

**BYLAWS**  
**OF**  
**SAN JOAQUIN VALLEY QUALITY COTTON GROWERS ASSOCIATION**

**ARTICLE I. OFFICES**

**Principal office**

**Section 1.01.** The principal office of the Corporation (hereinafter referred to as Association) for its transaction of business is located in the City of Bakersfield, County of Kern, California.

**Change of Address**

**Section 1.02.** The Board of Directors is hereby granted full power and authority to change the principal office of the Association from location in the County of Kern, California, any such change shall be noted by the Secretary in these Bylaws, but shall not be considered an amendment of these Bylaws.

**ARTICLE II. MEMBERS**

**Classification And Qualification Of Members**

**Section 2.01.** The Association shall have one (1) class of voting members only and each member shall have equal voting and equal rights. Each legal entity, regardless of makeup, shall be entitled to hold one (1) membership in the Association. There shall be a class of associate members who shall have no voting rights in the Association. These members may be brokers, delinters, ginners, merchants, seed representatives, seed companies, and all others associated with the cotton industry. The only qualification for associate membership shall be that the person or entity shall have some connection to the cotton industry and shall be accepted into the Association by the Board of Directors as non-members.

**Eligibility For Membership**

**Section 2.02.** Any person, as defined in Section 5065 of the Corporations Code is eligible to be a member of the Association, except that in the case of a natural person such person shall not be eligible for membership unless over the age of seventeen (17) years.

**Qualification Of Member**

**Section 2.03(a).** Any person, eligible for membership is qualified for membership only after such person has satisfied the following qualifications: (1) Member must grow cotton varieties approved by the Association; (2) The quality of cotton which member grows, picks, and has ginned must result in a product which

meets the Association's standards; (3) Member must produce cotton grown in either Fresno, Kern, Kings, Madera, Merced or Tulare Counties of California; and (4) Member agrees to be bound by the Articles and Bylaws of the Association as well as its rules and regulations.

(b) The Association will annually approve cotton varieties for planting which shall be quality cottons as determined by the Association's Board. These quality cottons will be identified for the membership by January 15 of each year. A member, however, is not barred from membership if the member is cooperating with the San Joaquin Valley Cotton Board in accordance with the laws and regulations governing the San Joaquin Valley Quality Cotton District for non-approved cotton breeding and performance testing as well as non-approved cotton agronomic research and seed increase programs.

### Admission To Membership

Section 2.04. Any person eligible and qualified for membership shall be admitted to membership only on the approval of the Board of Directors on application submitted by such person in such form and in such manner as shall be prescribed by the Board of Directors and on the payment of the Application Fee as specified in Section 2.05 of these Bylaws.

### Application Fee:

Section 2.05. The Application Fee for a member will be as follows:

100 – Acres Of Cotton	\$ 100.00
100 – 250 Acres Of Cotton	\$ 250.00
250-500 Acres Of Cotton	\$ 500.00
Greater than 500 Acres Of Cotton	\$1,000.00

The Application Fee for members and associate members may be modified from time to time by Resolution of the Board of Directors. The Application Fee for an associate member shall be \$250.00. Such Application Fee will be due at the time of Application and shall be non-refundable. The Application Fee for an associate member of \$250.00 will be an annual fee. The Application Fee for a regular member will be a one-time fee since the member, in addition to the Fee, will be paying annual dues.

### Dues

Section 2.06. The annual dues payable to the Association by members shall be in such amounts as shall be determined by resolution of the Board of Directors, but in no event shall the annual dues exceed the amount of \$1.00 per bale. Dues will be payable in one of two ways: (1) If member is also a cotton marketing cooperative member, the dues will be payable when the cotton marketing cooperative member,

**the dues will be payable when the cotton marketing cooperative first pays the member an advance for the applicable cotton. (Member will execute any document required by the cotton marketing cooperative permitting the cotton marketing cooperative to pay directly to the Association the necessary dues.) (2) For the members who are not members of a cotton marketing cooperative, the dues shall be payable when the member submits a list of cotton bales produced by member, but in any event no later than January 31<sup>st</sup> of each year.**

#### **Assessments**

**Section 2.07. Memberships shall be non-assessable.**

#### **Number of Members**

**Section 2.08. There shall be no limit on the number of members the Association may admit.**

#### **Membership Certificates**

**Section 2.09. The Association shall not issue Membership Certificates; however, the Association reserves the right to issue identity cards or similar devices to members which serve to identify members qualifying for use of the services of the Association.**

