

BYLAWS
OF
MOSCOW COMMUNITY INVESTMENT COOPERATIVE
A COOPERATIVE ORGANIZED UNDER
MINNESOTA STATUTES, CHAPTER 308A

ARTICLE I
ORGANIZATION

Section 1.1 Name. The name of the organization shall be Moscow Community Investment Cooperative (the “Cooperative”).

Section 1.2 Ownership and Purpose. The Cooperative shall be owned by its members and operate in accord with the International Cooperative Alliance’s Statement on the Cooperative Identity for the mutual benefit of its members. The purpose of the Cooperative shall be to engage in real estate acquisition, improvement, and management and economic development in the community of Moscow, Idaho and to otherwise engage in any lawful activity connected with or related to its purposes.

ARTICLE II
MEMBERSHIP

Section 2.1 Eligibility. Membership in the Cooperative is open to any resident of Latah County, Idaho who is age 18 or older, supports the Cooperative’s mission and purpose, and is willing to accept the responsibilities of membership. Any individual person may become a member of the Cooperative under terms established by the Board of Directors (henceforth “the Board”). The Board may establish additional membership eligibility requirements and benefits not contained in these bylaws and may adjust membership eligibility requirements and benefits as necessary for the good of the Cooperative.

Section 2.2 Nondiscrimination. The Cooperative shall not discriminate in its ownership on social or political grounds, or on the basis of race, creed, age, sex, disability, sexual preference, or marital status.

Section 2.3 Admission. Any eligible person may apply for membership using a form provided by the Cooperative. An application for membership shall be acted on by the Board at its first meeting following receipt of the application. The Board has authority to approve or reject a membership application based on policies established by the Board. Pending approval of the membership application by the Board, each prospective member shall purchase one (1) share of Class A common stock at its current book value which shall be set by the Board and may be adjusted by the Board from time to time. Each member will receive a copy of the Articles of Incorporation and Bylaws of the Cooperative upon request to the Board.

Section 2.4 Rights. There will be one class of members of the Cooperative and all members will have the same rights and responsibilities. Members have the right to elect the Board, attend meetings of the Board, receive notice of and attend membership meetings, petition as described in these Bylaws, and approve amendments to these Bylaws. Each member shall have one vote and no more on all matters submitted to members. The rights of members shall apply only to active members in good standing. All rights and responsibilities of members are subject to applicable state law, the Bylaws as they may be

amended from time to time, and to policies and decisions of the Cooperative or the Board, as may be adopted from time to time.

Section 2.5 Responsibilities. Members shall keep current in equity investments due to the Cooperative, keep the Cooperative informed of any changes in name or current mailing or email address, and abide by these Bylaws and the policies and decisions of the Cooperative or the Board. A member who upholds these responsibilities is considered to be an active member in good standing.

Section 2.6 Termination of Membership. A member may terminate their membership voluntarily at any time by written notice to the Cooperative. Membership shall terminate automatically if a member dies. Membership may be terminated involuntarily by the Board at its discretion after the member is provided 15 day notice of the reasons for proposed termination and such member has an opportunity to respond in person or in writing, within such 15 day notice period, whenever the Board by resolution finds that the member has:

- (a) intentionally or repeatedly violated any provision of the Articles of Incorporation, Bylaws, or policies of the Cooperative;
- (b) breached any contract with the Cooperative;
- (c) willfully obstructed any lawful purpose or activity of the Cooperative;
- (d) committed actions that impede or will impede the Cooperative from accomplishing its purposes; or
- (e) issued threats that adversely affect the interests of the Cooperative or its members.

Upon termination of membership, the member shall have no voting rights in the Cooperative. No termination under this section shall impair the obligations or liabilities of either party under any contract between the member and the Cooperative that may be terminated only as provided under its own terms.

