

The Drivers Cooperative

Bylaws

v. 1.6

February 3, 2022

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Article 1: Statement of Purpose and Principles

1. Form as Cooperative. The Cooperative shall maintain its registration as a Cooperative with the State of New York.
2. Purpose. The Drivers Cooperative (henceforth “the Cooperative”) is a driver-owned rideshare cooperative operating in New York City. We aim to generate *social mobility* and close the racial wealth gap by increasing pay for New York City’s driver workforce, facilitate a just, green transition for the for-hire vehicle industry, and increase transit affordability and accessibility for working people and people with disabilities. We believe in the extension of democracy to all spheres of life and work with dignity for all. We support social movements for a more just world.
3. Principles. The Cooperative shall adhere to the principles put forth by the International Cooperative Alliance:
 - a. Open and Voluntary Membership. Cooperative membership shall be voluntary and open to all persons who accept the responsibilities of membership, without discrimination on the basis of gender, social class, race, political affiliation, age, sex or religion.
 - b. Democratic Member Control. All members shall have equal rights in the control of the Cooperative. All elected officials shall serve as fiduciaries to the membership.
 - c. Member Economic Participation. Member economic participation shall be equitable and democratically controlled.
 - d. Autonomy and Independence. The Cooperative shall remain an autonomous and independent entity in all of its activities, notwithstanding agreements and activities with other organizations.
 - e. Education, Training, and Information. The Cooperative shall provide training and education to Cooperative membership to empower members to contribute effectively to the Cooperative’s development. The Cooperative also shall provide information to the community about the nature and benefits of cooperation.
 - f. Cooperation Among Cooperatives. The Cooperative shall promote cooperation among cooperatives by working together through local, regional, national and international organizations.
 - g. Concern for Community. While focusing on member needs, the Cooperative shall establish policies to promote sustainable community development.

Article 2: Structure

1. Multi-Stakeholder Structure. The Cooperative shall be structured to maintain democratic representation of all stakeholders in decision-making. Membership will include the following constituencies with roles and representation as follows:
 - a. Driver Members will elect a Driver Board and will elect representatives to the Board of Directors.
 - b. Management and Staff will elect representatives to the Board of Directors.
2. Decision-making. All stakeholder representatives are expected to engage in democratic debate in the spirit of seeking solutions to business challenges that meet the needs of all stakeholders and reflect the values of the Cooperative.
3. Duties, Powers, Composition, and Number of representatives are defined in these bylaws.
4. Open Meetings. All meetings of the Board of Directors Cooperative shall be open to all Members except those held in Executive Session. All Board of Directors meetings shall be recorded by video and recording and meeting minutes shall be stored in an online file system easily accessible to all members.
5. Community Grant Program. From time to time as determined by the Board of Directors, Members shall vote on allocation of a percentage of Cooperative income to support causes aligned with the Purpose of the Cooperative as defined in Article 1.2 and Cooperative Principles as defined in Article 1.3.
6. Committees. The Membership will elect members of an Election Committee, Audit Committee, and may create other committees at the Annual General Meeting. Until the first Annual General Meeting, Election Committees, the Audit Committee, and others shall be struck by the Management Team with representation from two driver members, two staff or volunteers, and one independent director.

Article 3: Driver Members

1. Membership in the Cooperative is open to any New York City Taxi and Limousine Commission-licensed drivers and other app-based drivers under terms and conditions defined by these bylaws and other rules and regulations adopted by the decision-making bodies of the Cooperative.
2. Driver Member Duties.
 - a. Abide by the Bylaws and other rules and regulations adopted by the Cooperative.
 - b. Participate in training mandated by the Cooperative.
 - c. Accept dispatches and perform duties as required by the Cooperative.
 - d. Provide support for the Management Team and Staff as-needed.
 - e. Maintain meeting minutes that clearly document each decision to be shared with the Management Team immediately after each meeting.
3. Powers. Driver Members elect representatives to the Board of Directors and all members of the Driver Board at the Annual General Meeting and Special Elections following the process outlined in Article 9. The Driver Board has the following powers:
 - a. Certifies new driver members.
 - b. Conducts coaching and administers corrective action for Driver Members and Rider Members up to and including termination through a progressive disciplinary policy and due process.
 - c. Adopts a Driver Operating Manual containing policies driver members are expected to follow. The Driver Operating Manual must be distributed to all members at least annually, and must be made available to all members through a password-protected section of the Website.
 - d. Periodically vote on an allocation of a percentage of Cooperative income as determined by the Board of Directors to causes of members' choosing in the Community Grants Program.
4. Numbers, Composition, Terms.
 - a. Number. The Driver Board shall be composed of Driver Members of the Cooperative to number at least eighteen (18) members.
 - b. Composition. The Composition of the Driver Board must reflect the diversity of the communities that make up New York City's Taxi and Limousine Commission-licensed workforce, with at least one member representing the 9 largest language-, ethnicity-, or nationality-based groups in the workforce (henceforth "Groups"). Fifty percent (50%) minus one seats on the board will be allocated to representatives of specific Groups, and fifty percent (50%) plus one seats will be elected at-large and may belong to any Group. The three women members who receive the highest number of votes shall be elected to the Driver Board, to take seats either representing specific groups or at-large.
 - c. Representation Petition. Driver Members may petition the Driver Board for representation of their group on the Driver Board by submitting signatures

