



Winegrowers of Dry Creek Valley
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BYLAWS OF WINEGROWERS OF DRY CREEK VALLEY

The Winegrowers of Dry Creek Valley is dedicated to advancing the recognition, preservation and enhancement of Dry Creek Valley as a premium winegrowing region through promotion, protection and educational activities.

ARTICLE I. OFFICES

The principal office of the corporation in the State of California will be located in the unincorporated Healdsburg area, County of Sonoma. The corporation may have such other offices, either within or without the State of California, as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

The corporation will have and continuously maintain a registered office, and a registered agent whose office is identical with the registered office. The registered office may be, but need not be, identical with the principal office, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II. MEMBERS

Section 1. Classes of Members. The corporation will have three classes of members. The designation of such classes and the qualifications and rights of the members of such classes are:

- a. Full members must be either (1) a Bonded Winery located within the Dry Creek Valley Appellation (2) a Bonded Winery located outside the Dry Creek Valley Appellation, which produces for commercial sale at least one wine identified on the label as originating in the Dry Creek Valley Appellation or (3) a grower of wine grapes within the Dry Creek Valley Appellation whose grapes are used for commercial sale. Full members shall have all rights of membership.
- b. Associate members may be either (1) a Bonded Winery that does not qualify for Full Membership or (2) a grower of wine grapes within the Dry Creek Valley Appellation who does not qualify for Full Membership. Associate members shall have no voting rights, nor shall they be eligible to serve as directors of the corporation.

- c. Affiliate members shall be commercial businesses interested in advancing the interests of and fulfilling the purpose of the Winegrowers of Dry Creek Valley. Affiliate members shall have no voting rights, nor shall they be eligible to serve as directors of the corporation.

The terms “Bonded Winery” and “Dry Creek Valley Appellation” will have the definitions given to them by the federal agency currently referred to as the Tax and Trade Bureau. As used in these Bylaws, “Dry Creek Valley” will refer to the geographic region outlined on the map attached to these Bylaws as Exhibit A.

The board of directors, in their sole discretion, may determine which members or classes of member (if any) may participate in any events of the corporation (including without limitation any Passport events).

Section 2. Rights of Membership. Full Members will have the right to vote, as set forth in these Bylaws, on the election of Directors, on the disposition of all or substantially all of the Corporation’s assets, on any merger and its principal terms and any amendment of those terms, and on any election to dissolve the Corporation. In addition, Full Members will have all rights afforded to “members” under the California Nonprofit Mutual Benefit Corporation Law.

Associate Members and Affiliate Members are not entitled to vote, and will not be considered and will not have the rights of “members” under the California Nonprofit Mutual Benefit Corporation Law. Associate Members and Affiliate Members may attend meetings of the corporation, at the discretion of the Board of the Directors.

Section 3. Dues, Fees, and Assessments. Each member must pay, in accordance with this Section, the dues, fees, and assessments fixed from time to time by the Board of Directors. The Board may require Full Members and Associate Members to report production data as a basis for determining their dues assessment. The Board, in its discretion, may set different dues, fees, and assessment for different members and different classes of members.

Dues must be paid in advance on the first day of August in each fiscal year. Dues of new members will be prorated from the first day of the month, in which they became a member. Members who have paid the required dues, fees, and assessments in accordance with these Bylaws will be members in good standing.

Section 4. Transfer of Membership. Membership in this corporation is not transferable or assignable.

Section 5. Termination and Suspension of Membership.

a. Causes of Termination. A membership will terminate on the occurrence of any of the following events:

i. Resignation of a member, on reasonable notice to the corporation (however, the resigning member will not be relieved of any obligation to pay dues, fees, or assessments accruing before the resignation);

ii. Expiration of the period of membership, unless the membership is renewed on the renewal terms fixed by the Board of the Directors;

iii. Failure of a member to pay dues, fees, or assessments before 6 months after they become due and payable;

iv. Occurrence of any event that render a member ineligible for membership, or failure to satisfy membership qualification; or

v. Expulsion of the member under this Section, based on the good faith determination by the Board of Directors, or a committee or person authorized by the Board to make such determination, that the member has failed in a material and serious degree to observe the corporation's rules of conduct, or has engaged in conduct materially and seriously prejudicial to the purposes and interests of the corporation.

b. Suspension of Membership. A member may be suspended under this Section, based on the good faith determination by the Board of Directors, or a committee or person authorized by the Board to make such determination, that the member has failed in a material and serious degree to observe the corporation's rules of conduct, or has engaged in conduct materially and seriously prejudicial to the purposes and interests of the corporation.