Section 2.7 Actions Upon Termination. When membership is terminated, regardless of the reason, the Cooperative shall either:

- (a) purchase the Class A stock of the member by tendering to the member, or to the member's heirs or successors, the net book value of the Class A stock, together with any cash portion of a patronage dividend due or unpaid and the book value of any accumulated capital credits, less any indebtedness due the Cooperative; or
- (b) purchase the Class A stock of the member and any accumulated capital credits by tendering to the member, or to the member's heirs or successors, Class B stock, together with any cash portion of a patronage dividend due or unpaid, less any indebtedness due the Cooperative.

Section 2.8. Restrictions on Withdrawals and Transfers of Membership. Upon withdrawal from membership in the Cooperative, a member's stock may be transferred only upon approval of the Board of Directors. The Cooperative may limit redemption of a terminating member's stock until such time as the Cooperative has received replacement capital from new or continuing members, or according to other terms and conditions determined by the Board in its discretion.

Section 2.9 Unclaimed Equity. If a member voluntarily or involuntarily terminates their membership in the Cooperative, and fails to inform the cooperative of their current mailing address and/or email address, then the stock of the member and any accumulated capital credits and any cash portion of a patronage dividend due or unpaid held by that member will be retained by the Cooperative or donated to a non-profit as authorized by state law.

Section 2.10 Non-Transferability. Membership rights and all shares of stock of the Cooperative shall be transferable only with the consent and approval of the Board. Shares of stock may not be transferred in any other manner.

ARTICLE III MEMBER MEETINGS AND DECISION-MAKING

Section 3.1 Annual Meeting. A membership meeting shall be held each year at a time and place to be determined by the Board, but no later than four months after the end of the Cooperative's fiscal year. The purpose of such meetings shall be to hear reports on governance, operations and finances, to review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the meeting.

Section 3.2 Special Meetings. Special meetings of the members may be called by a majority vote of the Board or the written petition of at least 20% of the active members in good standing. Such a petition must state a proper purpose and be submitted to the President of the Board. Notice of special meetings shall be issued to members stating the time, place, and purpose of the special meeting. In the case of a petition, notice of the special meeting will be issued within ten (10) days after the presentation of the petition to the Board and the meeting shall be held within thirty (30) days after the presentation of the petition to the Board. Special meetings shall be held at the time and place specified in the notice of the meeting and no business shall be considered at that meeting except as specified in the notice.

Section 3.3 Notice of Meetings. Notice of the date, time, place and purpose of each meeting of the membership shall be given by publication in any newsletter or other electronic publication regularly distributed by the Cooperative and circulated generally among its members at least fifteen (15) calendar days prior to the date of the meeting. The Secretary shall execute a certificate that contains a copy of the notice, shows the date of publication of the notice, and states that the notice was published as prescribed above. The certificate shall be made a part of the minutes of the meeting. The failure of any member to receive notice shall not invalidate any action which may be taken by the members at a meeting.

Section 3.4 Meetings Conducted Solely Through Means of Remote Communications. The Board may specify that a meeting will be conducted solely through one or more means of remote communication, provided that notice is given, as specified in Section 3.3, and that the quorum requirements specified in Section 3.6 are met. Remote communication includes any communication that is accomplished by means of electronics, telephone, video or internet conferencing, or such other means through which persons not physically present in the same location may communicate with each other on a substantially simultaneous basis. Participation in a meeting through a form of remote communication that is authorized by the Board constitutes personal presence at the meeting.

Section 3.5 Voting. Voting on all matters upon which members are entitled to vote will be accomplished through paper or electronic ballots, or both, as authorized by the Board. Unless otherwise stated in the Articles of Incorporation or these Bylaws, or required by law, all questions shall be decided by a vote of a majority of the members voting thereon. Proxy voting is not allowed.

