

**BYLAWS OF**  
**Artists Screen Printing Cooperative**

**A Cooperative Association**

**ARTICLE ONE**

**Name**

These bylaws constitute the code of rules adopted by **Artists Screen Printing Cooperative** (hereinafter the “Co-op”). Artists Screen Printing Cooperative is a Cooperative Association organized under the Texas Business Organizations Code (hereinafter “the Code.”)

**ARTICLE TWO**

**Objectives and Purposes**

The Co-op is formed on a cooperative basis to advance opportunities and appreciation of screen printing, provide a physical space and equipment to reduce charges to the members for the benefit of the members as well as any other purposes consistent with the Co-op’s nonprofit character.

**ARTICLE THREE**

**Duration**

The period of duration of the Co-op shall be perpetual.

**ARTICLE FOUR**

**Cooperative Principles**

The Co-op shall be operated in accordance with the cooperative principles adopted by the 1995 General Assembly of the International Co-operative Alliance, such principles being:

1. Voluntary and open ownership without arbitrary discrimination;
2. Democratic governance;
3. Economic participation by owners;
4. Autonomy and independence of the Co-op;
5. Providing education and training;
6. Cooperation with other cooperatives; and
7. Concern for the community

**ARTICLE FIVE**

**Fiscal Year**

The fiscal year for the Co-op is January 1 through December 31. The Co-op shall utilize the accrual method of accounting for its annual financial reporting.

## **ARTICLE SIX**

### **Ownership**

Section 1. Owner / Members. The term “owner” and “ownership” shall mean “member” and “membership” (respectively) as those terms are used in the provisions of the Texas Business Organizations Code, as amended (the “Code”), applicable to cooperative associations.

Section 2. Eligibility and Acceptance. A natural person or household, an incorporated group or other entity organized on a cooperative basis, or a nonprofit group, upon approval of application and the receipt of any required payments, as established by the Board of Directors, may be accepted into ownership on terms established by the Board of Directors. All applicant members must provide a valid physical and electronic mailing address and agree to abide by these Bylaws and other rules and policies adopted by the Board of Directors (the “Board”). Each owner that is not an individual shall designate a person to act on the owner’s behalf in conducting the affairs of the Co-op, which designation shall remain in effect until written notice of a properly authorized change in the designated person is received by the Co-op.

Section 3. Non Discrimination. The Co-op shall not discriminate against individuals or groups on the basis of race, creed, age, gender, class, disability, sexual preference, marital status, or other arbitrary basis.

Section 4. Cost of Membership. All applicant members must make a minimum capital investment in the Co-op (“Membership Capital”). The capital investment for membership shall be set by the Board and may be adjusted from time to time.

Section 5. Initiation. Membership shall commence upon the filing of a completed application from and receipt of the minimum capital investment.

Section 6. Types of Members. There will be two (2) types of members – Artist and Associate.

Artist Members. All natural persons who have fully contributed their assessed capital investment and have committed to 1 (one) year of patronage, as evidenced by advance payment for use of facilities for an entire year shall be known as Artist Members. Artist members are entitled to all the benefits of membership.

Associate Members. All natural persons who have contributed their assessed capital investment, but have not committed to 1 (one) year of patronage shall be known as Associate Members. Associate Members hold the same voting power as Invested Members, but shall receive reduced benefits, as to be Determined by the Board.

Section 7. Rights. Each owner in good standing shall have a vote in the affairs of the Co-op. Each owner in good standing shall be eligible for other benefits as may be

offered from time to time by the Co-op. An owner who has paid any required member capital in full (or is paying required ownership fees and member capital in a manner approved by the Board of Directors) should be an owner in “good standing.” Failure by an owner to provide the Co-op with a current mailing address may result in that owner not receiving Co-op notices and loss of other owner benefits not guaranteed by law, as may be determined by the Board of Directors.

Section 8. Termination. Ownership may be terminated voluntarily by an owner upon 30 day written notice to the Co-op or automatically if an owner shall fail to patronize or participate in the Co-op for a period of time not less than two (2) year in accordance with procedures, including those for reinstatement, that may be determined by the Board of Directors. Owners may be terminated involuntarily through the expulsion procedure provided for in Section 251.152 of the Code. Regardless of the reason for the termination, on termination all ownership rights of the terminated shall cease. The effective date of termination shall be the date that the cooperative association votes in favor of expulsion as provided for in Section 251.152. Upon termination Member must return Membership card to the Co-op.

