

BY-LAWS
OF
CONSUMERS COOPERATIVE SOCIETY OF SANTA MONICA, INC.
(Amended February 2, 2008)

ARTICLE I - IDENTITY

Section 1. Name. The name of this corporation shall be the CONSUMERS COOPERATIVE SOCIETY OF SANTA MONICA, INC., (hereinafter referred to as the Co-Op).

Section 2. Place of business. The principal place of business of the Co-Op shall be located in the County of Los Angeles, State of California, and in such other counties and States of the Union as the Board of Directors (hereinafter referred to as the Board) shall decide.

ARTICLE II-OBJECTIVES

Section 1. Purpose. The purpose of the Co-Op shall be:

A. To promote the economic welfare of its Members by utilizing their united funds and efforts for the sale, purchase and distribution of goods, and the performance of services and such other activities as will benefit the Members, all as determined by the Board;

B. To associate itself with other Consumers Cooperatives for the purpose of mutual aid;

C. To advance the Consumers Cooperative movement as a system of business;

D. To give scholarship(s) to deserving students, make gifts to non-partisan charitable organizations and further the objectives of the organization as set forth in Article II of the Articles of Incorporation;

E. To do such other things as shall serve the general welfare of its Members and the public.

Section 2. Scope. The Co-Op shall have the authority to buy, distribute, and sell for its Members goods and services which the Co-Op may see fit to handle; to perform such services as the Members may desire; to acquire, by purchase or lease, real estate, or other properties or facilities desirable in the conduct of its business; to lease, mortgage, sell, and convey such properties; and to purchase, hold, sell, assign, or transfer the shares of other Corporations. It shall also enjoy all other rights and privileges, and all powers set forth in Section 12320 of the California Corporations Code as amended from time to time, not inconsistent with its Articles of Incorporation and the laws of the State of California.

Section 3. Methods of Business. The business of the Co-Op shall be done in accordance with the principles and practices of Consumers Cooperatives which follow:

- A. Open Membership;
- B. Only one (1) vote per Member;
- C. Limited return on capital;
- D. Political and religious neutrality;
- E. Constant education;
- F. Continuous expansion.

ARTICLE III – MEMBERSHIP

Section 1. Qualification. Membership in the Co-Op shall be open without restriction to any consumer, whether individual, or corporation, who (i) can make use of its services; (ii) is in agreement with its aims and purposes; (iii) agrees to abide by its By-Laws; and (iv) has complied with the Membership Share requirements as provided herein.

Section 2. Application and Membership. Application for Membership shall be made in writing on a form approved by the Board. The applicant becomes a Member after his or her application is approved and one (1) Share has been issued.

Section 3. Action on Application. Every application for Membership shall require approval of the Board, or in the alternative, the Board may delegate the power to approve applications to an appointed Membership Officer or Membership Committee. An applicant shall have the right to appeal to the Board in writing filed with the Secretary within thirty (30) days of written notice of rejection. An applicant not approved by the Board shall have the right to appeal to a Meeting of the Members whose decision shall be final. Such appeal must be in writing and must be filed with the Secretary of the Co-Op within thirty (30) days of the written notice of rejection and shall be acted upon by the Members at the next Regular Meeting or Special Meeting called for that purpose.

Section 4. Membership and Share Register. There shall be maintained at the principal office of the Co-Op a complete register of the name and latest address of each Member and a record of all outstanding Shares. Each Member shall agree to notify the Co-Op within ten (10) days of any change of his or her address. Members who fail to notify the Co-Op of their change in address as set forth herein shall be assessed a locator fee for the actual cost of a necessary locator service paid to a person or concern normally engaged in providing such service and incurred by the Co-Op in determining a Member's address. The locator fee shall be assessed against the Member's Share or other proprietary interest.

Section 5. Presentation of the By-Laws. A copy of these By-Laws shall be kept at the principal office of the Co-Op and given to each applicant for Membership upon written request.

