

# By-laws of Pocatello Co-op: A Natural Foods Market

## ARTICLE I: ORGANIZATION

**Section 1.1 Name.** The name of this corporation is Pocatello Co-op: A Natural Foods Market, Inc., referred to in these By-laws as "the Co-op."

**Section 1.2 Purposes.** The purpose of the Co-op is to provide groceries and related consumer goods to its members and to others and to engage in other lawful activities. The Co-op is organized and shall be operated on a cooperative and nonprofit basis.

**Section 1.3 Vision.** To provide natural foods and products to the Pocatello and surrounding community in a manner that is locally and cooperatively owned and controlled, provides a hub for community involvement, and reflects member values.

**Section 1.4 Mission.** To:

- Provide natural, organic, fair trade, and sustainable foods and products,
- Bring together local producers and consumers,
- Provide education, through various formats, about healthy choices for personal and ecological health,
- Educate about cooperatives and provide support for other cooperatives,
- Support community projects and businesses that improve the personal and ecological health of the community.

**Section 1.5 Offices.** The principal office of the Co-op shall be located at 815 S. 1<sup>st</sup>, Pocatello, Idaho 83201. The Co-op may also have other offices at other places as the Board of Directors may designate. The registered office of the corporation may, but need not, be the same as any of its principal places of business in the State of Idaho. In any case, the corporation's registered office shall be listed with the Idaho Secretary of State.

**Section 1.6 Fiscal year.** The fiscal year of the Co-op shall begin on July 1<sup>st</sup> of each year.

## ARTICLE II: MEMBERSHIPS

**Section 2.1 Eligibility and Admission.** Membership in the Co-op shall be voluntary and open to any individual whose purpose in seeking membership is to use the services of the Co-op and who is willing to accept the responsibilities of membership. Any individual, household, business, cooperative, non-profit organization, corporation or other entity may, on approval of their application, qualify to be a member. Each individual, household, business, cooperative, non-profit organization, corporation or other entity receives one vote no matter how many memberships have been purchased. The cost of memberships will be determined by the Board of Directors, and the Board of Directors may create separate categories of memberships with varying prices. Applicants

will be admitted to membership upon submitting required information and purchasing or subscribing to purchase a membership at a price determined by the Board of Directors. There is no requirement to renew a membership once purchased. Memberships are refundable after one year, provided there are sufficient replacement funds, and minus a small processing fee to be set by the Board. When a household, business, cooperative, non-profit organization, corporation or other entity, rather than an individual, purchases a membership, then one person shall be named the primary membership holder. That person will have the power to add or remove other qualified individuals of their group for the purpose of utilizing member benefits. Any qualified member of the group who is listed on the membership application and at least 18 years of age may exercise that group's voting privileges. A household includes 1-2 adults and associated dependents (this covers minor children, elderly parents who may live with their children, and adult disabled persons).

The Board of Directors may elect to give away up to, but not more than, five free memberships per year for any reason that is not a conflict of interest to anyone on the Board or contrary to these By-laws. The reason for each free membership must be documented and kept in the membership records.

**Section 2.2 Discounted Memberships.** Eligibility and admission the same as in Section 2.1. above, with the addition that students at least 18 years of age and low income individuals may qualify for discounted memberships as determined by the Board.

**Section 2.3 Membership Purchase Requirement.** Members who are not able to pay their membership up front will be provided a payment plan as determined by the Board of Directors. A member who becomes delinquent in meeting the membership purchase obligation, based on the payment plan, shall be placed into inactive status. A member in inactive status may attain good standing only upon full payment of all delinquent amounts and a processing fee, if any, as determined by the Board. References in these By-laws to the rights and entitlements of members shall be understood to refer only to members in good standing.

**Section 2.4 Rights.** Each member shall be entitled to make purchases from the Co-op on terms available to members and to participate in the governance of the Co-op as set forth in these By-laws. Consistent with Co-op credit, members may also contribute labor or services to the store and thereby be entitled to receive pay or in-store credit for store operations support.

**Section 2.5 Special Fees.** The Board of Directors shall have the authority to establish special fees to be paid by the memberships to support the needs of the Co-op.

