

# **Flying Bike Cooperative Brewery**

## **Amended and Restated Bylaws**

### **October 31, 2013**

#### **SECTION I: Name and Location**

The name of this cooperative is Flying Bike Cooperative Brewery. The registered office is located in the City of Seattle, State of Washington.

#### **SECTION II: Purpose**

The purposes of Flying Bike Cooperative Brewery (hereinafter "Flying Bike") are set forth in the Articles of Incorporation and in the co-op's Mission and Vision statement.

#### **SECTION III: Membership**

**1. Generally.** Any natural person twenty-one (21) years of age or older who agrees to abide by these Bylaws of Flying Bike and any other rules promulgated by the Board of Directors of Flying Bike (the "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. Flying Bike 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 Flying Bike must make written application to Flying Bike on its prescribed form and pay a nonrefundable membership fee and purchase a refundable membership unit. 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. Approval.** Upon acceptance by the Secretary, the applicant will be issued a membership certificate evidencing ownership of one membership unit and shall become an Active Member entitled to all of the rights and privileges thereof.

**4. Employees.** Employees of Flying Bike are automatically members for the duration of their employment. Termination of employment will terminate membership on this basis; provided, however, membership shall not be terminated if the terminated employee is also a paying member. Employees that are also paying members are still only entitled to one vote.

**5. Information.** Each new member shall have access to a copy of the Articles of Incorporation, Bylaws, and the updated Rochdale Cooperative 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 and cumulative voting are prohibited.

**2. Not Liable for Debts.** Members are not liable for debts of Flying Bike.

## **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 within the state of Washington 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 10 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 Flying Bike 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 Flying Bike. 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 Flying Bike.

**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 quorum shall be 10% for: (a) removing a director from office, (b) approving of merger or consolidation, (c) Selling, leasing, exchanging, etc. of all or substantially all the property and assets and (d) voluntarily dissolving the cooperative. The quorum for voting on all issues at a properly called meeting will be determined for

all issues by counting the number of members voting electronically, the number of mail ballots and the Active Members 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, vote upon any issue properly before them. All questions shall be decided by a vote of a majority of the members voting thereon, except those matters set forth in Section X, Paragraph 2, which shall require a two-thirds supermajority vote.

**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, initiatives properly filed by Active Members, proposed amendments to the Articles of Incorporation or Bylaws, 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 these Bylaws.

**2. Mailing.** The ballot itself will be mailed or delivered electronically at least 10 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.** Ballots 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 Flying Bike. Ballots 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 Flying Bike.

**4. Counting.** Mail and electronic ballots will be counted at or following the meeting at which the vote is taken. No mail or electronic ballot received by Flying Bike after the completion of the meeting will be counted. All members voting by mail and electronically 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.

**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 or timely cast by mail or electronically on ballot forms prepared and provided by Flying Bike.

**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 Flying Bike.

## **SECTION VII: Initiative Process**

Any Active Member may propose an initiative for Flying Bike 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 these 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.** Consistent with the Articles of Incorporation, any member whose activity endangers effective operation of Flying Bike for the mutual benefit of its members may be recommended for expulsion from membership in Flying Bike 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 Flying Bike. The expelled member shall be entitled to the lesser of the cost of the membership unit purchased by such member or the fair value of such member's membership, less any amount owed Flying Bike by that member. The application fee shall be non-refundable.

**2. Right of Offset.** Flying Bike has the right to offset against the membership contribution held by any member for obligations owed to Flying Bike 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 shall apply. Debts which a member has incurred to Flying Bike may be charged against the member's membership contribution if the debt is older than 30 days. All debts to Flying Bike must be paid before redemption of a member's paid-in equity may be made.

**3. Withdrawal of Membership.** A member may withdraw their membership in Flying Bike at any time. Members who withdraw from Flying Bike and choose not to donate their membership equity will be refunded the lesser of the cost of the membership unit purchased by such member or the fair value of such member's membership, less any amount owed Flying Bike; however such redemption will not take place until new membership capital is acquired to replace the withdrawing members' membership unit and in no case sooner than 90 days after member joins Flying Bike. Memberships will be redeemed in order of request.

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

**1. Board of Directors.** The management of Flying Bike is directed by its Board of nine directors, with elections for three positions to be held each September. With respect to Flying Bike, 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. Term.** Each director must be a Member of Flying Bike 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. No director may serve more than two consecutive three-year terms or eight consecutive years, and thereafter must wait at least 2 years before standing for election.

