

# BYLAWS OF BILLINGS BOOKSTORE COOPERATIVE

## **ARTICLE 1:**

### OFFICES

The principal office of the cooperative association in Montana shall be located in **Billings, Montana**. The cooperative association may have such additional offices as the Board of Directors may from time to time determine to be necessary or desirable.

## **ARTICLE 2:**

### SHAREHOLDERS

Section 1: **Annual meeting**. The annual meeting of the shareholders will be held in the month of April of each year, on a date fixed by the directors, beginning with the year 2016, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday, such meeting shall be held on the next succeeding business day. If the election of Directors is not held on the day designated for the annual meeting of shareholders, or any adjournment, the Board of Directors shall cause the election to be held at a special shareholders meeting as soon as convenient.

Section 2: **Special Meetings**. The president or the Directors may call a special meeting of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute. The president shall call a special meeting at the request of the holders of not less than 20% of the common shares entitled to vote at the meeting.

Section 3: **Place of meeting**. The Board of Directors may designate any place, either within or without the State of Montana, as the place of meeting for any annual or special meeting. If no designation is made, the place of meeting shall be the principal office of the cooperative association in the State of Montana.

Section 4: **Notice of meeting**. Written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 7 nor more than 30 days before the date of the meeting, either personally or by mail or email, by or at the direction of the president, vice-president or secretary, or the persons otherwise calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at the shareholder's address as it appears on the stock transfer books of the cooperative association, with postage prepaid.

Section 5: **Quorum**. Those present and voting in person or by proxy shall constitute a quorum at a meeting of the shareholders.

Section 6: **Voting of shares**. Each outstanding common share entitled to vote shall be entitled to

one vote on each matter submitted to a vote at a meeting of shareholders.

Section 7: **Voting by mail.** At any regularly called general or special meeting of the shareholders of the cooperative association, a written vote received by mail **or email** from any absent shareholder(s) and signed by such shareholder(s) may be read in such meeting and shall be equivalent to a vote of each such shareholder so signing, providing such shareholder(s) has been previously notified in writing of the exact motion or resolution upon which such vote is taken and a copy of the same is attached to the vote so mailed by such shareholder(s).

### **ARTICLE 3:**

#### **BOARD OF DIRECTORS**

Section 1: **General powers.** The Board of Directors shall manage the business and affairs of the cooperative association.

Section 2: **Number, tenure and qualifications.** The number of directors of the cooperative association shall be at least three (3). The initial number of directors is three. Each initial director shall hold office for a term of three years and until the director's successor is elected and qualified. At the end of the first year, two more board members will be added with a three-year term. At the end of the second year, two more board members will be added with a three-year term. The number of directors may be increased from time to time by amendment of the by-laws, but no subsequent decrease shall have the effect of shortening the term of any incumbent director. Directors must be shareholders or representatives of shareholders who are not natural persons.

Section 3: **Regular meetings.** A regular meeting of the Board of Directors or any committee designated thereby shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of the shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Montana, for the holding of additional regular meetings without other notice than such resolution.

Section 4: **Special meetings.** Special meetings of the Board of Directors or any committee designated thereby may be called by or at the request of the president or by any other officer or director. The persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Montana, as the place for holding any special meeting of the Board of Directors so called.

Section 5: **Board of Director meetings by teleconferencing.** Members of the Board of Directors, or any committee designated thereby, may participate in a regular or special meeting of such Board or committee by means of a conference telephone or other telecommunications equipment by which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting. Any such meeting of the Board of Directors or committee, utilizing conference telephone or other telecommunications equipment, may be held upon 24 hours oral notice to each director personally of the time and purpose of the meeting to be held by such means.

Section 6: **Notice.** Notice of any special meeting of the directors shall be given at least two days previous to the meeting by written notice delivered personally, mailed to each director at such director's business address, or by email. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage prepaid. A director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors or any committee designated thereby need be specified in the notice or waiver of notice of such meeting.

Section 7: **Quorum.** A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If less than such a majority is present, a majority of the directors present may adjourn the meeting without further notice.

Section 8: **Manner of acting.** The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. For purposes of voting, each director shall have one vote at all meetings of the Board of Directors.