**Section 2.6 Access to Information.** Members shall be provided reasonably adequate and timely information as to the organizational and financial affairs of the Co-op. Members shall have access to other information that is directly related to a legitimate interest of the member and is not contrary to the best interests of the Co-op. To protect the privacy of members, employees and others and to prevent potential harm to the

business interests of the Co-op, it shall be the policy of the Co-op to provide such additional information by the least intrusive means.

**Section 2.7 Settlement of Disputes.** In any dispute between the Co-op and any of its members or former members that cannot be resolved through informal negotiation, it shall be the policy of the Co-op to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

**Section 2.8 Non-Transferability.** Membership rights and interests may not be transferred except by will or by the laws of intestate succession to a person eligible for membership and with the express permission of the Co-op. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

**Section 2.9 Termination.** A member may terminate membership voluntarily at any time upon notice to the Co-op. Membership may be terminated involuntarily only for cause by the Board, provided the member is first accorded an adequate opportunity to respond in person or in writing. Upon termination of membership, all rights and interests in the Co-op shall cease, except for rights to refund of membership fee as set forth in the member refund policy.

### **ARTICLE III: CORPORATE SEAL**

**Section 3.1 Corporate Seal.** The corporation may have a corporate seal, which may be altered at will by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

### **ARTICLE IV: MEMBERSHIP MEETINGS AND VOTING**

**Section 4.1 Place of Meetings.** The Board of Directors may designate any place, either within or without the state of Idaho, as the place of meeting for any annual meeting or for any special meeting of members called by or at the direction of the Board of Directors. A waiver of notice signed by all members entitled to vote at a meeting may designate any place, either within or without the State of Idaho, as the place for the holding of such meeting. If no place is designated by the Board of Directors or if a special meeting be called otherwise than by or at the direction of the Board of Directors, the place of meeting shall be the principal office of the corporation.

**Section 4.2 Annual Meetings.** The annual meeting of the members of the corporation shall be held on the second Tuesday of the month of October of each year at the hour of 7:00 p.m., or on such other date and at such other time which may from time to time be

designated by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may properly come before the meeting. The failure to hold an annual meeting at the time stated or otherwise designated as provided herein shall not affect the validity of any corporate action.

**Section 4.3 Special Meetings.** Special meetings of the members of the corporation may be called at any time, for any purpose or purposes, by the Board of Directors or the President of the corporation or by the holders of at least twenty percent (20%) of the votes entitled to be cast on any issue proposed to be considered at the meeting (provided that such holders sign, date and deliver to the corporation's secretary, at least twenty (20) nor more than sixty (60) days before the proposed meeting, one or more written demands for the meeting describing the purpose(s) for which it is to be held).

**Section 4.4 Notice of Meetings.** The corporation shall notify its members of the date, time and place of each annual and special membership meeting and, in case of a special meeting, a description of the purpose or purposes for which the meeting is called, no fewer than ten (10) nor more than sixty (60) days before the meeting date. Only business within the purpose(s) described in the special meeting notice may be conducted at such special meeting.

**Section 4.5 Waiver of Notice.** Notice of any meeting of members may be waived in writing, signed by the person entitled to notice thereof and delivered to the corporation for inclusion in the corporate minutes or filing with the corporate records, either before or after the date and time stated in the notice, and, absent objection made in accordance with the Idaho Business Corporation Act ("IBCA"), will be waived by any member by his/her attendance thereat in person or by absentee ballot. Any member so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice hereof had been given.

**Section 4.6 Quorum.** Unless the IBCA or the Articles of Incorporation impose a greater requirement, membership and special meetings shall require a quorum of at least five percent (5%) of the membership, or fifty (50) persons, whichever is less. Absentee votes of members count towards the quorum requirement. Once a membership is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and any adjournment thereof, unless a new record date is or must be set for that adjourned meeting.