- from at least twenty-five (25) TLC-licensed members of their Group. Upon demonstration that the Driver Board does not include members of their group, they will be granted a seat to be filled by a Special Election.
- d. Terms. Driver Board Members serve a term of two (2) years and may serve no more than three (3) consecutive terms.
 - e. Removal. The Driver Board must submit to the Board of Directors within thirty (30) days from its first meeting a proposed process for removal of Driver Board Members by petition of Driver Members or Driver Board Members and vote of the Driver Board or Referendum. Such process must contain provisions for due process rights to Board Members subject to removal. The Board of Directors may adopt, amend and adopt, or reject the proposed process. If a process is not adopted within sixty (60) days, the Board of Directors will retain the right to remove a member of the Driver Board by majority vote after receiving a petition demanding removal signed by one-third (1/3) of the Driver Membership or three-fourths (3/4) of the Driver Board Membership.
 - f. Vacancies. Should a Driver Board Member step down or be removed, a Special Election will be held to fill the vacancy. Driver Board Members elected by Special Election more than halfway through the term will be allowed to stand for election for two full terms following their first partial term. Driver Board Members elected by Special Election less than halfway through the term will be allowed to stand for election for one full term following their first partial term.
5. Initial Membership. The initial membership of the Driver Board will be appointed by the Management Team.

Article 4. Management Team and Staff

1. Duties.
 - a. Abide by the Bylaws and other rules and regulations adopted by the Cooperative.
 - b. Participate in training mandated by the Cooperative.
 - c. Provide administration, marketing, technology maintenance and development, finance, planning, customer service, and all other functions necessary for successful operation of the cooperative.
 - d. Maintain a Management Operating Manual containing all rules and policies adopted by the Management Team for the operation of the business. The Management Operations Manual must be made available to any member through a password-protected section of the Website.
2. Powers.
 - a. Elects representatives to the Board of Directors.
 - b. Executes business strategy established by the Board of Directors.
 - c. Adopt policies and procedures for daily operations to meet business goals.
 - d. Trains and certifies instructors and all other staff.
 - e. Management carries out duties specific to position as determined by job descriptions.
 - f. Management establishes job descriptions for, hires, and supervises the Staff and may provide coaching and administer discipline for staff up to and including termination through a process based on progressive discipline and due process rights.
3. Numbers, Composition, Terms.
 - a. The Management Team and Staff shall be composed of technical experts selected through an application process and evaluated based on their skills through a set of criteria to be developed by the Management Team and included in the Management Operations Manual.
 - b. Experience as a TLC-licensed driver shall be considered as a positive additional qualification in evaluating candidates.
 - c. All members of the Management Team and Staff are required to obtain a TLC license and drive for-hire for at least ten (10) trips per quarter to maintain a direct awareness of the daily realities of driving. Exemptions from this requirement may be granted by the Management Team or Board of Directors upon request.
 - d. The Cooperative shall maintain a policy of affirmative action in hiring decisions, and shall invest in training and professional development to promote from within the membership whenever possible.

Article 5: Rider Members.

1. Duties.
 - a. Abide by the Bylaws and other rules and regulations adopted by the Cooperative.
 - b. Participate in education mandated by the Cooperative.
 - c. Request and pay for rides.
 - d. Maintain an accurate email address, phone number, and mailing address on file with the Cooperative.
2. Powers.
 - a. Provide advice and feedback to the Management Team through monthly meetings.
 - b. Periodically vote on an allocation of a percentage of Cooperative income as determined by the Board of Directors to causes of members choosing in the Community Grants Program.

