

DAILY MARKET COOPERATIVE
(Formerly Daily Market Whitman Community Food Co-op)

BYLAWS

Revised September 5, 2007

SECTION I: Name and Location

The name of this cooperative is Daily Market Cooperative.

The office is located in the City of Walla Walla, State of Washington.

SECTION II: Purpose

The purposes of Daily Market Cooperative (herein "Daily Market") are set forth in the Articles of Incorporation and in our Mission and Vision statement.

SECTION III: Membership

1. Generally. Any natural person eighteen years of age or older who agrees to abide by the Bylaws of Daily Market and any other rules promulgated by the Board of Directors of Daily Market (herein "Board"), and who meets the conditions required for membership, may become a member. No change in any of these conditions will affect any person who is a member on the effective date of such change. Daily Market does not discriminate on social or political grounds or on the basis of ethnicity, creed, age, sex and gender, disability, sexual preference or marital status.

2. Application. A person seeking Membership in Daily Market must make written application to Daily Market on its prescribed form and pay a nonrefundable membership fee and a refundable member equity payment. The cost of this fee and equity payment, along with the method of payment, will be established from time to time by the Board.

3. Employees. Employees of Daily Market are automatically Members for the duration of their employment, and their annual membership fee and equity payment will be waived for this period.

4. Information. Each new member shall have access to a copy of the Articles of Incorporation and Bylaws and the updated Rochdale Principles.

SECTION IV: Rights and Benefits of Members

1. Rights and Privileges. The rights and privileges of members are set forth in Article IV of the Articles of Incorporation. Each Active Member and those otherwise entitled to vote as described in the Articles of Incorporation will have one vote on all matters on which members may vote. Affiliates and others will have no right to vote. Proxies are prohibited.

2. Not Liable for Debts. Members are not liable for debts of Daily Market.

SECTION V: Meetings of Members, Notice and Quorum

1. Annual Member Meeting. The annual meeting of members will be held at a date, time and place selected by the Board. The Board will coordinate the annual meeting and agenda.

2. Special Meetings. A special meeting of the members may be called at any time by the Board or its Chair. A special meeting of the members will be called on petition of 5% of the Active Members, to take place within 60 days after delivery of the petition to the Board.

3. Notice. The secretary will, not less than 30 nor more than 50 days in advance of the date of any meeting of the members, give notice to the Active Members and those otherwise entitled to vote as described in the Articles of Incorporation as of the record date, setting forth the date, time and place of the meeting (a) electronically or (b) by direct mail of a publication setting forth the required information. Such notice will also be posted in each place of business of Daily Market and will include the full text of any referendum issue or proposed amendment on which the members will vote. The record date for determining the Members qualified to vote at any meeting will be (a) the date on which the Board adopts a resolution submitting a proposal or subject to the members for a vote or (b) if the proposal or subject is submitted pursuant to the initiative process (Section VII), the date on which such petition is filed with the Board or (c) at such later date as the Board determines. Notices provided electronically are deemed delivered when sent addressed to the member at his or her electronic transmission address as it appears in the records of Daily Market. Notices provided by mail are deemed delivered when deposited in the United States mail, with postage thereon prepaid, addressed to the member at his or her address as it appears in the records of Daily Market.

4. Quorum. The quorum for voting on all issues at all properly called meetings of the members will be 5% of the Active Members and those otherwise entitled to vote as described in the Articles of Incorporation as determined at the record date for the meeting, except that the quorum is 10% for issues described in Section X, Paragraph 2 of these Bylaws, excepting amendments to the Articles of Incorporation which shall be 5%. The quorum at any meeting will be determined for all issues by counting the number of members voting electronically, the number of mail ballots and the Members and those otherwise entitled to vote as described in the Articles of Incorporation present at the meeting who did not vote electronically or by mail ballot, regardless of whether each person votes on all issues.

5. Percentage Vote. At the annual meeting or any special meeting, the Active Members and those otherwise entitled to vote as described in the Articles of Incorporation may, if the required quorum is present, amend the Articles of Incorporation by a two-thirds vote, adopt a statement of principle by a majority vote, and/or act upon any other matter properly before the members.

6. Right to Present. There will be opportunity at any meeting of the members for any Active Member to present brief statements supporting or opposing any issue or candidate.