#### **Membership Book**

**Section 2.10. The Association shall keep in written form or in any form capable of being converted into written form, a membership book containing the name and address of each member. The book shall also contain the fact of termination and the date on which such membership ceased. Such book shall be kept at the principal office of the Association and shall be subject to the rights of inspection required by law.**

#### **Inspection Rights Of Members**

##### **Demand**

**Section 2.11. (a) Subject to the Association's right to set aside a demand for inspection pursuant to Section 8331 of the Corporations Code and the power of the Court to limit inspection rights pursuant to Section 8332 of the Corporations Code, and unless the Association provides a reasonable alternative as permitted by these Bylaws, a member satisfying the qualifications set forth hereinafter may do either or both of the following:**

**(1) Inspect and copy the record of all members' names, addresses and voting rights, at reasonable times, on ten (10) business' days, prior written demand on the**

Association, which demand shall state the purpose for which the inspection rights are requested; or

(2) Obtain from the Secretary of the Association, on written demand, and with tender of a reasonable charge, a list of the names, addresses, and voting rights of those members entitled to vote for the election of Directors, as of the most recent record date for which it has been compiled or as of the date of demand. The demand shall state the purpose for which the list is requested. The membership list shall be available on or before the latter of ten (10) business days after the demand is received or after the date specified therein as the date as of which the list is to be compiled.

#### **Members Permitted to Exercise Rights Of Inspections.**

(b) The rights of inspection set forth in these Bylaws may be exercised by the following:

(1) Any member, for a purpose reasonably related to such person's interest as a member;

(2) The authorized number of members for a purpose reasonably related to the members' interest as members.

#### **Alternative Method Of Achieving Purpose**

(c) The Association may, within (10) business days after receiving a demand pursuant to these Bylaws, deliver to the person or persons making the demand a written offer of an alternative method of achieving the purpose identified in said demand without providing access to or a copy of the membership list. An alternative method which reasonably and in a timely manner accomplishes the proper purpose set forth in a demand made pursuant to these Bylaws shall be deemed reasonable; unless within a reasonable time after acceptance of the offer, the Association fails to do those things which it offered to do. Any rejection of the offer shall be in writing and shall indicate the reasons the alternative proposed by the Association does not meet the proper purpose of the demand made pursuant to these Bylaws.

#### **Nonliability Of Members**

Section 2.12. A member of the Association shall not solely, because of such membership, be personally liable for the debts, obligations, or liabilities of the Association.

#### **Termination of Membership**

##### **Causes**

**Section 2.13.(a) The membership and all rights of membership shall automatically terminate on the occurrence of any of the following causes:**

- (1) The voluntary resignation of a member by giving written Notice during the month of February;**
- (2) The death of a member;**
- (3) The dissolution of a corporate member;**
- (4) The nonpayment of dues or assessments;**
- (5) Failure to grow varieties of the cotton approved by the Association;**
- (6) Failure of member to produce cotton which meets the quality and Contamination free standards of the Association.**
- (7) Failure of the member to adhere to the rules and regulations of the Association;**

#### **Hearing Procedures**

**(b) The membership of any member terminated for the foregoing reasons (4) through (7) requires the member be given both a fifteen (15) days' prior written notice of the termination stating the reasons therefore and a timely opportunity to be heard on the matter of the termination. The notice shall be given personally to such member or sent by first-class mail to the last address of such member as shown on the records of the Association. The opportunity to be heard may, at the election of such member, be oral or in writing and shall occur not less than five (5) business days before the effective date of the termination. The hearing shall be presided over by the President of the Association who shall perform the following duties:**

- (1) Read the complaint against the subject member; and**
- (2) Receive applicable information from all witnesses.**

**The committee conducting the hearing shall conduct the hearing in good faith and in a fair and reasonable manner. The Committee shall have the exclusive power and authority to decide that the proposed termination proceed as noticed or be withdrawn.**

#### **Effect Of Termination**

- (c) All rights of a member in the Association and in its property shall cease**

on the termination of such member's membership. Termination shall not relieve the member from any obligation for charges incurred, services or benefits actually rendered, dues, assessments, or fees, or arising from contract or otherwise. The Association shall retain the right to enforce any such obligation or obtain damages for its breach.

### **ARTICLE III. MEETING OF MEMBERS**

#### **Place**

**Section 3.01.** Meetings of members shall be held at the principal office of the Association or at such other location within the State of California as may be designated from time to time by the Board of Directors.