Article 6: Board of Directors

1. Duties.
 - a. Abide by the Bylaws and other rules and regulations adopted by the Cooperative.
 - b. Participate in training mandated by the Cooperative.
 - c. The Board of Directors must establish a written Strategic Plan for the business, to be presented and voted on for approval at the Annual General Meeting.
 - d. Meet Quarterly to conduct business.
2. Powers.
 - a. Establish Commission rates to be deducted from each trip to fund the Cooperative.
 - b. Establish job descriptions for the Management Team, hire and supervise the Management Team.
 - c. Hear Appeals from Members.
 - d. Establish quotas for onboarding new members based on business needs and the Strategic Plan.
 - e. Monitor business performance against quarterly targets and provide guidance and feedback to the Management Team.
 - f. Adopt Working Rules for decision-making.
 - g. Issuance of Membership and Preferred Shares.
 - h. Approves a budget generated by the Management Team.
 - i. Determine a percentage of profit to be designated to the Community Grants program annually.
 - j. Determine a percentage of profit to be designated for expansion to additional markets.
 - k. To create a process to remove members from the Cooperative and any of its bodies for serious misconduct, which includes but is not limited to violations of the Bylaws and rules of the Cooperative, harassment, making false accusations, acting against the interests of the Cooperative, and colluding with competitors against the Cooperative.
 - l. Determine the schedule for convening the Driver Board and other bodies.
 - m. Establish minimum requirements that Driver Board members must meet, including but not limited to taking trips and meeting attendance, and remove board members who fail to meet this requirement.
3. Numbers, Composition, Terms.
 - a. Composition of the Board of Directors shall include representatives of stakeholders identified in Article 2 as follows:
 1. Driver Representatives- three (3) representatives, three (3) votes, increasing to five (5) (add one representative with one vote when the monthly average of daily trips reaches five thousand (5,000) per day and an additional representative when the monthly average of trips reaches ten thousand (10,000) per day). Driver Representatives will be members of the Driver Board who receive the highest number of votes,

but must be from three different Groups as determined by proportional representation formula of the Driver Board. The woman who receives the highest number of votes in the Driver Board election must receive one of the Driver Representative seats on the Board of Directors.

2. Management Team and Staff Representatives- two (2) representatives, two (2) votes (increasing to three (3) and three (3) votes when average daily trips reach five thousand (5,000) per day). Elected by Management Team and Staff for two (2) year terms.
3. Independent Directors- Advisors elected by the Driver and Management Team and Staff Representatives and Driver Representatives, serve two (2) year term. One Independent Director must be a woman.
 - b. Terms. Board membership will be staggered. All representatives serve two (2) year terms. For the purposes of scheduling elections, the term start date of representatives added after the launch of the Cooperative will be May 1, 2021.
 - c. Recall. A recall election may be initiated for any elected member of the Board of Directors by a petition signed by one third (1/3) of the membership constituency that the member represents.
 - d. Vacancy. Vacancy due to recall or resignation of a Board member shall be filled by a Special Election for elected members, or by appointment for non-elected members. Board Members elected by Special Election more than halfway through the term will be allowed to stand for election for two full terms following their first partial term. Board Members elected by Special Election less than halfway through the term will be allowed to stand for election for one full term following their first partial term.
4. Amending Operating Manuals. The Board of Directors may modify Operating Manuals and these Bylaws by two third (2/3) vote following protocols outlined in Article 16.
5. Appeals. Any member may appeal a decision made by the Driver Board and Management Team and Staff to the Board of Directors. Appeals must be heard in a designated section of the agenda or by a committee established by the Board of Directors for that purpose. The composition of such an Appeals Committee must be mutually agreed upon by all parties engaged in an appeal.
6. Officers. All stakeholder representatives elected to the Board of Directors shall be eligible to be officers. Officer roles must be distributed equitably amongst all stakeholder representatives. The officers of the Board of Directors of the Cooperative shall be a President, Vice-President, Secretary, Treasurer and such other officers, if any, as determined by the Board. One person may hold more than one office in the Cooperative, except that no one person may hold the offices of President and Treasurer. Each officer shall be a Member and a Director of the Cooperative. No instrument required to be signed by more than one officer may be signed by one

person in more than one capacity.