SECTION VI: Voting

The Board may provide for voting of Active Members and those otherwise entitled to vote as described in the Articles of Incorporation in person, by mail ballot or electronically at any properly called meeting of the members with respect to referenda on specific cooperative policies, proposed amendments, election of directors or such other matters as may properly be presented to the members,

subject to these limitations:

- 1. Notice.** Notice of any meeting must be given as required in Section V, Paragraph 3 of the Bylaws.
- 2. Mailing.** The ballot itself will be mailed at least 30 days but no more than 50 days before the date of the meeting at which the vote is to be recorded and, if needed, will again be accompanied by the full text of statements included in the notice of the meeting.
- 3. When Delivered.** Mail ballots will be deemed delivered to the member if deposited in the United States mail with third class postage affixed and addressed to the member at his or her address as it appears in the records of Daily Market.
- 4. Counting.** Mail ballots will be counted at or following the meeting at which the vote is taken. No mail ballot received by Daily Market after the meeting date will be counted. All members voting by mail will be considered present and part of the quorum for the meeting.
- 5. Rule Promulgation.** Rules and procedures enabling members to register and cast votes electronically may be promulgated by the Board. All members voting electronically will be considered present and part of the quorum for the meeting.
- 6. When a Vote is Valid.** A vote will only be considered valid if it is either: cast in person at a meeting of the members, cast by mail on ballot forms prepared and provided by Daily Market, or cast electronically.
- 7. Reporting of Results.** The results of votes at all meetings of the members will be reported in a publication generally distributed to all members and subscribers and posted in each place of business of Daily Market.

SECTION VII: Initiative Process

Any Active Member may propose an initiative for Daily Market action to be voted on by the members and those otherwise entitled to vote as described in the Articles of Incorporation. The initiative must concern an amendment to the Bylaws or any action the Board could take without a membership vote. A petition to place an initiative on the agenda for a vote by the members at any meeting of the members must be signed by at least 5% of the Active Membership. The Board will provide for implementation of this process by promulgating reasonable rules of governance of the process consistent with these Bylaws.

SECTION VIII: Termination of Membership

1. Grounds for Expulsion. Any member whose activity endangers effective operation of Daily Market for the mutual benefit of its members may be recommended for expulsion from membership in Daily Market by the Board. After written notice to the member recommended for expulsion of the reasons for the recommendation and reasonable opportunity for a hearing before the Board, the Board may, in its discretion, terminate the member's membership. The member may appeal the Board's decision at a membership meeting, the Board's decision and announcement of the appeal having been included in the notice of such meeting. The decision of a majority of the members voting at such meeting will be binding upon the expelled member and upon Daily Market. The expelled member shall be entitled to the lesser of all member equity paid in by such member or the fair value of such

member's membership, less any amount owed the Co-op by that member. The initial and annual membership fee shall be non-refundable.

2. Right of Offset. Daily Market has the right to offset against the membership contribution held by any member for obligations owed to Daily Market by that member. If such obligations remain unpaid for more than one month, the Board may cancel the membership of that member. The same hearing and appeal process in Section VIII, Paragraph 1 apply. Debts which a member has incurred to Daily Market may be charged against the member's membership contribution if the debt is older than 30 days. All debts to Daily Market must be paid before redemption of a member's paid-in equity may be made.

3. Order of Redemption. Membership will be redeemed in the order of request, no sooner than 90 days after a member joins Daily Market and no sooner than 30 days nor longer than 180 days after the member has resigned from membership in writing, except in case of the clear and present need of the member. The Board will decide the number of days between 30 and 180. The redemption value of the membership will be prorated based on length of membership for the year, except in case of dissolution.

SECTION IX: Board of directors (Election, Selection and Qualifications)

1. Board of Directors. The management of Daily Market is directed by its Board of nine directors, with three elections to be every year in September. Each director must be a Member of Daily Market and, if elected, will serve a three-year term beginning within 30 days from the date of election and until his or her successor is elected and qualified, unless earlier removed from office as provided in the Articles of Incorporation. Employees of Daily Market may become directors through the regular election process; provided that no more than one employees may serve as a director at any one time. Daily Market employees who are elected or appointed to the Board may not vote on matters relating to employee compensation or union collective bargaining agreements. If any election would otherwise result in more than one Daily Market employee being a director at any time, then only that employee receiving the greatest number of votes in the election will be elected director such that there will never be more than one Daily Market employee director on the Board at any time. No director may serve more than three consecutive three-year terms. With respect to Daily Market, for purposes of establishing standards of conduct, the term "director" as used in these Bylaws is the same as that used in the Washington Nonprofit Miscellaneous and Mutual Corporations Act.