#### **Regular Meetings**

**Section 3.02.** The members shall meet annually in March of each year, beginning with the year 1999, for the purpose of transacting such proper business as may come before the meeting, including the election of Directors for such terms as are fixed in these Bylaws. If the election of Directors shall not occur at any such meeting of the members, or without a meeting by written ballot pursuant to these Bylaws, the Board shall or five (5) percent of the members may cause the election of Directors to be held at a special meeting of members called and held as soon as it is reasonably possible after the adjournment of the regular meeting of the members.

#### **Special Meetings**

**Section 3.03.** Special meetings of members shall be called by the Board of Directors or the President and held at such place within the State of California as is fixed in these Bylaws for regular meetings of members. Ten (10) percent or more of the members of the Association may call special meetings for any lawful purpose.

#### **Notice Of Meetings**

**Section 3.04.** Written notice of every meeting of members shall be either personally delivered or mailed by first-class United States Mail, post pre-paid, fifteen (15) days before the date of the meeting to each member who on the record date for notice of the meeting is entitled to vote thereat.

In the event given by mail or other means of written communication, the notice shall be addressed to the member at the address of such member appearing on the books of the Association or at the address given by the member to the Association for the purpose of notice. Where no such address appears or is given, notice shall be given at the principal office of the Association. The Secretary of the Association, or any transfer agents specially designated by the Secretary for the purpose herein thirty-five (35) days nor more than ninety (90) days after receipt of

**the written request from such person or persons by the Association. The Association shall send the notice to the members forthwith and in any event within (20) days after the request was received.**

**No meeting of members may be adjourned more than forty-five (45) days. If a meeting is adjourned to another time or place, and thereafter a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member of record who, on the record date for notice of the meeting, is entitled to vote at the meeting.**

### **Contents Of Notice**

**Section 3.05. The notice shall state the place, date, and time of the meeting. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the members.**

### **Waivers, Consents, And Approvals**

**Section 3.06. The transactions of any meeting of members, however called and noticed and wherever held, shall be valid as though held at a meeting duly held after regular call and notice, if a quorum is present in person, and if, either before or after the meeting, each of the persons entitled to vote but not present in person signs a written waiver of notice, a consent to holding of the meeting, or an approval of the minutes of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records.**

### **Quorum**

**Section 3.07. A quorum at any meeting of members shall consist of twenty percent (20%) of the voting power, represented in person. For purposes of this Bylaw, "voting power" means the power to vote for the election of Directors at the time any determination of voting power is made and does not include the right to vote on the happening of some condition or event which has not yet occurred.**

### **Loss Of Quorum**

**Section 3.08. The members present, at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum, if such action taken, other than adjournment, is approved by at least a majority of members required to constitute a quorum.**

### **Adjournment For Lack Of Quorum**

**Section 3.09. In the absence of a quorum, any meeting of members may be adjourned from time to time by the vote of a majority of the votes represented**

either in person or proxy, but no other business may be transacted except as provided in these Bylaws.

### **Voting of Membership**

#### **Entitlement**

**Section 3.10(a).** Each regular member is entitled to one (1) vote on each matter submitted to a vote of the members.

#### **Indivisible Interest In single Memberships**

(b) Single members in which two (2) or more persons have an indivisible interest shall be voted as set forth in these Bylaws relating to the voting of memberships in two (2) or more names.

#### **MEMBERSHIPS In Two Or More Names**

(c) Where a membership stands of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, or otherwise, or if two (2) or more persons (including proxy holders) have the same fiduciary relationship respecting the same membership, unless the Secretary of the Association is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: if only one (1) member votes, such act shall bind all members; if more than one (1) member votes, the act of the majority so voting shall bind all members; and if more than one (1) member votes and there is no majority, then there is no vote to be considered.

#### **Record Date of Membership**

(d) The Board of Directors shall fix, in advance, a date as the record date for the purposes of determining the members entitled to notice of and to vote at any meeting of members. Such former record date shall not be more than ninety (90) nor less than ten (10) days before the date of the meeting. Such latter record date shall not be more than sixty (60) days before the date of the meeting. The Board shall also fix, in advance, a date as the record date for the purpose of determining the members entitled to exercise any rights in respect of any other lawful action. Such record date shall not be more than sixty (60) days prior to such other action.

#### **Cumulative Voting**

(e) Cumulative voting shall not be authorized for any purpose.

#### **Proxy Voting**

Members entitled to vote, as set forth in these Bylaws, shall have the right to vote either in person or by a written proxy executed by such person or his or her duly authorized agent and filed with the Secretary of the Association, except as otherwise expressly provided in these Bylaws, provided; however, that a proxy shall not be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. The maximum term of any proxy shall be three (3) years from the date of its execution.

