

**BYLAWS
OF
LAKE COUNTY DISTRICT 2 LOCAL WINEGRAPE COMMISSION**

Article I
NAME, STATUS, LOCATION, DEFINITIONS

1. Name/Legal Status.

The name of this organization shall be the Lake County District 2 Local Winegrape Commission (hereinafter referred to as the "Commission"). The Commission is a California state government agency and statutory corporation, organized under the provisions of Division 22, Chapter 12.7, beginning with Section 74801, of the California Food and Agricultural Code.

The Commission may be known and referred to by its short-form name "Lake County Winegrape Commission" in informal correspondence and in promotional activities. However, the Commission's full legal name shall be used in official communications, contracts, and financial matters. As used herein, "District" shall refer to Crush District #2 (hereinafter referred to as "District 2") in the Annual Grape Crush Report compiled and distributed by the California Department of Food and Agriculture (hereinafter "CDFA").

2. Location.

The principal office of the Commission for its transaction of business shall be located in the County of Lake, State of California. The Commission has full power and authority to establish and change the specific location of the principal office so long as it remains in the State of California, and may establish such other offices as it deems appropriate. Any such change or establishment of other locations shall not be considered an amendment of these Bylaws.

3. Definitions.

All definitions contained in Chapter 12.7 of Division 22 of the California Food and Agricultural Code, as amended from time to time, shall apply to these Bylaws.

Article II
PURPOSES AND OBJECTIVES

1. Scope of Activity.

The Commission shall engage in activities related to the broad fields of market development, marketing research, and production and processing research necessary to achieve the purposes stated herein. Commission activities, powers, and duties may include but are not necessarily limited to the following:

- a. The Commission may adopt and from time to time alter, rescind, modify, and amend all proper and necessary bylaws, rules, procedures, and orders for carrying out its purposes
- b. The Commission may enter into contracts for services with public and private agencies which are deemed necessary by the Commission to carry out its purposes.
- c. The Commission may appoint its own officers, including a chairperson, one or more vice chairpersons, and other officers it deems necessary. The officers shall have the powers and duties delegated to them by the Commission.
- d. The Commission may employ an individual to serve at the pleasure of the Commission as President, and other personnel and contractors, including accountants and legal counsel, necessary to carry out the Commission's purposes and obligations.
- e. The Commission may fix the compensation for all employees and contractors of the Commission.
- f. The Commission may appoint committees composed of Commission members, alternates, if any, and members of the public and the industry.
- g. The Commission may establish offices, incur expenses, enter into any and all contracts and agreements, create liabilities, and borrow funds in advance of receipt of assessments as may be necessary in the opinion of the Commission for the proper administration and enforcement of its obligations.
- h. The Commission shall keep accurate books, records, and accounts of all of its activities, which shall be subject to an annual audit by an auditing firm selected by the Commission with the concurrence of the Secretary of CDFA (hereinafter "Secretary"). A summary of the audit shall be made part of an annual report to all producers, copies of which shall also be submitted to the Legislature and to CDFA. In

addition, the Secretary may, as he or she determines necessary, conduct or cause to be conducted a fiscal and compliance audit of the Commission.

i. The Commission may engage in market development and market research through plans and programs to enhance the sale of District 2 winegrapes and winegrape products for the purpose of maintaining existing markets and creating new and larger domestic and foreign markets, and to educate and instruct the public with respect to the uses and value of the District 2 winegrapes and winegrape products. However, any plans and programs so developed and conducted shall not be directed towards a particular private brand or trade name, although private brands and trade names may be used in wine tastings and other similar programs authorized by the Commission. In addition, the plans and programs of the Commission shall make no use of false or unwarranted claims on behalf of District 2 winegrapes or winegrape products, nor disparage the quality, value, sale, or use of any commodity. The Commission shall not engage in collective bargaining issues, supply control, grades and quality standards, or price setting activities.

j. The Commission may accept contributions of, or match, private, local, state, or federal funds and employ or make contributions of funds to other persons or local, state or federal agencies for purposes of maintaining, promoting, and enhancing the winegrape industry.

k. The Commission may present facts to, and negotiate with, local, state, federal, and foreign agencies on matters that affect the winegrape industry.

l. The Commission may undertake marketing research and research relating to the production and processing of winegrapes, including the development of new winegrape products and uses for these products.

m. The Commission may publish and distribute bulletins or other communications relating to the District 2 winegrape industry.

n. The Commission may establish an assessment rate to defray operating costs of the Commission.

o. The Commission shall establish an annual budget according to accepted accounting practices. The budget shall be concurred by the Secretary prior to disbursement of funds, except for disbursements made for the compensation of employees.

p. The Commission shall submit to the Secretary, for his or her concurrence, an annual statement of contemplated activities.

q. The Commission may investigate and prosecute violations of Commission law.