2. Nomination. Candidates to become directors will be nominated either (a) by the nominating committee or (b) by a written petition signed by at least 2% of the current Active Members and delivered to the nominating committee no later than February 15 of the year of the election. The nominating committee will establish such reasonable procedures as it may deem appropriate to be followed by candidates nominated by the nominating committee and by candidates nominated by petition and will cause the names of all nominated candidates complying with such procedures to appear on the ballot submitted to the members for voting in the election.

3. No Competitors. No person who is an officer, director or control person of a business that competes with Daily Market is eligible to be nominated or to serve as a director or as a member of the nominating committee. No person who is an officer, director or control person of a business that supplies goods or services to Daily Market is eligible to be nominated or to serve as a director or as a member of the nominating committee. For purposes of this Section IX, Paragraph 3, a "control person" is defined as an individual, and the parent, sibling, spouse or child of such individual, who: (a) owns or controls, directly or indirectly, ten percent (10%) or more of the stock or ownership units of such an

entity; (b) is a partner in such an entity; or (c) is in a management position of such an entity.

4. Nominating Committee. The nominating committee will consist of not fewer than four nor more than six members elected each year in May by the members, plus one director appointed by the Board from the directors who are not standing for election in the year for which the nominating committee serves. Of the members of the nominating committee to be elected by the members, all must be Active Members of Daily Market who are not currently directors, and only one may be an employee of Daily Market. If any election would otherwise result in more than one Daily Market employee becoming an elected member of the nominating committee, then only the Daily Market employee receiving the highest number of votes in the election will be elected to the nominating committee. If at any time there should be fewer than four non-Board members satisfying the qualifications required in this Section IX, Paragraph 4 serving on the nominating committee, whether because fewer than four are elected in any election or because of resignations or inability to serve for any reason, the Board shall appoint to the nominating committee additional non-Board members who are otherwise eligible to serve so that the total number of non-Board members on the nominating committee will be four. The nominating committee will serve for one year following its election and appointment for the purpose of nominating candidates for director positions to be voted on at the next election for directors following the election of the nominating committee, except that the nominating committee may not nominate any of its members for election to the Board. In carrying out its responsibilities, the nominating committee will survey the Board to assess the strengths, weaknesses, and needs for the upcoming year and will solicit applicants for the open Board positions based upon that assessment.

5. Vacancies. Any vacancies on the Board may be filled by appointment by the Board, upon the recommendation of the nominating committee, of any Active Member, including a Daily Market employee so long as such appointment would not result in more than two Daily Market employees being directors, to serve the remainder of the unexpired term of the vacant position unless earlier removed from office.

6. Recall. Recall of directors may be effected as provided in Article X of the Articles of Incorporation.

SECTION X: Board of directors, Responsibilities and Operations

1. Management. The affairs of Daily Market will be managed by the Board. Each director will discharge the duties of a director in good faith, with the care an ordinarily prudent person in a like position would exercise in similar circumstances and in a manner the director reasonably believes to be in the best interests of Daily Market. In addition to those duties customarily imposed upon boards of directors by Washington law, the Board is empowered to establish various operating policies of Daily Market.

2. Quorum Requirement. The Board may recommend to the members but may not implement or effect any of the following without a quorum, as required by Section V, Paragraph 4 of these Bylaws, of Members giving two-thirds approval as required by the Washington Nonprofit Miscellaneous and Mutual Corporations Act:

- a. Amending the Articles
- b. Approval of merger or consolidation
- c. Sale, lease, exchange, etc. of all or substantially all the property and assets
- d. Voluntary dissolution

3. Committees. In discharging its duties, the Board may, by resolution, designate and appoint one or more committees or task forces consisting of two or more directors, which committees or task forces, to the extent provided in the establishing resolution, will have and exercise the authority of the Board in the management of Daily Market to the extent permitted by law. The designation and appointment of any such committee and the delegation thereto of authority will not operate to relieve the Board, or any individual director, of any responsibility imposed upon it, him or her by law. The Board may dissolve any committee or task force at any time. Any committees existing prior to the passage of the Bylaws shall be deemed valid.

4. Board Meetings. The Board will meet at least six times per year. The Board may, at any meeting, adopt a resolution scheduling the dates of regular meetings of the Board, and once each director has been given written notice of the schedule of regular meetings, no further notice to the directors is required. Special meetings of the Board may be called at any time by the President or Chair of Daily Market or by any three directors. Notice of all special meetings will be given to each director electronically or by telephone, facsimile or mail not less than three days in advance of the special meeting, such notice to specify the date, time and place of the meeting. Attendance of a director at any meeting will constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not properly called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

5. Quorum. A majority of the Board constitutes a quorum except to the extent a greater quorum is otherwise required by the Articles of Incorporation or the Bylaws. Decisions by the Board will be by majority vote of the directors at any meeting where a quorum is present except to the extent a greater voting majority is otherwise required by the Articles of Incorporation or the Bylaws.