## **ARTICLE SEVEN**

### **Meetings and Decision Making**

Section 1. Decision-making Methods. There shall be two separate methods by which the general ownership of the Co-ops shall make binding ownership decisions: (i) votes of the ownership at the Ownership meetings and (ii) Co-op votes. An owner must be in good standing in order to vote.

Section 2. Ownership Meetings. The Board shall call an annual meeting of owners in each fiscal year. A special meeting of the owners may be requested by a majority vote of the Board of Directors or by written petition signed by at least 1/10<sup>th</sup> of the total number of owners in good standing. The Secretary shall call a special meeting to be held within thirty (30) days after receipt of a valid petition for the special meeting.

Section 3. Notice of Meetings. Notice of all regular and special meetings shall be sent not less than fifteen (15) days prior to the date of the meeting and given in a manner prescribed by the Board of Directors in compliance with requirements of the Code and shall be posted at all Co-op locations. Notices may be delivered to electronic and / or postal addresses provided by the owners, as reflected in the ownership records of the Co-op. Each notice shall include the date and time of the meeting, the proposed agenda, and the location of the meeting, which shall be in Austin, Texas. Notice of a special meeting must specify the purpose for which the meeting is called. No business shall be transacted at any special meeting other than that referred to in the notice.

Section 4. Voting at Meetings. Each owner shall be entitled to one vote upon any matter proposed at a meeting, and no votes by proxy shall be allowed. Owners may cast ballots in person at a meeting, or they may vote by facsimile transmission, by electronic

message, or by mail as provided in the Code Sections 251.256 (b) and (c), or by any combination of those methods.

Section 5. Meeting Quorum. At any regular or special meeting of the owners, a quorum necessary for the transaction of business shall be at least 1/3 of the total number of owners in good standing. Votes cast by any method specified in Bylaw Article 8, Section 4 above upon any question presented at a regular or special meeting shall be counted towards fulfillment of the quorum requirement, provided such votes are submitted within the designated timeframe.

Section 6. Co-op Vote. The voting process described in this Bylaw Article 8, Section 4 (a “Co-op Vote”) can be used to vote on any matter that may be considered at a regular or special meeting of the owners.

Section 7. Procedure for Co-op Vote. The Board shall define procedures consistent with these Bylaws for Co-op votes to assure that owners are properly informed and have a fair opportunity to participate. A Co-op vote may be initiated by a majority of the Board of Directors, by a majority of owners voting at a regular or special ownership meeting where a quorum is present, or by petition as described by Bylaw Article 8, Section 9 below. The exact content of any proposal being submitted for a Co-op Vote shall be made available to the ownership at least seven (7) days before the vote commences. The vote shall terminate at a date and time specified in the notice by which the vote was initiated (described in Bylaw Article 8, Section 8 below), not less than thirty (30) days from the commencement of the vote. The Board of Directors shall schedule a Co-op Vote, in accordance with Board of Directors policies, at which the Co-op Vote will be concluded. The Board of directors may provide for Co-op Votes to include ballots cast at any Co-op facility, ballots cast at ownership meetings or events, votes by mail, votes by electronic transmission, or other means provided that appropriate measures shall be taken to assure that each owner has only one vote and no votes by proxy are allowed, as required by the Code

Section 8. Notice of Co-op Vote. Notification of Co-op Votes shall be posted on prominent signs at all locations maintained by the Co-op and shall be given in a manner prescribed by the Board of Directors in compliance with requirements of the Code for regular and special meetings. Such notice may include delivery to electronic and / or postal addresses provided by the owners, as reflected in the ownership records of the Co-op.

Section 9. Petitions. Any matter that the owners wish to put before the ownership via a Co-op Vote may be placed on the ballot by a petition signed by at least 2/3 of the total number of owners in good standing. Proposals initiated by such a petition shall be included in the next regularly scheduled Co-op Vote, except that if a petition is signed by at least 4/5 of the total number of owners in good standing, then the Co-op Vote shall be scheduled to commence no sooner than thirty (30) days and no later than sixty (60) days from the date the petition is submitted.