**3. Eligibility.** Each director must be an Active Member of Flying Bike and be willing to submit to, and be capable of passing, a background check as may be required by the state and or federal government to operate a brewery. Further, no person who is an officer, director or control person of a business that competes with Flying Bike 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 Flying Bike is eligible to be nominated or to serve as a director or as a member of the nominating committee. For purposes of this Section, 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. Employees as Directors.** Employees of Flying Bike may become directors through the regular election process; provided that no more than two employees may serve as a director at any one time. Flying Bike 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 two Flying Bike employees 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 two Flying Bike employees director on the Board at any time.

**5. Nomination.** Director candidates will be nominated either (a) by the nominating committee or (b) by a written petition signed by at least 5% of the current Active Members and delivered to the nominating committee no later than June 15 of the year of the election. The Board shall 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.

**6. Nominating Committee.** The nominating committee will consist of not fewer than three, nor more than five members appointed by the Board. The committee shall serve a one year term with appointments to the committee being made at the first Board meeting after a Board election. Vacancies during the term shall be filled by the Board. At least one, but in any event, not more than two of the members on the committee shall be members of the Board who are not standing for election in the year for which the nominating committee serves. 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. The committee may not nominate any of its members for election to the Board.

**7. Vacancies.** Vacancies on the Board shall be filled through Board appointment of any Active Member, subject to the eligibility requirements in Paragraphs 3-4, above. Whenever possible, the Board shall seek guidance from the Nominating Committee in filling the vacancy, but shall not be bound by any recommendation. The newly appointed director will serve the remainder of the unexpired term of the board position they hold, unless earlier removed from office.

**8. Recall.** Recall of directors may be accomplished via the process provided in Article XI of the Articles of Incorporation.

## **SECTION X: Board of Directors, Responsibilities and Operations**

**1. Management.** The affairs of Flying Bike shall 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 Flying Bike. In addition to those duties customarily imposed upon boards of directors by Washington law, the Board is empowered to establish various operating policies of Flying Bike.

**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 Flying Bike to the extent permitted by law. The designation and appointment of 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 ten 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 Flying Bike or by any three directors. Notice of all special meetings containing the date, time, and place of meeting, will be given to each director electronically or by telephone, facsimile, or mail not less than six days in advance of the special 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 these 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 these Bylaws. A director may be considered present through any electronic/telephonic means that enables their full participation in the dialogue of the meeting.

**6. Open Meetings.** All meetings of the Board shall be open to the public except for those specifically pertaining to personnel, litigation, real estate, or any other matter deemed sensitive by the Board.

**7. 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 via 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.

## **Section XI: Operations on a Cooperative Basis**

**1. Cooperative Operation.** This cooperative shall be operated upon the cooperative basis in carrying out its business within the scope of the powers and purposes defined in the Articles of Incorporation. Accordingly, the net income of this cooperative in excess of amounts credited by the Board to capital reserves and amounts of dividends, if any, paid with respect to equity capital shall be accounted for and distributed annually on the basis of patronage and, if authorized by the Board, on the basis of allocation units as provided in this bylaw.

Each transaction between this cooperative and each member shall be subject to and shall include as a part of its terms each provision of the Articles of Incorporation and Bylaws of this cooperative, whether or not the Articles of Incorporation or the Bylaws are expressly referred to in the transaction or the transactions documentation. Except in the case of emergency or sideline purchases, each member for whom this cooperative markets or procures goods or services shall be entitled to the net income arising out of said transaction as determined on a patronage basis.

**2. Patrons; Patronage Business; Nonpatronage Business.** As used in this bylaw, the following definitions shall apply:

- a. The term “patron” shall refer to any member with respect to business conducted with this cooperative on a patronage basis in accordance with this Section.
- b. The term “patronage business” shall refer to business done by this cooperative with or for patrons.
- c. The term “nonpatronage business” shall refer to business done by this cooperative that does not constitute “patronage business.”

**3. Establishment of Allocation Units.** Allocation units may be established by the Board on a reasonable and equitable basis and they may be functional, divisional, departmental, geographic, or otherwise. Until different allocation units are established by the Board, the entire business of this cooperative shall be considered one and the only allocation unit. The Board shall adopt reasonable and equitable accounting procedures as will, in the Board’s judgment, equitably allocate among the allocation units this cooperative’s income, gains, expenses and losses and, to the extent provided in this Section, patronage dividends received by this cooperative and its share of income, gain, loss and deduction of other entities in which this cooperative owns an interest.