6. Written Consent Actions. Any action of the Board that may be taken at a meeting of the Board may be taken without a meeting if a consent in writing setting forth the action to be taken is signed, including electronic signature if permitted by law, by all of the directors prior to the taking of such action. Such consent will have the same effect as a unanimous vote of the directors. Such actions are to be used sparingly.

7. Patronage Refunds. Subject to the provisions of Article VI of the Articles of Incorporation, the Board may adopt by resolution a program of patronage refunds or discounts containing such terms and conditions as the Board deems appropriate.

SECTION XI: Officers

The officers of Daily Market will consist of a president, one or more vice presidents, a secretary, a treasurer and such other officers and assistant officers as may be deemed necessary, each of whom will be elected annually by the Board. Any two or more offices may be held by the same person, except the offices of president and secretary. All expenditures of Daily Market in an amount set forth by the Board of Directors via resolution shall require the signature of both the President, or in his or her absence the Vice President, and the Secretary, provided the Secretary and the Vice President are not the same individual.

SECTION XII: Fiscal Year and Audit

1. Fiscal Year. The fiscal year of Daily Market will be determined from time to time by the Board via

resolution.

2. Independent Audits. The Board will assure an outside independent financial audit is conducted annually, provided there are adequate funds to pay for independent audit services.

3. Reporting. The findings of every audit will be reported to the Board and the members within six months after the close of the fiscal year. If an audit is not conducted due to the lack of funds, a report shall be provided to the members explaining the reason for the failure to conduct an independent audit.

SECTION XIII: Books and Records

Daily Market will keep correct and complete books and records of account and will keep minutes of the proceedings of its members, the Board and committees or task forces having any of the authority of the Board; and will keep at its principal office a record of the names and addresses of the members entitled to vote and any stockholders. Except to the extent necessary to protect business and proprietary information and as restricted by law, all such books and records of Daily Market may be inspected by any member or stockholder for any proper purpose at any reasonable time.

SECTION XIV: Confidentiality of Member Information

Daily Market, like other enterprises, must generate, process and maintain many of its business records via electronic data processing. This includes point of sale information generated from transactions between Daily Market and its members. Daily Market will treat point of sale information obtained from its members (“Member Information”) as confidential. Daily Market may organize and track Member Information which identifies individual members solely (1) to determine voting eligibility as set forth in the Articles of Incorporation and the Bylaws; (2) to track the status of each member’s capital account, and, if and when in effect, patronage refund; and (3) for purposes of contacting former Members to evaluate member retention and satisfaction. No other use of point of sale information identified to an individual member will be permitted without the advance express consent of that member or court order. However, Member Information from which names and addresses (other than zip codes, carrier routes, and/or census tracts) have been deleted may be used for other legitimate purposes.

SECTION XV: Indemnification of Directors and Others

Each director, member of the nominating committee and officer of Daily Market shall be entitled to indemnification against losses and expenses, including advancement of expenses prior to final resolution, arising out of any threatened, pending or completed action, proceeding or suit against him or her, or in which he or she may be involved, by reason of the fact that he or she is or was a director, member of the nominating committee or officer of Daily Market to the fullest extent permitted by the Washington Nonprofit Miscellaneous and Mutual Corporations Act, it being understood that such act incorporates by reference all of the provisions, conditions, limitations and requirements related to indemnification set forth in the Washington business corporation act. Further, employees of Daily Market may, in each instance as determined and approved by the Board, also be indemnified to the fullest extent permitted by the Washington Nonprofit Miscellaneous and Mutual Corporations Act.

SECTION XVI: Bylaws

1. Conflicts and Limitations. The provisions of the Bylaws are subject to the provisions of state and

federal law, as amended, and the Articles of Incorporation, as amended. Any conflict between provisions of the Bylaws and such law or the Articles of Incorporation must be resolved in favor of the latter.

2. Severability. If any provision or part of any provision of the Bylaws is judicially determined to be unenforceable for any reason or in any application, all remaining provisions of the Bylaws, and the remaining part of such provision, will remain, and be, in full force and effect for all other reasons and for all other applications.

3. Amendment. The Bylaws may be amended by a quorum of the Board of Directors.