A person whose membership is suspended will not be a member during the period of suspension.

c. Procedure for Expulsion or Suspension. If grounds appear to exist for suspending or terminating a member under this Section, the following procedures will be followed:

i. The Board will give the member at least 15 days prior notice of the proposed suspension or termination and the reasons for the proposed suspension or termination. Notice will be given by any method reasonably calculated to provide actual notice. Any notice given by mail will be sent by first-class or registered mail to the member's last address as shown on the corporation's records.

ii. The member will be given an opportunity to be heard, either orally or in writing, at least 5 days before the effective date of the proposed suspension or termination. The hearing will be held, or the written statement considered, by the Board, or by a committee or person authorized by the Board to determine whether the suspension or termination should occur.

iii. The Board, committee, or person will decide whether the member should be suspended, expelled, or sanctioned in any way. The decision of the Board, committee, or person will be final.

iv. Any action challenging an expulsion, suspension, or termination of membership, including a claim alleging defective notice, must be commenced within 1 year after the date of the expulsion, suspension, or termination.

Section 6. Reinstatement. Upon written request signed by a former member and filed with the Secretary, the Board of Directors may, by the affirmative vote of two-thirds of the members of the Board, reinstate the former member to membership upon such terms as the Board of Directors may deem appropriate.

ARTICLE III. MEETING OF MEMBERS

Section 1. Annual Meeting. An annual meeting of the members will be held within 45 days of the first day of the fiscal year, at the hour of 4:30 o'clock P.M., unless the Board of Directors fixes another date and time and so notifies the members in accordance with Section 4 of this Article. If the day fixed for the annual meeting is a legal holiday, the meeting will be held on the next full business day. At this meeting, directors will be elected and any other proper business may be transacted. If the election of Directors is not

held on the day designated for the annual meeting, or at any recommencement of the annual meeting, the Board of Directors will cause the election to be held at a special meeting of the members as soon thereafter as convenient.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President, the Board of Directors, or by 5% or more of the Full Members.

Section 3. Place of Meeting. The Board of Directors may designate any place, either within or without the State of California, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made, or if a special meeting is otherwise called, the place of meeting will be the registered office of the corporation; but if all of the members meet at any time and place, either within or without the State of California, and consent to the holding of a meeting, such meeting will be valid without call or notice, and at such meeting any corporate action may be taken.

Section 4. Notice of Meetings. Written notice stating the place, day and hour of any meeting of members will be delivered, either personally or by U.S. mail (first-class, registered, or certified mail), Fax, or email, to each member entitled to vote at such meeting, no less than ten nor more than fifty days before the date of the meeting, by or at the direction of the President, the Secretary, or the officers or persons calling the meeting. In case of a special meeting, or when required by law or by these By-laws, the purpose or purposes for which the meeting is called will be stated in the notice. Notice of a meeting by U.S. mail will be deemed to be delivered when deposited in the U.S. mail addressed to the member at his or her address as it appears on the records of the corporation, postage prepaid; a fax will be deemed delivered when receipt of the fax is confirmed by a telephone call or other communication with the member; and an email will be deemed delivered when sent to the email address of the member as it appears on the records of the corporation, unless the person sending the notice receives notice of non-delivery within 72 hours of the email being sent. Notice may not be provided by email if either: (a) the corporation is unable to deliver two consecutive notices to the member by that means; or (b) the inability to deliver notices to the member by email becomes known to the Secretary or any other person responsible for giving notice. No business other than the general nature of which was set forth in the notice of the meeting may be transacted at a special meeting.

Section 5. Action Without a Meeting. Any action required or permitted to be taken by the members may be taken without a meeting if all members entitled to vote consent in writing to the action. The written consents will be filed with the minutes of the proceedings of the members. The action by written consent will have the same force and effect as an unanimous vote by the members.

