

# **Bylaws of the International Midas Dealers Association**

*Amended October 2010*

## **ARTICLE I - GENERAL**

### **Section 1 - Name**

The name of this Association shall be International Midas Dealers Association (IMDA). A corporation incorporated in the State of Missouri.

### **Section 2 - Objective**

The objective and mission of this Association shall be:

To promote honesty, ethical behavior, and the highest standards of integrity, with customers, the franchisor and fellow franchisees;

To protect and enhance the profitability and economic investment of our fellow franchisees;

To work with Midas International to improve the shop infrastructure, employee training, advertising and marketing, shop operations and the service delivery system;

To work with Midas International to plan for the future viability and success of the Midas system;

To work directly with fellow franchisees to improve the operation and profitability of Midas shops.

## **ARTICLE II - MEMBERSHIP**

### **Section 1 - In General**

Regular membership, Provisional Membership, and Limited membership, shall be the only classes of membership in this Association. Any Midas franchisee holding a valid franchise or listed is eligible for Regular membership. Midas International or any entity wholly owned and controlled by Midas International shall be the only entities entitled to Limited Membership for any retail Midas shops owned and controlled by Midas, Inc. No member may enroll or remain as a member unless all shops under the member's ownership, management or control are enrolled. Each regular or provisional member must pay dues in the amount set by the Board of Directors. The dues and fees shall be equal for all regular members who own the same number of shops.

(a) Provisional Membership is available to any person who has commenced the process of obtaining, in good faith, a valid Midas Franchise, but who has not yet finalized the process. Provisional membership privileges are limited to the following: Access to the member listserv, the newsletter, and the IMDA affinity programs. Provisional members are not entitled to vote, attend any board, regular or special meetings of the IMDA, or for that matter have any representation on any committee or advisory panel.

(b) Limited membership privileges are limited to the following: participation in affinity programs. Limited members are not entitled to vote, attend any board, regular or special meetings of the IMDA, or for that matter have any representation on any committee or advisory panel. The Limited membership class is created solely to allow "company" owned stores to participate in affinity programs through the IMDA.

## **Section 2 - Suspension and Termination of Membership**

**(a) For Non-Payment of Dues or Assessments.** The membership privileges of any member of the Association shall be suspended upon failure of the member to pay applicable dues or assessments to the Association for three months. Membership can be reinstated by payment of back dues or with a majority vote of the President, First Vice President and the Secretary/Treasurer, pursuant to the conditions and requirements set by them.

**(b) No Longer Midas Franchisee.** Membership privileges of any member shall be cancelled automatically in the event that the member no longer retains a valid Midas franchise, except that if the member's franchise has been cancelled and the member is contesting cancellation, he may continue his membership until the final determination of the status.

**(c) For Other Causes.** The Board of Directors may terminate any membership for activities grossly inconsistent with the board approved code of ethics or the objective and mission of the Association. A two-thirds vote of the Board of Directors is required for termination.

## **ARTICLE III - MEETINGS OF MEMBERS**

### **Section 1 - Annual Meeting**

The Annual Meeting of this Association shall be held each year at a time and place selected by the Executive Committee. Notice of the Annual Meeting shall be sent to each member at least 30 days in advance of the Annual Meeting.

### **Section 2 - Special Meeting**

A special meeting of the members may be called at any time by at least 25 percent of the Board of Directors, a majority of the Executive Committee or at least 25 percent of the members. Written notice of a special meeting shall be given to the members at least 30 days in advance of the meeting. The notice shall state the specific object of and the place, date, and hour of the meeting. No business except that stated in the notice shall be transacted at the meeting.

### **Section 3 - Quorum**

At all meetings of the general membership the presence of at least 25 percent of the total members in the Association shall constitute a quorum.

### **Section 4 - Voting**

Each member shall be entitled to one vote regardless of the number of shops under the common ownership, management and control of that member. Business entities with more than one owner shall have one vote. Such business entity shall designate the voting member. If no such designation is made, the owner designated to have managerial responsibility in Section 6.4 of the Franchise Agreement shall be the voting member. A minority or non-controlling interest in another business entity by a member shall not deprive that other entity of a separate vote.

