



**BYLAWS OF
BOISE CONSUMER COOPERATIVE, INC.**
Amended September 20, 2020

Article I – Organization

Section 1.1 - **Status.** Boise Consumer Cooperative, Inc. (referred to in these bylaws as "the Co-op") is a nonprofit cooperative corporation under the laws of the State of Idaho.

Section 1.2 - **Purposes.** As more fully stated in its articles of incorporation, the purposes for which the Co-op is organized are to acquire and distribute food, groceries, and other household and domestic items and services at the lowest possible price and to accommodate persons of low income. The Coop shall be operated on a cooperative and nonprofit basis for the primary and mutual benefit of its members as ultimate consumers.

Section 1.3 - **Cooperative principles.** The Co-op shall be operated in accordance with the cooperative principles adopted by the 1995 General Assembly of the International Co-operative Alliance, including: (i) voluntary and open membership; (ii) democratic member control; (iii) member economic participation; (iv) autonomy and independence of the Co-op; (v) providing education, training and information; (vi) cooperation with other cooperatives; and (vii) concern for community.

Section 1.4 - **Nondiscrimination.** The Co-op shall not arbitrarily discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, disability, political affiliation, disability, or otherwise.

Article II – Membership

Section 2.1 - **Eligibility.** Membership shall be voluntary and open to any individual of at least 18 years of age whose purpose or presumed intent is to use the services of the Co-op and is willing to accept the responsibilities of membership. Each membership share is allowed one vote. In case of doubtful eligibility, an application for membership shall be subject to approval by the Board at any time within six months after the date of application.

Section 2.2 - **Admission.** Applicants will be admitted to membership upon submitting required information on a prescribed form, paying a nonrefundable application fee, and purchasing or subscribing to purchase a share at a price and upon payment terms, if any, all as determined by the Board of Directors. The share purchase requirement may be waived in whole or in part for persons of low income.

Section 2.3 - **Rights.** Members and persons who live together in the housekeeping unit of a member and prepare meals in common shall be entitled to make purchases from the Co-op on terms generally available to members. Members shall be entitled to participate in the governance of the Co-op as set forth in these bylaws. Members shall be provided reasonably adequate and

timely information as to the operational and financial affairs of the Co-op. Persons who have subscribed but not fully paid for a share shall for all purposes be considered members.

Section 2.4 - Responsibilities. By accepting and retaining membership each applicant shall there by agree to use the services of the Co-op on at least an occasional basis. Each member shall keep reasonably current in payment of the share purchase requirement and other financial obligations of membership. Each member shall notify the Co-op of an e-mail address by which the member may receive written materials required or permitted by these bylaws or shall notify the Co-op that the member has no e-mail address; and each member shall notify the Co-op of any change to the owner's name or mail address or e-mail address.

Section 2.5 - Inactive status. A member who becomes delinquent in meeting the share purchase requirement or other financial obligations to an extent determined by the Board, or who fails to make a purchase from the Co-op for a period of 12 months, shall be placed into inactive status. The participation rights of such member shall then be suspended. A member in inactive status may attain good standing upon recommencing current payment of financial obligations or reestablishing a patronage relationship (making a purchase at the Co-op) with the Co-op. References herein to the rights and entitlements of members shall be understood to refer only to members in good standing.

Section 2.6 - Access to information. Members shall have access to information concerning the operational and financial affairs of the Co-op upon request made in good faith and for a proper purpose reasonably related to the member's interest as a member. The request must be in accordance with applicable state law. The requesting member must describe with reasonable particularity the purpose and the records sought to be accessed. The records requested must be directly connected to the stated purpose. Whenever feasible a request necessitating information from the Co-op's records of members shall be accommodated by means other than direct access to such records.