Section 3.6 Quorum. At any meeting of the members, or for any vote of the members, a quorum necessary for decision-making shall be 10% of the total number of members or 50 members, whichever is less. To be counted towards a quorum, members must be physically present or, for meetings conducted solely through means of remote communication, maintain a personal presence as defined in Section 3.4. An exception shall be made when matters are submitted to the membership for voting by electronic ballot

outside of a meeting of the members, in which case the participation of 10% of the total number of members or 50 members, whichever is less, in the vote shall constitute a quorum.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1 Powers and Duties. The Board shall be composed of not less than five and not more than nine elected Directors. Except for matters for which member voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, hiring management, establishing compensation, if any, for the Board, and ensuring that the mission of the Cooperative is articulated and carried out.

Section 4.2 Eligibility. Directors must be members of the Cooperative in good standing. If any Director ceases to be a member, their office shall be automatically vacated. Employees and spouses or domestic partners of employees may not serve as Directors. A person with a conflict of interest so continuing and pervasive that he or she is unable to effectively fulfill the responsibilities of a director with the Cooperative shall not be qualified to serve as a Director.

Section 4.3 Terms and Elections. Elections shall occur at each annual meeting of the members in a manner prescribed by the Board. Directors shall serve a term of three (3) years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year. No Director may serve more than three (3) consecutive terms.

Section 4.4 Nominations. Not less than thirty (30) calendar days prior to the annual meeting, the Secretary shall issue a call for nominations to all members. Any member in good standing may nominate any qualified member in good standing for election to the Board. All candidates who wish to have their names and candidate information distributed to the full membership prior to the meeting must submit them to the Secretary no later than twenty (20) days prior to the meeting. Nominations may also be made from the floor and write-in candidates may be added to the ballot during the Annual Meeting.

Section 4.5 Vacancies. Any vacancy among Directors may be filled by appointment by the Board. A Director so appointed shall serve only until the next regular or special meeting of the members, at which time the members will elect a Director to fulfill the remainder of the pertinent term.

Section 4.6 Removal. Failure of a Director to attend three consecutive Board meetings or 1/3 of the Board meetings during a twelve-month time period, except for cause as determined by a majority vote of the remainder of the Directors, shall result in automatic removal from office. A Director may, for cause, at any annual or special meeting of the members, be removed from office by a vote of 2/3 of all active members in good standing. A Director may, at any regular or special meeting of the Board, be removed by decision of 3/4 of the remaining Directors for conduct contrary to the mission or purposes of the Cooperative or failure to follow Board policies. No Director shall be removed from office at any member or Board meeting unless they have been informed that the matter is to be considered at least ten (10) days before such meeting. Notice shall be sent in writing to their last known email address and they shall be entitled to be heard at such meeting.

Section 4.7 Meetings. The Board shall hold regular and special meetings at such time and place as it shall determine and all Directors shall be notified in writing of said meeting at least five (5) days in advance unless the Board agrees to a shorter notice. The Board will provide reasonable notice of all Board meetings to members. Attendance at any meeting constitutes waiver of notice of that meeting. Meetings shall be open to all members unless the Board decides to go into Executive Session regarding confidential

or sensitive matters such as: discussion of strategic goals or business plans, the disclosure of which may adversely impact the Cooperative's position in the marketplace; negotiation of a contract; labor relations or personnel issues; and/or discussion of a matter that may, by law or contract, be considered confidential. Members shall have the right to see approved minutes from Board meetings upon request to the Board.

Section 4.8 Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board may be taken by written action, including by email vote, if all Directors consent thereto in writing and the writing or writings are held with the minutes or proceedings of the Board. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action.

Section 4.9 Quorum. A majority of the current Directors shall constitute a quorum and no decisions shall be made without a quorum. Unless otherwise stated in the Articles of Incorporation or these Bylaws, or required by law, a majority vote of the Directors present shall decide all questions.