## **ARTICLE IV - BOARD OF DIRECTORS**

### **Section 1 - Powers and Duties**

The Board of Directors shall conduct the affairs of the Association and exercise all corporate powers as provided in the Articles of Incorporation, these Bylaws, and the law of Missouri. The Board shall set the general philosophy of the Association and provide direction for discussions

with Midas International. The Board shall ratify by vote any tentative agreement with Midas International. An individual Director shall act as a communication conduit between members in his Region and the Board. He/ shall solicit input from members in his Region and shall seek to represent those members while fully exercising his independent fiduciary obligations. The Director shall attend all Board and required Committee meetings. The Director shall actively seek to increase the membership from his Region.

**Section 2 - Number and Qualifications**

The Board of Directors shall be comprised of the number of members pursuant to the formula below for US members, five (5) Canadian members, president, first vice president, secretary/treasurer, Co-Chairman of the North American Supply Chain Council, standing committees chairmen, who are not otherwise directors, and past presidents in good standing. No employee, agent or contractor of Midas International or the IMDA shall hold a seat on the Board of Directors.

**UNITED STATES**

For the purpose of election of Directors, the United States shall be divided into four (4) Divisions and twelve (12) Regions. Each region is entitled to one (1) director for every 20 member shops. Every two (2) years, beginning January 2005, the Board shall reassess the number of shops and Directors per division and region to insure that representation remains proportional, and when appropriate make adjustments to insure proportional representation.

If at any time the number of directors per region is reduced, the reduction shall be by attrition thereby allowing for the natural expiration of a term rather than early termination.

<u>US Western Division</u>	<u>Number of Directors*</u>
Region 1 – California, Hawaii;	2
Region 2 – Alaska, Idaho, Montana, Nevada, Oregon, Utah and Washington;	1
Region 3 – Arizona, Colorado, New Mexico, and Wyoming.	2
 <u>US Central Division</u>	
Region 4 – Iowa, Kansas, Missouri, Nebraska, North Dakota and South Dakota	3
Region 5 – Illinois, Minnesota and Wisconsin;	3
Region 6 – Indiana, Michigan, and Ohio.	2
 <u>US Southern Division</u>	
Region 7 – Arkansas, Louisiana, Mississippi, Oklahoma and Texas;	2
Region 8 – Kentucky, North Carolina, South Carolina, Tennessee, Virginia and West Virginia;	1
Region 9 – Alabama, Florida, Georgia and the Bahamas.	1
 <u>US Northeast Division</u>	
Region 10 – Maine, Massachusetts, New Hampshire, Rhode Island, Vermont and Northern Connecticut;	2
Region 11 – New Jersey, New York and Southern Connecticut;	3

Region 12 – Delaware, Washington DC, Maryland and Pennsylvania.

1

## **CANADA**

Canada will be comprised of one Division with 4 separate regions as delineated below. Canadian representation shall be reviewed by the Board of Directors every two years to insure proportionality, such adjustment shall be done at the same time as the adjustment for the United States, but not utilizing the above referenced United States Formula:

### Canada\*

Region 13 – Prince Edward Island, Nova Scotia, New Brunswick Newfoundland, and Northern Ontario; and Region 14 – Quebec Province;

1

Region 15 – Southern Ontario

2

Region 16 – Manitoba, Saskatchewan and Alberta

1

Region 17 – British Columbia

1

Each Canadian region shall have the following number of Directors:

Regions 13 and 14 to share one director

Regions 16 and 17 shall have one director each

Region 15 shall have two directors.

\*The Board of Directors may, pursuant to its biennial reapportionment, change the number of Directors designated for each region on this chart without a by-law amendment.