Section 2.7 - Settlement of disputes. In any dispute between the Co-op and any of its members or former members which 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. Neither 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 - Nontransferability. Membership rights and interests may not be transferred except that the Co-op will upon request following termination of membership transfer the carrying value of such person's share credits, net of any authorized offsets, to the credit of another person designated by the requesting member, provided that the transfer is gratuitous and that the person so designated is or becomes a member 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 - Withdrawal and expulsion. A member may withdraw from membership at any time upon notice to the Co-op. A member may be expelled by the Board for cause after being provided at least fifteen days prior written notice of the charges and an opportunity to respond in

person or in writing not less than five days before the effective date of expulsion. Upon termination of membership, all rights and interests in the Co-op shall cease except for rights to redemption of capital pursuant to Article VII below.

Article III-- Meetings of Members

Section 3.1 – **Annual meeting.** An annual meeting of members shall be held within the first six months of each fiscal year to receive reports on the operations and finances of the Co-op and to conduct such other business as may properly come before the meeting.

Section 3.2 – **Special meetings.** Special meetings of members may be called by the Board. Special meetings shall be called by the President as soon as possible after the receipt of petitions signed by ten percent of members, such petitions stating any proper business to be brought before the meeting.

Section 3.3 - **Time and place.** The date, time and place of all meetings of members shall be determined by the Board or, in the event that the Board fails to so act, by the Secretary. Meetings shall be held at a place convenient to members.

Section 3.4 - **Record dates.** Unless otherwise determined by the Board, only persons who are members in good standing at the close of business on the day immediately preceding the date of distribution of notices shall be entitled to notice of any meeting of members and to vote at such meeting.

Section 3.5 - **Notice.** Written notice of the time, place, and purpose or purposes of all meetings of members shall be provided to each member not less than twenty days (or, if notice is provided other than by first class mail or e-mail, thirty days) nor more than sixty days before the date of the meeting. Notices of meetings shall also be posted in a timely manner on the Co-op's member information board, but the inadvertent failure to do so shall not affect the validity of the meeting. Any business conducted at a meeting of members other than that specified in the notice of the meeting shall be of an advisory nature only.

Section 3.6 - **Quorum.** The presence in person or, when authorized, by mail ballot at the opening of the meeting of 1000 members in good standing or 3 percent of members in good standing, whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of members.

Section 3.7 - **Voting.** Unless otherwise required by these bylaws, each member in good standing shall have one and only one vote on each matter submitted to a vote of members. Voting by proxy shall not be permitted. Unless otherwise required by law or by these bylaws, issues shall be decided by a simple majority of votes cast except where one or more choices are to be made from several alternatives, in which case the alternative(s) receiving the most votes shall be considered approved. Meetings of members shall be conducted in accordance with generally accepted rules of parliamentary procedure. Records of membership shall be made accessible before and at meetings to resolve any questions arising concerning notice and voting.

Section 3.8 - **Balloting by mail.** When authorized by the Board, members may vote by mail ballots on any action that may be taken at a meeting of members, and such procedure may be used either in conjunction with or lieu of a physical meeting. When authorized, written ballots that set forth each proposed action and provide an opportunity to vote for or against each proposed action shall be delivered to every member entitled to vote thereon. All solicitations of votes by written ballot shall indicate the number of responses needed to meet the quorum requirement, shall state the percentage of approvals necessary to approve each matter other than election of directors, and shall specify the time by which a ballot must be received by the Co-op in order to be counted.

Section 3.9 - **Issues submitted by members.** Notices of a meeting of members shall include any proper issue submitted by petition signed by at least five percent of all members. Petitions must be received by the Co-op not less than seventy-five days before the date of the meeting at which they are to be presented to a vote of members.

Article IV-- Board of Directors

Section 4.1 - **Powers and duties.** Except as to matters reserved to members by law or by these bylaws, all corporate powers shall be exercised by or under the authority of, and the affairs of the Co-op shall be managed under the direction and control of, the Board of Directors (sometimes referred to in these bylaws as "the Board"). The duties of the Board shall include, but not be limited to, overseeing the operations and finances of the Co-op, establishing policies to govern operational decisions, engaging a manager and monitoring and evaluating her or his performance, and assuring that the purpose and mission of the Co-op are properly carried out.