**4. Determination of the Patronage Income or Loss of an Allocation Unit.** The net income from patronage business for each fiscal year shall be the sum of (1) the gross revenues directly attributable to goods or services marketed or procured for patrons of the allocation unit, plus (2) an equitably apportioned share of other items of income or gain attributable to this cooperative's patronage business, less (3) all expenses and costs of goods or services directly attributable to goods or services marketed or procured for patrons of the allocation unit, less (4) an equitably apportioned share of all other expenses or losses attributable to this cooperative's patronage business, dividends on equity capital and distributable net income from patronage business that is credited to the Capital Reserve pursuant to Paragraph 8 of this Section. The foregoing amounts shall be determined in accordance with the accounting treatment used by the cooperative in calculating its taxable income for federal income tax purposes; provided, however, that the Board may prospectively adopt a reasonable alternative method. Expenses and cost of goods or services shall include without limitation such amounts of depreciation, cost depletion and amortization as may be appropriate, amounts incurred for the promotion and encouragement of cooperative organization, and taxes other than federal income taxes. Such net income or net loss shall be subject to adjustment as provided in Paragraphs 6 and 9(b) of the Section relating to losses.

**5. Allocation of Patronage Income Within Allocation Units.** The net income of an allocation unit from patronage business for each fiscal year, less any amounts that are otherwise allocated in dissolution pursuant to the other provisions of these Bylaws, shall be allocated among the patrons of the allocation unit in the ratio that the quantity or value of the business done with or for each patron bears to the quantity or value of the business done with or for all patrons of the allocation unit. The Board shall reasonably and equitably determine whether allocations within any allocation unit shall be made on the basis of quantity or value.

**6. Treatment of Patronage Losses of an Allocation Unit.**

- a. **Methods of Handling Patronage Losses.** If an allocation unit incurs a net loss in any fiscal year from patronage business, this cooperative may take one or more of the following actions:
  - i. Offset all or part of the net loss against the net income of other allocation units for the fiscal year to the extent allowed by law.
  - ii. Establish accounts payable by patrons of the allocation unit that incurs the net loss that may be satisfied out of any future amounts that may become payable by this cooperative to the patron;
  - iii. Carry all or part of the loss forward to be charged against future net income of the allocation unit that incurs the loss;
  - iv. Offset all or part of the net loss against the Capital Reserve;
  - v. Cancel outstanding Patrons' Equities.

- b. Allocation of Net Loss Among Patrons of Loss Unit. Any cancellation of equities and/or establishment of accounts payable pursuant to this Section shall be made among the patrons of an allocation unit in a manner consistent with the allocation of net income of the allocation unit.
- c. Restoration of Net Loss out of Future Net Income. The future net income of an allocation unit that incurs a net loss may be reduced by part or all of the net loss that was offset against the Capital Reserve, Patrons' Equities of patrons of another allocation unit or against the net income of another allocation unit and may be used to restore the Capital Reserve, restore the Patrons' Equities or to increase the future net income of other allocation units; provided that reasonable notice of the intent to do so is given to the patrons of the loss unit.
- d. Board Discretion. The provisions of this Section shall be implemented by the Board, having due consideration for all of the circumstances which caused the net loss, in a manner that it determines is both equitable and in the overall best interest of this cooperative.
- e. No Assessments against Members. There is no right of assessment against members or nonmembers patrons for the purpose of restoring impairments to capital caused by net losses.

## **7. Distribution of Net Income.**

- a. Patronage Refunds. The net income allocated to a patron pursuant to Paragraphs 5 and 9 of this Section shall be distributed annually or more often to the patron as a patronage refund; provided, however, that no distribution need be made where the amount otherwise to be distributed to a patron is less than a de minimus amount that may be established from time to time by the Board.
- b. Form of Patronage Refunds. Patronage refunds shall be distributed in cash, capital stock, allocated patronage equities, revolving fund certificates, securities of this cooperative, other securities, or any combination thereof designated by the Board (all except cash and other securities referred to collectively in these Bylaws as "Patrons' Equities"), including, without limitation, the following instruments:
  - i. Equity Certificates in one or more than one class or series, in the designations or denominations, and with the relative rights, preferences, privileges and limitations as may be fixed by the Board, and bearing no interest, dividend or other annual payment.
  - ii. Debt Certificates in one or more than one class or series, in the designations or denominations, and with the relative rights, preferences, privileges and limitations as may be fixed by the Board, and bearing the maturity and rate of interest, if any, as may be fixed by the Board. Debt certificates shall be callable for payment in cash or other assets at times as may be determined by the Board.