## **Section 3 - Tenure**

Each regional Director shall hold office for a three-year term. Terms of office shall terminate for out going Board Members, and commence for in coming Board Members at the commencement of the meeting designated by the Board of Directors as the meeting for election of officers. A regional Director shall hold office for no more than two full terms consecutively, and shall not be eligible to sit again as a regional Director until one year from the expiration of his or her last term. The term limitation for regional Directors shall not apply to other Board Members. "Term year" is defined as from meeting to meeting, not by calendar date.

## **Section 4 - Election**

**(a) Nominations.** The Executive Director shall seek nominations for any vacancy occurring by reason of term expiration from the membership at least 90 days prior to a Board Meeting designated for election of officers. Any Three (3) members from a Region may nominate any member from that Region. In the event no nominations are made to fill the openings in a Region within the time allotted, the Directors for that Division shall act as a nominating committee and nominate one candidate for each vacancy to be filled. The Divisional Vice President for that Division shall chair the nominating committee. The nominating committee shall strive to provide even geographic representation when possible.

**(b) Voting.** All voting shall be by ballot. The closing date for receipt of ballots at the Association office shall be 60 days prior to the Board Meeting designated for the election. The Executive Director, or in the absence of the Executive Director, the President, First Vice President, and the Secretary/Treasurer shall independently verify the count of all votes. Directors

for a Region shall be elected by the vote of members in that Region. In an election for one open directorship, the candidate who receives the highest number of votes shall be elected.

**(c) Multiple Open Directorships.** In certain years, more than one directorship may be open in a Region. In such a case, the candidates who receive the highest number of votes shall be elected to fill the open directorships. In the event that one or more directorships remain open after the first ballot due to a tie, a run-off election shall be held between the candidates receiving the same number of votes (the tied candidates). In the run-off election, the candidates receiving the highest number of votes shall be elected, regardless of the percentage of the vote. If the run-off election results in a tie vote, then the winner shall be determined by a “coin flip”.

In the event that open directorships in a Region are of different duration, the candidate receiving the highest number of votes shall be elected to the longer term. In the event that open directorships in a Region are the same duration, the candidate receiving the lower number of votes shall be elected to a two-year. In the event of a tie vote the longer term will be determined by chance.

#### **Section 5 - Vacancies or Removal of Directors or officers**

**(a) Removal.** (i) For cause. The Board of Directors shall have the power to remove a Director or officer for good cause by a vote of two-thirds of those present at a meeting of the Board. Notice of such proposed removal shall be given to the Board in the regular manner for a Board meeting. Removal of a Director or officer may be proposed by any three Directors and notice of the proposal shall be sent to the Director or officer sought to be removed not less than 20 days prior to the meeting, by certified mail, return receipt requested.

(ii) Automatic removal. A Director or officer shall be automatically removed if such director or officer misses two consecutive meetings, properly called and noticed, whereat the director or officer is required to attend; or, if a Director's or officer's membership shall be suspended or terminated as set forth in Article II, Section 2, notice of the automatic removal shall be sent by the Executive Director to the Director or officer, by certified mail, return receipt requested. Thereafter, the director or officer shall have 30 days to request reinstatement. The Executive Committee may reinstate said director or officer, upon good reason, timely given, upon majority vote.

Removal shall be final upon the earliest event of (A) the Director or officer fails to request reinstatement by the Executive Committee within 30 days of said notice; or (B) the Executive Committee does not reinstate such director or officer by the end of its meeting next following such request for reinstatement (whether such next meeting is specially called or regularly scheduled).

(iii) Resignation. If any Officer or Director resigns his position, verbally or in writing, The Executive Director, shall in writing, immediately verify the Officer or Directors' intent to resign, and notify the Executive Committee of same. If verification is not forthcoming, the Executive Committee shall have the power, upon unanimous consent, to deem the Officer or Director removed from their position and take action pursuant to these Bylaws to fill the vacancy.

**(b) Vacancies.** Whenever any vacancy shall occur on the Board of Directors by death, resignation, assumption of the duties of President, by regional Director, or otherwise, that directorship shall be filled, temporally until the next election with a member from the vacating director's region by a majority vote of the remaining Directors from that Division. A candidate or

candidates for the vacant seat shall be nominated by the Divisional Vice President for the subject region.

