

# **INSPIRE, CO-OP**

## **BYLAWS**

### **SECTION I. GENERAL ORGANIZATIONAL PRINCIPLES**

#### **1.1 MISSION**

A primary mission of this Co-op is to provide for consumer directed services and supports for individuals in the State of Arizona who need assistance in community living. Co-operative philosophy and values are an essential part of our enterprise; therefore, the Co-op will give equitable consideration to the needs of all members.

#### **1.2 CO-OPERATIVE PRINCIPLES**

The Co-op's business shall be conducted on a cooperative basis for the mutual benefit of the Co-op's members. In carrying out its activities, to the extent found to be appropriate for the Co-op, the Co-op shall be guided by the cooperative principles, articulated in the Statement on Co-operative Identity (1995) of the International Co-operative Alliance which is contained in Appendix A to these Bylaws.

#### **1.3 COMMITMENT TO NONDISCRIMINATION**

Membership in this Co-op shall be voluntary and non-discriminatory. All who can use its services and agree to share in the responsibilities required to run the Co-op shall be eligible to join, regardless of race, gender, age, religious affiliation, or physical or mental ability.

### **SECTION II. MEMBERSHIP SYSTEM**

#### **2.1 CLASSES OF MEMBERS**

The Co-op shall at all times have two classes of members: voting members and associate members. If the Board of Directors determines it is in the best interest of the Co-op to have additional classes of non-voting members, the Board shall have the right to establish the class, define the requirements for eligibility for the class, and the privileges and obligations of members of the class.

#### **2.2 MEMBERSHIP QUALIFICATION**

##### **A. Voting Members**

- (i) Any person who can and agrees to use services or products of the co-operative is eligible to become a voting member in the Co-op. In this Section II, the term "person" shall include, but not be limited to, human beings (individual or self advocates), families, foster families, estates, trusts, trustees, guardians, conservators, and personal representatives. In the case of a human being (individual or self advocate) who is not fully capable of handling his or her own life care needs, a person responsible for or capable of or assisting with looking after the individual's life care needs (called a

“Member Representative” in these Bylaws) shall be eligible to be a voting member of the Co-op. In the case of a Member Representative which has the responsibility for looking after the life care needs of more than one individual, the Member Representative shall be eligible for only one (1) membership and one (1) vote in the Co-op regardless of the number of individuals for which the Member Representative is responsible. Membership may be held in the name of a minor but a Member Representative will be required to act officially on behalf of the minor and the Member Representative may not cast more than one vote no matter how many minors or other members the Member Representative represents. It shall be the intention of the Co-op to (a) be flexible in permitting membership to persons desiring to be members who can utilize the Co-op while (b) not permitting any one person to represent multiple votes in connection with the Co-op’s affairs.

- (ii) Any eligible person may apply to become a voting member of the Co-op. The Board of Directors (hereafter “Board”) shall admit to voting membership every applicant who (1) applies for admission for the purpose of participating in the activities of the Co-op and (2) meets all the requirements for application and voting membership under these Bylaws, applicable statutes and uniform policies established by the Board; EXCEPT that a person shall not be eligible for membership if the Board finds, based on reasonable grounds, that the applicant's admission would prejudice the interests, hinder or otherwise obstruct, or conflict with, any purpose or operation of the Co-op.

**B. Additional Membership Policies.** The Board of Directors shall adopt policies to prescribe any additional requirements or procedures for an eligible person to become a voting, associate or other type of member. The Board may also establish a membership fee for some or all categories of membership, set dues and determine membership benefits from and obligations to the Co-op in addition to those provided in these Bylaws for the various classes of members but fees, dues, benefits and obligations shall be equal for all persons in the same class of membership. An applicant shall be considered a voting, associate or other type of member upon acceptance of the applicant’s application by the Board or by another person designated by the Board as authorized to accept an application for membership. Unless otherwise specified in these Bylaws, any reference to a “member” without modification shall mean a voting member.

**C. Associate Member:** An individual who does not use services of the Co-op or an organization supporting the Co-op in business or in philosophy may be considered for non-voting associate membership. The Board shall establish policies with respect to associate membership pursuant to which the Board shall determine specific qualifications and requirements for associate membership and the rights and obligations of associate members. The Board may establish multiple classes

of associate members with different qualifications, requirements, rights and obligations for each separate class.

**D. Representation of Non-natural Persons:** Any voting member, associate member or other class of member who is not a natural person shall be represented by any individual, associate, officer, manager, or member thereof duly authorized by the particular member in writing delivered to the secretary of the Co-op.

### **2.3 NO TRANSFERS OF MEMBERSHIPS**

No voting, associate or other membership in the Co-op may be assigned or transferred to another person except to the estate of a member who has died for completing any obligations of the member or the Co-op in connection with the membership.

### **2.4 VOTING**

Each voting member shall have one, and only one, equal vote on matters submitted to the voting members for a decision

### **2.5 VOLUNTEER SYSTEM**

The Board may adopt a system for voting members, associate members or other classes of members to volunteer their services to the Co-op and may determine the benefits, if any, to be accorded the member for volunteering. Participation in any volunteer system adopted shall be open to all classes of members of the Co-op, subject to task assignments and availability of work to be done as determined by the Board or Management.

### **2.6 WITHDRAWAL AND TERMINATION OF MEMBERSHIP**

**A. Withdrawal/Termination.** Membership may be terminated in any of the following ways:

- (i) Voluntarily by a member upon written notice to the Co-op;
- (ii) Automatically if a member shall die, but the membership shall be transferred to the estate of the member solely for completing any obligations of the member to the Co-op or of the Co-op to the member; or
- (iii) For cause, following an opportunity for a hearing before the Board of Directors if requested by the member. "Cause" shall include, but not be limited to: (a) willful violation of the Bylaws or uniform policies established by the members or the Board, violation of a contract with the Co-op, or other conduct deemed by the Board to be injurious to the Co-op, or harmful to other members (example: excessive and/or aggressive use of verbal (swearing) and physical behavior to debate an issue in Co-op related meetings and conversations) or (b) the member failing to utilize the Co-op for a period of one (1) year or (c) the member has moved out of the territory served by the Co-op..