- c. **Written Notice of Allocation.** The noncash portion of a patronage refund distribution that is attributable to patronage business shall constitute a written notice of allocation as defined in 26 U.S.C. Section 1388 which shall be designated by the Board as a qualified written notice of allocation, as a nonqualified written notice of allocation or any combination thereof as provided in that section.
- d. **No Voting Rights.** Patrons' Equities shall not entitle the holders to any voting or other rights to participate in the affairs of this cooperative (which rights are reserved solely for the members of this cooperative).
- e. **Transfer Restriction.** Patrons' Equities may only be transferred with the consent and approval of the Board, and by an instrument of transfer as may be required or approved by the Board.
- f. **Board Authority to Allow Conversion.** The Board of this cooperative also shall have the authority to allow conversion of Patrons' Equities into other debt and/or equity instruments of this cooperative on the terms as shall be established by the Board.
- g. **Revolvement Discretionary.** No person or entity shall have any right whatsoever to require the retirement or redemption of any Patrons' Equities except in accordance with their term, or of any allocated capital reserve. The redemption or retirement is solely within the discretion and on the terms as described from time to time by the Board of this cooperative.

**8. Capital Reserve.** The Board shall cause to be created a Capital Reserve and, except as otherwise provided in these bylaws, shall annually add to the Capital Reserve the sum of the following amounts:

- a. The annual net income of this cooperative attributable to nonpatronage business;
- b. Annual net income from patrons who are unidentified or to whom the amount otherwise to be distributed is less than the de minimus amount provided in Section XI, Paragraph 7(a); and
- c. An amount not to exceed 10% of the distributable net income from patronage business. The discretion to credit patronage income to a Capital Reserve shall be reduced or eliminated with respect to the net income of any period following the adoption of a Board resolution that irrevocably provides for the reduction or elimination with respect to such period.

**9. Federal income taxes shall be charged to the Capital Reserve.** Such reserves shall be credited to the allocation units and the patrons thereof in the same manner as patronage income is allocated within the allocation unit.

## **Section XII. Consent**

**1. Consent to Take Patronage Distributions Into Income.** Each person who hereafter applies for and is accepted to membership in this cooperative and each member of this cooperative as of the effective date of this bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any distributions with respect to its patronage which are made in written notices of allocation (as defined in 26 U.S.C. § 1388), and which are received by the member from this cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. § 1385(a) in the taxable year in which the written notices of allocation are received by the member.

**2. Consent Notification to Members and Prospective Members.** Written notification of the adoption of this bylaw, a statement of its significance and a copy of the provision shall be given separately to each member and prospective member on or before becoming a member of this cooperative.

## **SECTION XIII: Officers**

The officers of Flying Bike 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 Flying Bike in an amount set forth by the Board 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 XIV: Fiscal Year and Audit**

**1. Fiscal Year.** The fiscal year of Flying Bike 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 XV: Books and Records**

Flying Bike 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. Except to the extent necessary to protect business and proprietary information and as restricted by law, all such books and records of Flying Bike may be inspected by any member for any proper purpose at any reasonable time.

## **SECTION XVI: Confidentiality of Member Information**

Flying Bike, 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 Flying Bike and its members. Flying Bike will treat point of sale information obtained from its members ("Member Information") as confidential. Flying Bike 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 XVII: Indemnification of Directors and Others**

Each director, member of the nominating committee and officer of Flying Bike 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 Flying Bike 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 Flying Bike 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 XVIII: Bylaws**

**1. Conflicts and Limitations.** The provisions of these 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 these Bylaws and such laws or the Articles of Incorporation must be resolved in favor of the latter.

**2. Severability.** If any provision or part of any provision of these 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. Adoption and Amendment.** Adoption of these bylaws requires a simple majority vote of the members present at the organizational meeting. They may be amended by a two-thirds supermajority vote of the Board, or by the initiative process in Section VII, above.