

Expanded Disclosure Document for Davis Food Cooperative, Inc. Membership

1. Cooperative Status

The Davis Food Cooperative, Inc., is a cooperative corporation organized under the Consumer Cooperative Corporation Law of California.

2. Copy of Articles and Bylaws

A copy of the Corporation's Articles of Incorporation and its Bylaws will be furnished without charge to each member upon written request. Requests should be sent to 620 G Street, Davis CA 95616, the Corporation's office address. The Articles and Bylaws are also available at www.davisfood.coop/bylaws.html

3. Assignment or Transfer

No share or membership of the Corporation may be assigned or transferred except upon the terms and conditions contained in the Bylaws. Any attempted assignment or transfer shall be wholly void and shall confer no rights on the intended assignee or transferee. (See Bylaws, Article IV. Section 8. Transfer.)

4. Membership Fee

A one-time nonrefundable membership fee, in an amount set from time to time by

the Board of Directors, may be charged and collected from each member upon joining the Corporation. (See Bylaws, Article IV. Section 2. Becoming a Shareholder, (B))

5. Partial Withdrawal of Shares

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 Article IV, Section 9 of the Bylaws, the Board must pay the amount the member requests in cash when replacement capital is provided by other members.

6. Termination of Membership

Article IV, Sections 9 through 13 of the Bylaws provide as follows:

Section 9. **Withdrawal.**

Shareholders may withdraw, partially or wholly, amounts credited toward their purchase of shares, subject to the following provisions:

- (A) Shareholders must submit written notice to the Board of intent to withdraw their share credit.
- (B) Complete withdrawal of share credit necessitates resignation from membership.
- (C) Resignation of membership may be accomplished by filing with the Board the appropriate form. Resignation is effective when approved by the Board.
- (D) Withdrawal below the required level of share purchase is permitted only for reasons of extreme need and only if at least ten

dollars (\$10) in shares is retained.

- (E) Shares shall be redeemed following voluntary termination of membership when replacement capital is provided by other members.
- (F) **Re-joining.** A shareholder who resigns membership, but re-joins the Cooperative within one year, must re-invest the same amount in shares as was withdrawn. The shareholder must also purchase the shares required by any assessment made since the date of resignation.

Section 10. **Divorce or Separation.**

- (A) Upon termination of a common household by a married couple by dissolution of marriage, legal separation or actual separation, all community-property shares shall, unless both husband and wife direct otherwise, be divided equally between husband and wife, to be held by each as his or her separate property. If married shareholders living in separate households direct the Cooperative not to divide their shares, they must designate one of their households as the "buying household" and only the members of that household may exercise the privileges of household members under Article IV, Section 5C of these Bylaws.
- (B) Upon dissolution of an artificial entity that is a shareholder, all shares purchased during the life of the entity shall, unless the designated voter of the entity directs otherwise, be divided equally among the participants, owners, or agents of the entity according to the Cooperative's records.
- (C) Any non-shareholder receiving at least \$10 in shares under the provisions of this section shall be an individual shareholder beginning with the same standing as the original shareholder's standing on the date of the transfer.
- (D) Any non-shareholder receiving less than \$10 in shares, under the provisions of this section, may become a new shareholder by paying to the Cooperative the remaining amount necessary to make \$10. If this is not done within one (1) year, the share credit will be recalled by the Board

and the option of membership by this means will be terminated.

Section 11. **Inactive Status.**

A member who becomes delinquent in meeting his or her share purchase obligation to an extent determined by the Board, or who fails to patronize the Co-op for a period of time determined by the Board, shall, no sooner than thirty days after delivery of written notification, be placed into inactive status. His or her participation rights shall then be suspended. A member in inactive status may attain good standing only upon full correction of all delinquencies. References herein to the rights and entitlements of members shall be understood to refer only to members in good standing.

Section 12.

(A) Expulsion, Suspension, or Termination for Cause.

Membership may be terminated, or members may be expelled or terminated for cause by the Board, but only when such expulsion, suspension, or termination is done in good faith. Any expulsion, suspension, or termination shall conform to the following procedures: (i) the member shall be given at least 15 days prior notice of the proposed expulsion, suspension, or termination and the reasons therefor by first class or registered mail; (ii) notice under this Section shall be given by first class or registered mail to the member's last known address as shown on the corporation's records; and (iii) the member shall have the opportunity to be heard by the Board, orally or in writing, not less than five days before the effective date of the proposed expulsion, suspension, or termination. Nothing in this Section shall be deemed to limit the ability of the Cooperative to prohibit or restrict the presence of any individual from cooperative premises for health and safety reasons, as set forth in part (C) of this Section.

(B) Definition of Cause. For purposes of this Section, cause shall include, but not be limited to,

(i) ineligibility for membership, (ii) intentional or repeated violation of these bylaws, (iii) willful obstruction of any lawful purpose or activity of the Cooperative, (iv) unreasonable conduct, as defined by Article IV, Section 3, part (D) above. Upon termination of membership for any reason, all rights and interests in the Cooperative shall cease except for rights to return of capital funds pursuant to these Bylaws.

(C) Limiting access to Cooperative premises for health and safety reasons. Notwithstanding any other provision of these bylaws, the Cooperative shall have the right, at its sole discretion, to temporarily prohibit any individual from entering Cooperative premises, or limit the access of any individual to the premises to any extent, pending any procedures set forth in part (eight) of this section, if the presence of such an individual creates a health and safety concern for any cooperative employee, a member, customer, or other individual lawfully permitted on Cooperative premises. In for the purposes of this part, we "safety concerns" shall include, but not be limited to, any conduct that the cooperative deems actual or threatened violence, and battery, assault, hostility, or harassment towards any other Cooperative employee, member, customer, or other individuals lawfully permitted on Cooperative premises. Similarly, for the purposes of this part, "health concerns" shall include conditions that pose an immediate or ongoing health risk to other Cooperative employees, members, customers, or other individuals lawfully permitted on Cooperative premises.

Section 13. **Terms of Share Redemption.**

Shares shall be redeemable in all circumstances at the lesser of their carrying value on the books of the Cooperative or their net book value, less a reasonable processing fee, if any, as determined by the Board. Redemption proceeds shall be subject to offset by amounts due and payable to

the Cooperative by the member. No redemption shall be made when such payment would impair the ability of the Cooperative to meet its other obligations as they become due.

7. Member's Proprietary Interest

A member's proprietary interest in the Corporation is equal to the unredeemed (1) total of money received by the Corporation in exchange for all shares purchased by such member, and (2) the monetary amount of any shares allocated to a member by the Corporation. (See Bylaws, Article IV, Section 7 and Article V, Section 4.) A member or former member's proprietary interest does not include amounts transferred to the Corporation pursuant to Section 14 of Article IV of the Bylaws, Gifts of Proprietary Interest.

(This Expanded Disclosure Document is available at www.davisfood.coop/member_disclose.pdf)

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