**Section 4.7 Adjournment and Notice of Adjourned Meetings.** Any meeting of members at which a quorum is present, whether annual or special, may be adjourned from time to time by the vote of a majority of the votes entitled to be cast and present at the meeting. If an annual or special members' meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

**Section 4.8 Voting Rights (Non-cumulative Voting).** Only members are entitled to vote. Except as otherwise provided by law, only persons in whose names memberships stand on the membership records of the corporation on the record date shall be entitled to vote on any matter. Unless the Articles of Incorporation provide otherwise, each outstanding membership, regardless of category, is entitled to one (1) vote on each matter voted on at a members' meeting.

If a quorum exists, action on a matter, other than the election of Directors, is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless these By-laws, the Articles of Incorporation or the IBCA require a greater number of affirmative votes. Unless otherwise provided in the Articles of Incorporation, Directors are elected by a plurality of the votes cast by the members entitled to vote in the election at a meeting at which a quorum is present. Members shall have no right to cumulate their votes for Directors.

In situations, other than the election of Directors, where the issue upon which the vote is taken does not lend itself to resolution based on simple majority, the Board of Directors shall establish the voting basis and procedure by which the issue will be decided.

In no way shall the Articles of Incorporation or the By-laws be amended so as to allow a member(s) to have greater voting power than others, whether such power be proposed based on number of purchased memberships, amount purchased at the cooperative, participation at the cooperative, or some other method. No member shall be given more voting power than any other member.

**Section 4.9 Corporation's Acceptance of Votes .**

- (a.) If the name signed on a vote, consent, or waiver corresponds to the name of a member, the corporation if acting in good faith is entitled to accept the vote, consent, waiver, or absentee ballot and give it effect as the act of the member.
- (b.) If the name signed on a vote, consent, or waiver does not correspond to the name of its membership, the corporation if acting in good faith is nevertheless entitled to accept the vote, consent, waiver, or absentee ballot and give it effect as the act of the member if so entitled by provisions of the IBCA.
- (c.) The corporation is entitled to reject a vote, consent, or waiver if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.
- (d.) Proxy votes shall not be accepted as valid votes on any matter.

**Section 4.10 List of Members.** After fixing a record date for a meeting, the corporation shall prepare an alphabetical list of the names of all its members who are entitled to notice of such meeting. The membership list must show the address and

number of memberships registered in the name of each member and be available for inspection by any member, at least ten (10) days before the meeting for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. The corporation shall make the membership list available prior to and at the meeting; and any member, his/her agent, or attorney is entitled to inspect the list. Refusal or failure to prepare or make available the membership list does not affect the validity of action taken at the meeting. Non-members are not entitled to review the membership list.

**Section 4.11 Conduct of Meeting.** At every meeting of members, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the President of the corporation, or, if the President is absent, the most senior Vice-President present, or in the absence of any such officer, a chairperson of the meeting chosen by a majority in interest of the members entitled to vote, present in person, shall act as chairperson. The Secretary or, in his/her absence, an assistant Secretary directed to do so by the chairperson, shall act as secretary of the meeting. A facilitator who is not on the Board may be appointed by the Board to conduct the meeting.

**Section 4.12 Action Without Meeting.** Action required or permitted by IBCA to be taken at a members' meeting may be taken without a meeting if the action is taken by all the members entitled to vote on the action. The action must be evidenced by one (1) or more written consents describing the action taken, signed by all the members entitled to vote on the action, and delivered to the corporation for inclusion in the minutes or filing with the corporate records. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document.

## **ARTICLE V: DIRECTORS**

**Section 5.1 Powers and Duties.** All corporate powers shall be exercised by and under the authority, and the business and affairs of the corporation shall be managed under the direction, of the Board of Directors (the "Board"), subject to any limitations set forth in these By-laws, the Articles of Incorporation or any membership agreement authorized under the IBCA. The Board shall keep members apprised of budget-making activities and significant unbudgeted expenditures. The Board of Directors shall coordinate and facilitate through the Officers and the General Manager the functioning of the Co-op. The Board shall adopt such policies, rules, regulations and resolutions not inconsistent with the Articles of Incorporation and the By-laws, as it may deem proper for the conduct of its meetings and the management of the Co-op. The Board of Directors will hire and evaluate a General Manager, elect Officers of the Corporation, fill vacancies on the Board, set policy, establish the goals for the organization, and generally oversee the management of the Co-op.