7. Officer Powers and Duties.

- a. The President shall keep the Board of Directors fully informed about the activities of the Cooperative. S/he has the power to sign and execute alone in the name of the Cooperative all contracts authorized either generally or specifically by the Board, unless the Board shall specifically require an additional signature. The President shall perform all the duties usually incident to the office of the President, and shall perform such other duties as from time to time may be assigned by the Board of Directors.
- b. The Vice-President shall work closely with the President. S/he will assist in developing agendas for the Board, take on responsibility as necessary for communication with Directors and committee chairs, support the President to ensure organizational priorities and governance concerns are addressed in the most effective and efficient matter, and take on other powers and duties as may be assigned by the Board. In the absence of the President, the Vice-President, in the order.
- c. The Secretary shall keep the minutes of all meetings of the Members and of the Board of Directors in books provided for that purpose. He or she shall be responsible for the giving and serving of all notices of the Cooperative and shall perform all the duties customarily incident to the office of the Secretary, subject to the control of the Board of Directors, and shall perform such other duties as assigned.
- d. The Treasurer shall keep or cause to be kept full and accurate accounts of receipts and disbursements of the Cooperative, and shall deposit or cause to be deposited all moneys, evidences of indebtedness and other valuable documents of the Cooperative in the name and to the credit of the Cooperative in such banks or depositories as the Board of Directors may designate. At the annual meeting of the Board of Directors and whenever else required by the Board of Directors, s/he shall render a statement of the Cooperative's accounts. S/he shall at all reasonable times exhibit the Cooperative's books and accounts to any officer or director of the Cooperative and shall perform all duties incident to the position of Treasurer subject to the control of the Board of Directors.

8. Compensation. Members of the Board of Directors may receive compensation for board duties, and may be awarded patronage dividends. Any officer, employee or agent of the Cooperative is authorized to receive a reasonable salary or other reasonable compensation for services rendered to the Cooperative outside of board duties when authorized by the Board of Directors.

Article 7: Membership Rights

1. Members shall have the following rights:
 - a. A workplace free of discrimination based on membership in any protected class or identity group.
 - b. Democratic participation in the Cooperative through election of representatives, recall, and referendum on policies as defined in these bylaws.
 - c. Access to financial reports and decision-making records necessary for participation in democratic deliberation and decision-making through regular reporting by the Management Team and Board of Directors.
 - d. Access to a conflict resolution procedure administered by a mutually agreed-upon neutral third party.
 - e. Due process rights and progressive discipline for any discipline.
 - f. Observation of any meeting of the Board of Directors and Driver Board with the exception of meetings held in Executive Session.
 - g. All other rights accorded under relevant federal, state, and local laws and regulations.
 - h. Voting on allocation of a portion of annual income as determined by the Board of Directors under the Community Grants Program.

Article 8: Meetings

1. Regular Meetings. All decision-making bodies of the Cooperative shall determine an annual Schedule of meetings to be submitted for ratification by the Membership at the Annual General Meeting. The Meeting Schedule must fulfill these minimum criteria:
 - a. The Membership shall meet Annually in April for the Annual General Meeting.
 - b. The Board of Directors shall meet at least on a quarterly basis.
 - c. Driver Board shall meet at least once per calendar month.
 - d. The Management Team shall meet at least on a weekly basis.
 - e. Election Committee. The Election Committee shall meet at least on a quarterly basis.
 - f. Audit Committee. The Audit Committee shall meet at least on a quarterly basis.
2. Major Decisions. The Board of Directors has prerogative to make Major Decisions. Major Decisions include changes to the Bylaws, modification in the Commission deducted from each ride, assessment of membership fees, changes in the Strategic Plan, and expansion of the business. Proposals involving major decisions must be distributed to the membership in writing at least ten (10) days before the meeting they are to be considered at.
3. Special Meetings.
 - a. Special Meetings of the Board of Directors. Special Meetings may be called by the Board of Directors for matters requiring prompt attention before the next scheduled quarterly meeting. Special Meetings of the Board of Directors shall be held whenever called by resolution of the Board of Directors, the President of the Board, or by a written demand to the Secretary of at least one third (1/3) of the Board Members eligible to vote. The Secretary, upon receiving the written demand or resolution, shall promptly give notice of such meeting as provided below, or if the Secretary fails to do so within five business days thereafter, any member signing such demand may give such notice.
 - b. Special Meetings of the Driver Board. Special Meetings may be called by the Driver Board for matters requiring prompt attention before the next scheduled monthly meeting. Special Meetings of the Driver Board shall be held whenever called by resolution of the Driver Board, the Chairperson of the Board, or by a written demand to the Secretary of at least one third (1/3) of the Board Members eligible to vote. The Secretary, upon receiving the written demand or resolution, shall promptly give notice of such meeting as provided below, or if the Secretary fails to do so within five business days thereafter, any member signing such demand may give such notice.
 - c. Special Meetings of the Management Team. Special Meetings of the Management Team may be called by any member of the Team throughout the week for decisions requiring collective deliberation that cannot wait until the next week's meeting.