**B. Limited Re-entry.** Unless a member has withdrawn solely because the member has moved out of the territory in which the Co-op is operating, a member who withdraws shall not be eligible to reapply for membership in the Co-op for a period of one (1) year following the date on which the withdrawal becomes

effective. If a member has withdrawn solely because the member has moved out of the territory in which the Co-op is operating, the member shall not be eligible to reapply for membership in the Co-op until the member has returned to the territory and six (6) months have passed following the member's original move from the territory.

- C. No Contract Impairment.** No action taken by either the Co-op or a member pursuant to this Section 2.6 shall impair the obligations or liabilities of either party under any contract between the Co-op and a member which provides that it shall be terminated only as provided therein.

## **2.7 CONSENT TO TAX TREATMENT**

Each person who hereafter applies for and is accepted as a member in this cooperative on or after the date of organization of this Co-op, which shall be the effective date of this bylaw, who continues as a member after such date shall by such act alone consent that the amounts of any distributions with respect to the member's patronage occurring on or after the date of organization of this Co-op, which are made in qualified written notices of allocation (as defined in 26 U.S.C. 1388) and per unit retain allocations which are received by the member from the Co-op, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which the qualified written notices of allocation are received by the member.

## **2.8 RECORD OF MEMBERS**

The Secretary or another person as delegated by the Board shall maintain a current record of the members of the Co-op containing at a minimum the name, address and equity balance in the Co-op of each member.

## **2.9 MEMBERSHIP CERTIFICATES**

The Co-op may but shall not be required to issue membership certificates. If membership certificates are issued, they shall include a statement of the restrictions on transfer or assignment of membership as provided in these Bylaws.

# **SECTION III. MEMBERSHIP MEETINGS**

## **3.1 ANNUAL MEMBERSHIP MEETINGS**

- A. Annual Meeting Activities.** The cooperative shall hold annual Membership Meetings. Activities of the General Annual Membership Meeting shall include:
- (i) Discuss and, if appropriate, adopt or revise purposes and long term goals for the Co-op;
  - (ii) Receive financial reports and reports from the Board, staff, and committees;
  - (iii) Elect directors to the Board;
  - (iv) Review the annual budget adopted by the Board for the up-coming fiscal year;
  - (v) View and take action with respect to proposals and petitions submitted by members or the Board; and

- (vi) Undertake any other additional tasks and address any other business, which may properly be undertaken at or brought before a membership meeting.
- B. Time and Place.** At least sixty (60) days prior to the date on which the Annual Membership Meeting is to be held, the Board of Directors may establish the date, time and place for the Annual Membership Meeting in each year, but if the Board fails to establish a date prior to March 1 in any year, the Annual Membership Meetings shall be held on the last Friday in April of that year at 10:00 a.m. local time at the Co-op's principal office.

### **3.2 SPECIAL MEMBERSHIP MEETINGS**

Special Membership Meetings other than the regularly scheduled Annual Membership Meetings may be called by the Board, by the membership at a Membership Meeting, or by the Secretary in response to a petition signed by at least 10% of all members in good standing delivered to the Co-op's Executive Director or Secretary. If the meeting is the result of a petition, the petition shall state the purpose of the meeting. Upon receipt of a petition, the Secretary shall verify the validity of the petition and call the meeting setting a date, time and place at which the meeting shall be held, the date for which shall not be later than sixty (60) days after the date the petition was received. The date, time and place of all other special meetings shall be specified by the persons calling the meeting. All special meetings shall be subject to such time limits and procedures as may be stated elsewhere in these Bylaws. The agenda of a special meeting shall be limited to the specific items for which the meeting was called.

### **3.3 NOTICES**

- A. Written Notice.** Written notice of a membership meeting stating the place, day, time and (in the case of a special meeting) the purpose shall be delivered either in person, by mail, or electronic mail to each member of the Co-op at the member's last known address as shown in the records of the Co-op at least ten (10) days prior to the meeting. The Secretary shall co-ordinate the mailing of such notice. The record date for entitlement to such notice and for voting rights shall be the date of mailing of the notice.
- B. Waiver of Notice.** When any notice is required to be given to any member of the cooperative by law or under the provisions of the articles of incorporation or bylaws of the cooperative, a waiver thereof in writing signed by the member entitled to the notice, whether before, at, or after the time stated in the notice, shall be equivalent to the giving of the notice.
- C. Waiver by Attendance.** By attending a meeting, a member: (1) waives objection to lack of notice or defective notice of the meeting unless the member, at the beginning of the meeting, objects to the holding of the meeting or the transacting of business at the meeting; and (2) waives objection to consideration at the meeting of a particular matter not within the purpose or purposes described in the meeting notice unless the member objects to considering the matter when it is presented.

### **3.4 MEETING AGENDAS**

The Secretary shall distribute an agenda for each meeting. With respect to the Annual Meeting, the agenda shall include space for additions.

### **3.5 ANNUAL MEETING AGENDA**

Members may have an item added to the agenda of the Annual Membership Meeting by making such a request to a Co-op Board member at least 45 days prior to the meeting. If the request is denied, members have the option of requiring the matter to be added by gathering the signatures of 10% of the members to have the item added to the agenda. The agenda item and signatures must be submitted at least 15 days prior to the Annual Meeting.

### **3.6 MEETING PROCESS**

**A. Meeting Conduct** A facilitator for the membership meetings shall be chosen by the Board and appointed to serve one year. Board Officers may serve as the facilitator. The facilitator is responsible for conducting the meeting in such a way that each member who so desires is given a reasonable opportunity to express his/her view. Time limits for speaking to the membership may need to be established by the Board based on agenda and time available for meeting schedule. Written statements sent by members not present shall be read at appropriate times. A written evaluation of the meeting by all who desire to participate shall be collected for each meeting before it is adjourned.