**Section 5.2 Variable Range-Size Board; Qualifications.** The number of Directors presently authorized is five (5). The authorized number of Directors of the corporation may range between five (5) and nine (9), and may be fixed or changed from time to time, within the minimum and maximum, by the members or the Board of Directors. After

memberships are sold, only the members may change the range for the size of the Board or change from a variable-range size Board to a fixed size Board. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director. Directors must be members. If for any cause the Directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the members called for that purpose in the manner provided by law or in these By-laws.

**Section 5.3 Terms and Staggering of Terms.** The terms of the initial Directors shall expire at the first members' meeting at which Directors are elected. Directors are elected at the first annual meeting of members and at each annual meeting thereafter. A term of office shall normally be two years. Board members may run for re-election. The non-voting paid employee members shall have a term of one year, and they may be re-elected. Terms of Directors shall be so staggered that one-third of the terms, or as nearly so as may be practicable, shall expire in each year. To facilitate staggering of terms, some Directors may periodically be elected for one or two year terms. Candidates receiving the greater number of votes shall be assigned the positions with the longer terms. In the event of a tie vote among candidates that would otherwise result in nonconformity with any provision of these By-laws, the candidates receiving such a tie vote shall determine among themselves who shall fill the available position or term. Directors shall hold office until their successors are elected or until their terms are terminated sooner in accordance with these By-laws.

(1) **Number and Qualifications.** The Board shall consist of no less than five (5) and no more than nine (9) Directors who are not employed by the Co-op. There may be up to but no more than two additional employee Board members, elected by Co-op employees through an electoral system chosen by the employees. The employee Board members shall be non-voting members. All Directors shall be members and shall not have any overriding conflict of interest with the Co-op. Neither the General Manager nor any employees of the Co-op shall be eligible to serve as voting Board members.

(2) **Nominations.** Directors may be nominated by the Board or by petitions signed by at least twenty members and submitted to the Co-op at least forty-five days before commencement of election of Directors. Each candidate for the Board of Directors must be a member of the Co-op and must give said written notice of candidacy and a written statement at least 45 days prior to the annual membership meeting, which shall include giving notice to at least one Director. The initial charter board is exempted.

(3) **Election.** Excluding the initial charter board, Directors shall be elected by members at the general meeting held in the fall. The Board may employ alternative voting methods at their discretion. Each member shall have the number of votes corresponding to the number of Director positions to be filled. No more than one vote may be cast for each Director position to be filled.

(4) **Compensation.** Directors shall receive no salary or wage compensation.

(5) **Standards of Conduct.** Directors shall be responsible at all times for discharging their duties in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner that they reasonably believe to be in the best interests of the Co-op. The Co-op may not lend money to or guarantee the obligation of a Director.

(6) **Conflicts of Interest.** Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such an interest may participate in the decision or discussion of the matter in accordance with Board policy, but may not vote on the matter.

(7) **Committees.** The Board may appoint and dissolve standing or ad hoc committees to advise the Board or to exercise such authority as the Board shall designate. Standing committees may only be dissolved through a two-thirds majority vote of the Board of Directors. Advisory committees shall include at least one Director. Committees exercising any authority of the Board shall consist only of Directors and shall conform to all requirements applicable to the Board.

(8) **Vacancies.** Whenever the number of Directors shall fall below five (5) for any reason, the remaining Board member(s) shall appoint one or more Directors necessary to bring the number of Directors to five (5). Such Directors shall serve until the next regularly scheduled election of Directors.

(9) **Termination and Removal.** The term of office of a Director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a Director upon notice to the Chairperson; (ii) automatically upon termination of membership in the Co-op; (iii) for cause by vote of at least two-thirds of all Directors, provided that written reasons for removal are included in the notice of the next general membership meeting; and (iv) for cause for unexcused absences from Board meetings. The Board of Directors can remove a Director for cause, including, but not limited to:

- 1) Conduct detrimental to interests of the corporation,
- 2) Lack of sympathy with the corporation's objectives, or
- 3) Refusal to render reasonable assistance in carrying out the corporation's purposes.