### **Section 6 - Meetings of the Board**

**(a) Annual Meeting.** The Board of Directors shall meet at least twice a year. One of the Board meetings shall be held in conjunction with the Annual Meeting of members at the same location and a second meeting to be determined by the President and the First Vice President. Any additional Board Meetings will be determined by the President and First Vice President.

**(b) Special Meetings.** Special meetings of the Board may be called by written request of 25 percent of the Directors, a majority of the Executive Committee or the President, and held at an appropriate time and place, with appropriate notice.

**(c) Notice.** The Executive Director shall give notice stating the date, time and place of any Board meeting and the purposes of the meeting. Notice shall be delivered not less than seven days prior to the meeting, Notice for any Board meeting which is to be held telephonically or electronically shall be not less than three business days prior to such meeting. The attendance of any Director at the meeting, other than for the purpose of objecting to notice sufficiency, shall constitute a waiver of notice.

**(d) Action by Directors.** At any Board meeting, the presence of a majority of Directors shall constitute a quorum. Board meeting may be held by conference telephone, computer modem, or similar equipment enabling all Directors to communicate, provided that all directors attend the meeting in the same manner, i.e., by telephone, or the like, or in person. Directors shall not vote by proxy. Directors may take action without a meeting if all Directors consent to the action in writing. Written consents shall be filed with the records of meetings of Directors. No single Director is authorized to contract for, or pledge or in any way obligate the Association without the prior approval of the Board of Directors unless such authority is contained within these by-laws.

## **ARTICLE V - OFFICERS**

The officers of the Association shall be a President, First Vice President, Secretary/Treasurer and 5 Divisional Vice Presidents.

### **Section 1 - Powers and Duties**

**(a) President.** The President shall preside at all meetings of the Board of Directors, the Executive Committee and the Association. The President shall communicate as much as practicable with the Board of Directors, and shall seek the input of the Board of Directors on any major issue affecting profitability. He or she shall exercise such executive and appointive powers as these Bylaws, parliamentary usage and custom dictate. The President shall appoint all committees, committee chairs, and North American Supply Chain Council members. The President shall seek the input of the Executive Committee for appointments. The President or the First Vice President shall serve on all committees, as the President deems necessary. The Executive Committee shall meet with Midas on any planning, profitability, and strategic issues. In lieu of the Executive Committee, the President shall seek the input of the Executive Committee on who shall meet with Midas. The President may authorize any expenditure up to \$5,000. The expenditure of more than \$5,000 must be approved by the Executive Committee.

**(b) First Vice President.** The First Vice President shall assume the duties of the President at the latter's request, in his absence or resignation. If the First Vice President assumes the role of President due to the resignation of the then current president, the Executive Committee shall

appoint a member in good standing to the First Vice Presidency to fulfill the remainder of the term.

**(c) Divisional Vice Presidents.** Each Division shall have a Divisional Vice President. A Divisional Vice President shall be in charge of communications among the members in the Division and between the members in the Division and the Board of Directors and Executive Committee. For those purposes, the Divisional Vice President shall be empowered to appoint members of a Divisional Advisory Board, and to hold meetings of such Advisory Board, as well as meetings of members; no Divisional Vice President, however, shall pledge the credit of the Association without the authorization of the President.

**(d) Secretary-Treasurer.** The Secretary-Treasurer shall perform all the customary functions of those positions.

## **Section 2 -Election and Tenure**

**(a) Board of Directors Meeting.** The Board of Directors shall elect all officers of the Association. The full Board shall elect the President, First Vice President and Secretary/Treasurer. The Divisional Vice Presidents shall be elected as set forth below. Any officer may be removed as an officer under the procedures outlined in Article IV, Section 5(a). The Board of Directors shall hold a board meeting each year for the purpose of electing officers. Any Member in good standing shall be eligible for election as the President, First Vice President, or Secretary/Treasurer. Any director shall be eligible for election as a divisional Vice President.