Section 4.2 - **Number and qualifications.** The Board shall consist of nine individuals. To be qualified as a director, a person shall have been a member for at least six months prior to the election of directors, shall not be an employee of the Co-op, and shall not have any overriding conflict of interest with the Co-op.

Section 4.3 - **Nominations, election and terms.** Directors may be nominated by the Board, by a nominating committee, or by petitions signed by at least one hundred and twenty five members (125) and submitted to the Co-op at least seventy-five days before the date of the annual meeting. Directors shall be elected by members prior to the annual meeting. Directors shall generally be elected for terms of three years. Directors may be elected for terms of one or two years when necessary to make one-third of the terms of directors to expire in each year. Unless otherwise agreed among the candidates, candidates receiving the highest number of votes shall be given the longest available terms. Terms of directors shall begin at the first meeting of the Board after the annual meeting, and shall end when their successors take office or when their offices are sooner terminated in accordance with these bylaws.

Section 4.4 - **Compensation.** Directors and officers may be reimbursed for reasonable expenses incurred in connection with the performance of authorized business of the Co-op.

Section 4.5 - **Standards of conduct.** Directors and officers with any discretionary authority shall be responsible at all times for discharging their duties in good faith, with the care of an ordinarily

prudent person in a like position would exercise under similar circumstances, and in a manner they reasonably believe to be in the best interests of the Co-op.

Section 4.6 - **Conflicts of interest.** A director or member of a committee exercising any authority of the Board shall be under an affirmative duty to disclose his or her direct or indirect conflict of interest in any matter under consideration by the Board or by such committee and all related material facts, and such interest and facts shall be made a matter of record in the minutes of the meeting. Such director or member shall not participate in the discussion or decision of the matter. A transaction involving a conflict of interest may be approved only by a majority of all directors not having an interest in the transaction.

Section 4.7 - **Committees.** The Board may appoint special or standing committees to advise the Board or to exercise such authority as the Board shall designate. A committee exercising any authority of the Board shall include at least two directors and shall operate generally in accordance with Article V below. The appointment of any committee shall not relieve the Board of its responsibilities in the oversight of the Co-op.

Section 4.8 - **Termination.** 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 Secretary; (ii) automatically upon termination of membership in the Co-op; (iii) without cause by action at a meeting of members, provided that such proposed action is stated in the notice of the meeting and provided that the vote for removal would be sufficient to elect the director; and (iv) for missing three consecutive Board meetings or four meetings in any one-year period by the affirmative vote of a majority of directors then in office.

Section 4.9 - **Vacancies.** Any vacancy among directors occurring between annual meetings may be filled by the Board until the next election of directors by members, at which time members shall elect a director to fill the unexpired term.

Article V-- Meetings of the Board

Section 5.1 - **Meetings.** The Board of Directors may fix the times and places of regular meetings of the Board. Special meetings may be called by the President and shall be called by the Secretary upon request of any three directors. Meetings of the Board shall be held no less frequently than once in each two-month period.

Section 5.2 - **Notice.** Meetings called by resolution of the Board shall require no notice, it being the responsibility of absent directors to inquire as to the time of further scheduled meetings. Special meetings shall require written or oral notice to all directors at least two days before the date of the meeting.

Section 5.3 - **Waiver of notice.** Any notice of a meeting required under these bylaws may be waived in writing at any time before or after the meeting for which notice is required. A person who attends a meeting other than for the sole purpose of objecting to the adequacy of the notice shall be deemed to have waived any objection to the notice.

Section 5.4 - **Quorum and voting.** The presence in person of a majority of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board. Unless a greater percentage is required by law or by these bylaws, when a quorum is present an action approved by a majority of directors present shall be the action of the Board.

Section 5.5 - **Meetings by telecommunications device.** A meeting of the Board may be conducted by means of a telephone conference or other telecommunications device whereby all persons participating can hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting.