The Board of Directors may remove a Director for not attending three consecutive regularly scheduled Board meetings or three regularly scheduled meetings over a nine-month period, unless excused by the Board for good cause. The Board may give written notice of removal for lack of attendance after three unexcused absences. Five unexcused absences, whether consecutive or not, over a period of nine months shall result in automatic removal from the Board. The Board of Directors may remove a Director for any reason whatsoever consistent with these By-laws so long as the removed Director is given an opportunity to appeal the decision at the next general membership meeting. Said Director may be reinstated on the Board of Directors at such time based on a two-thirds majority vote of the general membership present at the meeting. Directors may be

removed by the members present at a general membership meeting by a two-thirds majority vote so long as said Director has been given written notification at least five weeks prior to the meeting and is given the opportunity to put forth a defense at the meeting.

**Section 5.4 Resignation.** A Director may resign at any time by delivering written notice to the Board of Directors, its chairperson, or the corporation.

**Section 5.5 Meetings.**

(1) **Annual Meetings.** The annual meeting of the Board of Directors shall be held immediately after the annual meeting of members and at the place where such meeting is held. No notice of an annual meeting of the Board of Directors shall be necessary; and such meeting shall be held for the purpose of electing Officers and transacting such other business as may lawfully come before it.

(2) **Place of Meetings.** Regular and special meetings of the Board of Directors, or of any committee designated by the Board, may be held at any place within or without the state of Idaho.

(3) **Telephone Meetings.** Unless the Articles of Incorporation provide otherwise, any member of the Board of Directors, or of any committee thereof, may participate in a regular or special meeting by, or conduct the meeting through the uses of, any means of conference telephone or similar communications equipment by which all Directors participating in the meeting may simultaneously hear each other during the meeting. A Director participating in a meeting by such means is deemed to be present in person at such meeting.

(4) **Notice of Meetings.** Notice of the date, time and place of any regular or special meeting of the Board of Directors shall be delivered at least two (2) days prior to the meeting; provided that the Board of Directors may provide, by resolution, the date, time and place, either within or without the state of Idaho, for the holding of regular meetings without notice other than such resolution. Neither the business to be transacted at, nor the purpose(s) of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

(5) **Waiver of Notice.** A Director may waive any notice required by the IBCA, the Articles of Incorporation or these By-laws at any time before or after the date and time stated in the notice. Except as otherwise provided below in this Subsection (5.5(5)), such waiver must be signed by the Director and filed with the minutes or corporate records. The attendance of a Director at or participation in a meeting shall constitute a waiver of notice of such meeting unless the Director, at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting or transacting any business at the meeting and does not thereafter vote for or assent to any action taken at the meeting.

## **Section 5.6 Quorum and Voting.**

(1) **Quorum.** Unless the Articles of Incorporation or these By-laws require a greater number or unless otherwise specifically provided by the IBCA, a quorum of the Board of Directors consists of (a) a majority of the fixed number of Directors if the corporation has a fixed Board size or (b) a majority of the number of Directors prescribed, if the corporation has a variable-range size Board, the number in office immediately before the meeting begins.

(2) **Majority Vote.** If a quorum is present when a vote is taken, the affirmative vote of the majority of the Directors present shall be the act of the Board of Directors, unless the Articles of Incorporation or these By-laws require the vote of a greater number of Directors. The Board of Directors will generally strive for consensus, then two-thirds majority, then majority vote (except in the matters related to appointing or terminating Board members), when a consensus cannot be reached.

(3) **Deemed Assent.** A Director of the corporation who is present at a meeting of the Board of Directors (or any committee thereof) at which action on any corporate matter is taken is deemed to have assented to the action taken unless: he/she objects at the beginning of the meeting, or promptly upon his/her arrival, to holding it or transacting business at the meeting; his/her dissent or abstention from the action taken is entered in the minutes of the meeting; or he/she delivers written notice of his/her dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after the adjournment of the meeting. Such right to dissent is not available to a Director who voted in favor of the action taken.

**Section 5.7 Action Without a Meeting.** Unless otherwise provided by the Articles of Incorporation, any action required or permitted by the IBCA to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if the action is taken by all members of the Board or committee. The action must be evidenced by one or more written consents describing the action taken, signed by each member of the Board of Directors or of the committee, as the case may be, and included in the minutes or filed with the corporate records reflecting the action taken.