- d. Special Meetings of Other Committees. The Election Committee, Audit Committee, and other committees established may call Special Meetings as-needed for the fulfillment of their mandate.
4. Annual General Meeting. All Members are invited to attend the Annual General Meeting. The Annual General Meeting shall take place in April each year. The Board of Director must give notice to the Membership by email of the Annual General Meeting ninety (90) days in advance, sixty (60) days in advance, thirty (30) days in advance, and three (3) days in advance. The Board of Directors shall be responsible for convening the Annual General Meeting. Business shall be conducted following a simplified version of Robert's Rules of Order. Quorum for the Annual General Meeting shall be ten percent (10%) of the Membership. Should quorum be lost, all decisions must be sent to the Membership for electronic referendum vote. A training on Robert's Rules of order shall precede the meeting. Business shall include:
 - a. Financial Reports
 - b. Report from the Audit Committee
 - c. Reports from the Election Committee
 - d. Report from the Management Team assessing progress toward goals outlined in the Strategic Plan.
 - e. Report from the Driver Board outlining driver needs and performance.
 - f. Report from Rider representatives on the Board of Directors on customer service and other issues.
 - g. Presentation from the Board of Directors on proposed Strategic Plan for the following year.
 - h. Presentation of Calendar of meetings for the following year.
 - i. Elections to the Board of Directors and Driver Board.
 - j. Other business.
5. Committee Meetings. Decision-making bodies may delegate work to committees at their discretion. Committees must adhere to the notice requirements that apply to their parent body.
6. Notice of Regular Meetings. Written notice of the place, date and hour of any meeting shall be given to each member entitled to vote at such meeting by mailing the notice to the email address designated by each member, and by posting the notice at the principal place of business, or by personal delivery, not less than ten (10), nor more than sixty (60) days before the date of the meeting.
7. Notice of Special Meetings. Written notice of the place, date and hour of any meeting shall be given to each member entitled to vote at such meeting by mailing the notice by the email address designated by each member, and by posting the notice at the principal place of business, or by personal delivery, not less than forty-eight (48), hours nor more than ten (10) days before the date of the meeting. Notice of special meetings shall indicate the purpose for which they are called and the person or persons calling the meeting.
8. Waivers of Notice. Notice of meeting need not be given to any Member who submits a signed waiver of notice, whether before or after the meeting. The attendance of any Member at a meeting, in person or by proxy, without protesting prior to the conclusion

of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by such Member.

9. Quorum, Adjournments of Meetings. At all meetings of the Board of Directors and Driver Board, at least fifty percent (50%) of board members shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Members present may adjourn the meeting. Notice of the new meeting shall be given in accordance with Section 6 of this section.
10. Organization. The Operating Manual adopted by each Decision-Making body shall designate a meeting process and rotation of roles in meetings. Roles must include a facilitator or meeting chair, notetaker, timekeeper, and other roles as determined by the body.
11. Voting. At any meeting of the Members, each Member in good standing present, as defined in the Operating Manual, shall be entitled to one vote. Upon demand of any Member, any vote for directors or upon any question before the meeting shall be by ballot.
12. Proxies. There shall be no vote by proxy.
13. Action by Decision-Making Bodies.
 - a. Board of Directors. Except as otherwise provided by the Certificate of Incorporation, by statute or by these bylaws, at any meeting of the Board of Directors, members shall strive for consensus, but all decisions must go to a formal vote. Unless otherwise specified in these articles, a simple majority shall prevail. Action may be taken without a meeting on written consent, setting forth the action to be taken, signed by all of the Members of the Board of Directors. Electronic signature is permitted.
 - b. Driver Board. Except as otherwise provided by the Certificate of Incorporation, by statute or by these bylaws, at any meeting of the Driver Board, members shall strive for consensus, but all decisions must go to a formal vote. Unless otherwise specified in these articles, a simple majority shall prevail. Action may be taken without a meeting on written consent, setting forth the action to be taken, signed by all of the Members of the Board of Directors. Electronic signature is permitted.
 - c. Management Team. The Management Team shall strive for consensus, but may make decisions by a majority vote, or by executive authority vested in each member by a job description for their position approved by the Board of Directors.
 - d. Other Committees. Except as otherwise provided by the Certificate of Incorporation, by statute or by these bylaws, at any meeting of the Audit Committee, Election Committee, and other committees established by the Cooperative, members shall strive for consensus. When consensus cannot be reached, decisions may be made by majority vote. Action may be taken without a meeting on written consent, setting forth the action to be taken, signed by all of the Members.
14. Record-keeping. The Board of Directors, Driver Board, Management Team, and all other committees shall keep a copy of all documents including meeting minutes,

financial records, payroll documents, and any other document of the Cooperative in an online file system accessible at any time to members of the Cooperative duly authorized to access such data. Data access policies shall be determined by the Board of Directors

15. Online meetings. All meetings may be held using remote video conference technology, but must include an option for participation by telephone.

