

BYLAWS OF THE DOWNTOWN SANDPOINT BUSINESS ASSOCIATION

ARTICLE I

NAME AND PRINCIPAL OFFICE OF CORPORATION

Section I. Name, Status and Office

The name of this organization shall be the Downtown Sandpoint Business Association (hereinafter "Association"). The Association is incorporated in the State of Idaho as a nonprofit corporation operating as a business league as defined in section 501 (c)(6) of the Internal Revenue Code. The principal office shall be determined from time to time by the Board of Directors of the Association and shall be located within the boundaries of the Business Improvement District (hereinafter "BID") as defined by City of Sandpoint Ordinance No. 1039, County of Bonner, State of Idaho. The mailing address of the Association is P.O. Box 941, Sandpoint, 10 83864.

ARTICLE II

PURPOSE

Section I. Purpose

The Association exists to work in a cooperative effort with the community to enhance the economic vitality and the aesthetic character of Sandpoint for this and future generations.

The Association will do this through:

- a) Organization. Encouraging cooperation and building leadership within the BID and encouraging participation and sponsorship from stakeholders outside of the BID.
- b) Promotion. Creating a positive image for the BID by promoting it as an exciting place to live, shop, do business, visit and invest and by coordinating an annual schedule of events to bring residents and visitors to the district.
- c) Design. Enhancing the BID's physical appearance by rehabilitating streets, parking, streetscapes, buildings and managing design, design education, design improvements and construction.
- d) Economic Restructuring. Developing a stronger economic base for the BID by strengthening existing businesses and recruiting additional new businesses.
- e) Cooperation. Actively working with and encouraging the government and private sector in a positive development of the BID.
- f) Administration of Funds. Receiving, administering and distributing funds in connection with any activities related to the above purposes; provided, however, that the Association shall only engage in activities that are in the purview of 501 (c)(6) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law. No part of the net earnings of the Association shall inure to the

benefit of any of its members or any other individual; and the Association shall not participate in, or intervene in, any political campaign on behalf of any candidate for public office.

Section 2. Dissolution

Upon dissolution of the corporation, the residual assets of the corporation shall be distributed to a private, nonprofit corporation which is an exempt organization as described in 501 (c)(6) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law, selection of which corporation may be designated prior to dissolution by the Board of Directors.

ARTICLE III FOCUS AND BOUNDARIES

Section I. Focus and Boundaries

The focus of the Association's activities is the entire BID as defined by City of Sandpoint, Idaho Ordinance No. 1039. Said boundaries are illustrated and described in the attached Exhibit "A", which is incorporated by reference.

ARTICLE IV MEMBERSHIPS AND SPONSORS

Section I. Members

The regular members of the Association shall be the business owners within the BID boundaries as set forth in Article 111 of these bylaws, for at least the duration of the professional services contract between the City of Sandpoint and the Association, established under Resolution 00-42 of the City Council of the City of Sandpoint. Each business shall constitute one regular membership with one vote, meaning if there are multiple owners of a particular business, that business shall only have one vote.

Mandatory BID monthly assessments take the place of membership dues. All members whose BID assessment payments are no more than 45 (forty-five) days delinquent shall be considered active members of the Association with full rights and privileges. Members whose BID assessment payments are more than 45 (forty-five) days delinquent shall be considered inactive with all member rights and privileges, including but not limited to voting rights, suspended until payment in full of such assessments is made.

Section 2. Sponsors, Associate Members and Contributors

a) Sponsors: Other business owners, property owners, associations and individuals within the greater Sandpoint area interested in building a stronger BID are encouraged to contribute funds to the Association and its projects as Sponsors. Sponsors shall not be voting members of the Association. However, Sponsors may be appointed by the President of the Association Board to standing and ad-hoc committees and have the right to vote on recommendations presented to the committee.

b) Associate Members: Other business owners, property owners and associations and individuals within the greater Sandpoint Area interested in building a stronger BID may join as Associate Members upon the following terms and conditions:

1. Upon payment of a fee equal to the fee of a regular member with similar square footage.
2. Associate Members may be appointed by the President of the Association Board to standing or ad-hoc committees and have the right to vote on recommendations presented to the committee.
3. Up to three Associate members may upon appointment of the President of the DSBA and confirmation by a majority vote of all the current board members who are regular board members, serve on the Association Board of Directors. Associate Board members so appointed shall have the right to vote.
4. Associate members will be entitled to receive regular mailings and other communications prepared by the DSBA.

c) Contributors: Business Improvement District members paying assessments may also contribute additional funds to the Association and its projects as Sponsors though these contributions will not take the place of mandatory monthly assessments.

ARTICLE V MEMBERSHIP MEETINGS

Section 1. Annual Meetings

An annual meeting of the membership shall be held at such time and place as may be determined by the Board of Directors for the purpose of fiscal review and planning and/or transacting such other business as may be properly brought before the membership.

Section 2. Special Meetings

Special meetings of the membership shall be held at any time and place as may be designated in the notice of said meeting, upon call of the President or the Board of Directors, or upon written petition by at least ten (10) active members.

Section 3. Notice of Meetings

Written notice of every meeting of the membership, stating the place, date, hour and purpose of the meeting shall be given by e-mail to each member not less than 7 (seven) nor more than 30 (thirty) days before the date of the meeting. Such notice shall be deemed delivered when sent via e-mail to the members at their e-mail addresses as they have provided such e-mail addresses to the Association for inclusion in the Association's record of membership. Notice of meetings will additionally be posted on the Association website at downtownsandpoint.com.

Attendance of a member at a membership meeting shall constitute a waiver of notice of such meeting or manner in which it has been called or convened, except when a member attends a meeting solely for

the purpose of stating, at the beginning of the meeting, any such objection to the transaction of any business. Other interested parties shall be given such notice of meetings as the Board of Directors shall deem appropriate.

Section 4. Parliamentary Procedure

Roberts Rules of Order Newly Revised shall govern the parliamentary procedures of the Association when not in conflict with these Bylaws. The order of business may be altered or suspended at any meeting by a majority vote of the active members present.

ARTICLE VI BOARD OF DIRECTORS

Section 1. Duties

The Board of Directors shall manage, set the policy for, and oversee the management of the affairs of the Association. It shall control Association property, be responsible for finances, determine the annual budget, formulate policy, and direct affairs. The Board of Directors may hire an Executive Director and support personnel. The Board of Directors is authorized to further the objectives of the Association by entering into contracts, including but not limited to, the administration of a BID as established by City of Sandpoint Ordinance No. 1039.

Section 2. Term

The Association shall be governed by a board of nine (9) directors, elected by members who are active at the time of an election. The term of office for each Director shall be two years. Five directors shall be elected in even years; four directors shall be elected in odd years.

Section 3. Qualifications

Any owner, partner, officer, or employee of an active member business of the Association may be a Director.

Section 4. Nominations

Nominations to the ballot slate shall be made either: 1) by petition signed by at least five (5) active members and submitted to the Association office more than 25 (twenty-five) days in advance of the election date; or 2) by the nominating committee, as appointed by a majority vote of the Board of Directors.

Section 5. Elections

Directors shall be elected by the membership by mailed ballot. Ballots shall be mailed to each member not less than 14 (fourteen) or more than 21 (twenty-one) days before the election date. Ballots must be received at the Association's office by 5 p.m. on the day of said election date. In the event of a tie, a runoff election shall be held by a second, mailed ballot.

Section 6. Vacancies

Any Director may resign at any time by giving written notice to the Association office. Any vacancy in the Board occurring because of death, resignation, refusal to serve, or otherwise shall be filled for the remainder of the term by action of a majority of the remaining Directors. Three consecutive unexcused absences from regular Board of Directors meetings shall be considered a vacancy. Any Director may be removed from office at any time with or without cause by the affirmative vote of two-thirds of the Directors in office.

Section 7. Meetings

The Board of Directors shall meet at least monthly. The President and/or any three Directors may call a meeting of the Board. At all meetings of the Board, a majority of the current Board of Directors shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Board, the Directors present may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present.

All business of the Board of Directors shall be transacted at a duly called meeting of the Board. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a majority of all members of the Board consent thereto in writing, setting forth the action so taken, and the writing or writings are filed with the minutes of the proceedings. E-mail shall constitute a writing and all business of the Board of Directors unless elsewhere prohibited may be conducted by e-mail vote, copies of which shall be transmitted to all board members. The secretary of the Board shall maintain a record of any business conducted by e-mail. Such consent shall have the same force and effect as a unanimous vote of the Board.

Section 8. Orientation

All new members of the Board of Directors shall participate in an orientation program familiarizing them with the goals and objectives of the Association and with their responsibilities.

ARTICLE VII OFFICERS

Section 1. Duties

Except as hereinafter provided, the officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as those that from time to time may be conferred by the Board of Directors.