### **Action Without Meeting By Written Ballot**

#### **Ballot Requirements**

Section 3.11 (a). Subject to the limitations specified in these Bylaws, any action which may be taken at any regular or special meeting of members may be taken without a meeting provided there is satisfaction of the following ballot requirements:

- (1) he Association distributes a written ballot to every member entitled to vote on the matter;
- (2) The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association;
- (3) The number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action; and
- (4) The number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the numbers of votes cast by ballot.

#### **Limitations pertaining To Election Of Directors**

- (b) Directors may be elected by written ballot.

#### **Solicitation Of Ballots**

(c) Ballots shall be solicited in a manner consistent with the requirements of giving notice of members' meetings set forth in these Bylaws and of voting by written ballot set forth in these Bylaws. All such solicitations shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of Directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation shall specify the time by which the ballot must be received in order to be counted.

## **Voting By Written Ballot**

**(d) The Form of written ballot distributed to ten (10) or more members shall afford an opportunity on the form of written ballot to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot is distributed, to be acted on by such written ballot. The form shall also provide, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any such matter, the vote must be cast in accordance therewith. In any election of Directors, any form of written ballot is which the Directors to be voted on are named therein as candidates and which is marked by a member “withheld” or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld shall not be voted either for or against the election of a Director.**

## **Revocation Of Ballot**

**(e) A written ballot may not be revoked.**

## **Conduct Of meetings**

### **President**

**Section 3.12. (a) The President of the Association or, in his or her absence, any other person chosen by a majority of the voting members present in person or by proxy shall preside over the meetings of the members.**

### **Secretary Of Meetings**

**(b) The Secretary of the Association shall act as the Secretary of all meetings of members; provided that in his or her absence, the President shall appoint another person to act as Secretary of the meetings.**

### **Rules of Order**

**(c) The Roberts Rules Of Order, as may be amended from time to time, shall govern the meetings of members insofar as such rules are not consistent with or in conflict with these Bylaws, the Articles of Incorporation of this Association or the law.**

## **Inspectors Of Election**

### **Appointment**

**Section 3.13.(a) In advance of any meeting of members, the Board may appoint any persons, other than candidates for office, as inspectors of election to act at the meeting and any adjournment thereof. If the inspectors of election are not so**

**appointed, or if any persons so appointed fail to appear or refuse to act, the President of any meeting may, and on request of any member or member's proxy must, appoint inspectors of election at the meeting. The number of inspectors shall be either one (1) or three (3). If appointed at a meeting on the request of one (1) or more members or proxies, the majority of members represented in person or by proxy shall determine whether one (1) or three (3) inspectors are to be appointed.**

#### **Duties**

**(b) The inspectors of election shall perform the following duties:**

**(1) Determine the number of voting memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;**

**(2) Receive votes, ballots, or consents;**

**(3) Hear and determine all challenges and questions in any way arising in connection with the right to vote;**

**(4) Count and tabulate all votes and consents;**

**(5) Determine when the polls shall close;**

**(6) Determine the result; and**

**(7) To do such acts as may be proper to conduct the election or vote with fairness to all members.**

**The inspectors shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical.**

#### **Vote Of Inspectors**

**(c) If there are three (3) Inspectors of election, the decision, act, or certificate of majority is effective in all respects as the decision, act, or certificate of all.**

#### **Report And Certificate**

**(d) On request of the President or any member or member's proxy, the inspectors of election shall make a report in writing concerning the performance of their duties and execute a certificate of any fact found by them. Any report or certificate made by the inspectors shall be prima facie evidence of the facts stated therein.**

## **ARTICLE IV. DIRECTORS**

### **Number**

**Section 4.01.** The Association shall have seven (7) Directors at large. Collectively, the Directors shall be known as the Board of Directors.

### **Qualifications**

**Section 4.02.** The Directors of the Association shall be cotton growers and shall be residents of either Fresno, Kern, Kings, Madera, Merced, or Tulare Counties of the State of California. With the exception of the initial Directors, the Directors shall also be members of the Association.