**B. Aggressive Behavior Prohibited** The facilitator shall ensure that the meeting is conducted in a calm businesslike manner. Shouting, foul language, aggressive verbal and non-verbal behavior, or attempts to incite aggression from others (verbal or physical) will NOT be tolerated. Any individual displaying such behavior shall be removed from the meeting and risk membership termination.

### **3.7 VOTING**

Participation in meetings is considered important. Except as otherwise provided in Section 2.2A(i), each member present at the meeting shall have one vote.

### **3.8 VOTING BY MAIL**

There are two conditions under which voting by mail may occur. One: "Vote by Mail Ballot" and Two: "Absentee ballot."

**A. Option One: Vote by Mail Ballot:** The Board may determine an issue may be voted upon by mail-in ballot or by a ballot hand delivered at a membership meeting in person. Mail ballots may only be used in conjunction with a properly called membership meeting. Issues for which the Board has authorized a mail ballot can still be addressed in any membership meeting. If the Board has authorized mail-in ballots, the Secretary shall mail to each member a notice of the meeting including one ballot on each question and a voting envelope. The ballot shall contain each complete proposal to be voted upon. The ballot may be cast only in a sealed envelope, which is authenticated by the member's signature and

must be received on or before the time of the scheduled meeting. If a question for which mail-in ballots have been authorized is amended at the meeting, the vote taken at the meeting will not be announced and new mail ballots containing the amended question shall be sent to all members who did not attend the meeting with a deadline for them to be returned. Following the deadline, the results of the mail-in ballots shall be combined with the results of votes cast at the meeting and the result of the total vote shall be announced to the members.

- B. Option Two: Absentee vote:** The Board may authorize voting by “absentee ballot” and establish procedures for a member who cannot attend the meeting due to physical, mental or employment related reasons to be permitted to vote by absentee ballot. Absentee ballots shall meet all the requirements for mail-in ballots under Section 3.8A. Absentee voting privileges generally shall not be given to individuals who cannot attend the meeting due to casual reasons (such as minor scheduling conflicts which are adjustable by the member, hair appointments, short term non-debilitating and non-contagious minor illnesses, too tired, etc.).
- C. Effect of Mail and Absentee Ballots:** A vote cast by mail-in or absentee ballot shall be counted as if the member were present and voting in person and the member shall count toward a quorum.
- D. Proxies and Cumulative Voting Prohibited:** Voting by proxy and cumulative voting are prohibited at any and all meetings of the Co-op.

### **3.9 QUORUM**

Membership meetings shall require a quorum of at least 5% of the membership, or 50 members, whichever is less; provided, that if the Co-op has at least 10 members, no meeting may be conducted without at least five (5) members in attendance. Only members in actual attendance at the meeting shall count towards a quorum, except for matters submitted to the membership by mail. Mail ballots shall be counted towards the fulfillment of the quorum requirement. Members present at a duly organized meeting may continue to do business until adjournment notwithstanding the withdrawal of enough members leaving less than a quorum.

### **3.10 TWO-THIRDS MAJORITY RULE**

For any matter to be adopted at a membership meeting (except election of directors or matters where an applicable statute requires otherwise), it shall be required to receive at least a two-thirds affirmative vote of the members present and voting unless otherwise stated in these Bylaws or otherwise required by law.

## **SECTION IV. BOARD OF DIRECTORS**

### **4.1 STRUCTURE**

The Co-op shall have a Board of seven (7) directors or, if the Co-op has fewer than seven (7), the number of directors shall equal the number of members. Board terms shall be

staggered so that there are either 3 or 4 Board members (or a similar proportion of directors if the Co-op has fewer than seven (7) directors) elected each year in a manner determined by the Board. The term for a director shall be two years, and there shall not be a limit to the total number of terms a member may serve as director.

#### **4.2 QUALIFICATIONS**

To qualify to become a director a person must be a member of the Co-op for at least one year or be a duly appointed representative of a member, be at least 18 years of age, be willing to make the commitment necessary to carry out a director's responsibilities, including undertaking proper director training, and meet such other reasonable requirements as may be established by the Board. The cooperative may, however, choose to elect a "non-member" director (to provide professional expertise or mediation for the board), but no more than 20% of the Board can be non-member directors.

#### **4.3 RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The affairs of the Co-op shall be managed by the Board. In furtherance thereof the Board shall have all necessary responsibilities and powers to carry out its duties.

#### **4.4 ADVISORY DIRECTORS**

The Board may appoint advisory directors who may, but need not be, voting members, and who may be associate or another class of members or their representatives or third parties. Advisory directors shall serve at the pleasure of the Board. Advisory directors shall receive notice of every regular or special board meeting and shall have all of the rights and powers of regular directors except the right to vote.

### **SECTION V. ELECTION, REMOVAL, AND REPLACEMENT OF DIRECTORS**

#### **5.1 ELECTION PROCESS**

- A. Election.** Either three or four of the Directors shall be elected each year, according to the process outlined in an Elections Policy which shall be established by the Board or the Membership of the Co-op under this Bylaw and which shall provide for staggered terms. Directors shall be elected by a plurality of the vote.
- B. Nominating Committee.** A nominating committee will be appointed annually by the Chairman of the Board and will include one of the outgoing directors.

#### **5.2 VACANCIES ON THE BOARD OF DIRECTORS**

- A. Vacancy May Occur.** A vacancy on the Board may occur by resignation of a director, by lapse of the director's membership in the co-operative, death of a director, a designated representative of a member ceasing to be affiliated with the member or ceasing to be a designated representative of the member, or removal of the director.
- B. Removal.** A majority of the Board, or two-thirds (2/3) of the members present and voting at a special membership meeting called for the purpose, may remove a

director for cause. "Cause" shall include, but not be limited to: (i) conduct detrimental to interests of the Co-op, (ii) lack of sympathy with the objectives of the Co-op, (iii) refusal to render reasonable assistance in carrying out the purposes of the Co-op, (iv) any condition or conduct described in Section 2.6A(iii), or (v) failure to attend three (3) consecutive Board meetings or three (3) Board meetings over a 9-month time period. The Board may also remove a director for any reason whatsoever so long as the removed director is given an opportunity to appeal the decision at the next Annual Membership Meeting or at a Special Membership Meeting called for that purpose. The removal may be reversed by a two-thirds (2/3) vote of the members voting at the meeting. If the Board has appointed a director to fill the vacancy created by the removal of a director and the removal is reversed by the membership, the appointed director shall cease being a director. Reasonable effort must be made to notify the director of removal action being considered by the Board, and to allow the director an opportunity to respond and or correct the reason for the potential removal.