**Section 5.8 Open Meetings.** Meetings of the Board and all committees shall be open to members. Sessions of a meeting may be closed only for issues of a particularly sensitive nature in accordance with Board policy. Such closed session shall be for purposes of discussion only and no decisions shall be made in closed session.

**Section 5.9 Facilitator.** Meetings of the Board of Directors shall be facilitated either by the Chairperson or by a facilitator appointed by the Board. If the Board chooses to utilize a facilitator, persons for the role of facilitator may be selected as non-voting members from outside the Board of Directors. Facilitators may change as often as the Board sees fit.

## **ARTICLE VI: OFFICERS**

**Section 6.1 Officers Designated.** The Officers of the corporation shall consist of a President, a Vice-President, a Secretary and a Treasurer, each of whom shall be appointed by the Board of Directors. The Board of Directors or the President may appoint such additional officers or assistant officers (other than those named above) as may be deemed necessary or desirable. The same individual may simultaneously hold more than one office. Neither the employee Board members, nor any employee other than the General Manager, are eligible to serve as Officers. Voting members of the Board of Directors may also serve as Officers. Officers do not have a vote on the Board of Directors.

**Section 6.2 Tenure and Duties of Officers.** Officers of the Corporation work for the Board of Directors and with the General Manager to accomplish the directives and achieve the goals of the organization. Officers work with the General Manager to supervise and control all of the business and affairs of the corporation.

(1) **Term of Office.** Each officer shall hold office at the pleasure of the Board of Directors or until death, resignation or removal. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(2) **The President.** The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. If so authorized by the Board of Directors, he/she may appoint such other officers or assistant officers as he/she deems appropriate to the conduct of the corporation's business. He/She may sign, with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general the President shall perform all duties commonly incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

(3) **The Vice-President.** In the absence of the President or in the event of his/her removal, resignation, death, or inability or refusal to act, the Vice-President (or in the event there is more than one Vice-President, the Vice-Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform other duties commonly incident to the office of Vice-President and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

(4) **The Secretary.** The Secretary shall: (i) attend all meetings and keep the minutes of the meetings and other proceedings of the members and of the Board of Directors in one or more books provided for that purpose; (ii) see that all notices are duly

given in accordance with the provisions of these By-laws or as required by law; (iii) be custodian of and responsible for authentication of the corporate records, and be custodian of the seal of the corporation and see that seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (iv) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; (v) have general charge of the memberships of the corporation; and (vi) in general perform all duties commonly incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

(5) **The Treasurer.** The Treasurer shall: (i) have charge and custody of and be responsible for all funds and securities of the corporation; (ii) receive and give receipts for monies 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 shall be selected in accordance with the provisions of Article VI of these By-laws; and (iii) in general perform all of the duties commonly incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

(6) **General Manager.** The General Manager is not an Officer of the corporation; rather, the General Manager is an employee of the corporation. The General Manager may be appointed as an Officer of the corporation, but may not serve as a voting member of the Board of Directors. The Board of Directors shall have power to employ and dismiss the General Manager. The General Manager, working with the Officers, shall have general charge of the ordinary and usual business operations of the Co-op subject to the direction and approval of the Board of Directors. The General Manager works with the Officers to accomplish the directives and achieve the goals of the organization. The General Manager shall be required to maintain all business records and accounts in such a manner that the true and correct condition of the business may be determined whenever practical. He/she shall provide annual and periodic reports in a form and manner prescribed by the Directors. The General Manager shall employ and discharge employees and volunteers subject to the direction and guidelines approved by the Directors. The General Manager shall handle and account for all monies belonging to the Co-op that come into his or her possession in the manner and form prescribed by the Directors.

**Section 6.3 Resignations.** Any Officer may resign at any time by delivering written notice to the corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective.

**Section 6.4 Removal.** The Board of Directors may remove any officer at any time without or without cause.

**Section 6.5 Contract Rights.** An officer's removal does not affect the officer's contract rights, if any, with the corporation. An officer's resignation does not affect the corporation's contracts, if any, with the officer.