### **Term of Office**

**Section 4.03.** The term of office for each Directors shall be for a period of three (3) years or until the election and qualification of their successor. The foregoing notwithstanding, in order for the Board to be comprised of Directors with staggered terms, the Directors appointed at the Organizational Meeting of said Association held on the 26<sup>th</sup> day of August, 1998, shall be appointed for initial terms of different lengths as follows:

Of the seven (7) initial Directors, three (3) so appointed shall be appointed for a three (3) year term, to-wit: LARRY STARRH, BILL STONE, and DON CAMERON; and two (2) so appointed shall be appointed for a two (2) year term, to-wit: JACK STONE and RICK WEGIS; and two (2) so appointed shall be appointed for a one (1) year term, to-wit: FRED STARRH and the additional Director to be appointed. The additional initial Director for the first one (1) year term will be filled at the convenience of the Board. If there is a vacancy, created by death, resignation or removal, the Board will promptly appoint a person to fill the vacant Directorship for the balance of the unexpired term.

In the even a Director is removed at a Special Meeting of the members, called and held as prescribed by these Bylaws, the Director shall hold office until his or her removal and his or her successor is elected and qualifies and no longer.

### **Nomination**

**Section 4.04.** Any person qualified to be a Director under these Bylaws may be nominated by the method of nomination authorized by the Board or by any other method authorized by law. The date for close of nominations for the Board shall be sixty (60) days before the date the Directors are to be elected.

## **Election**

**Section 4.05. The Directors shall be elected at member meetings as prescribed by these Bylaws.**

**The Candidates receiving the highest number of votes up to the number of Directors to be elected are elected. Directors shall be eligible for reelection without limitation on the number of terms they may serve, provided they continue to meet the qualifications required by these Bylaws.**

## **Compensation**

**Section 4.06. The Directors shall serve without compensation except they shall be allowed and paid their actual and necessary expenses incurred in attending meetings of the Board.**

## **Meetings**

### **Call Of Meetings**

**Section 4.07. (a) Meetings of the Board may be called by the President or any two (2) Directors.**

### **Place Of Meetings**

**(b) All meetings of the Board shall be held at the principal office of the Association or as otherwise noticed by the Association.**

### **Regular Meeting**

**(c) In addition to the Organizational Meeting, eleven (11) regularly scheduled monthly meetings of the Board of Directors shall be held on the 3rd Tuesday of each month at 2:00 p.m. or as otherwise set by the Board. It shall not be necessary to give notice of regular meetings.**

### **Organizational Meetings**

**(d) Organizational meetings of the Board of Directors shall be held, without call or notice, immediately following each Meeting of the members of the Association.**

### **Special Meetings**

**(e) Special meetings of the Board may be called by the President or any two (2) Directors. Special meetings shall be held on four (4) days's notice by first class mail, postage prepaid, or on forty-eight (48) hours' notice delivered personally or by**

telephone, telegraph or facsimile transmission. Notice of the special meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of such notice to such Director. All such waivers, consents, and approval shall be filed with the corporate records or made a part of the minutes of the meetings.

### **Quorum**

(f) A majority of the authorized number of Directors constitutes a quorum of the Board for the transaction of business, except as hereinafter provided.

### **Transaction Of Board**

(g) Except as otherwise provided in the Articles, in these Bylaws, or by law, every act or decision done or made by a majority of the Directors present at a meeting duly held at which quorum is present is the act of the Board, provided; however, that any meeting at which a quorum was initially present may continue to transact business notwithstanding the withdrawal of Directors if any action taken is approved by at least a majority of the required quorum of such meeting.

### **Conduct Of Meetings**

(h) The President shall preside at meetings of the Board of Directors. The Secretary of the Association or, in the Secretary's absence, any person appointed by the presiding officer shall act as Secretary of the Board. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Such participation shall constitute personal presence at the meeting.

### **Adjournment**

(i) A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment to another time or place must be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

### **Action Without Meeting**

Section 4.08. Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board individually or collectively consent in writing to such action. Such written consent or consents shall be filed

**with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of such Directors.**

### **Removal Of Directors**

#### **Removal For Cause**

**Section 4.09. (a) The Board may declare vacant the office of a Director on the occurrence of any of the following events:**

- (1) The Director has been declared of unsound mind by a final order of Court;**
- (2) The Director has been convicted of a felony; or**

#### **Removal Without Cause**

**(b) Any or all of the Directors may be removed without cause if, where the Association has fewer than fifty (50) members, such removal shall be approved by a majority of all members pursuant to Section 5033 of the Corporations Code; or where the Association has more than fifty (50) members, such removal shall be approved by the members within the meaning of Section 5034 of the Corporations Code. However, a Director shall not be removed, unless the entire Board is removed, when the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such Director if voted cumulatively at an election at which the same total number of votes were cast (or if such action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of Directors authorized at the time of the Director's most recent election were then being elected.**