- C. Filling Vacancies.** A vacancy on the Board shall be filled by appointment of a new director by a majority of the remaining directors, whether or not they constitute a quorum of the Board, to serve the remainder of the unexpired term of the director whose position became vacant, but the director's appointment must be confirmed by a majority of the membership at the next Annual Membership Meeting or at a Special Membership Meeting called for that purpose if the director's term does not expire at approximately the time of the Membership Meeting. If the membership does not confirm the appointment, the Board shall appoint another director who shall be subject to membership confirmation at the next subsequent Annual Membership Meeting or at a Special Membership Meeting called for that purpose if the director's term does not expire at approximately the time of the Membership Meeting.

## **SECTION VI. MEETINGS OF THE BOARD OF DIRECTORS**

### **6.1 REGULAR MEETINGS; SCHEDULING**

The Board shall meet at least quarterly, on a regular schedule to be determined by the Board. Emergency and other meetings may be called by the Chairman of the Board or any two (2) of the directors.

### **6.2 NOTICE**

Notice of the day, time, and place of any meeting shall be announced at least three days before the meeting, except that in the case of an emergency, an informal meeting may be held with only such notice given as is practical; provided that any action taken at an informal emergency meeting shall be confirmed at a subsequent meeting held with required notice. All reasonable effort must be made to give actual notice of a special or emergency meeting to each director.

### **6.3 PROCESS; QUORUM**

Board meetings shall be open to all members of the Co-op. Any member may submit items to the agenda (at least ten (10) days in advance of the meeting) and shall have a reasonable opportunity to speak in the meeting. Any item submitted after the ten (10) day deadline for submission shall be scheduled for the next Board meeting unless at that time it is no longer relevant for consideration. A vote of a majority of the directors present at a meeting at which a quorum was present when the meeting was convened shall be necessary and sufficient for a decision. A quorum shall be a majority of the directors, but if sufficient directors leave the meeting to leave less than a quorum the meeting may proceed despite the loss of a quorum.

### **6.4 ELECTRONIC MEETINGS**

One or more members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other in real time. Such participation shall constitute presence in person at the meeting.

### **6.5 ASSENT TO ACTION**

A director is considered to have assented to an action of the Board unless:

- A. The director votes against it or abstains and causes the abstention to be recorded in the minutes of the meeting;
- B. The director objects at the beginning of the meeting and does not vote for it later;
- C. The director has his or her dissent recorded in the minutes;
- D. The director does not attend the meeting at which the vote is taken; or
- E. The director gives notice of his or her objection in writing to the secretary within twenty-four (24) hours after the meeting.

### **6.6 ACTION WITHOUT A MEETING**

Actions of the Board may be taken without a meeting if the action is agreed to by all members of the Board and is evidenced by one or more written consents together signed by all directors and filed with the corporate records reflecting the action taken.

### **6.7 MEETING RECORDS**

The Secretary shall be responsible for the recording of complete and accurate minutes of each meeting of the Board, and shall maintain them along with other written records available to the Membership.

### **6.8 COMPENSATION**

Reasonable procedures for the compensation and expense reimbursement of the directors shall be established by the Board. At the first regular Board meeting of each fiscal year the fees shall be established. Directors may also be reimbursed for actual out of pocket

expenses incurred in service to the Co-op. Director compensation fees shall not be paid to the directors for services rendered the Co-op for more than twenty-five (25) days per year except if more days are required because of an emergency or extraordinary circumstances. No director shall occupy any position in the cooperative on a regular salary. The amount of compensation for directors may be overridden by the members at an Annual Membership Meeting or at a Special Membership Meeting called for that purpose.

## **6.9 GENERAL STANDARDS OF CONDUCT FOR DIRECTORS AND OFFICERS**

**A. Required Standards.** Each director shall discharge his or her duties as a director, including duties as a member of a committee, and each officer with discretionary authority shall discharge his or her duties under that authority:

- (i) In good faith;
- (ii) With the care an ordinary prudent person in a like position would exercise under similar circumstances; and
- (iii) In a manner the director reasonably believes to be in the best interests of the cooperative.

**B. Reliance.** In discharging his or her duties, a director or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

- (i) One or more officers or employees of the cooperative whom the director or officer reasonably believes to be reliable and competent in the matters presented;
- (ii) Legal counsel, a public accountant, or another person as to matters the director or officer reasonably believes are within such person's professional or expert competence; or
- (iii) In the case of a director, a committee of the board of directors of which the director is a member if the director reasonably believes the committee merits confidence.

**C. Unwarranted Reliance.** A director or officer is not acting in good faith if he or she has knowledge concerning the matter in question that makes reliance otherwise permitted by Section 6.9B unwarranted.

**D. No Liability.** A director or officer is not liable as such to the cooperative or its shareholders for any action the director or officer takes or omits to take as a director or officer, as the case may be, if in connection with such action or omission, the director or officer performed the duties of the position in compliance with this section.

## **6.10 INDEMNIFICATION**

Each director, officer, employee and agent of the Co-op, and each person who shall serve at its request as a director, officer, employee or agent of another cooperative, corporation, partnership, joint venture, trust or other enterprise shall have all of the benefits and be

subject to all of the requirements pertaining to indemnification by the cooperative as are now provided for corporations by the Colorado Business Corporation Act, and as the statutory provisions may be amended subsequent to the adoption of these bylaws, or if the statutory provisions shall be repealed in their entirety, the benefits and requirements of the provisions as they existed immediately prior to their repeal shall be applicable under this section and shall be incorporated herein by this reference thereto. Unless the insurance is not available at a reasonable cost, the Co-op shall maintain liability insurance covering its directors, officers, employees and agents in connection with fulfilling its obligations under this section or otherwise.