Section 5.6 - **Action without a meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting provided that a written consent to the action is signed by all directors (except no more than one director who is not then available) and filed with the minutes of meetings.

Section 5.7 - **Referendum.** Any action of extraordinary significance taken by the Board shall be referred to a meeting of members for approval or disapproval if demanded within ten days of such action by one-third of all directors, provided that rights of third parties which have vested between the time of such action and disapproval by members shall not thereby be impaired.

Section 5.8 - **Open meetings.** Meetings of the Board and all committees shall be open to members, except that sessions of a meeting may be closed as to matters of a confidential or sensitive nature. A meeting shall not be conducted by telecommunications device for the purpose of excluding members.

Article VI-- Board of Director Officers

Section 6.1 - **Designation and qualifications.** The principal officers of the Co-op Board of Directors shall consist of President, Vice President, Secretary and Treasurer. The Board may designate other officers or assistant officers.

Section 6.2 - **Election, terms and removal.** Officers shall be elected by the Board at its first meeting following the annual meeting of members. Officers shall serve for terms of one year or until election of their successors. Officers may be removed and replaced by the Board at any time whenever, in its opinion, the best interests of the Co-op would thereby be served.

Section 6.3 - **Duties.** Officers shall have the following duties and such additional duties as are determined by the Board:

- (a) The President shall be responsible for coordinating the activities of the Board, presiding at meetings of the Board and of members, and maintaining effective communication with the general manager, and shall present a report on the operations of the Co-op at the annual meeting of members.
- (b) The Vice President shall assume these duties in the absence of the President.
- (c) The Secretary shall be responsible for recording and keeping minutes of meetings of the Board and of members, overseeing the issuance of notices required under these bylaws, and authenticating records of the Co-op.

(d) The Treasurer shall be responsible for overseeing the maintenance of financial records, issuance of financial reports, and the filing of all required reports and returns, and shall present a report on the financial condition of the Co-op at the annual meeting of members. Unless the Board determines otherwise, the President shall have authority to execute on behalf of the Co-op, and the Secretary to attest to, documents evidencing transactions authorized by the Board.

Article VII-- Capital Shares

Section 7.1 - Issuance and terms. To evidence capital funds provided by members, the Co-op shall issue shares. Shares may be issued only to persons eligible for and admitted to membership in the Co-op. Shares shall be considered issued upon full payment of their issuing price, and they need not be evidenced by certificates. Capital funds contributed by members prior to the Co-op being authorized to issue stock shall be credited as payments toward the share purchase requirement. Shares shall be entitled to no dividend or other monetary return on contributed capital and may not be used to secure loans or other obligations of members. Shares shall be subject to assessment for the reasonable capital needs of the Co-op, as determined by the Board.

Section 7.2 - Redemption. Upon request following termination of membership, shares shall be redeemed when replacement capital is provided by other members. Shares shall be redeemable at the lesser of their carrying value on the books of the Co-op or their net book value less a reasonable processing fee, if any, as determined by the Board. Redemption proceeds shall be subject to offset by amounts due and payable to the Co-op by the owner. No redemption shall be made when such payment would impair the ability of the Co-op to meet its other obligations as they become due. Reapplications for ownership after full or partial redemption shall be subject to full repayment of redemption proceeds.

Article VIII-- Patronage Dividends

Section 8.1 - Distribution obligation. The realized net earnings of the Co-op attributable to the patronage of members shall be allocated and distributed among members in proportion to their patronage and in such a manner and at such a time as to constitute patronage dividends within the meaning of federal income tax law. Unless otherwise required under federal tax law all of the operations of the Co-op shall be netted into a single allocation unit.

Section 8.2 - Reductions. Any distributable net earnings of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution. Net earnings may be reduced by such reasonable reserves for necessary business purposes as is determined by the Board. A patronage dividend to which members are entitled may be waived in whole or in part by vote of members.