### **Resignation Of Director**

**Section 4.10. Any Director may resign effective on giving written notice to the Secretary, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.**

### **Vacancies In The Board**

#### **Causes**

**Section 4.11.(a) Vacancies on the Board of Directors shall exist on the death, resignation, or removal of any Director; whenever the number of Directors authorized is increased; and on the failure of the members in any election to elect the full number of Directors authorized.**

### **Filling Vacancies By Directors**

(b) Except for a vacancy created by the removal of a Director pursuant to these Bylaws, vacancies on the Board of Directors may be filled by approval of the Board of Directors, or, if the number of Directors then in office is less than a quorum, by (1) the unanimous written consent of the Directors then in office; (2) the affirmative vote of a majority of the Directors then in office at a meeting held pursuant to notice or waivers of notice as provided in these Bylaws; or (3) a sole remaining Director.

#### **Filling Vacancies By Members**

(c) Vacancies created by removal of directors shall be filled only by the approval of the members within the meaning of Section 7224 of the Corporations Code. The members may elect a Director at any time to fill any vacancy not filled by the Directors.

### **ARTICLE V. OFFICERS**

#### **Number And Titles**

**Section 5.01.** The officers of the Association shall be a President, and Executive Vice-President, a Secretary, and such other officers with such titles and duties as shall be determined by the Board. Any number of offices may be held by the same person.

#### **Appointment And Resignation**

**Section 5.02.** The officers shall be chosen by and serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time on written notice to the Association without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

### **ARTICLE VI. CORPORATE RECORDS, REPORTS, AND SEAL**

#### **Keeping Records**

**Section 6.01.** The Association shall keep adequate and correct records of account and minutes of the proceedings of its members, Board, and committees of the Board. The Association shall also keep a record of its members giving their names and addresses and the class of membership held by each. The minutes shall be kept in written form. Other books and records shall be kept in either written form or in any other form capable of being converted into written form.

## **Annual Report**

**Section 6.02.** The Association shall notify each member yearly of the member's right to receive a financial report pursuant to Corporations Code Section 8321(a). Except where the Association does not have more than one hundred (100) members or more than TEN THOUSAND DOLLARS (\$10,000.00) in assets at any time during the fiscal year, on the written request of a member the Board shall promptly cause the most recent annual report to be sent to the requesting member. The annual report shall be prepared not later than one hundred and twenty 912) days after the close of the Association's fiscal year. The annual report shall contain in appropriate detail the following: (1) a balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year; (2) a statement of the place where the names and addresses of the current members are located; and (3) any information concerning certain transactions and indemnifications required by Corporations Code Section 8322. The annual report shall be accompanied by any report thereon of independent accountants or, if there is not such a report, the certificate of any authorized officer of the Association that such statements were prepared without audit from the books and records of the Association.

## **Annual Statement Of Certain Transactions And Indemnifications**

**Section 6.03.** The Association shall furnish to its members a statement of any transaction or indemnification described in Corporations Code Section 8322(d) and (e), if such transaction or indemnification took place. Such annual statement shall be affixed to and sent with the annual report described in these Bylaws.

## **Corporate Seal**

**Section 6.04.** The Board of Directors shall adopt a corporate seal which shall be in the following form and design:

The Secretary of the Association shall have the custody of the seal and affix it in all appropriate cases to all corporate documents. Failure to affix the seal shall not, however, affect the validity of any instrument.

## **ARTICLE VII. MISCELLANEOUS**

### **Indemnification**

**If any member shall violate the Articles and Bylaws, Rules and Regulations of the Association, regarding varieties of cotton to be planted and quality thereof, and which cotton has been identified through electronic means and/or carries the Association's collective mark, said member shall promptly indemnify and hold harmless Association and its members from and against any and all claims arising from the member's misuse of the collective mark, and from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred in the defense of any such claim, member upon Notice from Association shall defend the same at member's expense by counsel satisfactory to Association.**

**End of Bylaws**

**CERTIFICATE OF SECRETARY  
OF  
SAN JOAQUIN VALLEY QUALITY COTTON GROWERS ASSOCIATION  
a California Non-Profit Association**

**I hereby certify that I am the duly elected and acting Secretary of said Association and that the foregoing Bylaws, comprising of 18 pages, constitute the Bylaws of said Association as duly adopted at a meeting of the Board of Directors thereof held on August 26, 1998**

**DATED: August 26, 1998**

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**BILL STONE, SECRETARY**