Section 6. Inspection of Books and Records. The books, accounts, and records of the Co-Op, including these By-Laws and minutes of the Board and of any other Committee of the Co-Op, shall be available for inspection by any member of the Co-Op at reasonable hours upon reasonable written notice.

Section 7. Withdrawal. A Member wishing to terminate his or her Membership shall make written application to the Board, which shall have the power to establish the conditions by which the Members Shares will be repurchased, subject to the provisions of Article IV, Section 3.

Section 8. Expulsion. In the best interest of the Co-Op, as determined by the Board, the Shares of any Member may be repurchased and his or her Membership canceled under the provisions of Article IV, Section 3.

Section 9. Liability of Members. No Member of the Corporation shall be personally liable for the debts of the Corporation.

Section 10. Annual Fee for New Members. Members whose application for Membership is approved on or after March 1, 2008, must pay, within the time and on the conditions set by the Board, an annual Membership fee ("Membership Fee") in an amount as fixed from time to time by the Board. New Members who fail to pay the Membership Fee within the time and on the conditions set by the Board shall have the Membership Fee assessed against the par value of the Member's Share.

Section 11. Annual Fee for Existing Members. Effective February 2, 2008, all Members of record after February 1, 2000 must pay, within the time and on the conditions set by the Board, an annual Membership Fee in an amount as fixed from time to time by the Board.

Section 12. Failure to Pay Membership Fee – Assessment Against Share. Members who fail to pay the Membership Fee within the time and on the conditions set by the Board shall have the Membership Fee assessed against the par value of the Member's Share. Members who fail to pay the Membership Fee in the manner as established by the Board and have a Share with no par value shall have their Membership terminated in accordance with the procedures of Article III, Section 13.

Section 13. Termination of Membership. If grounds exist for terminating a Member under Article III, Section 12, the following procedure shall be followed:

- (a) The Board shall give the Member at least fifteen (15) days' prior notice of the proposed termination and the reasons for the proposed termination. Notice shall be given by any method reasonably calculated to provide actual notice. Notice given by mail shall be sent by first-class registered mail to the Member's last address as shown on the Co-Op's records.
- (b) The Member shall be given an opportunity to be heard, either orally or in writing, at least five (5) days before the effective date of the proposed termination. The hearing shall be held, or the written

statement considered, by the Board or by a committee or person authorized by the Board to determine whether the termination should occur.

- (c) The Board, committee, or person shall decide whether the Member should be terminated. The decision of the Board, committee, or person shall be final.
- (d) Any action challenging a termination of Membership, including a claim alleging defective notice, must be commenced within one year after the date of the termination.

ARTICLE IV – CAPITAL

Section 1. Membership Shares (herein referred to as Shares). The Board shall, from time to time, issue the Shares of the Co-Op at a price and upon terms and conditions determined by the Board, with full power to withdraw and terminate any offer as to unissued Shares. There shall be only one share issued per Member. Each share shall have a par value of ten dollars (\$10.00) until changed by the Board.

Section 2. Evidence of Membership. An appropriate evidence of Membership as determined by the Board shall be issued to each Member. It shall be in writing and meet the requirements of the California Corporations Code as amended from time to time.

Section 3. Transfer of Repurchase of Shares. Membership Shares shall be non transferable unless authorized by the Board.

A. A Member desiring to dispose of all or part of his or her Shares, by repurchase by the Co-Op, shall make application therefore in writing to the Board. Such disposition is subject to approval by the Board.

B. The Co-Op shall have the sole right to repurchase shares of its Members, but shall not be required to repurchase shares:

1. Any Share offered by a Member for redemption;
2. Any Share standing in the name of a deceased person;
3. Any Share subject to an order of court either state or federal;
4. Any Share, in whole or in part, held by a Member, or

Members, that the Board shall consider proper to redeem in the best interest of the Co-Op.