**ARTICLE EIGHT**  
**Annual Reports and Owner Review**

Section 1. Annual Financial Condition Report. Within 120 days after the end of its fiscal year, the Co-op shall have on file at its principal office an Annual report of the Co-op's financial condition stating, at a minimum: (1) the name of the Co-op; (2) the address of the Co-op's principal office; (3) the name, address, occupation, and date of expiration of the term of office of each officer and director; (4) any compensation paid by the Co-op to each officer or director of the Co-op; (5) the amount and nature of the authorized, subscribed, and paid-in capital; (6) the total number of shareholders; (7) the number of shareholders who were admitted to or withdrew from the Co-op during the year; (8) the par value of the Co-op's shares; (9) the rate at which any investment dividends have been paid; (10) the total number of owners; (11) the number of owners who were admitted to or withdrew from the Co-op during the year; and (12) the amount of ownership fees received.

Section 2. Additional Requirements. The Annual Financial Condition Report must also (1) include a balance sheet and income and expense statement; and (2) be signed by the President and Secretary of the Co-op.

Section 3. Filing Requirements. The Co-op must file a copy of the Annual Financial Condition Report with the Texas Secretary of State.

Section 4. Annual Report to Owners. The Co-op shall provide to its owners annually and at each annual meeting an Annual Report, which, at a minimum, must contain:

1. A balance sheet;
2. An income and expense statement;
3. The amount and nature of the Co-op's authorized, subscribed and paid-in capital;
4. The total number of owners;
5. The number of owners who were admitted to or withdrew from the Co-op during the year;
6. The amount of ownership fees received; and
7. Any compensation paid by the Co-op to each officer or director of the Co-op

Section 5. Review Committee. The Board of Directors shall appoint a committee of owners who are not principal bookkeepers, accountants or employees of the Co-op to review the Co-op's books and records. Such committee shall report on the quality of the Annual Report and the bookkeeping system of the Co-op at the annual meeting.

**ARTICLE NINE**  
**Board of Directors**

Section 1. General Powers. The Board of Directors shall determine overall policy, and manage the business and affairs of this Co-op.

Section 2. Number. The Board of Directors shall consist of 6 directors, each of whom shall be an owner in good standing, as defined in the Bylaw Article 7, Section 7. Upon 2/3 majority resolution of the Board of Directors, the number of Directors may be increased or decreased from time to time, but in no event shall a decrease have the effect of shortening the term of an incumbent Director, or decrease the total number of Directors to less than five.

Section 3. Competitors' Conflict of Interest. No person shall be eligible for nomination, election or appointment as a directors if that person is determined by a majority of disinterested directors to have a substantial conflict of interest arising from an affiliation with any enterprise that is in competition with the Co-op.

Section 4. Nominations. The Board of Directors may establish a procedure to solicit and qualify applications for nomination to the Board of Directors in accordance with policies established by the Board of Directors. Owners in good standing not qualified through the Board of Directors procedure shall be placed on the ballot upon submitting a petition signed by 4/5 of the total number of owners in good standing.

Section 5. Election of Directors. Elections for Directors filling expired terms shall be held annually at the meeting closest to the first of January by confidential ballot. Any directorship to be filled by reason of an increase in the number of Directors shall be filled at the next regular meeting of the Board of Directors or at a special meeting called for that purpose, also by a confidential ballot. When a re-appointment or replacement is made, the re-appointed or replacement shall be considered effective on the date that the prior term expired (i.e. the new term does not begin on the date of the election). Board members whose terms have expired may continue serving until their successors are chosen.

Section 6. Terms of Office. Director's terms shall be one (1) year. Directors may serve unlimited consecutive terms.

Section 7. Vacancies. Vacancies shall be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum, and the Director filling the vacancy shall serve for the remainder of the term of the directorship that was vacated. Vacancies shall be filled as soon as practical. Any Director may make nominations to fill vacant directorships.

Section 8. Attendance. Directors are expected to attend Board meetings in person. Any Director who misses three (3) consecutive Board meetings shall be deemed to have resigned unless the Board excuses the absences by a majority vote.

Section 9. Removal. Any Director may be removed without cause, at any time, by a 2/3 majority vote of members. Any Director under consideration of removal must first be notified about the consideration by written or verbal notice at least five (5) days prior to the meeting at which the vote takes place.