Section 4.10 Conflicts of Interest. Directors shall be under an obligation to disclose their actual or potential conflicts of interest. Directors having such a conflict shall absent themselves from discussion and decision of any related matter under consideration by the Board unless otherwise determined by the Board. Directors may not use their positions to inappropriately obtain for themselves, their family members, or their close associates any employment relationships, or do business with or contract for profit with the Cooperative except in the same manner as other members generally do business with the Cooperative or under other conditions that are procedurally defined to avoid preferential treatment. The Board shall review and formally approve the terms of any such contract or employment relationship to ensure that it is fair, in the best of interest of the Cooperative, and that its terms comply with this section.

ARTICLE V

OFFICERS

Section 5.1. Election of Officers. At the next regular meeting subsequent to the annual meeting of members, the Board shall elect from among its members a President, Vice President, Secretary, and Treasurer, and such other Officers as it shall deem necessary, with such authority and duties as may be prescribed by the Board. The Board may choose to combine the positions of Secretary and Treasurer into a single position. Other than the offices of President and Vice President, one person may hold one or more of the offices of the Cooperative if eligible to hold each such office. If any vacancy occurs among the officers of the Cooperative, it shall be filled by the Board at its next regular or special meeting.

Section 5.2. President. The President shall preside at all meetings of the members and the Board. The President shall have such authority to execute all certificates, contracts and other documents on behalf of the Cooperative as may be delegated to the President by the Board.

Section 5.3. Vice President. In the absence or disability of the President, the Vice President shall perform the duties of the President. The Vice President shall have such other duties as may be assigned to them by the President or the Board.

Section 5.4. Secretary. The Secretary shall keep complete minutes of each meeting of the members and the Board, and shall sign with the President all notes, deeds and other conveyances of real estate, and affix the corporate seal to all documents requiring the corporate seal. The Secretary shall keep a record of all business of the Cooperative and shall prepare and submit to the annual meeting of the members a report of the previous fiscal year's business. The Secretary shall give all notices as required by law. The Secretary shall perform such other duties as may be assigned to them by the President or the Board. The

Board may delegate, or authorize the Secretary to delegate, to any other officer or employee of the Cooperative, under the supervision of the Secretary, any or all of the duties enumerated in this section.

Section 5.5. Treasurer. The Treasurer shall oversee the receipt and disbursement of all funds of the Cooperative, ensure that complete records of all financial transactions of the association are kept, and perform such other duties as may be assigned to them by the Board. The Board may delegate, or authorize the Treasurer to delegate, to any other officer or employee of the Cooperative, under the supervision of the Treasurer, any or all of the duties enumerated in this section.

Section 5.6 Secretary-Treasurer. In the event that the offices of Secretary and Treasurer are combined, their duties shall be a combination of the duties of the Secretary and the Treasurer and their office shall be known as Secretary-Treasurer.

ARTICLE VI

CAPITAL STOCK

Section 6.1. Classes and Issuance. To further the cooperative character of the Cooperative and provide a means by which its members will finance its activities, the Cooperative is authorized to issue Class A, Class B, and Class C stock as provided for in the Articles of Incorporation; equity reserve or capital credit accounts; or any other media as determined by the Board and as permitted by law. Shares of stock shall be issued only upon full payment at the current book value and in an acceptable method of payment as determined by the Board. Whenever the Board determines that all of the funds of the Cooperative are not necessary for the proper financing of its operations, the Board may choose to retire Class B or Class C stock, or liquidate equity or capital reserves or any other media previously issued.

Section 6.2 Certificates or Proof of Membership. The signed, completed membership application, or a copy thereof, validated to indicate receipt of initial Class A stock purchase, shall serve in lieu of certificates for Class A stock, when the initial required stock is fully paid for and the membership application has been received. Ownership of Class B stock shall be evidenced by written notice of allocation emailed to the members at the time of issuance. A signed, completed subscription for Class C stock validated by signature of the President or other authorized officer of the Cooperative, or copy of thereof, shall serve in lieu of certificates.

Section 6.3. Determination of Book Value of Shares. The initial book value of Class A and B stock shall be set by the Board and may be adjusted by the Board from time to time. The book value of each series of Class C stock shall be set by the Board and stated in the offering of each series of Class C stock.