Article 9: Elections

1. The Election Committee shall be responsible for conducting all elections in the Cooperative.
2. Regular Elections. Regular Elections for members of the Board of Directors and Driver Board shall be held at the Annual General Meeting and shall follow procedures of Robert's Rules, subject to modifications that must be ratified by vote at the beginning of the meeting. Elections will be held by secret ballot. In the absence of Quorum, elections may be held by electronic ballot.
3. Special Elections. Vacancies will be filled by Special Election. The Election Committee will conduct a secret ballot election to fill vacancies in Special Elections.

Article 10: Contracts, Checks, Bank Accounts, and Investments

1. Checks, Notes and Contracts. The Board of Directors is authorized to select such depositories as it shall deem proper for the funds of the Cooperative and shall determine who shall be authorized in the Cooperative's behalf to sign bills, notes, receipts, acceptances, endorsements, checks, releases, contracts and documents.
2. Investments. The funds of the Cooperative may be retained in whole or in part in cash or be invested and reinvested from time to time in such property, real, personal or otherwise, including stocks, bonds or other securities, as the Board of Directors may deem desirable.

Article 11: Office And Books

1. Office. The office of the Cooperative shall be located at such place as the Management Team may from time to time determine.
2. Books. There shall be kept at the office of the Cooperative correct books of account of the activities and transactions of the Cooperative including a minute book, which shall contain a copy of the certificate of incorporation, a copy of these bylaws, and all minutes of meetings of the Members and of the Board of Directors.

Article 12: Fiscal Year

1. The fiscal year of the Cooperative shall be the calendar year.

Article 13: Indemnification

1. Indemnity Undertaking. To the extent not prohibited by law, the Cooperative shall indemnify any person who is or was made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding (a "Proceeding"), whether civil, criminal, administrative or investigative, including, without limitation, an action by or in the right of the Cooperative to procure a judgment in its favor, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of the Cooperative, or, at the relevant time being or having been such a director or officer, is or was serving in any capacity at the request of the Cooperative for any other Cooperative, partnership, joint venture, trust, employee benefit plan or other enterprise (an "Other Entity"), against judgments, fines, penalties, excise taxes, amounts paid in settlement and costs, charges and expenses (including attorneys' fees, disbursements and other charges). Notwithstanding the foregoing, no indemnification shall be made to or on behalf of any director or officer of the Cooperative if a judgment or other final adjudication adverse to such director or officer establishes that (a) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or (b) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. Persons who at the relevant time are not or were not directors or officers of the Cooperative may be similarly indemnified in respect of service to the Cooperative or to an Other Entity at the request of the Cooperative to the extent the Board at any time specifies that such persons are entitled to the benefits of this Article 9.
2. Advancement of Expenses. The Cooperative shall, from time to time, reimburse or advance to any director or officer or other person entitled to indemnification hereunder the funds necessary for payment of expenses, including attorneys' fees, disbursements and other charges, incurred in connection with any Proceeding, in advance of the final disposition of such Proceeding; *provided, however*, that, if required by the Business Corporation Law, such expenses incurred by or on behalf of any director or officer or other person may be paid in advance of the final disposition of a Proceeding only upon receipt by the Cooperative of an undertaking, by or on behalf of such director or officer (or other person indemnified hereunder), to repay any such amount so advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such director, officer or other person is not entitled to be indemnified for such expenses.
3. Rights Not Exclusive. The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, this Article 13 shall not be deemed exclusive of any other rights to which a person seeking indemnification or reimbursement or advancement of expenses may have or hereafter be entitled under any statute, the Certificate of Incorporation, these bylaws, any agreement, any vote of