Section 10. Resignation. Any Director may resign at any time by delivering written notice to the Secretary or president of the Board of Directors. Such resignation shall take effect upon receipt of notice or, if later, at the time specified in the notice.

Section 11. Conflict of Interest for Board Membership. Directors are under affirmative obligation to disclose any actual potential or perceived conflicts of interest. The remaining directors by majority vote shall determine the process for participation, if any, by those with such conflicts. If a director or member of the immediate family or immediate household of any director is engaged by the Co-op in any capacity other than as a director, this capacity shall be fully disclosed in a manner sufficient for the voting owners and other directors to determine whether a conflict of interest might arise. Directors with actual and substantial conflicts of interest may not participate in the discussion or decision in matters related to the conflict.

## **ARTICLE TEN**

### **Meetings of the Board of Directors**

Section 1. Annual Meeting. Each year, the Board shall conduct an Annual Meeting of the Co-op. The Annual Meeting shall be the last meeting of the fiscal year. Notice of each annual meeting shall be by written notice delivered personally, by first class mail, or by email, and sent not less than fifteen (15) days prior to the date of the meeting.

Section 2. Regular Meetings. Regular meetings shall be held as deemed necessary by the Board. Notice of the date, time, and place of Regular Meetings shall be given to each Director by regular mail, telephone (including voice mail), fax, or email no less than fifteen (15) days prior to the meeting.

Section 3. Special Meetings. Special meetings may be called by the President or any three Directors. Notice of the date, time, and place of Special Meetings shall be given to each Director by regular mail, telephone (including voice mail), fax, or email no less than five (5) days prior to the meeting.

Section 4. Waiver of Notice. Attendance by a Director at any Board meeting for which the Director did not receive the required notice will constitute a waiver of notice of such meeting unless the Director objects at the beginning of the meeting to the transaction of business on the grounds that the meeting was not lawfully called or convened.

Section 5. Quorum. A simple majority of the Directors (not counting vacancies) shall constitute a quorum for the purposes of convening a meeting or conducting business. At Board meetings where a quorum is present, a majority vote of the Directors attending shall constitute an act of the Board unless a greater number is required by the Certificate of Formation or by any provision of these bylaws.

Section 6. Compensation. Directors and Officers shall not receive any salaries or other compensation for their services, but, by Board resolution, may be reimbursed for any actual expenses incurred in the performance of their duties for the Co-op. The Co-op

shall not loan money or property to, or guarantee any obligation of, any Director or Officer.

Section 7. Actions Without a Meeting. Any action required or permitted to be taken by the Board under the Act, the Certificate of Formation, and these bylaws may be taken without a meeting, if all Directors individually and collectively consent in writing or email or fax, setting forth the action to be taken. Such written consent shall have the same force and effect as a unanimous vote of the Board.

Section 8. Meeting by Telephone. The Board, or any Board Committee may hold a meeting by telephone in which all persons participating in the meeting can hear each other. The notice of a meeting by telephone should be subject to the same guidelines as other meetings as outlined in this Article. Notice must state the fact that the meeting will be held by telephone as well as all other matters required to be included in the notice. Participation of a person by telephone constitutes presence of that person at the meeting.

Section 9. Proxy. Proxies shall not be allowed.

Section 10. Parliamentary Guide. In the event that it is necessary for the purposes of conducting business, the Board may adopt Robert's Rules of Order (revised).

## **ARTICLE ELEVEN**

### **Officers of the Board of Directors**

Section 1. Roster of Officers. The Co-op shall have a President, Vice-President, Secretary, and Treasurer and such other officers as may be elected by the Board from among its members. As members of the Board, Officers shall be governed by all portions of these bylaws which relate to Board members. One person may hold two or more offices, except those serving as President or Secretary.

Section 2. Term of Offices/Election of Officers. All officers shall serve one-year terms. The election of officers shall be conducted at the Annual Meeting or as soon as practical thereafter. New offices may be created and filled at any meeting of the Board. Officers shall remain in office until their successors have been selected. Officers may serve consecutive terms without limit. The election of officers shall be by majority vote of the Board of Directors attending the meeting. Any officer may be removed without cause, at any time, by the vote of two-thirds of the Directors present, provided there is a quorum. Any officer under consideration of removal must first be notified about the consideration by written notice at least five (5) days prior to the meeting at which the vote takes place.

Section 3. Vacancies. A vacancy in any office may be filled by the Board, by a majority vote, for the unexpired portion of the term.

Section 4. President. The President shall, in general, supervise and control all of the business and affairs of the Co-op. The President shall preside at all Board meetings and exercise parliamentary control. The President shall perform all duties incident to the



office of the President and such other duties as may be prescribed by the Board from time to time. The President shall serve as an ex-officio (non-voting) member of all standing committees, unless otherwise provided by the Board or these bylaws. The President shall, with the Board and Executive Director's advice, and in accordance with the requirements of these bylaws, set the agenda for the Board meetings. The President may execute any checks, deeds, mortgages, bonds, contracts, or other instruments that the Board has authorized to be executed. However, the President may not execute instruments on behalf of the Co-op if this power is expressly delegated to another officer or agent of the Co-op by the Board, these bylaws, or statute.

Section 5. Vice-President. The Vice-President shall perform the duties of the President in the event of the President's absence, inability, or refusal to act, and shall exercise and discharge such other duties and powers as may be required by the Board.

Section 6. Secretary. The Secretary will perform or be responsible for ensuring that all duties incident to the office of Secretary and such other duties as may be required by law, by the Certificate of Formation, or by these bylaws shall be performed. The Secretary's duties include: attesting to and keeping the bylaws and other legal records of the Co-op, or copies thereof, at the principal office of the Co-op; ensuring that minutes of all Board meetings are kept and distributed to Board members shortly after each meeting and shall keep copies of all minutes at the principal office of the Co-op; setting up procedures for any elections held by the Board, with the approval of the Board, and keeping a record of all votes cast in such elections; ensuring that all records of the Co-op, minutes of all Board and Committee meetings, and records of all votes are made available for inspection by any member of the Board at the principal office of the Co-op during regular business hours; and ensuring that all books, reports, statements, certificates, and other documents and records of the Co-op are properly kept and filed. In the case of the absence or disability of the Secretary, or the Secretary's refusal or neglect to fulfill the duties of the Secretary, the Vice President shall perform the Secretary's duties.

Section 7. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Co-op, receive and give receipts for monies due and payable to the Co-op from any source whatsoever and deposit all such monies in the name of the Co-op; and, in general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the President of the Board. The Treasurer may delegate some of his or her functions subject only to proper oversight. At the discretion of the Board, there may be one or more Assistant Treasurers (who need not be Board members).

## **ARTICLE TWELVE**

### **Member Capital**

Section 1. Authorization. The Board of Directors is authorized to establish capital investment requirements for various categories of ownership. Capital investment requirements for owners are intended to assure a sound level of capital funding and may be changed from time to time by a majority vote of the Board of Directors.

Section 2. Transfer and Refunds. Ownerships are not transferable. Membership capital is refundable to owners, minus any debt to the Co-op, by 30 day advance written notice, upon voluntary termination of their ownership, provided that the total membership capital remaining is adequate to meet current and projected needs of the Co-op as determined by the Board of Directors and subject to offset by any debt owed by the owner of the Co-op. Members whose ownership is terminated involuntarily shall be immediately refunded the full value of their investment, minus any debt to the Co-op, provided that such a refund does not jeopardize the fiscal solvency of the Co-op. Any additional conditions and terms for the refund of membership capital that may be established by the Board of Directors shall apply to all owners equitably.

Section 3. Evidence of Ownership. Ownership cards shall be issued as evidence of ownership in the Co-op and the various categories of ownership. Records shall be maintained of each owner's investment, and an accounting shall be provided within a reasonable time to any owner upon request.

## **ARTICLE THIRTEEN**

### **Allocation and Distribution of Net Savings**

Section 1. Allocation. At least once a year, with a full reporting in the Annual Report to the ownership, the directors shall apportion any net savings of the Co-op in the following order:

1. No net savings of any particular year may be distributed to patrons unless the net worth of the Co-op exceeds the amount to be distributed.
2. The Board of Directors may use a portion of net savings for payment of investor dividends in accordance with the Board of Directors policy and the Code.
3. Of the amount of net savings not needed to produce a positive retained earning, a portion may be allocated by the Board of Directors to an education fund to be used in teaching cooperation.
4. A portion of the net savings may be set aside or disbursed for the general public welfare of the ownership.
5. A portion of the net savings may be allocated to retained earnings.
6. Any remaining portion of the net savings shall be allocated by written notices of allocation (as defined in the U.S.C. 1388) at the same uniform rate to all eligible patrons in the proportion each one's patronage bears to total patronage, provided that:
  - a. For eligible owner patrons with fully paid capital, the proportionate amount of net savings return distributed to the owner shall be in the form of cash for at least the minimum required by law and the remainder may be in the form of cash, property, ownership, certificates, investment certificates, or in any combination of these.
  - b. For eligible owner patrons whose required capital investment is not yet fully paid, the proportionate amount of net savings return distributed to the owner shall be in the form of cash for at least the minimum amount required by law; the remainder may be credited to the owner's account

until the amount of the required capital investment has been fully paid. If an owner has any savings return remaining after the minimum required cash distribution and the capital investment credit, that amount shall be distributed in the same form as the distribution for owners with fully paid capital.

Section 2. Tax on Owner Allocations. Each person who hereafter becomes an owner of the Co-op and each owner of the Co-op on the effective date of this Bylaw Article 14, Section 2, who continues as an owner after that date shall, by that act alone, be deemed for all purposes to have consented and agreed that the amount of any distributions with respect to their patronage occurring after the effective date of this Bylaw Article 14 Section 2, which are made in written notices of allocation (as defined in 26 U.S.C. 1388) and which they receive from the Co-op, will be taken into account at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable years in which such written notices of allocation are received from the Co-op.

Section 3. Donating Owner Allocations. The Board of Directors may establish a procedure for owners to donate all or a portion of their allocations to designated organizations.

## **ARTICLE FOURTEEN**

### **Loss or Losses**

In the event that the Co-op incurs a net loss in any fiscal year, the net loss may be charged against any one or more of the several equity accounts of the Co-op as the Board of Directors, in its discretion, may deem appropriate for the business needs of the Co-op. In any event, treatment of owners similarly situated shall be equivalent. This Bylaw Article 15 shall not be construed or administered in such a way as to deprive the Co-op of the right to carry back or carry forward the net operating losses to past or future years, in accordance with the applicable provisions of the Internal Revenue Code or any state taxing statutes.

## **ARTICLE FIFTEEN**

### **Interpretation and Amendment of Bylaws**

Section 1. Interpretation. The Board of Directors shall have the power, with or without advice of legal counsel, to interpret these Bylaws, apply them to particular circumstances, and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these Bylaws.

Section 2. Severability. In the event that any provision of these Bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these Bylaws.

Section 3. Amendment. These Bylaws may be adopted, amended, or repealed by a simple majority vote of the owners. Bylaws amendments may be proposed by a majority vote of the Board of Directors or by ownership voting at an ownership meeting.

**ARTICLE SIXTEEN**  
**Distribution and Winding Up**

Upon winding up and termination of the Co-op, the surplus shall be distributed in the following manner and order:

- A. By paying its debts and expenses;
- B. By returning to the investors the par value of their capital;
- C. By returning to the subscribers to invested capital the amounts paid on their subscriptions;
- D. By returning to patrons the amount of patronage dividends credited to their account;
- E. By returning to members their membership capital; and
- F. By distributing any surplus as a gift to any cooperative Co-op or non-profit enterprise which may be designated as trustees appointed to liquidate the Co-op's assets.

**ARTICLE SEVENTEEN**  
**Offices**

Section 1. Principal Office. The Co-op's principal office shall be located in Texas. The Co-op may have such other offices as the Board of Directors determines or as the affairs of the Co-op may require from time to time.

Section 2. Registered Office and Agent. The Co-op shall maintain a registered office and registered agent in the State of Texas as required by the Code. The registered office may be, but need not be, identical with the principal office of the Co-op in the State of Texas, and the address of the registered office may be changed from time to time by the Board.

**ARTICLE EIGHTEEN**  
**Committees**

The board may appoint standing and ad hoc committees as needed.

**ARTICLE NINETEEN**  
**Operations**

Section 1. Execution of Documents. Unless specifically authorized by the Board of Directors or as otherwise required by law, all final contracts, deeds, conveyances, leases, promissory notes, or legal written instruments executed in the name of and on behalf of the Co-op shall be signed and executed by the President (or such other person designated by the Board of Directors), pursuant to the general authorization of the Board. All

conveyances of land by deed shall be signed by the President or two other officers and must be approved by a resolution of the Board of Directors.

Section 2. Disbursement of Funds. Financial Transactions that have a value of \$500.00 or more shall require majority approval of the Board of Directors. All checks disbursing funds from any of the Co-op's accounts shall require the signatures of at least two of the following: President, Secretary, or Treasurer.

Section 3. Deposits. All funds of the Co-op shall be deposited from time to time to the credit of the Co-op at such banks, trust companies, or other depositories as the Board of Directors may determine or select.

The President and the Treasurer shall both be the only signatories on the Co-op account, unless both positions are filled by the same person, in which case the President and Secretary shall be the only two signatories on the Co-op account. Each signatory shall receive an account statement for each Co-op account that is opened at the end of every month and has the duty to review each statement to ensure financial transactions were board approved and recorded, and to keep track of the economic health of the Co-op.

Section 4. Books and Records. The Co-op shall keep accurate and complete books and records of account and shall also keep minutes of the proceedings of its Board and Committee meetings. The Co-op shall keep at the registered or principal office, a record giving the names and addresses of the directors entitled to vote. All books and records of the Co-op may be inspected by any Director or his or her agent or attorney for any proper purpose at any reasonable time.

Section 5. Waiver of Notice. Whenever any notice is required to be given under the provisions of the Code, as it applies, or under the Certificate of Formation or the Bylaws of this Co-op, a waiver thereof in writing signed by the person or persons entitled to such notices, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice as otherwise required.

Section 6. Procurement Policy. The Co-op shall abide by its procurement policy. The following policies and procedures shall be followed when the Co-op purchases equipment, materials, supplies, property, or services from an outside source.

#### General Policy

1. No Conflict of Interest. All officers, members, or agents who participate in the selection or acceptance of a contract for equipment, materials, supplies, or services must comply with the Co-op conflict of interest policy.
2. No Receipt of Gratuities. No officer, member, or agent shall solicit or accept gratuities, favors, or anything of value from contractors, potential contractors, or parties to sub-agreements.

3. Documentation of prices. The Co-op may request competitive quotes, orally or in writing from at least three different sources. The Co-op shall maintain files on all quotations solicited and offers or bids received and any criteria for selection. In all instances in which the lowest bid is not awarded in the contract, justification for the selection must be contained in the file.
4. Contract with Winning Bidder. If a contract is competitively bid, the Co-op will enter into a contract with the winning bidder that specifies the equipment, materials, supplies, property, or services to be purchased and the payment terms.
5. Evaluate each Contractor. The Co-op will evaluate each contractor at the completion of each contract. The evaluation will be utilized to make decisions to award future contracts.

#### Property and Equipment Policy

When purchasing property (both real estate and equipment), the following procedures must be followed:

1. Title in Co-op. All property purchased belongs to the Co-op and title vests with the Co-op.
2. Property Inventory. A list of all property owned by the Co-op shall be kept showing the type of property, identification number, original cost, and depreciated value. The inventory list must be completed at the time of purchase and annually at the end of the Co-op's fiscal year.
3. Insurance Coverage: The Co-op may maintain insurance coverage for all property owned by the Co-op.

### **ARTICLE TWENTY** **Conflicts of Interest**

Section 1. Duty of Loyalty. The Directors of the Co-op owe a duty of loyalty to the organization that requires that in serving the Co-op they act, not in their personal interests or in the interests of others, but rather solely in the interests of the Co-op. Directors must have undivided allegiance to the Co-op's mission and may not use their positions as Directors, information they have about the Co-op, or the Co-op's property, in a manner that allows them to secure a pecuniary or personal benefit for themselves, their relatives, or a third party.

Section 2. Business Transactions. Business transactions of the Co-op in which a Director has an interest shall not be prohibited, but they shall be subject to close scrutiny. Such proposed transactions shall be reviewed carefully, including the gathering of

competing bids, to determine that they are in the best interests of the Co-op. For the purposes of this policy, a Director has an interest in a proposed transaction if he/she has a substantial financial interest in it, or has a substantial financial interest in any organization involved in the proposed transaction, or holds a position as trustee, director, general manager, or principal officer in any such organization. Prior to the start of any negotiations, or consideration of any project by the organization, Directors are expected to make full disclosure to the Board of any substantial financial interest in a proposed transaction.

A Director with a substantial interest in a proposed transaction or decision shall abstain from the discussion and the vote on the matter. An abstaining director may not be counted for the purposes of determining a quorum for action on the matter.

## **ARTICLE TWENTY-ONE**

### **Indemnification**

Section 1. Insurance. The Co-op may provide insurance for its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee or agent, or arising from the officer's, director's, employee's, or agent's status as such.

Section 2. Indemnification. At the discretion of the Board, any person (and the heirs, executors, and administrators of such person) made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he is or was a Director or Officer of the Co-op may be indemnified by the Co-op against any and all liability and the reasonable expenses, including attorney's fees and disbursements, incurred by him (or by his heirs, executors or administrators) in connection with the defense or settlement of such action, suit, or proceeding, or in connection with any appearance therein.

Section 3. Limits on Indemnification. Notwithstanding the above, the Co-op may indemnify a person only if he acted in good faith and reasonable believed, as determined by the Board of Directors, that his conduct was in the Co-op's best interests. In the case of a criminal proceeding, the person may be indemnified only if he had no reasonable cause, as determined by the Board of Directors, to believe his conduct was unlawful.

## **ARTICLE TWENTY-TWO**

### **Amendments**

These bylaws may be altered or amended in whole or in part, or repealed and new bylaws may be adopted by a majority of the Directors present at any meeting, if at least ten (10) days written notice is given of the proposed amendments or changes. Any amendments shall become effective upon adoption.

These Bylaws are applicable to and controlling upon The Co-op but if any provision is in conflict with the Code, then the Code shall control.

**ARTICLE TWENTY-THREE**  
**Record Retention and Document Destruction policy**

Section 1. Scope. All employees, directors, and officers of the Co-op must comply with the document retention requirements within this record retention policy

Section 2. Purpose. The corporate records of the Co-op are important assets. Corporate records include essentially all records produced by employees, whether paper or electronic. A record may be as obvious as a memorandum, an email, a contract, or a case study, or something not as obvious, such as a computerized desk calendar, an appointment book, or an expense record.

It is a crime to alter, falsify, or destroy a document in order to prevent its use in an official proceeding. The Co-op supports the maintenance of appropriate records about its operations, such as certain financial records, personnel files, and legal contracts. This policy is meant to establish the requirements for document destruction and end the accidental or innocent destruction of necessary documents

Section 3. Policy. Specific documents, identified below are subject to a retention schedule and should not be destroyed until the expiration of the schedule. If there is a question about whether a document should be retained or destroyed, it should be referred to the Executive Director.

Financial Records. Financial records, including bank statements, invoices, payroll records, expense reports, proof of deductions, and other documents should be maintained for at least 7 years from the date of filing the applicable tax return. Year-end financial statements, audit reports and 990 forms should be maintained permanently and should be available for public inspection upon request.

Personnel Records. Personnel records, such as recruitment, employment, and personnel information, as well as personnel files that reflect performance reviews and complaints brought against the Co-op or individual employees that state and federal statutes require the Co-op to keep, should be maintained permanently for current employees, and for 4 years after an employee's termination.

Corporate Records. Corporate records, such as certificate of formation, bylaws, and tax exemption documents should be kept permanently in the corporate record book.

Press Releases/Public Filings. The Co-op should retain permanent copies of all press releases and publicly filed documents under the theory that the Co-op should have its own copy to test the accuracy of any document a member of the public can theoretically produce against the Co-op.



Legal Files. Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of 10 years.

Legal Agreements & Contracts. Final, executed copies of legal agreements and contracts, such as mortgages and leases, should be maintained for 3 years *after* their expiration. Publicly filed contracts should be maintained longer.

Electronic Mail. E-mail that needs to be saved should be either printed in hard copy and kept in the appropriate file; or downloaded to a computer file and kept electronically or on disk as a separate file. The retention period depends on the subject matter of the email, as covered elsewhere in this policy.

**ARTICLE TWENTY-FOUR**  
**Certification**

I, \_\_\_\_\_, Secretary of The Co-op, do hereby certify that the foregoing Bylaws are true and correct copies of the Bylaws of The Co-op, which were duly adopted by the Board of Directors of the organization on this day of \_\_\_\_\_, 2010.

The Co-op

By: \_\_\_\_\_  
Secretary