Section 6.4. Allocations to Individual Capital Credit Accounts. At least annually following the close of the fiscal year, and more frequently as it deems appropriate, the Board will evaluate the value of the net assets and retained earnings of the Cooperative and determine, in its discretion, whether to allocate any portion of the estimated change since the last valuation to individual member capital credit accounts. The Board may adopt any reasonable method for making this evaluation of net assets and retained earnings, but must communicate the method and its underlying rationale for the amount of the allocation as part of the annual report to the membership. Members who joined the cooperative since the date of the last evaluation will receive a pro rata allocation, based on the percentage of the current allocation period during which they held a membership share. Members who terminated their memberships prior to the evaluation will not be entitled to any allocation for the designated period. Allocations to capital credit accounts will be evidenced by written notice of allocation emailed to members. Allocations to capital credit accounts will not earn interest and may not be redeemed except upon termination of membership as

described in Sections 2.6 and 2.7, or in the event of the conversion to Class C stock as described in Section 6.5 below.

Section 6.5. Conversion of Capital Credits to Class C Stock. The Board may establish one or more policies which authorize the automatic conversion of member capital credits to Class C stock. Any such policy established by the Board must apply uniformly to all member capital accounts and define a fixed threshold for the automatic conversion of accumulated capital credits to a share of Class C stock in the member's name, in whatever series is then authorized by the Board for such conversions. A notice to the member of the issuance of a share of Class C stock in exchange for capital credits will serve in lieu of a formal certificate. Upon issuance of the share, all of the rights, rules and requirements concerning Class C stock shall apply.

ARTICLE VII

DISTRIBUTION OF SURPLUS

Section 7.1. Annual Net Earnings.

- (a) Gross Receipts. Gross receipts shall be all proceeds from rental income and the sale of goods and services to members and non-members and all other sums received, including patronage dividends and all non-patronage income.
- (b) Deductions From Gross Receipts. The Cooperative shall deduct from gross receipts all expenses incurred in generating said gross receipts, including but not limited to marketing expenses, costs of goods or services sold, taxes, depreciation, reserves for doubtful accounts and all other necessary expenses.
- (c) Total Annual Net Earnings. The amount remaining after reducing the gross receipts in subsection (a) by the deductions in subsection (b) shall constitute the annual net earnings of the Cooperative.

Section 7.2 Member Patronage Dividends. The Board may declare member patronage dividends to members from the net profit attributable to member patronage in proportion to the amount of business done with a member in such a manner as to qualify them as patronage dividends consistent with cooperative principles, applicable state and federal laws, and generally accepted accounting principles. Patronage dividends shall be distributed in cash or in equity or by any combination thereof. Equity may be paid or redeemed in whole or in part at such time, in such manner and such order as shall be determined by the Board at its sole discretion. The Board may establish policies and programs for the payments of or redemption of such equities. Members, by their ongoing membership in the Cooperative, consent to include in their income such patronage distributions from the Cooperative in the manner provided in and to the extent required by 26 U.S.C. Section 1385.

Section 7.2. Capital Reserve. The Board may annually set aside a portion of net earnings as a capital reserve. In addition, the Board may place into the capital reserve fund all annual net earnings from member patronage attributable to members who are unidentified, or who do not consent to take into account patronage dividends from the Cooperative in the manner provided in 26 U.S.C. Section 1385. Amounts previously set aside as capital reserves shall not be allocated to the members but shall be kept in the general reserve fund of the Cooperative.

Section 7.3. Allocation of Losses. If the Cooperative sustains an annual loss in net earnings from member patronage, the Board shall have the power and authority to allocate such losses from member business in the following ways: (1) to the members for such year, or years, applying such losses against the capital credits or stock of said members; (2) to apply the loss to the Cooperative's capital reserve; or (3) to carry such loss forward or back to other years.