Article III
MEMBERS AND ALTERNATES

1. Composition.

The Commission shall be composed of seven (7) winegrape producers and one public member.

2. Secretary of CDFA.

The Secretary of CDFA shall be a non-voting ex officio member of the Commission. The Secretary or his or her representative shall be notified and may attend each meeting of the Commission and any committee meetings of the Commission. However, the Secretary or his or her representative is not entitled to attend a closed session of the Commission or a committee of the Commission called for the purpose of discussing potential or actual litigation against CDFA.

3. Producer Members.

A producer member (and his or her alternate member, if any) shall be a person, or an employee representing a producer, who has a financial interest in producing, or causing to be produced, winegrapes for market. Any producer who produced and marketed winegrapes in District 2 in the preceding marketing season in a quantity of more than 25 tons, and who is in good standing with the Commission, is eligible to serve on the Commission as a producer member.

The qualifications of producer members (and alternate members, if any) shall be maintained during the entire term of office. No more than one member (and his or her alternate member, if any) shall be employed by or connected in a proprietary capacity with the same producer. However, producer membership in an agricultural nonprofit cooperative association or trade organization shall not be considered employment or being in a proprietary capacity.

4. Alternate Members.

Each member of the Commission, except the public member and the ex officio members, may have an alternate member to be elected in the same manner as the member. An alternate member, if any, shall, in the absence of the member of whom he or she is an alternate, serve in place of the member on the Commission and have and be able to exercise all the rights, privileges, and powers of the member when serving on the Commission. In the event of death, removal, resignation, or disqualification of a member, the alternate, if any, shall serve as a member on the Commission until a successor is elected and has qualified. If there is no alternate, the board shall appoint a qualified individual to fill the vacancy until a successor is elected and has qualified.

5. Public Member.

The public member shall be an individual who has no financial interest in the wine or winegrape industry. The public member shall have all the rights, privileges, and powers of any other member of the Commission.

6. Term of Office.

The term of office for members (and alternate members, if any) shall be two years or until their successors have been elected and qualified. No member or alternate member shall serve more than four consecutive two-year terms. A break of one year or more must be taken after serving four consecutive terms as a member or alternate.

7. Ex Officio Members.

The Secretary of CDFA, and other appropriate individuals as determined by the Commission, shall be ex officio members of the Commission. "Ex officio member" means a nonvoting member of the Commission.

8. Vacancies.

Vacancies of any member or alternate position shall be filled in accordance with the nomination and election procedures established by the Commission with the concurrence of the Secretary.

Article IV
OFFICERS AND DUTIES

1. Officers.

The Commission shall elect a Chairperson, a Vice-Chairperson, a Secretary, and a Treasurer from among its members, and delegate to the officers such duties as are determined by the Commission. The offices of Secretary and Treasurer may be combined into one position, in the discretion of the Commission.

Alternate members, if any, shall not be eligible to be elected as officers of the Commission. Officer elections will be held annually in accordance with procedures determined by the Commission.

2. Term of Office.

Officers elected by the Commission shall serve one (1) year terms, or until new officers are elected. There shall be no limit on the number of terms and officer may serve.

3. Chairperson.

The Chairperson shall preside at all meetings of the Commission. The Chairperson shall also be the Chair of the Executive Committee. The Chairperson may serve as a non-voting ex-officio member of all committees on which he or she is not a voting committee member, and shall have and perform all of the other powers and duties delegated to him or her by the Commission.

4. Vice-Chairperson.

The Vice-Chairperson shall act as and perform all the duties of the Chairperson in the Chairperson's absence. He or she shall perform additional duties as may be assigned by the Chairperson or the Commission.

5. Commission Secretary

The Commission Secretary shall keep, or cause to be kept, at the principal office or other place that the Commission may designate, a book of minutes of all meetings of the Commission, stating the time and place, the names of those present, and the proceedings of those meetings. The Commission Secretary shall keep, or cause to be kept, a regular showing of the names and contact information of the members (and alternates, if any).