Section 6. Quorum. The members holding the majority of the votes which may be cast at any meeting will constitute a quorum for the transaction of business at such meeting. If a quorum is not present at any meeting of the members, a majority of the members present may adjourn the meeting to another time and place without further notice.

Section 7. Voting. Voting may be by voice or ballot, except that any election of Directors must be by ballot if demanded at the meeting by any member entitled to vote before the voting begins. Each Full Member will be entitled to cast 1 vote on each matter submitted to a vote of the members. Associate Members and Affiliate Members are not entitled to vote.

Section 8. Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his or her duly appointed representative. No proxy will be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 9. Manner of Acting. If a quorum is present, the affirmative vote of the majority of the voting power present or represented at a meeting will be the act of the members, unless the vote of a greater

number or voting by classes is required by the California Nonprofit Mutual Benefit Corporation Law or by the articles of incorporation.

Section 10. Voting by Mail. Where directors or officers are to be elected, such election may be conducted by mail in such manner as the Board determines.

ARTICLE IV. BOARD OF DIRECTORS

Section 1. General Powers. The affairs of the corporation will be managed by its Board of Directors.

Section 2(a). Number and Qualifications. The number of directors shall total nine (9) and shall comprise at least four (4) Winery Directors. Directors must be Principal Owners or Full Members of the corporation or his designated responsible managing employee such as general manager, winemaker or vineyard manager. Directors need not be residents of the State of California.

Section 2(b). Tenure. One-half of the Directors shall be elected every annual meeting of the members. Each Director shall serve for two (2) years or until a successor has been elected and qualified.

Section 3. Regular Meetings. A regular annual meeting of the Board of Directors will be held without other notice than this by-law, immediately after, and at the same place as, the annual meeting of members. The Board of Directors may provide by resolution the time and place, either within or without the State of California, for the holding of additional regular meetings of the board without other notice than such resolution.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any three Directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of California, as the place for holding any special meeting of the Board called by them.

Section 5. Notice. Notice of any special meeting of the Board of Directors will be given at least two days before the meeting by written notice delivered personally or sent by mail, email, or fax to each Director at his or her address as shown by the records of the corporation. Notice will be deemed to be delivered when deposited in the U.S. mail, postage prepaid; a fax will be deemed delivered when receipt of the fax is confirmed by a telephone call or other communication with the Director; and an email will be deemed delivered when sent to the email address of the Director as it appears on the records of the corporation, unless the person sending the notice receives notice of non-delivery within 72 hours of the email being sent. Any Director may waive notice of any meeting. The 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 lawfully 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, unless specifically required by law or by these by-laws.

Section 6. Quorum. A majority of the Board of Directors will constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting to another time or place without notice.

Section 7. Manner of Acting. If a quorum is present, the affirmative vote of a majority of the Directors present at the meeting will be the act of the Board of Directors, unless the act of a greater number is required by the California Nonprofit Mutual Benefit Corporation Law or by the articles of incorporations.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the numbers of directors may be filled by the affirmative vote of a majority of the remaining Directors. A Director elected to fill a vacancy will serve for the remaining term of his or her predecessor in office.

A vacancy on the Board shall exist on the occurrence of any of the following: (a) the death or resignation of any Director, (b) the declaration by resolution of the Board of a vacancy in the office of a Director who had been declared of unsound mind by an order of court, or convicted of a felony, or, if the corporation holds assets in charitable trust, has been found by a final order or judgment of any court to have breached a duty arising under Section 7238 of the California Corporations Code; (c) the affirmative vote of a majority of the Full Members.

Section 9. Compensation. Directors as such will not receive any stated salaries or compensation for their services.

Section 10. Informal Action by Directors. Any action that the Board of Directors is required or permitted to take may be taken without a meeting, if all of the Directors consent in writing to the action. Such action by written consent will have the same force and effect as any other validly approved action of the Board. All such consents will be filed with the minutes of the proceedings of the Board.

ARTICLE V. OFFICERS

Section 1. Officers. The officers of the corporation will be a President, Vice President, Secretary, Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it deems desirable. The officers will have the authority and will perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, except for the offices of President and Secretary.

