

Any or all Directors may be removed without cause by the members. If the Corporation has fewer than 50 members, the removal shall be approved by an affirmative vote or written ballot of a majority of all the votes entitled to be cast. If the Corporation has 50 or more members, the removal shall be approved or ratified by the affirmative vote of a majority of all the votes represented and voting at a duly held meeting at which a quorum is present, or by written ballot, or by the affirmative vote or written ballot of any greater proportion of the votes as required in these Bylaws or by law.

Section 5.19. Cause of Vacancies on Board.

Vacancies on the Board of Directors shall exist on the death, resignation, termination of membership, or removal of a Director; whenever the authorized number of Directors is increased; whenever the Board declares an office vacant pursuant to Section 5.20 of these Bylaws; and on the failure of the members to elect the full number of Directors authorized.

Section 5.20. Declaration of Vacancies.

The Board of Directors may declare vacant the office of any Director whose eligibility for election has ceased, who has been declared of unsound mind by a final order of court, who is convicted of a felony, or who has not attended three or more consecutive regular or special meetings of the Board.

Section 5.21. Filling Vacancies on Board.

Except for vacancies created by removal of a Director pursuant to Section 5.18 of these Bylaws, vacancies may be filled by a majority of the Directors then in office, whether or not less than a quorum, or by a sole remaining Director. Vacancies created by the removal of a Director may be filled only by approval (as defined by Section 12224 of the Corporations Code) of the members. The members may elect a Director at any time to fill any vacancy not filled by the Directors.

ARTICLE VI. OFFICERS

Section 6.01. Titles.

The officers of the Corporation shall be a President, Secretary, Treasurer, and any other officers with such titles and duties as determined by the Board of Directors and as may be necessary to enable it to sign instruments. The President is the Chief Executive Officer of the Corporation. The same person may hold any number of

offices. The President shall be chosen from among the Directors elected by the membership of the Corporation.

Section 6.02. **Appointment and Resignation.**

The officers shall be chosen by the Board of Directors and serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time on written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

ARTICLE VII. CORPORATE RECORDS AND REPORTS

Section 7.01. **Required Records.**

The Corporation shall keep adequate and correct books and records of account and minutes of the proceedings of its members, Board of Directors, and committees of the Board. It shall also keep a record of the members, including the names, addresses, and amount of share held by each. The minutes shall be kept in written or recorded form. Other books and records shall be kept either in written form or in any other form capable of being converted into written form.

Section 7.02. **Annual Report.**

(a) For fiscal years in which the Corporation has, at any time, more than 25 members, the Corporation shall notify each member yearly of the member's right to receive an annual financial report. The Board of Directors shall promptly cause the most recent annual report to be sent to a member on written request. The annual report shall be prepared no later than 180 days after the close of the Corporation's fiscal year.

(b) The annual report shall contain in appropriate detail all of the following: (1) a balance sheet as of the end of the fiscal year, an income statement, and a statement of changes in financial position for the fiscal year; (2) a statement of the place where the names and addresses of the current members are located; and (3) the statement required by Section 7.03 of these Bylaws.

(c) The annual report shall be accompanied by any pertinent report by independent accountants, or, if there is no such report, by the certificate of an authorized officer of the Corporation that the statements were prepared without audit from the books and records of the Corporation.

Section 7.03. **Annual Statement of Transactions and Indemnifications.**

In addition to the annual report described in Section 7.02 of these Bylaws, the Corporation shall furnish annually (pursuant to Section 12592 of the Corporations Code) to its members and Directors a statement of the transactions and indemnifications to interested persons. If the Corporation does not issue an annual report pursuant to Section 7.02 of these Bylaws, such statement shall be mailed or delivered to members within 180 days after the close of the fiscal year.

ARTICLE VIII. INSPECTION RIGHTS

Section 8.01. **Articles and Bylaws.**

The corporation shall keep at its principal office in California the original or a copy of its Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the members at all reasonable times during office hours. If the Corporation has no office in California, it shall furnish on the written request of any member a copy of the Articles or Bylaws as amended to date.

Section 8.02. **Books and Records.**

The accounting books and records and minutes of proceedings of the members, the Board of Directors, and committees of the Board shall be open to inspection on the written demand of any member at any reasonable time, for a purpose reasonably related to that person's interests as a member.

Every Director has the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind, and to inspect the physical properties of the Corporation.

Section 8.03. **Inspection of Membership List.**

(a) Subject to the Corporation's right to set aside a member's demand for inspection pursuant to Section 12601 of the California Corporations Code and the power of the court to limit inspection rights pursuant to Section 12602 of the Corporations Code, and unless the Corporation provides a reasonable alternative pursuant to Section 8.03(c) of these Bylaws, a member may do either or both of the following:

(1) Inspect and copy the record of all the members' names, addresses, and voting rights, at reasonable times, on making a written demand five business days in advance which states the purpose for which the inspection rights are requested;

(2) Obtain from the Secretary, upon written demand and tender of a reasonable charge, a list of names, addresses, and voting rights of those members entitled to vote for the election of Directors, as of the most recent record date for which it has been compiled, or as of a date specified by the member subsequent to the date of demand. The demand shall state the purpose for which the list is requested. The membership list shall be made available on or before the later of 10 business days after the demand is received or after the date specified as the date as of which the list is to be compiled.

(b) The rights set forth in Subsection (a) of this Bylaw section may be exercised by any member or members possessing five percent or more of the voting power for a purpose reasonably related to the members' interest as members. The corporation may deny access to the membership list where it reasonably believes that the information therein will be used for another purpose or where the Corporation provides a reasonable alternative pursuant to Section 8.03(c) of these Bylaws.