**Section 6.6 Compensation.** The compensation of the Officers shall be fixed from time to time by the Board of Directors. No officer shall be prevented from receiving such compensation by reason of the fact that such officer is also a Director of the corporation.

**Section 6.7 Standards of Conduct.**

(a.) An officer with discretionary authority shall discharge his or her duties under that authority:

- (i.) In good faith;
- (ii.) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- (iii.) In a manner he/she reasonably believes to be in the best interests of the corporation.

(b.) In discharging his or her duties an officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

- (i.) One or more Officers or employees of the corporation whom the officer reasonably believes to be reliable and competent in the matters presented; or
- (ii.) Legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

(c.) An officer is not acting in good faith if he has knowledge concerning the matter in question that makes reliance otherwise permitted unwarranted.

**ARTICLE VII: EXECUTION OF CORPORATE INSTRUMENTS**

**Section 7.1 Execution of Corporate Instruments.** The Board of Directors may, in its discretion, determine the method and designate the signatory Officer or Officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign the corporation's name on behalf of the corporation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these By-laws; and such execution or signature shall be binding upon the corporation.

Authorization granted to any person hereunder may be general or confined to specific instances.

**Section 7.2 Loans.** No loan shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Such authorization may be general or confined to specific instances.

**Section 7.3 Deposits and Checks.** All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, securities brokerage firms or other depositories as the Board of Directors may select. All checks and drafts drawn on banks or other depositories on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize to do so. Such authorization may be general or confined to specific instances.

## **ARTICLE VIII: INDEMNIFICATION OF DIRECTORS AND OFFICERS**

**Section 8.1 Scope of Indemnification.** The corporation shall indemnify and advance funds to or on behalf of the Directors and Officers of the corporation to the fullest extent permitted by the IBCA, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than the IBCA permitted the corporation to provide prior to such amendment).

**Section 8.2 Mandatory Indemnification of Directors.** The corporation shall indemnify a Director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he/she was a party because he/she was a Director of the corporation, against reasonable expenses incurred by him/her in connection with the proceeding.

**Section 8.3 Insurance.** The corporation may purchase and maintain insurance on behalf of an individual who is a Director or officer of the corporation, or who, while a Director or officer of the corporation, serves at the corporation's request as a Director, officer, partner, trustee, employee, or agent of another domestic or foreign corporation, partnership, joint venture, trust, employee benefit plan, or other entity, against liability asserted against or incurred by him/her in that capacity or arising from his/her status as a Director or officer, whether or not the corporation would have power to indemnify or advance expenses to him/her against such liability.

**Section 8.4 Amendments.** Any repeal or modification of this Article VIII shall only be prospective and shall not affect the rights under this Article VIII in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any Director or officer.

**Section 8.5 Saving Clause.** If this Article VIII of these By-laws or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each Director and may nevertheless indemnify each officer to the full extent permitted by any applicable portion of this Article VIII that shall not have been invalidated, or by any other applicable law.

## **ARTICLE IX: NOTICES**

**Section 9.1 Methods of Notice.** Any notice provided pursuant to these By-laws shall be reasonable under the circumstances and provided by mail, e-mail, in person, telephone, or by any other method approved by the Board of Directors. The corporation shall maintain a list of which members were contacted with the particular notice, the date the members were contacted, by whom they were contacted, and the method used to contact the members.

**Section 9.2 Notice to Corporation.** Written notice to the corporation may be addressed to its registered agent at its registered office or to the corporation or its Secretary at its principal office shown in its most recent annual report filed with the Idaho Secretary of State.

## **ARTICLE X: RECORDS AND REPORTS**

### **Section 10.1 Corporate Records.**

(a.) The corporation shall keep as permanent records minutes of all meetings of its members and Board of Directors, a record of all actions taken by the members or Board of Directors with or without a meeting, and a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the corporation.

(b.) The corporation shall maintain appropriate accounting records.

(c.) The corporation or its agent shall maintain a record of its memberships, in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order by category showing the number of memberships and categories held by each.