Section 7.4. Consent of Members. By obtaining or retaining membership in the Cooperative, each member consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the Cooperative. Each member also agrees that if their patronage dividend is not cashed within 90 days of the date on which it was issued by the Cooperative, the Cooperative shall have the right to make a contribution in the name of that member to support other organizations aligned with the Cooperative's purpose in a manner as may be directed by the Board.

ARTICLE VIII

DISSOLUTION AND LIQUIDATION

Section 8.1 Asset Distribution. The Cooperative may be dissolved or liquidated upon a decision of the Board and a two-thirds (2/3) vote of the members who participate in the vote. Upon dissolution or liquidation of the Cooperative, the debts and liabilities of the Cooperative shall first be paid according to their respective priorities. Members or other holders of equity or capital reserve credits or other media issued by the Board of Directors shall then be paid the par value of their shares or credits with payments made first to holders of Class C, then Class A, and finally Class B stock. Any equity accounts that cannot be paid in full shall be paid on a pro rata basis. Any additional property remaining after members and other equity holders have been paid shall be distributed to another doing business on a cooperative basis or a non-profit organization exempt from taxes under Section 501(c)(3) of the Internal Revenue code, as shall be determined by the Board of Directors.

ARTICLE IX

FISCAL MATTERS

Section 9.1. Fiscal Year. The fiscal year of the Cooperative shall end on December 31.

Section 9.2. Borrowing. The Board shall have power to authorize and approve the borrowing of money and the pledging and mortgaging of any or all of the assets of the Cooperative as security for the sums so borrowed.

Section 9.3. Compensation and Reimbursement. Any policy to establish or alter compensation of the Board shall be determined by vote of the membership. Compensation and expense reimbursement paid to Directors shall not constitute payments to them as employees.

Section 9.4. Bonds and Insurance. The Board may require the Officers, agents or employees charged by the Cooperative with responsibility for the custody of any of its funds or property to give adequate bonds. Such bonds, unless cash security is given, shall be furnished by a responsible bonding company and approved by the Board and the cost thereof shall be paid by the Cooperative. The Board shall maintain in-effect property and liability insurance for the Cooperative.

Section 9.5. Audit/Financial Review. The Board shall review all financial statements prepared and presented by the Treasurer at their regular meetings.

Section 9.6. Depository. The Board may select one or more financial institutions to act as depositories of the funds of the Cooperative, and to determine the manner of receiving, depositing, and disbursing the funds of the Cooperative, the form of checks, and the person or persons by whom such checks shall be signed, with the power to change such financial institutions and the person or persons signing such checks and the form thereof at will.

ARTICLE X

INDEMNIFICATION AND INSURANCE

Section 10.1 Indemnification. The Cooperative shall indemnify each person who is or was a Director, manager, employee or agent of the Cooperative, and any person serving at the request of the Cooperative as a Director, Officer, manager, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred, to the fullest extent to which such Directors, Officers, managers, employees or agents of a cooperative may be indemnified under Minnesota law. In order to qualify for indemnification, the Director, Officer, manager, employee or agent of the Cooperative must have been acting in good faith and in the Cooperative's best interest, and must not have breached or failed to perform duties in a way that constitutes willful misconduct or recklessness.

Section 10.2 Insurance. The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Director, manager, employee or agent of the Cooperative, or is or was serving at the request of the Cooperative as a Director, Officer, manager, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against that person and incurred by that person in any such capacity.

ARTICLE XI BYLAWS

Section 11.1 Amendments. These bylaws may be amended or repealed in whole or in part by a majority of the members who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least twenty percent (20%) of the active members in good standing. The proposed amendment shall be publicized to the membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.

(SIGNING PAGE TO FOLLOW)

Alycia Bean, *Director of Membership & Outreach*

Ben Calabretta, *President*

Jon (JT) Manning, *Vice President*

Beverly Rhoades, *Treasurer*

Phillip Shinn, *Secretary*

Patrick Vaughan, *Board of Directors*