(c) The Corporation may within 10 days after receiving a demand, deliver a written offer of an alternative method of achieving the purpose identified in the demand without providing access to or a copy of the membership list. An alternative method that reasonably and in a timely manner accomplishes the proper purpose set forth in a demand made pursuant to Section 8.03(a) of these Bylaws shall be a reasonable alternative unless the Corporation fails to do the things that it offered to do within a reasonable time after acceptance of the offer. Any rejection of the offer shall be in writing and indicate the reasons the proposed alternative does not meet the proper purpose of the demand.

ARTICLE IX. ~~MEMBERSHIP BENEFITS~~ Fiscal and Miscellaneous Matters

Section 9.01. Fiscal Year.

The fiscal year of the Corporation shall end at the close of the business day on the last day of the month of December of each year.

Section 9.02. Membership Benefits Allocation Program.

Membership benefits shall be given at the register in the form of discounts in an amount as determined from time to time by the Board of Directors.

Section 9.03 – Distribution of Net Earnings.

The net earnings of the Co-op, to the extent attributable to the patronage of member-owners, shall be allocated and distributed among member-owners in good standing in proportion to their patronage and in such a manner as to constitute "patronage distributions" within the meaning of California law, and federal income tax law. In determining and allocating such adjusted net earnings, 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. Distributions

may be in cash or shares as set forth in this Article IX of these Bylaws. Any allocations of such nominal or de minimis amounts as not justifying 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 member-owners. Net earnings may be distributed or allocated to member-owners in cash or shares, as provided in this section 9.

Section 9.04 – Adjustments to Net Earnings.

The annual net earnings shall be determined in accordance with generally accepted accounting principles (otherwise known as book earnings). The Board may, in its sole discretion, make adjustments to net earnings to fund a reserve. Additionally, the Board may, in its discretion, allocate gain or loss where the income or expense recognized for book purposes does not reflect an equitable treatment of the members.

Section 9.05 – Distribution and Notice.

A portion of patronage refunds constituting not more than eighty percent (80%) of each allocation may be retained for the capital needs of the Co-op, as determined by the Board. Twenty percent (20%) of each allocation shall be made in cash as required by Internal Revenue Code Section 1385, unless such amount is de minimis, as provided in section 9.02. Distributions shall be accompanied by qualified or non-qualified written notices of allocation delivered to recipient member-owners within eight months and fifteen days following the close of the fiscal year.

Section 9.06—Distributions in Shares.

Where any member-owner has not yet fulfilled his or her obligation to purchase a membership share, the Board may credit any patronage distributions to be allocated to that member towards the purchase of the share, after distributing 20% in cash, as provided in Section 9.04.

Section 9.07 – Consent of Member-Owners.

By obtaining or retaining membership in the Co-op, each member-owner shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, and its associated treasury regulations, the stated dollar amount of any qualified written notice of allocation, in the taxable year in which such notice is received.

Section 9.08 – Retained Amounts.

Amounts retained pursuant to Section 9.04 shall be credited to capital accounts in cash or shares as set forth in Article III of these Bylaws, in the names of recipient member-owners, shall accrue no monetary return, and shall not be transferable.

Section 9.09 – Annual Audit.

An annual audit or financial review of accounts shall be made by an auditor approved by the Board of Directors. The audit or financial review shall be presented to the Board no later than the second quarter of the subsequent fiscal year and shall be available to any current member-owner, on written request. A summary of the annual audit or annual report shall be provided to all current memberships no later than the beginning of the third quarter of the subsequent

fiscal year. (Section 12592 of the CA Corporations Code requirements.)

Section 9.10 – Access to Information.

Member-owners shall be entitled to receive a copy of the Co-op's annual report. Upon receipt of a request made in good faith, a member-owner shall be provided information concerning some reasonable aspects of the Co-op's operational and financial affairs for a purpose reasonably related to such person's interest as a member-owner. No individual member-owner will be provided access to the Co-op's records of membership. A request signed by at least five percent of all members, requesting information from the Co-op's records of members shall be accommodated by means other than direct access to such records, as set forth in California Corporations Code Section 12600(c).

ARTICLE X. BYLAW CHANGES

Section 10.01. Bylaw Changes by the Board.

The Bylaws shall be adopted, amended, or repealed by the Board of Directors unless the action would:

- (a) materially and adversely affect the rights or obligations of members as to voting, dissolution, redemption transfer, distributions, patronage distributions, patronage, property rights, or rights to repayment of contributed capital;
- (b) increase or decrease the number of members or shares authorized in total or for any class;
- (c) effect an exchange, reclassification, or cancellation of all or part of the memberships or shares;
- (d) authorize a new class of memberships or shares;
- (c) change the number of Directors or establish a variable number of Directors;
- (f) extend the term of a Director beyond that for which the Director was elected or increase the terms of the Directors;
- (g) allow all or any portion of the Directors to hold office by virtue of designation or selection rather than by election by the members; and
- (h) allow the Board to fill vacancies occurring in the Board by reason of the removal of Directors.

Section 10.02. Bylaw Changes by the Members.

Where the Board of Directors is denied the right to adopt, amend, or repeal these Bylaws pursuant to Section 10.01 of these Bylaws, these Bylaws shall be adopted, amended, or repealed by approval of the members.

CERTIFICATE OF SECRETARY OF [NAME OF CORPORATION]

I hereby certify that I am the duly elected and acting Secretary of this Corporation and that the foregoing Bylaws constitute the Bylaws of this Corporation, as duly adopted by the Board of Directors on _____, 20 .

Dated: _____, 2016

[typed name], Secretary