## **SECTION VII. COMMITTEES**

### **7.1 STANDING COMMITTEES**

The Board of Directors may establish and abolish standing committees of the Board and determine the duties to be performed by them.

### **7.2 OTHER COMMITTEES**

The Board may establish and abolish other committees as it may require and determine the duties to be performed by them.

### **7.3 COMMITTEE MEMBERS**

The Board shall appoint members and assign tasks to committees as required. Any member of the Co-op shall be eligible for appointment to committees. The Board may also appoint non-member advisors to the committees. The Board shall assign to each committee one director, who in the case of Standing Committees shall serve as the chair of the committee. The Board may change committee assignments at any time.

## **SECTION VIII. OFFICERS**

### **8.1 DESIGNATION OF OFFICERS; REMOVAL**

The Board shall appoint, from among its number, officers to fill the roles of president or chair of the board, treasurer, and secretary of the cooperative, and may appoint from among its number or persons outside of the Board who do not need to be members of the Co-op additional officers and alternates as needed. The Board may also designate such agent or agents, as it deems proper for specific purposes. All officers and agents shall serve at the pleasure of the Board, but a majority of the members present and voting at a meeting held for the purpose may remove any officer of the Co-op with or without cause.

### **8.2 CHAIRPERSON.**

The chairperson shall preside over meetings of the Board and serve as President of the Co-op; sign as chairperson or president with the secretary, all notes, deeds and other documents such as funding contracts and real estate conveyances; and perform such other duties pertaining to his or her office as may be customary or required by the Board, except as specifically provided otherwise in these Bylaws.

### **8.3 VICE CHAIRPERSON.**

In the absence or disability of the Chairperson, the vice chairperson shall perform as the president of the Co-op; and perform such other duties pertaining to his or her office as may be required by the Board.

### **8.4 SECRETARY.**

The secretary shall ensure the record of the meetings of the Co-op and Board is kept; sign as secretary, with the chairperson all notes, deeds and other documents such as funding contracts, real estate conveyances and certificates of operation; and perform such other duties pertaining to his or her office as may be required by the Board of Directors.

### **8.5 TREASURER.**

The Treasurer shall oversee the disbursement of all funds of the Co-op; cause to be maintained complete records of all financial transactions of both the membership and the operations of the Co-op; and perform such other duties pertaining to his or her office as may be required by the Board of Directors.

## **SECTION IX. MANAGEMENT**

### **9.1 EXECUTIVE DIRECTOR.**

The Board of Directors may designate an Executive Director who may be an employee of the Co-op or may be a designated representative of an agency engaged by the Co-op to provide management services to it. The Executive Director will participate as a non-voting member of the Board. This position shall have the general charge of conducting ordinary and usual business operations of the Co-op with respect to services or products to be delivered by the Co-op. This position shall be required to maintain all business and accounts in such a manner that the true and actual condition of the business of the Co-op may be determined when appropriate. This position shall provide annual and periodic reports in a form and manner prescribed by the Board. This position shall employ and discharge employees of the Co-op or provide for services from one or more independent contractors or from employees of the agency by which the Executive Director is employed subject to direction and guidelines prescribed by the Board. This position may be required to handle and account for all monies belonging to the Co-op, which come into his or her possession in the manner and form prescribed by the Directors. This position shall assure requirements are met to permit contract renewals, and audits required by service delivery standards.

### **9.2 STAFF**

Services shall be delivered through several options: employees of the Co-op, individuals as independent contractors, contracting with an existing agency (or agencies), contracting with an existing management firm to assure delivery of services, or creation by the Co-op of its own agency. In each case the executive director of the agency shall provide formal reports (financial, programmatic, audit records, etc) to the Board.

## **SECTION X. RECORD KEEPING**

### **10.1 MINUTES**

Minutes shall be kept of all Board, committee, and Membership Meetings by the Secretary or other person designated by the meeting. A copy of the final form of any policy adopted at the meeting shall be attached to the minutes. Copies of the minutes shall be made available to a member upon request.

### **10.2 NOTEBOOKS**

Copies of the Co-op's Articles of Incorporation, current Bylaws, all adopted policies and procedures, as well as all minutes of meetings of the membership, Board and committees shall be kept in binders at the Co-op's office (which may be housed at a service agency providing management services to the Co-op).

### **10.3 ACCESS**

All notebooks, membership, financial and other records of the Co-op shall be available to the extent provided by the statutes of the State of Colorado for inspection by appointment at the Co-op's office in the manner provided by law. Copies of the Articles of Incorporation and Bylaws, and amendments to them, shall be provided to all members. Copies of relevant policies will be provided to members upon request.

## **SECTION XI. FINANCES AND CAPITAL**

### **11.1 INTERESTS IN OTHER ORGANIZATIONS; BORROWING**

The Board may invest in other co-operatives or organizations or may organize, purchase, or sell a subsidiary company when in the best interests of the Coop or as required by law; and may enter into partnerships. The Board may undertake debt on behalf of the Co-op.

### **11.2 FISCAL YEAR**

The fiscal year of the Co-op shall be the calendar year.

### **11.3 ANNUAL AUDIT OR REVIEW**

The Board shall have a comprehensive audit or review of the Co-op's financial statements made at least at the end of each fiscal year and at other times as it deems necessary. The audit or review is to be performed by a competent licensed independent certified public accountant hired by the Board on behalf of the Co-op.