Section 9: **Removal of Directors.** The shareholders may remove directors at a meeting called expressly for that purpose. Any director, or the entire Board of Directors, may be removed, with or without cause, by a vote of the holders of two-thirds of the shares then entitled to vote at an election of directors.

Section 10: **Vacancies.** Any vacancy occurring on the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors. A director elected to fill a vacancy shall serve for the unexpired term of the predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by an election at an annual meeting or at a special meeting of the shareholders called for that purpose.

Any directorship to be filled by reason of the removal of one or more directors by the shareholders may be filled by election by the shareholders at the meeting at which the director or directors are removed. Any director may resign the office at any time, such resignation to be made in writing and delivered to the president or secretary of the cooperative association.

Section 11: **Compensation.** The Board of Directors shall have the authority to fix the compensation of its directors. By resolution of the Board of Directors, the directors may be paid their expenses for attendance at meetings of the Board of Directors and may be paid a fixed sum for attendance at such meeting. No such payment shall preclude any director from serving the cooperative association in any other capacity and receiving compensation for such services.

Section 12: **Presumption of assent.** A director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken, shall be presumed to have assented to the action taken unless the director's dissent is entered in the minutes of the meeting or unless the director files a written dissent to such action with the person acting as secretary of the meeting, before the adjournment thereof, or forwards such dissent by certified U.S. mail to the secretary immediately after adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 13: **Informal Action by Directors.** Any action required to or that may be taken at a

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meeting of directors or of a committee, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors or all of the members of the committee, as the case may be, entitled to vote on the subject matter thereof.

## **ARTICLE 4:**

### **OFFICERS**

Section 1: **Number.** The officers of the cooperative association shall be a president and a vice-president, each of whom must be a director, a secretary and a treasurer, all of whom shall be elected or appointed by the Board of Directors. Such other officers as may be deemed necessary may be elected or appointed by the Board of Directors.

Section 2: **Election and term of office.** The officers of the cooperative association shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of shareholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient.

Each officer shall hold office until a successor has been duly elected and qualified, until the officer's death, or until the officer resigns or is removed in the manner herein provided.

Section 3: **Removal.** Any officer or agent elected or employed by the Board of Directors may be removed, with or without cause, by the Board of Directors whenever, in its judgment, the best interests of the cooperative association would be served by such removal, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent or the designation of a specified term shall not of itself create contract rights.

Section 4: **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise shall be promptly filled by the Board of Directors for the unexpired portion of the term. Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, the president or the secretary of the cooperative association. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such other officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 5: **President.** The president shall be the principal executive officer of the cooperative association and, subject to the control of the Board of Directors, shall supervise and control all of the business and affairs of the cooperative association. When present, the president shall preside at all meetings of shareholders and of the Board of Directors. The president may sign, with the secretary or other proper officer of the cooperative association authorized by the Board of Directors, certificates for shares of the cooperative association, deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except when the signing and execution shall be expressly delegated by the Board of Directors to some other party. In general, the president shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors.

Section 6: **Vice-President.** The vice-president, in the absence of the president, or in the event of the president's death, inability or refusal to act, shall perform the duties of president and, when so acting,

shall have all of the powers of and be subject to all the restrictions on the president. The vice-president may sign, with the secretary, certificates of shares of the cooperative association, and shall perform such other duties as may be assigned to the vice-president by the President or the Board of Directors.

Section 7: **Secretary**. The secretary shall: (a) keep the minutes of shareholders and directors meetings; (b) see that notices are given as required by these bylaws or Montana law; (c) be the custodian of the corporate records and seal; (d) keep a register of the post office address and email address (if any) of each shareholder; (e) with the president or vice-president, sign certificates of shares, the issuance of which has been authorized by the Board of Directors; (f) have general charge of the stock transfer books and other books of the cooperative association; and (g) the secretary need not be a member of the board (h) in general perform all duties incident to the office of secretary and such duties as may be assigned by the president or the Board of Directors. If required by the Board of Directors, the secretary shall give bond for the faithful discharge of duties.

Section 8: **Treasurer**. The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source, and deposit all monies in the corporation's name in banks, trust companies, or other depositories that the board shall select; (c) the treasurer need not be a member of the board; and (d) in general perform all of the duties incident to the office of treasurer and any other duties that the president or board may assign to the treasurer. If required by the board of directors, the treasurer shall give a bond for the faithful performance of the treasurer's duties and as insurance against the misappropriation of funds; the bond shall be in a sum and with the surety or sureties that the board of directors shall determine.

Section 9: **Salaries**. The salaries of the officers shall be fixed from time to time by the Board of Directors. No officer shall be prevented from receiving a salary by reason of the fact that the officer is also a director of the cooperative association.

## **ARTICLE 5:**

### **INDEMNIFICATION OF DIRECTORS, OFFICERS AGENTS, AND EMPLOYEES**

Section 1: **Indemnification of Directors**. The cooperative association shall indemnify any individual made a party to a proceeding because he is or was a director of the cooperative association, against liability incurred in the proceeding, but only if such indemnification is both (i) determined permissible and (ii) authorized, as defined in subsection (a) of this Section 1 of Article 5. (Such indemnification is further subject to the limitation specified in subsection (c).)

(a) **Determination and Authorization.** The cooperative association shall not indemnify a director under this Section 1 of Article 5 unless:

(1) **Determination.** A determination has been made in accordance with the procedures set forth in Montana Business Corporation Act that the director met the standard of conduct set forth in subsection (b) below, and

- (2) Authorization. Payment has been authorized in accordance with the procedures set forth in the Montana Business Corporation Act based on a conclusion that the expenses are reasonable, the cooperative association has the financial ability to make the payment, and the financial resources of the cooperative association should be devoted to this use rather than some other use by the cooperative association.
- (b) Standard of Conduct. The individual shall demonstrate that:
- (1) the individual acted in good faith; and
  - (2) the individual reasonably believed:
    - (i) in acting in an official capacity with the cooperative association, that the individual's conduct was in the cooperative association's best interests;
    - (ii) in all other cases, that the individual's conduct was at least not opposed to the cooperative association's best interests; and
    - (iii) in the case of any criminal proceeding, that the individual had no reasonable cause to believe that the conduct was unlawful.
- (c) No indemnification Permitted in Certain Circumstances. The cooperative association shall not indemnify an individual under Section 1 of Article 5 if:
- (1) the individual was adjudged liable to the cooperative association in a proceeding by or in the right of the cooperative association; or
  - (2) the individual was adjudged liable in any other proceeding charging that the director improperly received personal benefit, whether or not the individual acted in an official capacity.
- (d) Indemnification in Derivation Actions Limited. Indemnification permitted under Section 1 of Article 5 in connection with a proceeding by the cooperative association or in the right of the cooperative association is limited to the reasonable expenses incurred in connection with the proceeding.

Section 2: **Advance Expenses for Directors.** The cooperative association shall pay for or reimburse, in advance of final disposition of the proceeding, the reasonable expenses incurred by a director who is a party to a proceeding if:

- (a) by following the procedures of the Montana Business Corporation Act, the Board of Directors determined that the director met requirements (c)-(e) listed below; and
- (b) by following the procedures and standards set forth in the Montana Business Corporation Act, the Board of Directors authorized an advance payment to a director; and
- (c) the director has furnished the cooperative association with a written affirmation of the

director's good faith belief that the director has met the standard of conduct described in Section 1 of Article 5; and

(d) the director has provided the cooperative association with a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that the director did not meet the standard of conduct; the director's undertaking must be an unlimited general obligation, but need not be secured, and the cooperative association may accept the undertaking without reference to financial ability to make repayment; and

(e) the Board of Directors determines that the facts then known to it would not preclude indemnification under Section 1 of this Article 5 or the Montana Business Corporation Act.

Section 3: **Indemnification of Officers, Agents and Employees.** The Board of Directors, by board resolution, may elect to indemnify and advance expenses to any officer, employee, or agent of the cooperative association, who is not a director of the cooperative association, to any extent consistent with public policy.

Section 4: **Mandatory Indemnification.** Notwithstanding any other provisions of these bylaws, the cooperative association shall indemnify a director or officer who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because he or she is or was a director or officer of the cooperative association, against reasonable expenses incurred by the directors or officers in connection with the proceeding.