Members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

4. Continuation of Benefits. The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, this Article 9 shall continue as to a person who has ceased to be a director or officer (or other person indemnified hereunder) and shall inure to the benefit of the executors, administrators, legatees and distributees of such person.
5. Insurance. The Cooperative shall have the power to purchase and maintain insurance to indemnify (a) itself for any obligation that it incurs as a result of the indemnification of directors and officers under the provisions of this Article 9 or (b) any director or officer in instances in which he or she may be indemnified under the provisions of this Article 9 against any liability asserted, whether or not the Cooperative would have the power to indemnify such person against such liability under the laws of the State of New York, subject to the limitations imposed under Section 726 of the Business Corporation Law (or any successor section).
6. Security. To secure payment of any obligation of indemnification or advancement of expenses provided by, or granted pursuant to, this Article 9, the Cooperative may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to insure the payment of such sums as may become necessary to effect indemnification or advancement of expenses as provided herein.
7. Binding Effect. The provisions of this Article 9 shall be a contract between the Cooperative, on the one hand, and each director and officer who serves in such capacity at any time while this Article 9 is in effect and any other person indemnified hereunder, on the other hand, pursuant to which the Cooperative and each such director, officer or other person intend to be legally bound. No repeal or modification of this Article 9 shall affect any rights or obligations with respect to any state of facts then or theretofore existing or thereafter arising or any proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.
8. Procedural Rights. The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, this Article 9 shall be enforceable by any person entitled to such indemnification or reimbursement or advancement of expenses in any court of competent jurisdiction. The burden of proving that such indemnification or reimbursement or advancement of expenses is not appropriate shall be on the Cooperative. Neither the failure of the Cooperative (including its Board of Directors, its independent legal counsel and its Members) to have made a determination prior to the commencement of such action that such indemnification or reimbursement or advancement of expenses is proper in the circumstances nor an actual determination by the Cooperative (including its Board of Directors, its independent legal counsel and its Members) that such person is not entitled to such indemnification or reimbursement or advancement of expenses shall constitute a defense to the action or create a presumption that such person is not so entitled. Such a person shall also be indemnified for any expenses incurred in connection with successfully establishing his or her right to such indemnification or reimbursement or advancement of expenses, in whole or in part, in any such proceeding.

9. Election of Applicable Law. Any person entitled to be indemnified or to reimbursement or advancement of expenses as a matter of right pursuant to this Article 9 may elect to have the right to indemnification or reimbursement or advancement of expenses interpreted on the basis of the applicable law in effect at the time of the occurrence of the event or events giving rise to the applicable Proceeding, to the extent permitted by law, or on the basis of the applicable law in effect at the time such indemnification or reimbursement or advancement of expenses is sought. Such election shall be made, by a notice in writing to the Cooperative, at the time indemnification or reimbursement or advancement of expenses is sought; *provided, however*, that if no such notice is given, the right to indemnification or reimbursement or advancement of expenses shall be determined by the law in effect at the time indemnification or reimbursement or advancement of expenses is sought.

Article 14: Internal Capital Account System

Section 1. Internal Capital Accounts.

1. Membership Shares. Membership shall be evidenced by the issuance of one Membership Share to such Member, and no person who is not a Member of the Cooperative shall be a holder of any Membership Share. Each Member shall own only one Membership Share, except that, in the event of the death of a Member, his or her estate may hold the Membership Share pending repurchase by the Cooperative. The Board of Directors may determine a Membership Fee payable for issuance of a Membership Share and terms and conditions for Membership from time to time.
2. Preferred Shares. The Board of Directors may issue preferred shares from time to time under terms and conditions of its choosing to meet the capital needs of the Cooperative.
3. Internal Capital Accounts. The Cooperative shall have a system of Internal Capital Accounts as equity accounts to reflect its net worth, to reflect the allocation of net worth among the Members, and to determine the redemption value of Membership Shares and Written Notices of Allocation as hereinafter defined. The Internal Capital Accounts consist of Individual Capital Accounts and a Retained Earnings Account. The sum of the balances of the Internal Capital Accounts is the net worth of the Cooperative.
4. Individual Capital Accounts. The Cooperative shall maintain for each Member an Individual Capital Account that reflects the value of the Member's relative equity in the Cooperative if the Board of Directors decides to allocate equity shares in the cooperative.
 - a. The balance in any Individual Capital Account results from and is increased by the amount of any Written Notices of Allocation issued to the Member.
 - b. The balance in any Individual Capital Account is decreased by: (i) any losses allocated to the Individual Capital Accounts, and (ii) the redemption, in cash or notes of indebtedness, of a Written Notice of Allocation previously issued to the Member and recorded in the Member's Individual Capital Account.
5. Retained Earnings Account. The Cooperative shall maintain an unallocated retained earnings account (the "Retained Earnings Account") that reflects the portion of net worth not allocated to Individual Capital Accounts.
 - a. The balance in the Retained Earnings Account results from and is increased by: (i) that portion of retained earnings not allocated to Individual Capital Accounts, and (ii) any gifts or grants to the Cooperative, unless otherwise allocated to Individual Capital Accounts.
 - b. The Retained Earnings Account balance is decreased by any losses allocated to the Retained Earnings Account.

- c. The Cooperative shall maintain a Retained Earnings Account balance with reference to a target amount for business purposes, in accordance with Section 2.3 of this Article 14.