C. In the event the Board determines to purchase any Share of the Co-Op for any of the reasons set out in Sections 3A or 3B of this Article IV or in Section 8 of Article III, it shall cause to be mailed, first class mail, to the Holder (defined as the owner or other person legally

entitled to the shares) a notice of its intention to purchase such Shares and the reason for such purchase. The notice shall be mailed to the address of the Holder as it appears on the books of the Co-Op at least thirty (30) days prior to the date fixed for the purchase of such Shares. At a time and place fixed by the Board and referred to in the notice, which shall not be less than five (5) days before the purchase, the Member shall have the right to appear before the Board and show cause why his or her Share should not be purchased and/or his or her Membership terminated. Unless the proposed purchase of such Shares is then rescinded by action of the Board, the purchase of such Share shall be payable to the Holder thereof and the Holder shall cease to have or exercise any right with respect thereto except to receive payment of the purchase price upon presentation and surrender of the Evidence of Membership and Certificate evidencing the Shares. Should the Member file a written appeal to the Membership with the Secretary of the Co-Op within ten (10) days after the hearing, the matter of the repurchase of the Share shall await the final determination of the Members of the Co-Op at the next Regular Meeting or Special Meeting called for the purpose.

D. The price to be paid for Share(s) purchased by the Co-Op shall be, at the discretion of the Board, either par value or book value, as conclusively determined by the Board.

E. Should the Holder fail to turn in the Share and Evidence of Membership on the date of purchase, the Board shall notify Holder by certified mail, return receipt requested, that the funds to purchase the share have been deposited in an account the Members name as of a particular date and that as of that date in the Shares are deemed redeemed and Holder shall have no further rights in the Co-Op.

Section 4. Limitation on Share Holding. No Member or his or her immediate family shall, in the aggregate, own more than five percent (5%) of the outstanding Shares of the Co-Op. Immediate family shall be defined as husband, wife, children, grandchildren, or parents of a husband or wife.

ARTICLE V - DISTRIBUTION OF EARNINGS

The Co-Op shall conduct its business operations for the mutual benefit of its Members. All of the net earnings resulting from its operations, after providing for the Reserve Fund, Interest or Dividends on Shares, and Federal Income Taxes, belong to the owners of the shares of the Co-Op and may be distributed to them in any manner provided by law and approved by resolution of the Board.

ARTICLE VI - MEMBERSHIP MEETINGS

Section 1. Control. The Control of the Co-Op shall be vested in the Membership at its Meetings.

Section 2. Regular Meetings. The Annual Meeting shall not be held later than February 28 of each year. The exact time and place shall be determined by the Board, no later than December 31 of the preceding year.

Section 3. Special Meetings. Special Membership Meetings may be called at any time by one third of the Board, or by petition of at least seven percent (7%) of the Members. Such call or petition shall state the purpose of the Special Meeting. The President or Chairman of the Board

(hereafter Chairman) shall call a Special Meeting to be held not less than thirty-five (35) nor more than ninety (90) days after receiving the petition. The Chairman or President's notice of a Special Meeting shall be given within twenty days of receipt of petition therefore.

Section 4. Notice of Meetings. Written notice of time, place, and subject matter of all Membership Meetings shall be given to each Member not less than ten (10) or more than ninety (90) days before the date of the Meeting. Notice of the Meeting shall be given by electronic transmission of the corporation pursuant to California Corporations Code Section 12461(b), or, mailed to a Member, however, if Notice is given by mail and the Notice is not mailed by first-class mail, then Notice shall be given not less than twenty (20) days prior to the date of the Meeting. Notice by any of the foregoing means shall be addressed to each Member at the address of such Member appearing on the books of the Co-Op or given by the member to the Co-Op for purpose of notice. Notice of Special Meeting shall also state the purpose of the Meeting and the business to come before it and no business other than that specified in the notice shall be transacted. Notice of Regular Meeting shall include the business the Board intends to bring before the meeting and if Directors are to be elected, the names of the nominees. No business other than that included in the notice shall be acted upon.