### **11.4 BONDS AND INSURANCE**

The Board shall require the Executive Director and all other officers, agents, and employees charged by the Co-op with responsibility for the custody of any of its funds or negotiable instruments to give adequate bonds. The bonds, unless cash security is given, shall be furnished by a responsible bonding company and shall be approved by the board of directors, and the cost thereof shall be paid by the Co-op. The Board of Directors shall provide for the adequate insurance of the property of the Co-op, or property which may be in possession of the Co-op or stored by it and not otherwise adequately insured. The

Board shall provide for insurance covering such risks and liability and in such amounts as the directors determine in their sole discretion is appropriate for the Co-op.

### **11.5 CREDIT POLICY**

It shall be the duty of the Board to establish and enforce a credit policy and to inform the members and other appropriate persons fully of the credit policy. By becoming a member, each member agrees to abide by the Co-op's credit policy.

## **SECTION XII. CAPITAL**

**12.1 INVESTMENTS IN EQUITY CAPITAL.** Investments in the equity capital of the Co-op shall be made by the members by the Co-op retaining portions of the members' respective allocated shares of net margins as provided in these Bylaws. In addition or as an alternative, the Board may require investments in the equity capital of the Co-op on a per unit retain, percentage, or other basis established in a written policy of the Board furnished to each member or in any contract between the Co-op and a member.

**12.2 ALLOCATIONS AS INVESTMENTS.** All allocated shares of net margins and per unit retains shall be deemed a capital investment in the Co-op without any further action by the Co-op other than the giving to the appropriate recipient a written notice of allocation (as defined in 26 U.S.C. 1388). The Co-op shall keep appropriate books and records showing the investment in capital by each member in each year. The Co-op may, but shall not be required to, issue such additional evidence of capital investments in the Co-op as the Board may prescribe.

**12.3 COMPUTATION AND ALLOCATION OF NET MARGINS.** The cooperative's net margins, calculated upon the basis of each fiscal year, shall be computed as follows:

- A. Gross Receipts:** All proceeds received for goods or services procured for and/or supplied to members, plus all sums received from all other sources related to member activities, except loans and contributions to the Co-op and investments in its capital, shall be deemed to be "Gross Receipts."
- B. Deductions from Gross Receipts:** This Co-op shall deduct from the Gross Receipts the sum of the following items:
  - (i) **Expenses.** All costs and expenses and other charges which are lawfully excludable or deductible from the Co-op's Gross Receipts for the purpose of determining the amount of any net margins of the Co-op.
  - (ii) **Reserves.** The Board may establish amounts for reasonable and necessary reserves for bad debts, obsolescence, contingent losses, operations and working capital, debt retirement, buildings and equipment, and ownership retirement. Unless allocated among the members, (a) the Co-op shall include the amounts credited to the reserves in computing its taxable

income, (b) the tax liability thereon shall be deducted from net margins, and (c) no member shall have any right or interest at any time in or to the reserve funds of the Co-op except upon dissolution when the entire reserve funds of the Co-op shall be distributed in accordance with the law and these Bylaws.

- (iii) **Contributions to Surplus.** The net margins, less any tax liability of the Co-op accruing therefrom, attributable to business done for persons who are not members or otherwise derived from nonpatronage related sources may be retained as property of the Co-op in a surplus fund to be used as additional working capital or for such other purposes as may be determined by the Board. This surplus fund shall be distributed only upon dissolution of the Co-op and no member at any time shall have any right or interest in or to the surplus fund, except on dissolution.

**C. Cooperative's Net Margins.** The balance of the Co-op's Gross Receipts which remains after the foregoing deductions shall be deemed to be the "Co-op's net margins" which term shall encompass the net margins of the Co-op's members.

**D. Losses.** In the event the Co-op shall sustain a loss in any manner for any period from operations, casualty, revaluation of assets or otherwise with respect to the Co-op as a whole or from a particular segment of the Co-op's operations, the Board shall determine the manner in which the loss shall be taken into account for accounting, taxation or any other purposes; provided that in making its determination the Board shall take into account all applicable facts and circumstances and account for the loss on a basis which is fair and equitable to all members of the Co-op. In making its determination the Board may authorize actions including, but not limited to:

- (i) Allocating the loss on an equitable basis to some or all of the members of the Co-op by canceling equity account balances,
- (ii) Carrying the loss back or forward to offset earnings of the Co-op or particular segments of its operations in prior or future years,
- (iii) Canceling any or all outstanding equity account balances shown on the books of the Co-op, or
- (iv) Charging the loss against appropriate reserve or surplus accounts.

The Board may, but shall not be required to, submit a recommendation as to apportionment and allocation of any loss to a vote of the members at a meeting of the members duly called and legally held. A vote of a two-thirds (2/3) majority of the members present at the meeting shall be binding upon all the members. No member shall be liable for the debts of the Co-op in an amount exceeding the member's membership fee, if any, and any equity capital invested in the Co-op.

**E. Allocation.** The total Co-op's net margins shall be received by the Co-op, belong to and be held by the Co-op for all its members and shall be allocated to the members at the close of each fiscal year on a patronage basis; provided, however, that if any amount which would otherwise be allocated to any member is less than Ten Dollars (\$10.00), it may be credited by the Board to the surplus fund after deducting appropriate tax liabilities and need not be allocated to or among the members. The respective allocated share of the net margins of each member may be computed as determined by the Board upon the basis of the member's respective patronage of, and the net margins resulting from, the operations, the various pools, departments, or segments of operations of the Co-op and shall be in proportion to the quantity or value of the goods procured for and/or services provided to the member. Payments of allocated amounts as patronage dividends may be made in cash, merchandise or service credits, other property, qualified notices of allocation, or non-qualified notices of allocation (as defined in 26 USC 1388). When making allocations through qualified written notices of allocation, the Co-op shall within eight and one-half (8-1/2) months after the close of its fiscal year notify each member or other person in the form of a qualified written notice of allocation (as defined in 26 U.S.C. 1388) of the member's total allocation of the Co-op's net margins including the cash portion as well as the amount credited to the member's capital account. Each recipient shall treat the recipient's total allocation in the manner prescribed by Section 2.7 of these Bylaws and any applicable tax laws.