Section 2. Elections

The officers will be elected annually from the Board of Directors by the Board of Directors at the first Board meeting following annual Director elections by the membership. As a requirement for election, the President shall have sat on the Board at least one year immediately prior to his or her election.

- a) President. The President shall preside at all business meetings, but may at his or her discretion or at the suggestion of the Directors arrange for another officer to preside at other meetings. The President shall perform such duties as are usually incumbent upon that officer and such duties as may be directed by resolution of the Board of Directors.

b) Vice President. The Vice President shall have such duties and responsibilities as the President or Board of Directors may from time to time prescribe including but not limited to carrying out the duties of the President in the event of the President's absence.

c) Secretary. The Secretary shall record and maintain in good order Minutes of each meeting and all records and correspondence of the Association and shall make available the Minutes of each membership meeting to all members within 60 days from the conclusion of each meetings and will provide such as requested. The Secretary shall also have such other duties as may be assigned by the Board of Directors.

d) Treasurer. The Treasurer shall assure that all financial records of the Association are maintained in good order. The Treasurer shall also have such other duties as may be assigned by the Board of Directors.

ARTICLE VIII COMMITTEES

Section 1. Standing Committees

This Association shall have four standing committees, which shall be entitled Marketing & Promotion; Design; Economic Restructuring; and Organization. At least one (1) Director shall sit on each committee and keep the Board apprised of the committee's work.

Section 2. Additional Committees

The Board of Directors, by resolution adopted by a majority of Directors in office, may designate or appoint one or more committees, sub-committees or task forces in addition to the above-named standing committees. The designation and appointment of any such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon them by law.

Section 3. Committee Members

Committee members may include Directors, Association members, sponsors and advisors, and members of the community at large.

ARTICLE IX EXECUTIVE DIRECTOR

Section I. Duties

The executive director (ED) of the Association shall manage the daily operations of the Association. The ED shall be responsible for coordinating the implementation of the Association's policies and projects and such other duties as the Board of Directors may require. The ED shall be responsible for contractual

reporting requirements and for meeting federal, state and local tax requirements. The ED shall receive for his or her services such compensation as may be determined by the Board of Directors.

The Executive Director of the Association shall be a nonvoting member of the Board of Directors and shall be present at all meetings of the Board of Directors.

ARTICLE X ADVISORS

Section 1. Advisors

The Board of Directors may appoint advisors to the Board from time to time as deemed necessary or desirable. The advisors shall be invited to meet with the board; however, they shall not have voting privileges on the Board. The advisors' role shall be to provide ongoing advice and counsel to the Board of Directors and to provide better communication between agencies (example: City, County, Chamber of Commerce). The advisor positions shall be reviewed on an annual basis.

ARTICLE XI GENERAL PROVISIONS

Section 1. Fiscal Year

The fiscal year of the Association shall begin on the first day of October and end on the last day of September in each year.

ARTICLE XII AMENDMENTS

Section 1. Amendments

These bylaws may be amended by resolution at any time by an affirmative vote of at least two-thirds of the entire Board of Directors.

ARTICLE XIII INDEMNIFICATION

Section 1. Indemnification

The Association may indemnify any Officer or Director, or former Officer or Director, his or her heirs or assigns, for any and all judgments, settlement amounts, attorneys fees and litigation expenses incurred by him or her by reason of his or her having been made a party to litigation due to his or her capacity or

former capacity as Officer or Director of the Association. The Association may advance expenses where appropriate. Payments of Indemnification must be reported at the next annual meeting. The provisions of this section apply to any cause arising prior to the adoption of these bylaws also. The rights of indemnification set forth herein are not exclusive. An Officer or Director is not entitled to indemnification if the cause of action is brought by the Association itself against the Officer or Director, or it is determined in judgment that the Officer or Director was derelict in the performance of his duties, or had reason to believe his or her action was unlawful.

No Director, trustee or any uncompensated officer of the corporation shall be personally liable to the corporation or its members for monetary damages for conduct as a Director, trustee, or any uncompensated officer for any act or omission occurring prior to the date when this Article becomes effective and for any act or omission for which elimination of liability is not permitted under the Idaho Nonprofit Corporation Act. Any Director, trustee or any uncompensated officer shall be entitled to indemnification for any expenses or liability incurred in his or her capacity as a Director, trustee or any other uncompensated officer as provided by the Idaho Nonprofit Corporation Act.