Section 5. Quorum. A Quorum competent to transact business at any Membership Meeting shall consist of fifteen (15) Members. If a quorum should not be present at an Annual Meeting, an Adjourned meeting shall be held not less than thirty (30) days later and upon ten days written notice to all members. Those Members attending such Adjourned Meeting, regardless of number, shall constitute a Quorum competent to transact business. No meeting may be adjourned for more than sixty (60) days.

Section 6. Voting rights.

A. Any Member, as defined in Article III, shall have one (1), and only one (1) vote on all voting occasions, except that, an individual Member under the age of eighteen (18) may not vote. There shall be no voting by proxy;

B. Election of Directors and Committees shall be by secret ballot unless unanimous consent is given for a voice vote; action on all other matters shall be by voice, division, roll-call, or ballot as the Meeting may decide.

Section 7. Duties of Membership Meetings. The duties of the Membership at meetings shall be:

A. To elect and remove Directors and Committee Members elected by the Membership;

B. To hear and act upon all matters properly noticed by the Board;

C. To amend these By-Laws and the Articles of Incorporation;

D. To act on matters referred to it by the Board or these By-Laws;

E. To exercise final authority in all matters affecting the Co-Op.

Section 8. Acting Without Meeting. The Board may authorize the taking of action without a meeting pursuant to the requirements of Section 12351 of the California Corporations Code, as amended from time to time.

ARTICLE VII - BOARD OF DIRECTORS

Section 1. Directors. The Board of Directors, referred to herein as the Board, shall consist of no more than nine (9) nor less than five (5) Members of the Co-Op, as determined by the Board in accordance with the California Corporations Codes. They shall be elected at the Annual Meeting of the Shareholders and shall serve for a term of three (3) years or until their successors take office. Terms shall be staggered such that approximately an equal of the Board Members shall be elected each year. In the event a vacancy occurs on the Board, the remaining Directors may appoint a Member to fill such vacancy for the balance of the term of the member being replaced. Each Director shall acknowledge receipt of a copy of Sections 12370 through 12377 of the California Corporations Code entitled "Standards of Conduct" which are applicable to all members of the Board.

Section 2. Removal or Disqualification of Directors.

A. A Director absent from three (3) consecutive Board Meetings and not excused by vote of the Board shall have his or her position declared vacant;

B. No Employee of the Co-Op shall hold office as a Director.

Section 3. Meetings.

A. The Board shall meet twice each fiscal year at a time and place set by the Board, with notice of the time and place to be given by the President or Chairman. The Board shall elect a Chairman at its first meeting;

B. Special Meetings of the Board shall be called by the Chairman or at the request of any three (3) members of the Board, with at least forty-eight (48) hours notice delivered personally, or by telephone or telegraph, or by four (4) days written notice by first class mail, to each Board member. The notice shall specify the time and place of the meeting;

C. A majority of Directors shall constitute a quorum for official business;

D. Members of the Board may participate in a meeting through use of a conference telephone or other similar device so long as all members participating can hear each other and those members shall be counted as present when determining a quorum;

E. All Board meetings shall be open to the Membership. However, non-Board Members shall not be entitled to vote;

F. Any action of the Board may be taken without a formal meeting of the Board if all members of the Board, individually and collectively, consent in writing to such action, the consent to be filed with the minutes of the Board.

Section 4. Duties. The Board shall:

A. Have general supervision of the business and the affairs of the Co-Op and shall make all necessary rules and regulations, and take all necessary actions, not inconsistent with law or with these By-Laws, for the management and conduct of the business and the guidance of officers, employees, and agents of the Co-Op;

B. Elect the Officers of the Co-Op as provided in Article VII and convene the Membership Meetings as required in Article VI;

C. Have the power to employ and dismiss such employees as may be necessary or desirable, and to fix their duties and compensation and hire consultants to aid in the affairs of the Co-Op;

D. Require that an accounting system adequate to the business is maintained, that proper records of all business transactions are kept, that simplified financial statements are available to the Membership and that an independent annual audit of the Co-Op is made at least once a year;