**F. Qualified and Nonqualified Allocations.** Allocations of the Co-op's net margins in accordance with this Section XII may be made in the form of qualified written notices of allocation or nonqualified written notices of allocation as determined by the Board.

**G. Qualified Notice of Allocation, Payment and Reinvestment.** If the Co-op pays any portion of an allocation of the Co-op's net margins by a qualified written notice of allocation, the Board shall authorize at such time as it may determine, but in no event later than the fifteenth (15th) day of the ninth (9th) month following the end of the Co-op's fiscal year, the Co-op to pay in cash to each member an amount as determined by the Board of at least twenty percent (20%) of the member's allocated share of net margins and the balance of the member's allocated share of net margins shall be credited to the appropriate capital account of the member on the books and records of the Co-op. The credit shall be deemed a payment to the member and a reinvestment by the member in the equity capital of the Co-op.

#### **12.4 LIEN**

To secure the payment of all indebtedness of any member to this Co-op, the Co-op shall have a first lien and security interest in and on the capital investments, net margins, and other property rights and interests, if any, in the Co-op of the member. As one means of enforcing its security interest and lien, the Co-op shall be entitled to offset at any time, at the sole discretion of the Board, any debt of a member to the Co-op with a corresponding

amount of the member's capital investments, net margins and other property rights and interests, if any, in the Co-op. Each member or other person by either joining or patronizing the Co-op shall be deemed to have agreed to sign any instrument necessary to evidence and perfect the lien provided for in this Section and authorizes the Co-op to sign and deliver for filing or recording any instrument necessary to perfect the lien and security interest.

### **12.5 NO OFFSETS**

No member shall be entitled to demand offset of any portion of the member's allocated share of net margins retained by the Co-op against any indebtedness or claim due the Co-op from the member.

### **12.6 REPAYMENT**

- A. When No Equity Redemption.** No acquisition, repurchase, refunding or redemption of equity capital in the Co-op shall be made if the result of it would be to render the Co-op unable to pay its debts as they become due in the usual course of business or causes the remaining assets of the Co-op to be less than its liabilities plus the amount necessary to satisfy the interests of the holders of securities or other equity capital preferential to those receiving the distribution if the Co-op were to be dissolved at the time of the distribution.
- B. Redemption on Conditions Established by the Board.** Provided the financial condition of the Co-op will not be impaired and subject to the approval of the Co-op's secured creditors and the application of the Colorado Cooperative Act, the Board in its discretion may authorize the retirement of any equity capital in the Co-op at any time when a member owning equity capital in the Co-op shall (1) die, (2) if a non-natural person, adopt a plan of dissolution and be actively liquidating its assets, (3) have the member's membership in the Co-op terminated by the member or by the Co-op, or (4) if a natural person, meet age factors or other requirements established by the Board. Each class of equity capital and all persons in each of the preceding classifications shall be treated similarly with their respective class or classification, but separate treatment may be given to each class of equity capital or each above classification and the establishment of an equity retirement program with respect to any one class of equity capital or preceding classification shall not require establishment of a program for each other class or classification and differences uniformly applied based upon age may be established within each class or classification.
- C. When Membership Terminated.** When a membership in the Co-op is terminated by the Co-op or voluntarily by the member, the Co-op shall endeavor to give priority to refunding and redeeming the equity capital held by the member in the Co-op, less any indebtedness due to the Co-op, which shall for all purposes constitute the property rights and interest of the member in the Co-op and full payment therefor. The refund shall be made at least by the last date permitted under the Internal Revenue Code for allocating net margins through qualified written notices of allocation for the year in which the date of termination occurs if

the amount to be refunded is less than \$1,000.00, in two equal annual installments if the amount is \$1,000.00 to \$5,000.00, or in equal annual installments over a period determined by the Board but not to exceed 10 years if the amount exceeds \$5,000.00.

- D. Notes.** The Board may, in its discretion, subject to the consent of the Co-op's secured creditors and of the member, issue to a member interest bearing notes in substitution and exchange for the equity capital of a member. A note issued pursuant to this subsection shall bear interest at rates and contain such terms as shall be determined by the Board, but the interest rates shall not be less than the interest rate payable on consumer savings accounts by the bank or other financial institution used by the Co-op for its general banking purposes.

### **12.7 ADDITIONAL REPAYMENT BY PERCENT OF THE TOTAL METHOD**

If (i) payments to persons entitled to repayment under an equity retirement policy developed by the Board under Sections 12.6B and C shall have been made or adequate provision made therefor, (ii) the Co-op has obtained the approval of the Co-op's secured creditors, and (iii) the Board shall have determined the total amount of members' investments in equity capital shall exceed the amount reasonably needed by the Co-op, the Board may at its discretion retire a percentage of the equity capital in the Co-op which the Board has determined is not needed. The percentage shall be paid to every holder of equity capital equitably among all on the same percentage basis of their total investments in equity capital regardless of when such investment was made, except that no equity capital shall be repaid under this plan until said member shall have invested at least \$100.00 in equity capital. Nothing shall prevent repayment of equity capital to only those who have invested at least the above amounts; provided, there shall be no discrimination on retirement of a percentage of the equity capital for those who have invested \$100.00 or more in equity capital; but this shall not prevent the repayment of any amounts otherwise due from time to time to any member who has withdrawn or who has had the member's membership terminated by the Co-op.

### **12.8 SECURED CREDITOR**

For purposes of this Section XII, "secured creditor" shall mean only those secured creditors having the contractual right to approve equity retirements by the Co-op.

### **12.9 RIGHTS AND INTERESTS IN RESERVE FUNDS, SURPLUS ACCOUNTS OR EQUITY FROM NON-QUALIFIED NOTICES OF ALLOCATION**

No member or other person entitled to share in the allocation of the Co-op's net margins shall have any right or interest at any time in or to any reserve fund, surplus accounts or equity capital allocated in the form of non-qualified written notices of allocation, except upon dissolution of the Co-op when any such reserve fund, surplus account, or equity capital shall be distributed in accordance with these Bylaws, as otherwise provided by law or as the Board may otherwise determine.