**(b) President, First Vice President, Secretary/Treasurer.** The Executive Committee shall act as a nominating committee for the offices of President, First Vice President and Secretary/Treasurer. The nominees may be any association members in good standing. The Executive Committee shall nominate one candidate for each position. The Executive Director shall send notice of the nominations made by the Executive Committee to the Board of Directors at least 60 days prior to the Board Meeting. Any three Directors may nominate additional candidates for either position. Any such nomination must be received at the Association office at least 20 days prior to the Board Meeting. The Board of Directors, at such meeting, may waive the 20 day notice requirement for such additional nominations, by simple majority, without giving notice of such action to any missing director.

**(c) Divisional Vice Presidents.** Immediately following the election of President and First Vice President by the Board of Directors, the Directors from each of the five Divisions shall meet separately for the purpose of electing a Divisional Vice President.

**(d) Co-Chairman of the North American Supply Chain Council.** The Co-Chairman of the North American Supply Chain Council shall be nominated by the President, and elected by the President, the First Vice President and the then current NASCC Co-Chairman. He or she shall hold office at the pleasure of those officers.

**(e) Tenure.** All officers are elected to serve a one-year term. No person may serve as President, First Vice-President or Secretary/Treasurer for more than two consecutive terms.

## **Section 3 - Reimbursement**

Each Director and officer shall serve without compensation for his services, except for reimbursement for reasonable out-of-pocket expenses while attending to Association business, at the discretion of the Board of Directors or per the board approved expense reimbursement policy.

#### **Section 4 - Executive Director**

The Board may contract with or employ an Executive Director, General Counsel or other staff as the affairs of the Association require.

### **ARTICLE VI - COMMITTEES**

#### **Section 1 - Executive Committee**

**(a) Members.** The Executive Committee shall consist of the President, First Vice President, five Divisional Vice Presidents, the chairs of the two standing committees, the IMDA Co-Chairman of the North American Supply Chain Council, the three most immediate past presidents and the Secretary/Treasurer. The number of Executive Committee members shall be 14. If any of the three most immediate past presidents choose not to be a member of the Executive Committee, then the next most immediate past president available and willing to serve shall be a member. The Executive Committee shall have all of the powers of the Board of Directors between meetings of the Board. The Executive Committee can defer any decision it deems appropriate to the full Board of Directors.

**(b) Meetings.** Meetings of the Executive Committee may be called at any time by the President. The Executive Committee shall meet not less than twice a year. All required meetings of the Executive Committee shall be held in person. A special meeting of the Executive Committee may be called by written request of 25 percent of the members of the Executive Committee and held at an appropriate time and place, as specified in the written request. Such a meeting may be held, if necessary, by conference telephone, computer modem, or similar equipment enabling all to communicate.

**(c) Quorum.** At any Executive Committee meeting, the presence of a majority of Executive Committee members shall constitute a quorum. No member of the Executive Committee may vote by proxy.

#### **Section 2 - Standing Committees**

There shall be two standing committees: Marketing Committee and Operations Committee. Each committee shall be comprised of not less than eight members. The purpose of each committee shall be to work with Midas to foster and promote the interest of Midas franchisees in the particular substantive area of that committee. Committee chairmen shall confer with the President and First Vice President in setting agendas. Committee chairmen shall not pledge the credit of the Association without the authorization of the President.

### **ARTICLE VII - AMENDMENTS**

The Bylaws of this Association may be amended by a majority vote of the members. Proposed amendments must be submitted to the membership in writing at least 30 days in advance of the special or Annual Meeting at which the proposed amendment will be presented. A proposed amendment may be initiated by a majority vote of the Board of Directors or by a petition signed by not less than 25 percent of the members in any Division.

### **ARTICLE VIII – PARLIAMENTARY AUTHORITY**

The rules contained in the current edition of *Roberts Rules of Order Newly Revised* shall govern this association to all cases to which they are applicable and in which they are not inconsistent with these bylaws and any special rules of order the association may adopt.

Notice required by these bylaws may be sent via mail, electronic format or facsimile