Section 2. Election and Term of Office. The officers of the corporation will be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers is not held at such meeting, such election will be held as soon thereafter as is convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer will hold office until a successor is duly elected and qualified.

Section 3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors, whenever in its judgment the best interest of the corporation would be served thereby. However, such removal will be without prejudice to the contract rights, if any, of the officer so removed.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the remaining portion of the term.

Section 5. President. The President will be the principal executive officer of the corporation and will in general supervise and control all of the business and affairs of the corporation. The President will preside at all meetings of the members and of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the corporation authorized by the Board of Directors, any contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution is expressly delegated to a specific individual by the Board of Directors, these By-laws, or the California Nonprofit Mutual Benefit Corporation law; and in general the President will perform

all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the President or in event of the President's inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order of their election) will perform the duties of the President, and when so acting, will have all the powers of and be subject to all of the restrictions upon the President. Any Vice President will perform such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 7. Treasurer. The Treasurer will have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as the Board of Directors may select; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 8. Secretary. The Secretary will keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-laws and as required by the California Nonprofit Mutual Benefit Corporations law; be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these By-laws; keep a register of the post office address of each member; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

ARTICLE VI. COMMITTEES

Section 1. Committees. The Board of Directors may appoint one or more committees, each consisting of one or more directors, and delegate to such committees any of the authority of the Board of Directors EXCEPT with respect to:

- a. The approval of any action for which the California Nonprofit Public Benefit Corporation Law also requires approval of the members or approval of a majority of all members;
- b. The filling of vacancies on the Board of Directors or any committee;
- c. The fixing of compensation of the Directors for serving on the Board or on any committee;
- d. The amendment or repeal of by-laws or the adoption of the new by-laws;
- e. The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- f. The appointment of other committees of the Board or the members thereof;
- g. The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected; or

h. The approval of any self-dealing transaction, as such transactions are defined in Section 5233(a) of the California Nonprofit Public Benefit Corporation Law.

Section 2. Appointment. Any such committee must be created, and the members thereof appointed, by resolution adopted by a majority of the Directors then in office, and any such committee may be designated an Executive Committee or by such other name as the Board specifies. The Board may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of the Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee, and a copy thereof shall be submitted to the Secretary.

ARTICLE VII. BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account, minutes of the proceedings of its members, the Board of Directors and committees of the Board of Directors, and a record of its members giving their names and addresses and the class of membership held by each, at its registered or principal office. All books and records of the corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time.

An annual report shall be prepared within 120 days after the end of the corporation's fiscal year. That report shall contain a balance sheet as of the end of the fiscal year, an income statement and statement of changes in the financial position for the fiscal year, a statement of the place where the names and addresses of the current members are located, and any other information required by the California Nonprofit Mutual Benefit Corporation law. The report shall be accompanied by the report of an independent accountant, or if there is no such report, by certificate of an authorized officer of the corporation that they were prepared without audit from the books and records of the corporation. The Board will notify each Full Member yearly of the member's right to receive a copy of the annual report. Upon written request of a Full Member, the Board will promptly cause the most recent annual report to be sent to the requesting Full Member.

ARTICLE VIII. FISCAL YEAR

The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE X. SEAL

The Board of Directors shall provide a corporate seal, which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Corporate Seal Winegrowers of Dry Creek Valley."

ARTICLE XI. WAIVER OF NOTICE

Unless the California Nonprofit Mutual Benefit Corporation law provides otherwise, whenever any notice is required to be given under the provisions of that law, the articles of incorporation, or these By-

laws, a waiver of that notice in writing signed by the person or persons entitled to receive the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII. AMENDMENTS TO BY-LAWS

These By-laws may be altered, amended or repealed and new By-laws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least two days' written notice is given of intention to alter, amend or repeal or to adopt new By-laws at such meeting, unless such alteration, amendment, repeal or adoption would:

1. Materially and adversely affect the members' rights as to voting, dissolution, redemption or transfer;
2. Increase or decrease the number of members authorized in total or for any class;
3. Effect an exchange, reclassification or cancellation of all or part of the memberships; or
4. Authorize a new class of memberships.

Any such alteration, amendment, repeal or adoption shall require the approval of a majority of the Full Members.