### **12.10 LIQUIDITY OF ASSETS**

In connection with or in addition to the foregoing provisions of this Section XII, the Board may establish policies and practices for the redemption of equity capital based upon the recognition of differences in the character and liquidity of assets held by the Co-op and the resulting impact on availability of funds for equity redemption.

### **12.11 BORROWED CAPITAL**

The Co-op may borrow additional capital from members or any other person or source as permitted by law. It may issue notes or certificates of indebtedness for amounts of borrowed money with such terms and conditions and on which it may pay an interest rate as determined by the Board.

### **12.12 COMMINGLING OF CAPITAL.**

Investments in equity capital need not be segregated from, and may be invested in, or commingled with, any other assets of the Co-op.

### **12.13 NO INTEREST**

No dividend, interest, or any other income shall be declared or paid on account of any capital stock or other equity capital in the Co-op owned by a member or other investor.

## **SECTION XIII. AMENDMENTS TO THE BYLAWS**

These Bylaws may be amended only in the following manner:

- A. The Board or any member of the Co-op who is in good standing may propose an amendment.
- B. The proposal must be presented at a Membership Meeting, according to the standard procedure for including or adding an item to the agenda.
- C. The exact wording of the amendment must be distributed to the members in the notice of the meeting at which the amendment is to be considered.
- D. Bylaw changes shall take effect 60 days after approval, unless additional implementation time is needed and such time needed is indicated in the amendment, or unless it is repealed at a subsequently called membership meeting occurring prior to the effective date.

## **SECTION XIV. DISSOLUTION**

**14.1 MEANS OF DISSOLUTION.** The Co-op may be dissolved only by the approval of three quarters (3/4) of all of the members.

**14.2 DISTRIBUTIONS UPON LIQUIDATION.** In the event of dissolution, assets of the Co-op shall be distributed in the following manner: First, any outstanding secured loans shall be paid; Second, unsecured loans, obligations and liabilities shall be paid; Third, equity shall be returned to members; Fourth, remaining assets of the Co-op shall

be distributed to members in accordance with their equity accounts prior to the payment of them under “Third” unless the Board with the approval of the members determines to pay the remaining assets to co-operative corporations, institutions, or organizations as may be designated by the Board of Directors, to be used for purposes that further the mission of this Co-op.

## **SECTION XV. UNCLAIMED MONEY**

A claim for money against the Co-op shall be subject to the provisions of this Section XV whenever the Co-op is ready, able, and willing to pay the claim, and has paid or is paying generally claims arising under similar circumstances, but payment of the claim cannot be made for the reason that the Co-op does not know the whereabouts or mailing address of the one to whom it is payable or the one entitled to payment. If the claim is not actually paid within a period of three (3) years after notification as herein provided, the Co-op shall remove the claim as a liability on its books. No removal shall be made unless the Co-op shall have sent by first class, United States mail, a written notice of eligibility for payment addressed to the person appearing on the Co-op's records to be entitled to payment at the last address of such person shown by the records of the cooperative. If not claimed within three (3) years after giving of notice, the claim shall be deemed extinguished. Any and all amounts recovered by the Co-op pursuant to this Section XIV, after deducting therefrom the amount of any taxes payable thereon, shall be placed in a reserve or surplus account established previously or hereafter by the Co-op.

## **SECTION XVI. DISPUTES**

**16.1 HEARING BEFORE THE BOARD.** In the event of a dispute between a member and the Co-op concerning any matter arising out of the relationship or transactions between the member and the Co-op, upon request of either party and after ten (10) days' prior notice to the member concerned, the matter shall be set for hearing before the Board, who shall hear the same, and shall enter written findings or rulings thereon.

**16.2 MEDIATION.** If the member is dissatisfied with the findings or rulings of the Board, within thirty (30) days after the Board's findings and rulings are sent to the member, the member may make a written request to the Secretary of the Co-op that the matter be submitted for mediation. The mediation shall be conducted by a mediator jointly selected by the member and the Co-op but if they fail to agree upon a mediator within fifteen (15) days after the request for mediation is made by the member, the mediation shall be conducted by a mediator designated by a federated cooperative of which the Co-op is a member.

**16.3 COURT PROCEEDINGS.** If the dispute is not resolved pursuant to subsections 16.1 and 16.2, either party may, within six (6) months after the hearing before the Board bring an appropriate action in any court of proper jurisdiction regarding the matter or transaction which gave rise to the dispute. Any member affected by the final ruling rendered in the dispute, who shall thereafter refuse to acquiesce or abide by the ruling, shall thereafter be subject to termination of membership in accordance with the provisions of Section 2.6 of these Bylaws. Jurisdiction over any dispute described in this

Section XIV shall be in the federal or state courts of general jurisdiction for the geographic area in which the Co-op's principal office is located.

**SECTION XVII. APPLICABLE LAW**

All matters relating to the organization of the Co-op shall be governed by the laws of the State of Colorado and in particular the Colorado Cooperative Act, Article 7-56, Colorado Revised Statutes, or any successor statutes to that Act. All other matters shall be subject to and governed by the state and federal laws otherwise applicable to such matters.

## APPENDIX A

### A International Co-operative Alliance

#### STATEMENT ON THE CO-OPERATIVE IDENTITY

**Definition:** A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

**Values:** Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity.

**1<sup>st</sup> Principle: Voluntary and Open Membership.** Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

**2<sup>nd</sup> Principle: Democratic Member Control.** Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

**3<sup>rd</sup> Principle: Member Economic Participation.** Members contribute equitably to and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

**4<sup>th</sup> Principle: Autonomy and Independence.** Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

**5<sup>th</sup> Principle: Education, Training and Information.** Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operative. They inform the general public about the nature and benefits of cooperation.

**6<sup>th</sup> Principle: Cooperation among Co-operatives.** Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

**7<sup>th</sup> Principle: Concern for community.** Co-operatives work for the sustainable development of their communities through policies approved by their members.