## **ARTICLE 6:**

### **CONTRACTS, LOANS, CHECKS AND DEPOSITS**

Section 1: **Contracts.** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the cooperative association, and such authority may be general or confined to specific instances. In the absence of fraud, no contract or other transaction between the cooperative association and any other cooperative shall be affected by the fact that the officers or directors of this cooperative association also shall be officers or directors, or otherwise interested, in such other cooperative.

Section 2: **Loans.** No loans shall be contracted on behalf of the cooperative association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3: **Checks, drafts, etc.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the cooperative association shall be signed by such officers or agents of the cooperative association and in such manner as may be determined by resolution of the Board of Directors.

Section 4: **Deposits.** All funds of the cooperative association shall be deposited from time to time to the credit of the cooperative association in such banks or other depositories as the Board of Directors may select.

## **ARTICLE 7:**

### **SHARE CERTIFICATES, TRANSFER AND RESTRICTIONS ON TRANSFER**

Section 1: **Certificates for shares.** Certificates representing shares of the cooperative association shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the president or vice-president and by the secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name, address, and email address (if available) of the person to whom the share is issued and date of issue, shall be entered on the stock transfer books of the cooperative association. All certificates surrendered to the cooperative association for transfer shall be cancelled and no new certificates shall be issued until former certificates for a like number of shares shall have been surrendered and cancelled, except that in the case of a lost, destroyed or mutilated certificate, a new one may be issued upon such terms and indemnity to the cooperative association as the Board of Directors may prescribe. No certificate shall be issued for any share until such share is fully paid.

Section 2: **Transfer of shares.** No assignment of any share or shares of stock shall be made to any person who already owns stock, except by the consent of the Board of Directors. Stock may be assigned to the cooperative association at any time with the consent of the Board of Directors. Every assignment of stock on which there remains any portion unpaid shall be recorded in the books of the cooperative association, and each shareholder shall be jointly and severally liable with the cooperative association for the debts of the cooperative association to the extent of the amount which shall be unpaid on the shares of stock held by such shareholder. No assignor shall be released from any such indebtedness by reason of any assignment of assignor's shares of stock but shall remain jointly liable therefor with the assignee.

Section 3: **Disposal of net earnings.** The Board of Directors of the cooperative association, subject to revision by the holders of common stock at any shareholder meeting, may apportion the *net* earnings of the cooperative association as follows:

- (a) by first paying dividends on paid-up capital stock, not exceeding the percentage allowed by Montana state law per annum on the par value thereof;
- (b) from the remaining funds, if any, accessible for dividend purposes, not less than 5% of the net earnings for a reserve fund until an amount has accumulated in said reserve fund amounting to 30% of the paid-up capital stock;
- (c) from the balance, if any, 5% for an educational fund to be used for education in cooperative principles; and
- (d) the remaining of said net earnings, if any, by uniform dividends on the amount of purchases from or patronage of the cooperative association's products and services, which may be credited to the account of such patrons on account of capital stock in the cooperative association.

## **ARTICLE 8:**

### SEAL

The Board of Directors may provide a corporate seal that shall be circular in form and shall have inscribed on it the name of the cooperative association and the state of Montana.

## **ARTICLE 9:**

### WAIVER OF NOTICE

Whenever any notice is required to be given to any shareholder or director of the cooperative association under the provisions of these bylaws or under the provisions of Montana law, a waiver, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

## **ARTICLE 10:**

### AMENDMENTS

These bylaws may be altered, amended or repealed and new bylaws may be adopted by a two-thirds vote of those voting at any regular or special meeting of the shareholders. Proposed amendments must be noticed with the notice of regular or special meeting of the shareholders.

## **CERTIFICATE**

We, the undersigned members of the Board of Directors of Billings Bookstore Cooperative, do hereby certify that we have adopted the foregoing as the Bylaws of the cooperative association and direct that the Bylaws be inserted and kept in the corporate record book of the cooperative association.

DATED April 8, 2016.

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Carrie La Seur

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Precious McKenzie

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Nina Hernandez