**Section 10.2 Inspection of Records by Members.** In addition to any other rights of a member identified under these By-laws:

(a.) A member of the corporation is entitled to inspect and copy, during regular business hours at the corporation's principal office, any of the records of the corporation described in Section 10.1, if he/she gives the corporation written notice of his/her demand at least five (5) business days before the date on which he/she wishes to inspect and copy.

(b.) A member of the corporation is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation if the member meets the requirements of Subsection (c.), below, of this Section and gives the corporation written notice of his/her demand at least five (5) days before the date on which he/she wishes to inspect and copy:

- (i.) Excerpts from minutes of any meeting of the Board of Directors, records of any action of a committee of the Board of Directors while acting in place of the Board of Directors on behalf of the corporation, minutes of any meeting of the members, and records of action taken by the members or Board of Directors with or without a meeting;
- (ii.) Accounting records of the corporation; and
- (iii.) The record of memberships.

(c.) A member may inspect and copy the records described in Subsection (b.) of this Section only if:

- (i.) His/Her demand is made in good faith and for a proper purpose;
- (ii.) He/She describes with reasonable particularity his/her purpose and the records he/she desires to inspect and does so in writing; and
- (iii.) The records are directly connected with his/her purpose.

### **Section 10.3 Financial Statements to Members.**

(a.) The corporation upon written member request shall furnish its members annual financial statements or, if annual financial statements are not available, other appropriate accounting records, which may be consolidated or combined statements of the corporation and one or more of its subsidiaries, as appropriate, that include a balance sheet as of the end of the fiscal year and an income statement for that year. If financial statements are prepared for the corporation on the basis of generally accepted accounting principles, the annual financial statements must also be prepared on that basis.

(b.) If any financial statements furnished pursuant to subsection (a.), above, of this Section are reported upon by a public accountant, his/her report must accompany them. If not, the statements must be accompanied by a statement of the President or the person responsible for the corporation's accounting records:

- (i.) Stating his/her reasonable belief whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and

- (ii.) Describing any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year.

## **ARTICLE XI: GENERAL PROVISIONS**

### **Section 11.1 Amendment by Board of Directors or Members.**

(a.) The Board of Directors, by a two-thirds majority vote, may amend or repeal these By-laws unless:

- (i.) The Articles of Incorporation or the IBCA reserve this power exclusively to the members in whole or part, or
- (ii.) The members in amending or repealing a particular Bylaw provide expressly that the Board of Directors may not amend or repeal that Bylaw.

(b.) At a regular or special membership meeting, the members may amend or repeal these By-laws by a two-thirds majority vote even though the By-laws may also be amended or repealed by the Board of Directors.

**Section 11.2 Interpretation; Severability.** These By-laws may contain any provision for managing the business and regulating the affairs of the corporation that is not inconsistent with law or the Articles of Incorporation. In the event any provision of these By-laws is inconsistent with law or the Articles of Incorporation, such law or Articles of Incorporation shall govern. If any one or more of the provisions contained in these By-laws, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

**Section 11.3 Fiscal Year.** The fiscal year of the corporation shall begin on the 1<sup>st</sup> day of July and end on the 30<sup>th</sup> day of June in each year.

**Section 11.4 Dissolution.** In the event of the dissolution of the corporation, assets shall be distributed in the following manner: First, any outstanding secured loans shall be paid. Second, unsecured loans shall be paid. Third, membership fees minus a processing fee shall be returned to members. Fourth, remaining assets of the corporation shall be distributed by the Board of Directors to non-profit organizations, other cooperatives and cooperative organizations as proposed by the Board of Directors and decided on by the membership.

**Section 11.5 Change in Ownership.** Any change in corporation ownership (other than membership additions and changes) in part or whole of the corporation shall require a two-thirds majority vote of the total membership. Voting will be handled as stated in Article IV above, except that, as indicated here, a decision to change ownership may only be made based on the votes of two-thirds majority vote of all members.

The foregoing By-laws of Pocatello Co-op: A Natural Foods Market, Inc., a non-profit Idaho corporation, were adopted by the membership and the Board of Directors of the corporation effective on the \_\_\_\_ day of \_\_\_\_\_, 2007.

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Secretary