

ChiCommons Bylaws 19-10-05

1. Purpose of the Cooperative

Chicommons (the Cooperative) documents and maps the Cooperative, solidarity and commons-based economies in the Chicago area and supports and develops new Cooperative activities and entities.

2. Mission.

The Cooperative's mission is to develop the Cooperative economy in the Chicago area.

3. Cooperative Principles

3.1. In any case where these bylaws are unclear, the spirit of the "Statement on the Cooperative Identity" by the International Cooperative Alliance as revised and adopted in 1995, including the seven principles of cooperation should be applied.

3.2. In any case where these bylaws are unclear, the spirit of Sociocracy 3.0 applies as described in <https://sociocracy30.org/>, to the extent that it does not contradict 3.1. above.

4. Membership

4.1. Membership Qualifications

4.1.1. Membership shall be open to any individual who is eligible and who accepts the responsibilities of membership.

4.1.2. The Cooperative will issue a membership to any person who has met the membership requirements written by the Cooperative Board, which may include a capital contribution, membership fee, and/or a commitment to perform work for the Cooperative. The Cooperative may have any number of members.

4.2. Stocks and Classes of Membership.

4.2.1. The Cooperative shall have four classes of members, with the designation, qualifications, requirements, methods of acceptance and incidents of each class of members as set forth below. The Cooperative will issue two classes of stocks, Class A stocks and Class B stocks.

4.2.2. Consumer Member

4.2.2.1. Class A stocks are issued to each member of the cooperative by the Board for the purpose of capitalizing the cooperative and governing the entire cooperative.

- 4.2.2.2. Consumer Members need only purchase a Class A stock to be voting members of the entire cooperative.
 - 4.2.2.3. Purchase of a Class A stock is limited to one confers one and only one vote on Cooperative-wide matters.
- 4.2.3. Producer Member
- 4.2.3.1. Any producer shall be eligible for membership as a “Producer Member” upon:
 - 4.2.3.1.1. Purchase of one (1) share of Class C Stock.
 - 4.2.3.1.2. Purchase of one (1) share of Class P Stock
 - 4.2.3.1.3. Complying with all equity requirements of the Cooperative.
 - 4.2.3.1.4. Signing a membership agreement with the Cooperative.
 - 4.2.3.2. Producer Members are governing members because of their Class A stock
- 4.2.4. Employee Members
- 4.2.4.1. Any wage or contract employee of the Cooperative shall be eligible for membership as an “Employee Member” and required to join the Cooperative as an Employee Member if that person is employed by the Cooperative and after:
 - 4.2.4.1.1. Purchase of one (1) share of Class C Stock
 - 4.2.4.1.2. Purchase of one (1) share of Class E Stock
 - 4.2.4.1.3. Complying with all equity requirements of the Cooperative
 - 4.2.4.1.4. Meeting the minimum employment eligibility requirement of the Cooperative as determined by the Cooperative Board.
 - 4.2.4.2. Employee Members are governing members because of their Class C Stock
- 4.2.5. Consumer Members
- 4.2.5.1. Any person or entity shall be eligible for membership as a “Consumer Member” provided that that person is an active member of the Cooperative and after:
 - 4.2.5.1.1. Purchase of one (1) share of Class C Stock.
 - 4.2.5.1.2. Complying with all equity requirements of the Cooperative.
 - 4.2.5.2. Consumer Members are governing members because of their Class C Stock
- 4.2.6. All members holding Class A stock are members of the Cooperative and have voting rights in the Cooperative.

4.2.6.1. Members may also be a member of one or more classes, providing they conform to the terms of that class membership, apply to and are accepted by that class.

4.2.6.2. Consumer, Employee, and Producer classes have governance roles in the Cooperative..

4.2.7. The Cooperative may start with a minimum of two governing member classes and add other classes later.

4.3. Membership Eligibility and Acceptance

4.3.1. Membership in the Cooperative shall be open to any person or entity that supports the purposes of the Cooperative as expressed in the Articles of Incorporation, these By-laws, and the policies of the Cooperative, and who is affiliated with the community being served by the Cooperative when the Membership Share is purchased. An application shall be accepted unless the Cooperative Board determines in its sole discretion that the interests of the Cooperative would be better served by returning the membership purchase.

4.3.2. All employees of this Cooperative are eligible for Employee Membership after a suitable vesting period as defined by the Board of Directors.

4.4. Termination of Membership

4.4.1. Resignation

4.4.1.1. Members wishing to leave the Co-op must submit a written note to the secretary. Resigning members are responsible for fulfilling all outstanding obligations.

4.4.1.2. The Class A, P, and E membership stock is redeemable at the discretion of the Cooperative Board, and unless reserves are not sufficient to meet the demand, it is understood that such stock will be fully redeemable.

4.4.1.3. When a member dies, is adjudged incompetent by a court, or received a court order of relief under bankruptcy law, their membership is terminated as a resignation.

4.4.2. Involuntary termination

4.4.2.1. The Cooperative Board may terminate an individual or organization's membership for one of the following reasons:

4.4.2.1.1. Did not participate in the Co-op for one year or more

4.4.2.1.2. Violated terms of Co-op policy, Cooperative Board policy, product standards, or these bylaws

4.4.2.1.3. Acted contrary to the best interests of the Co-op.

4.4.3. Termination for cause

4.4.3.1. Members may be expelled for cause from the Co-op by a majority vote of the Cooperative Board. The board may only terminate membership

during a board meeting. The Class A, E and P membership stock is redeemable at the discretion of the Cooperative Board. Termination of membership will use the following procedure:

- 4.4.3.2. The Cooperative Board will send a certified letter stating the reason for the proposed termination and outline specific incidences of violation of policies or bylaws. The letter must be sent at least seven days prior to the vote to terminate membership.
- 4.4.3.3. The member will be invited to the board meeting to be heard.
- 4.4.3.4. The decision of the Cooperative Board is final.

4.4.4. Employee Termination

- 4.4.4.1. When a Employee-member voluntarily or involuntarily ends their work in the Cooperative, their membership in that class automatically ends and the their Class E stock shall be deemed transferred back to the Cooperative.
- 4.4.4.2. Within fourteen days of termination, the Cooperative will pay for the Employee's Class E share at its original price in cash, after offsetting against the share price any negative balance, if one exists, in the Internal Account for that Employee, any debts that Employee owes to the Cooperative.
- 4.4.4.3. If the Employee's Internal Account still has a negative balance, this negative balance will be debited against the Reserve Fund, thereby insuring that any operating losses do not accumulate so as to leave the Employee owing money to the Cooperative when that Employee retires or otherwise terminates their membership.
- 4.4.4.4. Any positive balance in the employee's Internal Account for the retiring or terminating employee not represented by written notices of allocation and associated interest shall be paid in full by the Cooperative in cash or, at the election of the Cooperative, by means of the Cooperative's promissory note payable on such terms as the Cooperative Board shall determine, provided that the note be payable in full within six months of the termination date that the Cooperative Board shall determine, provided that the note be payable in full within six months of the termination date, unless it would otherwise impair the Cooperative's finances.

4.5. Transferability of Membership Shares

- 4.5.1. No Member may sell, assign any interest in, or otherwise transfer his or her Membership Share during the period of his or her membership in the Cooperative. All certificates representing Membership Shares shall, in accordance with the law, have a notation thereon referring to the restrictions governing the transfer of these shares.

4.6. Member Rights and Responsibilities

- 4.6.1. Members have the following rights

- 4.6.1.1. Be eligible for patronage refunds.
 - 4.6.1.2. Participate in annual and special membership meetings.
 - 4.6.1.3. Vote in elections for the Cooperative Board and, as Class Members, their Class Boards.
 - 4.6.1.4. Serve on the Cooperative Board, Class Boards, or committees.
- 4.6.2. Membership Responsibilities. Members are *expected* to participate, when applicable, in the activities of the Co-op, including, but not limited to the following:
- 4.6.2.1. Contribute to the Co-op's capital by purchasing a membership share.
 - 4.6.2.2. Patronize the Co-op.
 - 4.6.2.3. Know and understand the criteria for participation, product standards, bylaws, and policies of the Co-op.
 - 4.6.2.4. Participate in any educational activities mandated by the Cooperative Board, Class Boards, or Governing Councils.
 - 4.6.2.5. Keep current on the activities and actions of the Co-op, attend annual and special member meetings, vote in elections, and respond to surveys.
 - 4.6.2.6. Participate in committee work.
 - 4.6.2.7. Share experience and provide member-to-member education as requested.
 - 4.6.2.8. Assist in the development of new products or product uses.
 - 4.6.2.9. Promote the Co-op and encourage others to become members.
 - 4.6.2.10. Contact local, state, and federal representatives on issues related to the Co-op's mission.
- 4.6.3. The Cooperative will act on behalf of the members and in the members' best interests in negotiating for and procuring goods, services, and programs for the members.
- 4.6.4. The Cooperative will not be liable if a member fails to perform or pay under any contracts, unless the Cooperative has agreed to do so.

5. Membership Meeting

5.1. ChiCommons Annual Meeting

- 5.1.1. The annual meeting of the members of this Cooperative shall be held in the State of Illinois and/or online, during the month of March or on such date as the Cooperative Board may determine. The Cooperative Board shall designate the time and place of meetings.
- 5.1.2. Annual meetings of the Employee and Producer Class members shall be held in the State of Illinois and/or online during the month of February or on such date as the Cooperative Board may determine. Each Class Board shall designate the time and place of meetings.

5.1.3. Not less than thirty (30) days nor more than ninety (90) days' notice shall be given before for each annual meeting. Meeting notices shall always be written, giving date, place, time, and agenda. The agenda for the annual meeting shall include a slate of director candidates and any by-law amendments that will be considered.

5.2. Special Meetings

5.2.1. Meetings of the members of the Cooperative may be called at any time by order of the Cooperative Board or shall be called at any time by petition of at least 20% of the members of any one membership class (Consumers, Employees, or Producers). If such a petition is submitted, the secretary of the Cooperative shall schedule a membership meeting within 30 days, and within fourteen (14) days shall give written notification to the voting membership of the meeting time, date, and place as well as the business to be transacted. No business shall be transacted at any special meeting other than that referred to in the notice.

5.3. Quorum

5.3.1. A quorum at an Annual or Special member meeting shall be calculated separately for each membership class, and each class for which a quorum is present may conduct its proper business. A quorum shall be 10% for each membership class and 30% of all Class A shareholders.

5.4. Voting

5.4.1. Each member shall be entitled to only one vote. Voting shall be permitted by mail, e-mail, or in person.

5.5. Representation of Organizational members

5.5.1. Members that are not natural persons (such as organizations, businesses, or households) must designate a representative authorized to cast a single vote on Co-op issues. These members may also designate an alternative representative.

5.5.1.1. The designation must be in writing.

5.5.1.2. The designation must be provided to the secretary at or before the member meeting.

5.5.1.3. The written designation will remain effective until it is replaced by a more recent written designation.

5.5.1.4. Boards of Directors, and Governing Councils

5.6. Boards of Directors

5.6.1. The Cooperative Board is the authoritative Board of Directors of the Cooperative, and elected by Cooperative members from all classes, in proportion so that each class has equitable voice.

5.6.1.1. The Cooperative Board shall be comprised of proportional numbers of members from each Membership Class, where proportions are defined as the relationship of the member class relative to the total number of members holding class C stock.

5.6.1.2. There shall be a separate Board of Directors for each Membership class, elected by that class.

5.6.1.3. Each Class Board will be responsible for policy and practices affecting that and that only Class.

5.6.1.4. Should a conflict arise with another class about anything, including who's policy and practices should govern any specific situation, the Boards of each class will work initially via liaisons, failing that meet jointly to resolve the conflict, or failing that, meet jointly with the Cooperative Board to resolve the conflict.

5.6.1.5. In the case that the conflict cannot be resolved between the two (or more) Class Boards, the Cooperative board will make a decision that resolves the conflict, and this will be the final decision, unless the General Membership successfully calls for a special meeting to resolve the conflict.

5.6.1.6. Any Board member that is a member of one or more conflicted classes must recuse themselves from a decision regarding that conflict.

5.7. Governing Councils

5.7.1. The Cooperative may engage in Cooperative development in specific areas of cooperation, resulting in Cooperative Organizational Units

5.7.2. These Cooperative Organizational Units will include members of one or more classes in support of that entity.

5.7.3. These entities will be governed by a governing council with membership proportional to the membership classes involved in operating that Cooperative Organizational Unit.

5.7.4. The scope of these governing bodies is purely operational. Policy will be decided by the respective Class Boards and/or the Cooperative Board.

5.8. Number, Qualifications, and Composition of Directors for the Cooperative Board

5.8.1. The Cooperative Board will have an odd number of members totaling at least 7 and no more than 15 members.

5.8.2. Each Board Candidate will be a member in good standing of the Cooperative for the prior year.

5.9. Number, Qualifications, and Composition of Directors for each Class Board

5.9.1. Each class will have 5, 7, or 9 directors

5.9.2. The Class Board will be elected by the members of that Class.

5.9.3. Each Class Board Candidate is required to have been a member in good standing in the prior year.

5.10. Eligibility

5.10.1. The directors shall accept any Consumer, Producer or Employee member in good standing, who has been a member for at least one year, as a candidate for election to the appropriate class of the Board.

5.10.2. The elected directors may appoint any person to the Board who is deemed to have a contribution to the operation of the Cooperative, provided that person is a member in good standing.

5.11. Power and Specific Duties of the Cooperative Board

5.11.1. All powers of the Cooperative, except those reserved to the Cooperative Members, shall be exercised by or under the authority of the board.

5.11.2. The Cooperative Board will set, implement, and interpret policies to further the mission of the Co-op.

5.11.3. The Cooperative Board will mediate conflicts and act as the final arbiter for conflicts between Class Boards.

5.12. Power and Specific Duties of each Class Board

5.12.1. All Class-specific powers, except those reserved to the Class Members, shall be exercised by or under the authority of the Class Board, subject to authority designated by the Cooperative Board.

5.12.2. The Class Board will set, implement, and interpret policies to further the mission of the Class within the Cooperative.

5.12.3. Each Class Board will work with other Class Boards to resolve conflicts between Classes.

5.13. Terms of Directors. Directors will be elected by the members at annual membership meetings or at a special member meeting called to fill a vacancy.

5.13.1. Directors will serve for three (3) year terms.

5.13.2. Terms are staggered to preserve the continuity of governance.

5.13.2.1. In electing the first boards, one third of the directors shall be elected for a one year term, one third of the directors for a two year term, and the remaining directors for a three year term.

5.14. Term Limits

5.14.1. No director after having served for two (2) consecutive full terms shall be eligible to succeed themselves, but after a lapse of one (1) year shall again be eligible.

5.15. How Elections are Conducted

5.15.1. Members shall elect directors by written or email ballot.

5.15.2. Voting for the election of directors by mailed or emailed ballot shall be allowed. Such ballot will be mailed with notice of the respective Annual Meeting a minimum of 4 weeks and a maximum of 6 weeks prior to the date of the annual meeting.

5.15.3. Board ballots must be submitted in writing or email prior to the Annual Meeting or hand delivered by a Cooperative member at the call for ballots at the Annual Meeting.

5.16. Board Vacancies. Vacancies occurring on the Cooperative Board or any Class Board shall be filled by appointment by the remaining directors of that Board until the next Annual Membership Meeting of the Cooperative or Class.

5.17. Removal of Directors

5.17.1. Any elected director may be removed from office with or without cause by a vote of not less than two-thirds of the Membership Class from which the director had been elected or, if a general position, by the Cooperative Members.

5.17.2. Any appointed director may be removed from office with or without cause by a majority vote of the other directors, provided that at least one director from each class of elected directors' votes in favor of the removal.

5.18. Liability, Indemnification and Limitation

5.18.1. A member of the Board shall not be liable to the Cooperative for monetary damages for conduct as a member of the Board, except for acts or omissions involving intentional misconduct or a knowing violation of the law by the individual.

5.18.2. The Cooperative shall indemnify, to the full extent provided by law, the members of the Board, as well as its officers, employees and agents, from any and all costs, expenses and damages, including reasonable attorneys' fees, arising out of or in connection with any claims, suits or other actions based on acts or omissions by such person on behalf of the Cooperative, in his or her capacity as a member of a committee, an officer, employee or agent of the Cooperative, except for acts or

omissions involving intentional misconduct or a knowing violation of the law by the individual. Such indemnification shall continue as to individuals who have ceased their respective positions with the Cooperative. The right to indemnification under this Article shall not be the exclusive rights of any person.

5.18.3. No indemnification shall be provided if such payment is prohibited by the provisions of Illinois law; or if in the opinion of corporate counsel such payment would subject the Cooperative to the loss of its treatment as a Cooperative for U.S. federal income taxes.

5.19. Board Compensation

5.19.1. The Cooperative will reimburse board members for reasonable expenses connected with fulfilling board of director duties.

5.19.2. Compensation, if any, for board members will be determined by Cooperative members at annual or special membership meetings.

5.19.3. No board director may vote upon reimbursement for their services.

5.20. Conflict of Interest

5.20.1. It shall be the duty of all board directors to make prompt and full disclosure to the board of any personal, professional, or financial conflicts of interest in a matter under discussion.

5.20.2. A board member shall not participate in any vote on any matter in which the director has a conflict of interest as defined in these by-laws or by the board.

5.20.3. Directors will follow the board's Conflict of Interest Policy.

5.21. Regular Board Meetings

5.21.1. The directors shall hold their first Cooperative Board meeting within one week after the annual meeting and each Class Board shall hold its first Board meeting within one week after the annual meeting.

5.21.2. The Cooperative Board and Class Boards shall determine a regular schedule of meetings sufficient to meet the needs of the Cooperative.

5.21.3. The secretary or a designee of the Cooperative and of the Class Boards will keep meeting minutes and publish them to the respective Cooperative members.

5.21.4. Distribution of a schedule of time and places for regular meetings shall be sufficient notice to conduct legal business.

5.21.5. Any board meeting may be conducted by telephone or other electronic means of communication through which the directors may simultaneously hear one another.

5.21.6. Any action required or permitted to be taken at a meeting of the Board may be taken by written or email action signed by all of the directors. The written action is effective when signed by all the directors and shall have the same force and effect as a unanimous vote at a meeting.

5.22. Special Board Meetings. Special meetings of the Cooperative Board and each of the Class Boards may be held from time to time.

5.22.1. The meeting will be called by the president or by any one third of the directors.

5.22.2. Held at a time and place designated in the meeting notice.

5.22.3. Only business specified in the written notice may be conducted.

5.22.4. Appearance at a meeting will constitute a waiver of notice, except when a director attends the meeting and objects to the transaction of business because the meeting was not lawfully convened.

5.23. Meeting Notice, Quorum, Attendance

5.23.1. Oral, written, or electronic notice of each meeting of the Cooperative Board and each Class Board shall be given each director by, or under the supervision of, the secretary of the Cooperative or Class at least 7 days prior to the time of meeting. But such notice may be waived by any director, and their appearance at a meeting shall constitute a waiver of notice.

5.23.2. Participation in person is preferred, however, any board meeting may be conducted by telephone or other electronic means of communication through which the directors may simultaneously hear one another.

5.23.3. As a general rule the decisions and operations of the Cooperative are open to all members. Formal notice is not required to non-board, Cooperative members, but notice and agenda of regular and special meetings will be publicized to the membership at large.

5.23.3.1. Any Cooperative member may attend meetings of the Cooperative Board and any of the Class Boards, as an observer.

5.23.3.2. When The Cooperative Board or any of the Class Boards meets in Executive Session, such meetings shall be closed to non-board members.

5.23.4. A majority of the directors in office shall constitute a quorum for transaction of business. An act of the majority of the directors present at a meeting at which a quorum is present shall be an act of the board.

6. Officers and Committees of the Board

- 6.1. The Cooperative Board shall elect from their number three officers, a President, a Secretary and a Treasurer to one (1) year terms.
- 6.2. Each Class Board shall elect from their number a President, Secretary and Treasurer to one (1) year terms.
- 6.3. The principal responsibilities of the Presidents shall be to facilitate at all Member meetings and Board meetings. The Presidents shall jointly sign all certificates of stock and all contracts and other instruments, unless otherwise authorized by the Board. The Presidents shall be an ex-officio member of all committees.
- 6.4. The principal responsibilities of the Secretaries shall be to keep a true and correct record of the proceedings of all Member meetings and Board meetings; to countersign and affix the seal of the Cooperative to all papers and documents requiring such action; and to systematically see to the safety of books, papers, records, and documents pertaining to the business of the Cooperative as may be assigned to the Secretary by the Board or required by Illinois or federal law.
- 6.5. The principal duties of the Treasurers shall be to sign all agreements of indebtedness and security agreements, as authorized by the Board, and to review the internal controls and financial systems used by the Cooperative when requested by the Board
- 6.6. Election. The officers shall be elected by the Cooperative and Class Boards for a one year term at the new board's first meeting.
- 6.7. Each officer shall be a Member of the Board to which they are elected.
- 6.8. Any officer may be removed from office with or without cause by a vote of a 2/3rds majority of a quorum of the Board present at any meeting, the notice for which shall include such purpose.
- 6.9. The Cooperative Board and each Class Board may create temporary or standing committees. Committee powers shall be specifically stated by board resolution, and in no case shall any such committee exceed its conferred powers.
 - 6.9.1. Each committee may have a mix of Board Members and Cooperative Members or Class Members in good standing.
 - 6.9.2. Each committee must include at least one current Cooperative Board Member or Class Board Member, who will be responsible for communicating between the Committee and the Board which created it.

7. Administration

7.1. Recordkeeping

- 7.1.1. The Cooperative Board and Class Boards will record, report and retain records about membership, financial transactions, meeting minutes, agreements and

contracts, and other documents authored by or for the Cooperative and its classes in accordance with Illinois and federal law.

7.1.2. The board will make Cooperative records available to members, but the board may make policies to limit the sharing of information, provided that such policies do not violate the spirit of open records, and shall keep information confidential when required by law or by contract.

7.1.3. The board will send an annual financial report to members by email, postal mail, or any electronic platform accessible to members and directors.

7.2. Notice. The Cooperative may provide notice to its members or directors about any meeting or action in an email, text message, postal mail, or any electronic platform accessible to members and directors.

7.3. Binding. Any officer of the board may sign a document or make a binding commitment on behalf of the Cooperative, provided that the board has approved such action. The board may designate other people, such as certain directors or staff, to do the same.

8. Finance

8.1. This Cooperative operates on a Cooperative basis and allocates earnings and losses to patron-members on the basis of the business done with or for such patrons. Thus, in accordance with Subchapter T of the Internal Revenue Code, this Cooperative may declare a patronage dividend to be distributed among the members in accordance with the total amount of patronage made by each such patron during the preceding fiscal year. The stated goal of this Cooperative is to operate at minimal surplus. Dividends are to be used to balance the unintended surpluses beyond amounts required for continued operations and reserves.

8.2. The apportionment of net proceeds, calculated and distributed once per year, of the Cooperative within each member class shall be on the following basis:

8.2.1. To the Producer Members on the basis of patronage with the Cooperative, measured by the dollar value, or any other exchange medium as determined by Cooperative and Producer Board policy, of the goods sold to the Cooperative.

8.2.2. To Employee Members on the basis of each employee's annual wage, contract pay, or any other exchange medium as determined by Cooperative and Employee Board policy, from the Cooperative.

8.2.3. To Consumer Members on the basis of their patronage of the Cooperative, measured by the dollar amount, or any other exchange medium as determined by Cooperative and Consumer Board policy, of goods purchased from the Cooperative.

- 8.3. The apportionment of net proceeds of the Cooperative between each Member Class shall be a decision of the Board based on a practical and equitable result.
- 8.3.1. Such apportionment shall be calculated one time per year for the previous year.
- 8.3.1.1. Net proceeds from non-members will not be distributed to members, but allocated as follows the listed order of priority:
- 8.3.1.1.1. Payment for any goods and services outstanding
- 8.3.1.1.2. Repayment of loans
- 8.3.1.1.3. Added to the Cooperative's Reserves
- 8.3.2. In accordance with accepted accounting practices, Illinois Statutes, the annual net proceeds from operations, if any, may be distributed to the membership as patronage refunds or may be retained as income to the Co-op. The board will annually review the finances of the co-op and decide how the net proceeds shall be used to further the goals of the co-op and the membership in accordance with Illinois Statutes.
- 8.3.3. All or any part of the net proceeds may be applied to losses incurred in prior years. In the best interests of the Cooperative, the board may apportion losses.
- 8.3.4. If the Cooperative incurs a net loss in any fiscal year, such net loss may be charged against the Capital Reserve. If the loss exceeds the Capital Reserve or, in any event, if the Board so elects, the loss may be recovered from prior or subsequent years' Net Margins. The Board shall have no authority to make assessment for net losses against Members. This section shall not be construed to deprive the Cooperative of the right to carry back or carry forward net operating losses in accordance with the Internal Revenue Code or Illinois taxing statutes.
- 8.3.5. The Cooperative shall maintain a Capital Reserve for the purpose of providing a fund against which it may charge losses and other expenses that could be charged against the surplus of a business Cooperative for profit.
- 8.3.6. Each person who hereafter applies for and is accepted into membership in this Cooperative and each member of this Cooperative as of the effective date of this bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any distributions with respect to her or his patronage which are made in written notices of allocation (as defined in U.S.C. §1388) and which are received by the member from this Cooperative, will be taken into account by the member at their stated dollar amount in the manner provided in U.S.C. §1385(a) in the taxable year in which the written notices of allocation are received by the member.
- 8.3.6.1. Amounts that are allocated to a member but not paid out are recorded in the member's "Member Account," which is a ledger for each member on the Cooperative's books.
- 8.3.6.2. A Member Account reflects the member's capital contribution, plus allocations of net earnings, minus distributions (pay-outs), minus losses.

8.3.7. The records of the Co-op will be kept in such a manner that the patronage refunds and any retained capital equity (allocated or unallocated) of each member of the Cooperative may be determined at any time. Within 8.5 months after the close of the Co-op's tax year, each patron (member) will receive a "written notice of allocation" which reports each member's patronage refund and capital retained for the year.

8.3.7.1. When a member terminates membership, the equity held within the Co-op will be refunded, upon written request to the board, in accordance with board policy on equity redemption.

8.3.7.2. Upon the death of a member, that member's heirs or legal representative may request, in writing, the retirement of the deceased member's capital account. The capital account will be redeemed in accordance with board policy.

8.3.7.3. Any equity or patronage refunds which remain unclaimed six years after the date authorized for redemption or retirement will be paid or distributed according to Illinois statutes in effect at that time for the disposition of unclaimed funds.

8.3.7.4. Events of Forfeiture of Refund. If the Cooperative distributes a patronage refund to a Patron who (a) does not consent to include the patronage refund in income as provided in the Consent Bylaw; or (b) is unable to receive distribution; or (c) cannot be located for redemption of such patronage refunds, such patronage refunds shall forfeit to this Cooperative and be added to the Capital Reserve. Patronage refunds of less than Ten Dollars (\$10) shall be treated as non-distributable Net Margins and added to the Capital Reserve.

8.3.8. The Co-op's financial accounts will be reviewed and reported on at least once a year by an independent auditor selected by the board, provided the capitalization of the Co-op exceeds \$10,000. An annual report including accounting information or appropriate summaries shall be available to the membership.

8.4. The Cooperative will be taxed as a Cooperative and issues patronage dividends to members as defined by Subchapter T of the Internal Revenue Code. Members acknowledge that they are responsible for reporting those patronage dividends on their personal tax returns.

9. Articles of Incorporation and Bylaws Amendment

9.1. The initial Articles of Incorporation and By-Laws of the ChiCommons Cooperative shall be adopted by a 3/4 vote of the initial Cooperative Board.

9.2. Articles of Incorporation Amendment. The Cooperative's Articles of Incorporation may be changed with the following steps (see Mo. Rev. Stat. 351.1018 for detailed rules):

9.2.1. The board must pass a proposed amendment by a majority vote.

- 9.2.2. The board must send a copy of the proposed amendment to all members and call for a members' meeting.
- 9.2.3. The members' meeting must have a quorum of members present or by alternative ballot.
- 9.2.4. The proposed amendment must pass by a majority vote at the members' meeting.
- 9.2.5. An authorized officer or director must file the articles of amendment with the Secretary of State.

9.3. By-laws amendment

- 9.3.1. Member initiated amendments to the bylaws. These bylaws may be amended at any membership meeting by a two-thirds ($\frac{2}{3}$) majority of the members voting, unless otherwise provided by law.
 - 9.3.1.1. Changes of the bylaws may be initiated by a proposal signed by 10% of the members in good standing provided that each governing Class is represented proportionally.
 - 9.3.1.2. Any and all proposed changes of the bylaws shall be included in the notice of a membership meeting given to all members as described in Section 5 of these bylaws.
- 9.3.2. If the amendment does not affect the decision-making powers or financial rights of a member, the board may change the bylaws with the following steps:
 - 9.3.2.1. A copy of the entire proposed amendment is sent to all members prior to the board vote.
 - 9.3.2.2. The proposed amendment must pass by a $\frac{2}{3}$ vote of the entire board (not only of the quorum present). Board members may vote by alternative ballot.
 - 9.3.2.3. Such amendments are subject to repeal at the next general member meeting, either the annual meeting or a special meeting called for the purpose of addressing the amendment

10. Dissolution and Property Interest of Members

- 10.1. At any member meeting held for the purpose of dissolving the Cooperative, the members may adopt a resolution of dissolution by the affirmative vote of sixty percent (60%) of the members votes cast on the proposal. Notice of the meeting shall be given to all members, whether or not entitled to vote.
- 10.2. The Cooperative Board may adopt a resolution of dissolution in the following cases:

- 10.2.1. When the Cooperative has been adjudged bankrupt or has made a general assignment for the benefit of creditors;
 - 10.2.2. By leave of the court, when a receiver has been appointed in a general creditors' suit or in any suit in which the affairs of the Cooperative are to be wound up;
 - 10.2.3. When the Articles of Incorporation have been canceled for failing to file annual franchise or excise tax returns or to pay franchise and excise taxes and the Cooperative has not been nor desires to be reinstated; or
 - 10.2.4. When substantially all of the assets have been sold at judicial sale or otherwise.
- 10.3. The Cooperative Board shall be responsible for seeing the appropriate state filings are made and notices given pursuant to Illinois state law.
- 10.4. Upon dissolution, the Board shall disburse the Cooperative's assets in the following order; first, to pay the Cooperative's debts and liabilities; second, to retire all capital furnished through patronage (member capital accounts) without priority on a pro rata basis; and third, to distribute the remaining property and assets of the Cooperative among the members in the proportion in which the aggregate patronage of each member bears to the total patronage of all such members, insofar as practical, unless otherwise provided by law.