E. Require anyone responsible for the custody of funds or property shall be bonded, and that the business of the Co-Op be adequately insured;

F. Have the power to authorize any Officer, Director, or the Manager or Assistant Manager to enter into any contract or execute any instrument in the name of the Co-Op. Such authority may be general or specific, and unless so authorized by the Board, no Member of the Board, Officer, Manager, or Assistant to the Manager shall have power or authority to bind the Co-Op by any contract or agreement or to pledge its credit;

G. Pursuant to Section 12377 of the California Corporations Code as amended from time to time, the Board may allocate funds for defense, or indemnity of an agent, and do all other things permitted by the Section evaluating the propriety of any action on a case by case basis;

H. Appoint Members of Committees as provided in Article IX and such other Committees as it deems necessary;

I. Establish an Administrative Code for the guidance and operation of the Board, Management, and Committees, which Code shall continue in effect until amended by the Board;

J. Maintain a program of cooperative and consumer publicity and education as well as relations with other agencies to promote the best interest of this Co-Op and the Consumers Cooperative Movement in general;

K. Take all action necessary or proper to conform the operation of the Co-Op to all laws and regulatory governing agencies rules and regulations.

ARTICLE VIII – OFFICERS

Section 1. Election. At the first regular meeting of the board following the Annual Meeting, the Board shall elect from among their numbers a President, Vice President, Secretary, and Treasurer, or Secretary/Treasurer. Their terms of office shall be for three (3) years or until successors are elected, provided that the Board may remove and replace any officer at any time. The Board, in its discretion, may also create and fill other subsidiary offices and define their scope and function.

Section 2. Duties. Each officer shall assume the responsibilities and perform the duties customarily assigned to his or her office and such other duties as may be prescribed by the Board.

ARTICLE IX - COMMITTEES

Section 1. Nominating Committee. A Nominating Committee of three (3) Members shall be nominated by the Board prior to two (2) months of the Annual Membership Meeting. Vacancies of the Nominating Committee shall be filled by the Committee until the next Annual Membership Meeting. This Committee shall make nominations for all positions to be filled by election of the Members. It shall entertain any recommendations from the general Membership and shall ascertain that all nominees are willing to serve. It shall submit a list of such nominations in time to be included with the notice of the meeting at which the election will take place. This provision shall not preclude nominations from the floor which are duly made and seconded with the nominee indicating orally or in writing his or her willingness to serve. The nomination procedure shall conform to Section 12470 of the California Corporations Code, as amended from time to time.

Section 2. Committees.

A. The Board shall appoint such other committees as it shall deem necessary or desirable;

B. Except as otherwise provided, the President shall be an ex-officio Member of all such committees;

C. No committee shall have any power that is inconsistent with or precluded by Section 12352 of the California Corporations Code as amended from time to time.

ARTICLE X - GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Co-Op shall begin on November 1 of each year and end on the following October 31, or may be such other annual period as the Board shall from time to time, decide.

Section 2. Parliamentary Procedure. The conduct of all meetings of the Co-Op shall be governed by the provisions of Roberts Rules of Order, Revised, except as otherwise provided in these By-Laws.

ARTICLE XI – AMENDMENTS

Section 1. Amendment by Board. To the extent permitted by Section 12330 of the California Corporations Code, these By-Laws may be amended or repealed by the Board and any such action shall be effective immediately.

ARTICLE XII – DISSOLUTION

Section 1. Dissolution. The Co-Op may be dissolved by the Members at any Regular Meeting or Special Meeting called for the purpose, only by a majority vote of all the Members of the Co-Op, present provided that thirty (30) days notice of such proposed action has been given in accordance with the applicable provisions of the California Corporations Code then in effect.

Section 2. Distribution of Assets. In the event of the distribution of the assets of the Co-Op through liquidation, dissolution or merger, the assets and funds remaining after payment of the outstanding obligations of the Co-Op shall be distributed to the members of the Co-Op equally and in accordance with the applicable provisions of the California Corporations Code then in effect.