The Commission Secretary shall give, or cause to be given, notice of all meetings, and shall have whatever other powers and duties as may be prescribed from time to time by the Commission.

The Commission Secretary may appoint an Assistant Secretary and may delegate any of the duties of the office to that individual whenever, in the Secretary's judgment, the action is necessary for the handling of the affairs of the Commission in a timely manner.

6. Treasurer

The Treasurer shall be the Chief Financial Officer of the Commission. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the transactions of the Commission, including accounts of its assets, liabilities, receipts, disbursements, capital and reserve. The Treasurer shall serve as Chairperson of the Finance Committee and shall have general oversight authority of the financial affairs of the Commission, subject to the oversight of the full Commission.

The Treasurer shall render to the Chairperson and the Commission, on request, an account of all of the transactions and of the financial condition of the Commission, and shall have whatever other powers and duties may be prescribed by the Commission.

The Treasurer may appoint an Assistant Treasurer and may delegate any of the duties of the office to that individual whenever, in the Treasurer's judgment, the action is necessary for the handling of the affairs of the Commission in a timely manner.

Article V
MEETINGS OF COMMISSION

1. Time and place.

Meetings of the Commission shall be held on such dates, times and locations as are designated by the Commission or the Chairperson.

2. Notice of Meetings.

a. Written notice of Commission meetings shall be given to members, alternates, if any, the Secretary of CDFA, and to any other person who requests such notice in writing. Unless otherwise authorized by law, notice of all Commission meetings shall be given at least ten (10) days in advance of the meeting, and shall comply in all other respects with the provisions of the Bagley-Keene Open Meeting Act (California Government Code Sections 11120 et seq.).

b. The notice of all meetings shall include a specific agenda for the meeting, including the items of business to be discussed or voted upon.

3. Order of Business.

The regular order of business of the Commission, unless otherwise determined by the Chairperson, shall be as follows: (1) roll call; (2) approval of minutes of previous meeting; (3) discussion and/or action on matters on the written agenda; (4) issues and scheduling for next meeting; and (5) adjournment.

4. Attendance.

Any member (or alternate, if any) who misses three consecutive Commission meetings in a marketing season for any reason automatically loses his or her seat on the Commission unless the Board expressly waives this provision by majority vote¹. Any vacancy created by this section shall be filled by a majority vote of the remaining members of the Commission.

5. Quorum and Voting.

¹ The Board's waiver of the automatic removal provision can be based on an excuse acceptable to the Board or any other justification deemed appropriate by the Board.

Not less than one-half the producer members of the Commission, including alternate members when acting in the place of the members, shall constitute a quorum of the Commission.

The vote of a majority of the members, or alternate members when acting in the place of the members, present at the meeting at which there is a quorum shall constitute the act of the Commission.

6. Closed Sessions of the Commission.

Closed sessions of the Commission may only be held for the limited purposes provided in the Bagley-Keene Open Meeting Act.

7. Rules of Order.

Unless otherwise provided in these bylaws, Roberts Rules of Order, as may be amended from time to time, shall govern meetings of the Commission.

Article VI
COMMITTEES

1. Committee composition and appointments.

Except as provided below, the Commission may appoint committees composed of any combination of members, alternates, if any, and non-members of the Commission to advise the Commission in carrying out of its purposes and objectives. Unless otherwise specified, the Commission shall be the final authority on all programs, projects, activities, and policies recommended by any committee of the Commission. Any addition or deletion of committees or changes in names of committees shall not be considered an amendment of these bylaws.

Committees appointed by the Commission shall include, but not be limited to, the following:

- (a) Executive Committee
- (b) Finance Committee
- (c) Research Committee
- (d) Marketing Development and Promotion
- (e) Industry Affairs

The Chairperson of the Commission shall appoint the chairperson of each committee. No individual shall serve as chairperson of more than one committee.

2. Notice. Written notice of committee meetings shall be given to committee members, the Secretary, the Commission's legal counsel, and to any other person who requests such notice in writing. Unless otherwise authorized by law, notice of all

committee meetings shall be given at least ten (10) days in advance of the meeting, and shall comply in all other respects with the provisions of the Bagley-Keene Open Meeting Act (California Government Code Sections 11120 et seq.).

The notice of all meetings shall include a specific agenda for the meeting, including the items of business to be discussed or voted upon.