Section 8.3 - Consent of members. By obtaining or retaining membership in the Co-op, each member shall there by consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

Section 8.4 - Deferred amounts. Payment of a portion of patronage dividends not to exceed eighty percent of the allocation may be deferred for the reasonable capital needs of the Co-op, as determined by the Board. Such amounts shall be credited to revolving capital accounts in the names of recipient members and shall accrue no dividend or other monetary return on capital. Deferred patronage dividends may be redeemed when determined by the Board to be no longer needed for capital purposes. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts, except that redemptions shall be payable only to members who are then in good standing or become so within a six-month period of time. Deferred patronage dividends may also be redeemed under compelling circumstances as determined by the Board. They shall be subject to being offset by amounts otherwise due and payable to the Co-op and by assessments resulting from tax audit adjustments.

Section 8.5 - Net losses. No portion of a net operating loss realized by the Cooperative shall be allocated to members. The patronage portion of such losses shall be carried forward to offset patronage-sourced income of subsequent years. The nonpatronage portion of such losses shall be carried back and forward to offset nonpatronage-sourced income of prior and subsequent years as required or permitted under federal income tax law.

Section 8.6 — Failure to Claim or Redeem. The patronage dividend distributed to an owner (by any means, including as cash, as a voucher, or by credit redeemable at a cash register of the Cooperative) may be used for the purchase of goods at the Cooperative, redeemed for cash, or donated to the Cooperative. The portion of a patronage dividend distributed to any owner that is not claimed, used, redeemed or donated within 90 days of issuance date, or by the next June 30th from issuance date, whichever is later, shall revert to the Cooperative as a donation without further notice to the owner. Such cash portions of patronage dividends that are donated or that revert to the Cooperative as provided in this subsection shall be distributed and allocated to a tax-exempt charity as the Board may determine.

Article IX-- Fiscal and Miscellaneous Matters

Section 9.1 - Fiscal year. The fiscal year of the Co-op shall begin on the first day of July in each year and end on the last day of June of the following year.

Section 9.2 - Indemnification. The Co-op shall indemnify its directors, officers, employees, or agents as required under Idaho law, and may indemnify such persons as permitted under Idaho law. Indemnification payments shall be made on a priority basis but only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its other obligations as they become due. Any indemnification payments or advances shall be reported to members no later than the next-scheduled meeting of members.

Section 9.3 - Communication by electronic means. Unless otherwise required by law or by these bylaws, any notice, vote, consent, petition, or other oral or written communication required or permitted by these bylaws may, as and if determined by the Board, be delivered by electronic means, provided that, in the case where such communication expressly or impliedly requires the signature of the person submitting the communication, means are in place to reasonably assure the authenticity of the signature.

Article X-- Interpretation and Amendment of Bylaws

Section 10.1 - **Interpretation.** The Board of Directors shall have the power to interpret these bylaws, apply them to particular circumstances, and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these bylaws.

Section 10.2 - **Severability.** In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

Section 10.3 - **Amendment.** These bylaws may be amended at a meeting of members, provided that the proposed amendments are stated or fully described in the notice of the meeting at which the amendments are to be adopted. These bylaws may also be amended by the affirmative vote of two-thirds of all directors, provided that the meeting of the Board of Directors is called in whole or in part for that purpose. Bylaws amended by the Board shall be submitted to the approval of members at the next-scheduled meeting of members or balloting by mail.

APPENDIX

Explanation of Patronage Dividend Consent Provision

Section 8.3 of the Co-op's bylaws relates to when and how patronage dividends are required to be included in the taxable incomes of recipient members. Section 1385(b) of the Internal Revenue Code provides that a patronage dividend shall not be included in the taxable income of a recipient to the extent that such amount "is attributable to personal, living, or family items." This exclusion from taxable income would apply to members whose purchases from the Co-op were for such personal use. To such persons section 8.3 is therefore of no effect. To all other members section 8.3 represents their consent to include the amount of their patronage dividend in their taxable incomes for the year in which they receive their patronage dividend notice and check. This consent would apply to members whose purchases from the Co-op were for business or income-producing purposes.