Section 2. Allocation of Net Income. The positive or negative Accounting Net Income of the Cooperative shall be allocated annually among the Internal Capital Accounts, after payment of corporate tax, dividends on capital stock, and the cash portion of Patronage Dividends. Net Income will be distributed based on formulas established by the Board of Directors from time to time.

1. Definitions. The following definitions shall apply to terms used herein.
 - a. "Accounting Net Income" is the book net income for the fiscal year computed in accordance with Generally Accepted Accounting Principles (GAAP).
 - b. "Patronage" is the total number of points accumulated through a formula to be determined by the Board of Directors from time to time that reflects labor contributed to the Cooperative by Members and non-members during the fiscal year. "Member Patronage" is the total number of points accumulated through work for the Cooperative by Members during the fiscal year.
 - c. "Patronage Income" is that portion of Accounting Net Income resulting from the Member Patronage and is calculated by multiplying the Accounting Net Income (minus any Ancillary Income) by the ratio of Member Patronage to Patronage.
 - d. "Non-member Patronage Income" is that portion of Accounting Net Income resulting from the Patronage of non-members.
 - e. "Ancillary Income" is that portion of Accounting Net Income resulting from transactions that do not facilitate the primary business of the Cooperative and do not result from Member Patronage.
 - f. "Patronage Dividend" is the positive amount of Patronage Income allocated to the Members in proportion to their relative Member Patronage during the fiscal year and may consist of any combination of cash and Written Notices of Allocation.
 - g. "Written Notice of Allocation" is the certificate issued to each Member specifying the amount, if any, of the Patronage Dividend allocated to the Member and retained by the Cooperative.
2. Patronage Allocations. Patronage Income, after reductions in accordance with Section 2.3, shall be allocated as Patronage Dividends to the Members on the basis of their relative Patronage within eight and a half (8.5) months after the end of the fiscal year.
 - a. In any proportions determined by the Board of Directors, Patronage Dividends may be paid in cash, in Qualified Written Notices of Allocation, or in Non-qualified Written Notices of Allocation, each as defined in Subchapter T of the Internal Revenue Code of 1986, as amended from time to time ("Subchapter T").
 - b. The amount of any Written Notice of Allocation issued to a Member shall be credited to the Member's Individual Capital Account, and the amount thus

retained by the Cooperative may be used for any and all corporate purposes. Written Notices of Allocation are non-transferable unless otherwise approved by the Board of Directors.

- c. By becoming a Member of the Cooperative, each Member shall be deemed to have consented to include in his or her taxable income the amount of any Written Notices of Allocation and to pay tax thereon in accordance with Subchapter T.
 - d. The Cooperative shall issue annually to each Member an Individual Capital Account Statement that discloses his or her account balance and any changes since the previous Statement.
3. Unallocated Retained Earnings. From time to time, the Board of Directors shall establish an overall target amount for unallocated retained earnings on the basis of stated business purposes and needs as defined in the Strategic Plan. Annually, the Board of Directors shall make allocations of retained earnings to the Retained Earnings Account with reference to the target amount and business purposes and needs. Unless and until such target percentage is modified by Board of Directors, the percentage of positive Accounting Net Income allocated to the Retained Earnings Account shall be the maximum that may be so allocated without jeopardizing the deductibility of Patronage Dividends by the Cooperative pursuant to Subchapter T.
 4. Losses. If the Cooperative incurs a net loss in any fiscal year, such net loss shall be charged against the balances in the Internal Capital Accounts as determined by the Board of Directors.

Section 3. Capital Distributions to Members. Membership Shares and Written Notices of Allocation shall be redeemed by the Cooperative in accordance with this section.

1. Redemption of Written Notices of Allocation. All Written Notices of Allocation credited to a Member's Individual Capital Account shall be redeemed by the Cooperative in accordance with their terms and procedures as determined by the Board of Directors.
2. Redemption of Membership Shares. Upon termination of Membership in accordance with the Bylaws, the Membership Share held by the terminated Member shall be transferred to the Cooperative for the consideration defined herein.
 - a. After year-end adjustments, the Member's Individual Capital Account balance other than Written Notices of Allocation shall be paid to the terminated Member as consideration for the Membership Share in cash, promissory notes, or other property as determined by the Board of Directors.
 - b. If there is no positive balance in the terminated Member's Individual Capital Account other than Written Notices of Allocation, then the Membership Share shall be returned to the Cooperative for no consideration.
 - c. Written Notices of Allocation, if any, shall be redeemed in accordance with Section 3.1.
3. