

**AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
CENTRAL COOP**

**ARTICLE I  
NAME**

The name of this corporation is Central Coop (referred to hereinafter as the Co-op).

**ARTICLE II  
DURATION**

The duration of this corporation shall be perpetual.

**ARTICLE III  
PURPOSES**

The purposes for which the Co-op is formed are:

1. To build and operate cooperative businesses according to:
  - a. the Cooperative Values of Self-Help, Self-Responsibility, Democracy, Equality, Equity, Solidarity, Honesty, Openness, Social Responsibility and Caring for Others; and
  - b. the Central Co-op Principles listed below:
    - (1) Voluntary and Open Membership
    - (2) Democratic Member Governance
    - (3) Member Economic Participation
    - (4) Autonomy and Independence
    - (5) Education, Training and Information
    - (6) Cooperation among Cooperatives
    - (7) Concern for Community
    - (8) Concern for Ecosystems
    - (9) Concern for Workers
    - (10) Skilled Cooperative Management
    - (11) Strategic Leadership
    - (12) Innovative Culture
2. To engage in all such activities as are incidental or conducive to attainment of the purposes of the Co-op, and to exercise all powers now or hereinafter permitted by the State of Washington for corporations formed under the Miscellaneous and Mutual Corporations Act, Chapter RCW 24.06 as it now exists or may hereafter be amended. In addition to any other rights and powers granted under RCW Chapter 24.06, pursuant to RCW 24.06.032 the Co-op does hereby expressly elect to avail itself of the additional rights and powers granted to cooperatives under RCW 23.86.105(1), 23.86.160, 23.86.170, and under RCW 23.86.030(1) and (2).

## ARTICLE IV MEMBERSHIP

1. The Co-op shall have two classes of members: Consumer Members and Worker Members (either, a “Member”). No person may be both a Worker Member and a Consumer Member at any time. An employee of the Co-op may be a Consumer Member until such time as the employee is eligible to be a Worker Member. If an employee is eligible to be a Worker Member, he or she will not be eligible to become or to remain a Consumer Member.

2. Consumer Members.

a. Eligibility. Any natural person may become a “Consumer Member” of the Co-op, regardless of race, nationality, political opinion, sex, sexual preference, disability, age or religious belief. Any eligible person may be admitted as a Consumer Member upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Trustees.

b. Patronage Rights. From time to time the Board of Trustees may make Surplus Distributions (as defined below) to Members, to be paid in accordance with these Articles of Incorporation and the Bylaws. The amount of any Surplus Distribution to the Consumer Members, aggregated together as a class, shall be equal to the amount of any Surplus Distribution to the Worker Members, aggregated together as a class.

c. Voting Rights. For all votes, Consumer Members shall have one vote in the affairs of the Co-op.

3. Worker Members.

a. Eligibility. Any natural person who is also a wage employee of the Co-op may become a “Worker Member” of the Co-op, regardless of race, nationality, political opinion, sex, sexual preference, disability, age or religious belief. Wage employees of the Co-op are eligible for membership as a “Worker Member” if they fulfill the eligibility requirements in (i) and (ii) below. Once an employee has met the eligibility requirements to become a Worker Member, he or she may be admitted as a Worker Member upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Trustees; provided that the amount and terms of the equity investment for each Worker Member will be the same, subject to the ability of the Board of Trustees to adjust the equity investment every three years to account for the impacts of inflation.

i. Active full-time or part-time employee of the Co-op in good standing. An “active” employee must have worked, on average over the preceding six months, a minimum of 20 hours per week; and

ii. Have completed a minimum of one consecutive year period of employment on a full-time or part-time basis. In the event an employee’s Worker Membership has been terminated, either voluntarily or involuntarily, the worker shall be ineligible for Worker Membership for a one year period following the termination of Worker Membership. Once an employee becomes a Worker Member, such an employee shall not be eligible to become Consumer Member until his or her employment is terminated;

b. Patronage Rights. From time to time the Board of Trustees may make Surplus Distributions (as defined below) to Members, to be paid in accordance with these Articles of Incorporation and the Bylaws. The amount of any Surplus Distribution to the Worker Members, aggregated together as a class, shall be equal to the amount of any Surplus Distribution to the Consumer Members, aggregated together as a class.

c. Voting Rights. For all votes, Worker Members shall have one vote in the affairs of the Co-op.

## ARTICLE V CAPITAL STOCK

1. Authorization and Number. The Co-op may, in the discretion of the Board of Trustees, issue up to: (i) 10,000,000 shares of preferred shares, the same to be designated the “Central Co-op Preferred Shares”; and (ii) 2,000 shares of preferred shares without par value, the same to be designated the “Tacoma Rollover Preferred Shares”. (The Tacoma Rollover Preferred Shares and Central Co-op Preferred Shares are referred to together in these Articles of Incorporation as the “Preferred Shares.”) The price to be paid for the Preferred Shares may be issued at such time(s), at such price (the “Issue Price”) and on such terms as may be determined by the Board of Trustees.

2. Ownership Qualifications. The Co-op may issue Preferred Shares only to Members in good standing of the Co-op.

3. Central Co-op Preferred Shares.

a. Surplus Distributions. In accordance with RCW 24.06.035, the Co-op may accumulate reserve, equity, or surplus funds through fees, dues, assessments or capital contributions. The Co-op shall have the right, but not the obligation, to make Surplus Distributions; *provided*: before any Surplus Distribution may be set apart or paid in respect of membership interests issued in accordance with Article IV, and subject to the right of the holders of Tacoma Rollover Preferred Shares, if any, to have a Surplus Distribution set apart or paid, the holders of Central Co-op Preferred Shares shall be paid Surplus Distributions on each Central Co-op Preferred Share registered to them equal, in the aggregate, to the Issue Price for such Central Co-op Preferred Share multiplied by an interest rate calculated by adding two percent to the prime rate, as published by the Wall Street Journal on the date of issuance, with the total interest rate not to exceed 8% (“Central Co-op Maximum Preferred Distribution”); and, *provided further*: ownership of a Central Co-op Preferred Share shall not confer any right to receive distributions of the surplus of the Cooperative in excess of the Central Co-op Maximum Preferred Distribution attributable to such Central Co-op Preferred Share.

b. Limited Voting Rights. Except as required by law, holders of Central Co-op Preferred Shares shall not have the right, solely by virtue of their ownership of Central Co-op Preferred Shares, to vote for trustees of the Co-op, or to vote for or against any resolution or other matter on which persons holding membership issued in accordance with Article IV may vote.

4. Tacoma Rollover Preferred Shares.

a. Surplus Distributions. In accordance with RCW 24.06.035, the Co-op may accumulate reserve, equity, or surplus funds through fees, dues, assessments or capital contributions. The Co-op shall have the right, but not the obligation, to distribute surplus funds to its Members prior to its dissolution in amounts, and at times, determined, on a non-cumulative basis and in its sole discretion, by the Board of Trustees (any such distribution, a “Surplus Distribution”); *provided*: before any Surplus Distribution may be set apart or paid in respect of membership interests issued in accordance with Article IV or Central Co-op Preferred Shares, the holders of Tacoma Rollover Preferred Shares shall be paid Surplus Distributions on each Tacoma Rollover Preferred Share registered to them equal, in the aggregate, to the Issue Price for such Tacoma Rollover Preferred Share plus 20% thereof (“Tacoma Rollover Maximum Preferred Distribution”); and, *provided further*: ownership of a Tacoma Rollover Preferred Share shall not confer any right to receive distributions of the surplus of the Cooperative in excess of the Tacoma Rollover Maximum Preferred Distribution attributable to such Tacoma Rollover Preferred Share.

b. Limited Voting Rights. Holders of Tacoma Rollover Preferred Shares shall not have the right, solely by virtue of their ownership of Tacoma Rollover Preferred Shares, to vote for trustees of the Co-op, or to vote for or against any resolution or other matter on which persons holding membership issued in accordance with Article IV may vote; *provided*: notwithstanding anything to the contrary in these Articles, so long as any Tacoma Rollover Preferred Shares are outstanding, the Co-op shall not, without the consent of the holders of at least two-thirds (2/3) of such Tacoma Rollover Preferred Shares, given in person or by proxy at a meeting of Members called for the purpose, or given in writing or by email:

i. increase the authorized number of Tacoma Rollover Preferred Shares, or authorize, create, or increase the authorized amount of any class of stock, or any security convertible to or exchangeable for such class, having rights to receive Surplus Distributions, or net assets on dissolution, that are prior or superior to, or on a parity with, the rights of the Tacoma Rollover Preferred Shares;

ii. effect the merger or consolidation of the Co-op unless (i) the surviving or resulting cooperative will have, immediately after such merger or consolidation, no class of stock either authorized or outstanding ranking prior to, or on a parity with, the Tacoma Rollover Preferred Shares as to Surplus Distributions or net assets on dissolution; and (ii) each Member holding Tacoma Rollover Preferred Shares immediately prior to the consummation of such merger or consolidation shall be entitled to retain such Tacoma Rollover Preferred Shares or to receive, immediately after such consummation, the same number of Tacoma Rollover Preferred Shares, having the same rights and preferences, issued by the resulting cooperative; or

iii. amend or repeal any provision of these Articles, or any Bylaw of the Co-op, if such action would alter the preferences or special rights of the Tacoma Rollover Preferred Shares in any way not described in subsections (a) or (b) above so as to affect those Tacoma Rollover Preferred Shares adversely in relation to any other class of stock of the Co-op within the meaning of RCW 24.06.120.

5. Transfer Restrictions. Preferred Shares may be transferred by the holder only in accordance with RCW 21.20.320(16)(a)(ii) as follows:

a. to the Co-op for redemption in accordance with Section 5.6;

- b. on death, by operation of law, or as an interfamily transfer to, respectively, a legatee, successor in interest, spouse, parent, child or sibling of such holder, subject in each case to the requirement that the transferee (i) is (or agrees promptly to become) a Member of the Co-op, or (ii) promptly tenders such Preferred Shares to the Co-op for redemption in accordance with Section 5.6;
- c. to a bank or other financial institution as collateral supporting a loan or other financial accommodation;
- d. to an existing Member or to a person who agrees promptly to become a Member in accordance with Article IV (subject to the condition that such person is approved for membership); or
- e. for the Tacoma Rollover Preferred Shares, to a “non-profit organization” defined as such in RCW 84.36.800 if the transferor submits proof, reasonably satisfactory to the Board, that (i) the articles of incorporation or association of the organization provide that (A) no part of the income of such organization shall be paid to its members, stockholders, directors, officers or trustees except in the form of services and (B) the compensation to be paid by the organization to its officers shall be for services actually rendered and shall be based on, or comparable to, the compensation paid for equivalent positions by Washington State agencies and (ii) such organization has tax exempt status under the laws of the United States.

6. Redemptions. Each holder of Preferred Shares shall tender such Preferred Shares to the Co-op for redemption, at the redemption price set forth below, either (a) in response to a call for redemption by the Co-op or (b) on termination of the membership of such holder. The notice requirements, tender procedures and effective dates for redemptions shall be as set forth by the Board. The redemption price shall equal the Issue Price for such Preferred Shares plus all Surplus Distributions in respect of such Preferred Shares declared but not paid as of the date of redemption.

7. No Preemptive Right. Holders of Preferred Shares will not have the right, solely by virtue of their ownership of Preferred Shares, to purchase preemptively any Preferred Shares or any shares of any other class currently or hereafter authorized or issued by the Co-op.

8. Participation in Assets upon Dissolution. On the dissolution, liquidation and winding up of the Co-op, whether voluntary or involuntary, its net assets shall be distributed as follows: First, to the holders of Tacoma Rollover Preferred Shares, an amount equal to the Tacoma Rollover Maximum Preferred Distribution on the Tacoma Rollover Preferred Shares registered to them, less the aggregate amount of all Surplus Distributions actually paid on such Tacoma Rollover Preferred Shares prior to the date of dissolution; second, to the holders of Central Co-op Preferred Shares, an amount equal to the Central Co-op Maximum Preferred Distribution on the Central Co-op Preferred Shares registered to them, less the aggregate amount of all Surplus Distributions actually paid on such Central Co-op Preferred Shares prior to the date of dissolution, and third, pro rata to the Members in respect of their voting memberships issued in accordance with Article IV, all of the remaining net assets of the Co-op.

9. Lien. The Co-op will have a lien on all of its issued Preferred Shares for all indebtedness of the holders thereof to the Co-op.

10. Cancellation of Interest and Dividends. The Co-op shall have the right to cancel all interest and dividends, including without limitation Surplus Distributions, not claimed within six months after the notice of the distribution has been made by mail to the Preferred Share holder's address of record.

11. Reserved Powers. The Board of Trustees will have the power, from time to time and at any time, to pay off or retire or secure a release or satisfaction of any Preferred Share certificate, to compromise or settle a dispute between a holder of any Preferred Share and the Co-op, to settle an estate of a deceased or bankrupt holder of a Preferred Shares, or to close out a Preferred Share holder's interest when he or she has moved from the geographic area served by the Co-op.

## ARTICLE VI BOOK CREDITS, CAPITAL FUNDS, AND ALLOCATED RESERVES

1. The Co-op, through its Board of Trustees, shall have the power to establish book credits, capital funds, and other reserves (allocated or unallocated) to provide funds for corporate purposes in the manner provided by the Bylaws by retains from margins or proceeds otherwise payable to the Members or by other methods of collection. The designation, preferences, limitations, and relative rights of each class or series of book credits, capital funds, and reserves shall be determined by the Board of Trustees upon issuance or creation of the same.

2. The amounts supplied as book credits or to the various classes of capital funds and other allocated reserves shall be credited to the respective persons by whom supplied, and the books of the Co-op shall indicate the amounts credited to each such person.

3. The holders of book credits, capital funds, and allocated reserves shall have no vote or voice in the management or control of the Co-op by virtue of their ownership thereof, nor shall they have any preference in the distribution of assets except as provided in these Articles of Incorporation.

4. Book credits, capital funds, and allocated reserves shall be nontransferable except in the case of death, operation of law, bona fide transfer for security purposes only to the Co-op, a bank or other financial institution, intrafamily transfer, or transfer to an existing Member or person who will become a Member, or a transfer by gift to any person organized and operated as a nonprofit organization as defined in RCW 84.36.800(4) that also possesses a current tax exempt status under the laws of the United States (a "Permitted Transfer").

5. The Co-op may and it hereby reserves the right at any time, or from time to time, to call, purchase, redeem, retire, cancel, or reissue, for any reason, any or all of its then outstanding book credits, capital funds, or allocated reserves in such amounts as the Board of Trustees may determine by paying to the respective holders thereof or by depositing to their order at the office of the Co-op a sum or sums equal to the stated amount thereof as shown on the books and records of the Co-op. Written notice of such deposit shall be given to the holders of record of such book credits, capital funds, or allocated reserves so purchased or called by mailing such notice to their last known address as shown by the records of the Co-op.



6. In the event the membership of any Member shall terminate for any reason whatsoever, such Member shall not thereupon become entitled to demand or receive any interest in the property or assets of the Co-op. The Member will be entitled to receive payment of its interest in any book credits, capital funds, or other allocated reserves, which (i) for Consumer Members will generally be paid promptly after termination and (ii) for Worker Members, at the election of the Board of Trustees, may be paid as 20% of such payment immediately, with the remaining payments subject to a delayed repayment schedule, and in compliance with all applicable laws; provided that, in either case, no Member shall be entitled to payment of such interests, funds or reserves if his or her membership has been terminated as a result of a merger, acquisition, arrangement, share or membership exchange or other business combination in which the Member receives a membership, on substantially similar terms, in the surviving corporation.

## ARTICLE VII RIGHTS AND PRIORITIES

1. No Member shall have any property rights whatsoever in the Co-op or any of its assets by reason of his or her membership, except for those property rights set forth in this Article VII.

2. No permitted transfer of any interest in book credits, capital funds, or other allocated reserves shall be of any effect, or entitle the transferee to be paid or to receive any money from the Co-op until evidence of such transfer satisfactory to the Co-op shall be submitted to the Co-op.

3. In calling or purchasing or in paying over any monies supplied as book credits, capital funds or allocated reserves, the Co-op may rely solely upon its own records and shall not be liable to any person other than the person appearing by its records to be the owner thereof and entitled to receive money thereon.

4. No permitted transfer of any interest in book credits, capital funds or allocated reserves shall be valid until all claims of the Co-op against the registered holder thereof have been paid in full. The Co-op shall have the right to offset any indebtedness of a patron to the Co-op against: (a) any sums payable by the Co-op to such Member or patron; (b) such Member or patron's book credits, capital funds, and allocated reserves in the Co-op; and/or (c) the cash portion of any patronage dividend payable by the Co-op to such Member or patron. Each Member and patron of the Co-op does hereby make, constitute, and appoint the Co-op such Member and patron's attorney-in-fact for him and in his name, place, and stead, for his use and benefit, to sign, endorse, and deliver to the Co-op such portion of the cash portion of such Member and patron's patronage dividend as may be necessary to satisfy any indebtedness of such Member and patron to the Co-op.

5. In the event any Member shall dissent from those certain corporate actions described in RCW Chapter 24.06 to which such Member is allowed to dissent thereunder, such Member shall only be entitled to receive payment of his interest in any book credits, capital funds or other allocated reserves at the actual consideration contributed to the Co-op therefor, or the fair value thereof, whichever is less.

6. To the maximum extent permitted by law, the Board of Trustees shall

annually allocate the amount of the net earnings of the Co-op to its Members based on (a) for Consumer Members, the proportion attributable to patronage sourced business to Members in proportion to the business of each with the Co-op and (b) for Worker Members, the proportion of their hours worked (inclusive of overtime) for the Co-op during the year to the total number of hours worked by Worker Members for the Co-op during the year, all as provided in the Bylaws; provided that the Board of Trustees shall be entitled to: (i) take into account losses for prior years when calculating its net distributable surplus and (ii) retain as unallocated retained earnings the net distributable surplus if, in the Board's discretion, the amount is insufficient to justify the expense of allocating the same to Members. The Co-op will distribute 20% of each Member's patronage dividends no later than the 15<sup>th</sup> day of the ninth month following the close of the fiscal year for which the patronage dividends were declared. The remaining 80% of each Member's patronage dividend will be a retained patronage dividend. The Co-op will hold the retained patronage dividend for a revolvment cycle of no shorter than the normal depreciation period used by the Co-op for fixed assets plus two years.

7. In the event of dissolution, liquidation or winding-up of the Co-op, voluntary or involuntary, the assets of the Co-op shall be applied upon the liabilities of the Co-op in the following order of priority: (a) to payment of all indebtedness and liabilities of the Co-op other than that represented by the Co-op's book credits, capital funds, or allocated reserves; (b) to the holders of Tacoma Rollover Preferred Shares, an amount equal to the Tacoma Rollover Maximum Preferred Distribution on the Tacoma Rollover Preferred Shares registered to them, less the aggregate amount of all Surplus Distributions actually paid on such Tacoma Rollover Preferred Shares prior to the date of dissolution, liquidation or winding-up; (c) to the holders of Central Co-op Preferred Shares, an amount equal to the Central Co-op Maximum Preferred Distribution on the Central Co-op Preferred Shares registered to them, less the aggregate amount of all Surplus Distributions actually paid on such Central Co-op Preferred Shares prior to the date of dissolution, liquidation or winding-up; (d) to payment of the face value of all book credits, capital funds, pro rata; (e) to payment of any patronage returns due for the then current fiscal year, pro rata; and (f) if any balance remains, it shall be distributed to such nonprofit organization(s), tax exempt under IRC Section 501(c)(3), as the Board of Trustees shall designate. If there is insufficient money available to fully satisfy claims in any category, payments to that category shall be made pro rata.

## ARTICLE VIII BOARD OF TRUSTEES

The management of this Co-op shall be vested in a board of not less than five (5) trustees, which shall consist of no fewer than one Consumer Member, one Worker Member and the chief executive of the Co-op, as a voting ex-officio member, all as determined by the Bylaws. They shall be elected or appointed at such time, in such manner, and for such term of office, and may be removed from office, as the Bylaws may prescribe.

## ARTICLE IX TRUSTEES AND OFFICERS LIABILITY; INDEMNIFICATION

1. Pursuant to RCW 24.06.035(2), a member of the Board of Trustees or an officer of this Co-op shall not be individually liable to the Co-op, or its Members in their capacity as Members for conduct within his or her official capacity as a trustee or officer, except for acts



or omissions that involve intentional misconduct or a knowing violation of the law, or that involve a transaction from which the trustee or officer will personally receive a benefit in money, property, or services to which the trustee or officer is not legally entitled.

2. Any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, including those by or in the right of the Co-op, whether civil, criminal, administrative, or investigative by reason of the fact that he or she is or was a trustee, officer, employee, or agent of the Co-op, or who, while acting in such capacity is or was serving at the request of the Co-op as a trustee, director, officer, partner, employee or agent of another corporation, cooperative, partnership, joint venture, trust, or other enterprise, shall be indemnified by this Co-op against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him or her in connection with such action, suit, or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of this Co-op, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plead of nolo contendere or its equivalent, shall not of itself be determinative that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Co-op, or with respect to any criminal action or proceeding, that he or she had reasonable cause to believe that his or her conduct was unlawful. It is the intention of this section that the Co-op shall indemnify such persons to the fullest extent permitted by law but that this section shall not be construed to indemnify any such person to an extent that shall be unlawful. The Co-op may procure insurance to cover any indemnity provided for in this Article. The foregoing rights of indemnification are not exclusive of any other rights to which such person may be entitled under any law, statute, Bylaw, agreement, vote of Board of Trustees, Members, or otherwise, and such rights are specifically preserved.

## ARTICLE X AMENDMENTS

These Articles of Incorporation may be amended at any regular or special meeting of the membership called for that purpose by a two-thirds (2/3rds) vote of the "Active Members" (as that term is defined in the Bylaws) present in person or by mail or by electronic transmission at such meeting; provided, however, that if the total vote shall be less than 10% of the total Active Members, then the proposed amendments shall fail of adoption.