3. Executive Committee.

The Executive Committee shall consist of the Chairperson, Vice-chairperson, Secretary, and Treasurer.

The Chairperson of the Commission shall serve as Chair of the Executive Committee. The Executive Committee may recommend policy relating to the Commission's purposes and objectives; immediate and long term planning; financial management; and overall administration of the Commission. The committee shall work directly with Commission staff in formulating and carrying out programs and activities authorized by the Commission.

The Executive Committee shall have final decision making authority with respect to personnel matters, litigation, and any other issue which requires immediate attention or action between meetings of the Commission. All action taken by the Executive Committee shall be reported to the Commission at its next meeting.

4. Finance Committee.

The Treasurer shall serve as the Chair of the Finance Committee. The Finance Committee shall establish specific procedures for the disbursement of Commission funds, including procedures for the acquisition of property, the signing of checks, purchase orders and other similar matters. The Committee shall also formulate an annual budget for approval by the Commission and concurrence of the Secretary of CDFA, as well as reserve and cash-flow requirements; recommend investment programs for Commission funds; supervise the preparation of financial reports which shall be made available to the Commission on a periodic basis; and do all things necessary and proper to insure accurate financial records.

5. Research Committee.

The Research Committee shall evaluate and recommend marketing, production, and processing research projects, and review and recommend budgets for the projects to the Commission. The Committee shall also monitor the activities of any approved research project, the timely reporting of research information and proper expenditure of budgeted research funds.

6. Market Development and Promotion Committee.

The Market Development and Promotion Committee shall evaluate and recommend to the Commission proposals for developing new domestic and foreign markets, and for promotion, advertising, education and public relations programs to promote the industry and the sale of Lake County wine and winegrapes. The Committee shall also monitor the activities of any approved project, document the results of marketing activities, monitor marketing conditions and monitor proper expenditure of budgeted marketing funds.

7. Industry Affairs Committee.

The Industry Affairs Committee shall provide a forum for review and discussion of winegrape industry issues at the local, state, national or international level. The committee may recommend specific action, including but not limited to presenting facts to, and negotiating with, local, state, federal, and foreign agencies, and participating in activities necessary to develop and maintain a receptive environment for the industry.

8. Quorum/Voting. A majority of the voting members of any committee shall constitute a quorum, and the acts of a majority of the voting members present at a meeting at which a quorum is present shall constitute the act or recommendation of the committee.

9. Closed Sessions.

Closed sessions of committees may only be held for the limited purposes provided in the Bagley-Keene Open Meeting Act. A record of topics discussed and any resulting recommendations shall be presented by the committee to the full Commission at its next meeting.

Article VII
MANAGEMENT

1. President or Management Firm.

The Commission may employ a person to serve at the pleasure of the Commission as president, or may retain a management firm to administer the activities of the Commission.

2. Other Personnel.

The Commission may contract with or employ other personnel or firms, including but not limited to accountants/auditors and legal counsel, necessary to carry out the activities of the Commission. Employees and/or independent contractors may be referred to as "Commission staff."

Article VIII
MISCELLANEOUS

1. Proprietary Information. All proprietary information obtained by the Commission or the Secretary of CDFR from producers or vintners, and all lists of producers in the possession of the Commission or the Secretary are confidential and shall not be disclosed except when required by a court order after a hearing in a judicial proceeding involving this chapter. Information on volume shipments, commodity value, and other related information that is required for reports to governmental agencies, financial reports made to the Commission or aggregate sales and inventory information, and any other information which is requested from the Commission, except individual producer or vintner information, may be disclosed by the Commission.

2. Intellectual Property. All intellectual property prepared or purchased by or on behalf of the Commission, including but not limited to newsletters, website content, educational, promotional, and marketing materials, logos, slogans, service marks, contributor lists, and research results, shall be the exclusive property of the Commission. Members, alternates, if any, and staff shall not sell, transfer, publish, modify, distribute, or use for their individual purposes, the intellectual property belonging to the Commission without the prior written approval of the full Commission memorialized in a writing signed by the Chairperson.

Article IX
ADOPTION AND AMENDMENT OF BYLAWS

1. Adoption/Amendment.

These bylaws shall be adopted, and may be amended, or repealed and new bylaws adopted, by a two-thirds (2/3) vote of the Commission at any Commission meeting where a quorum is present.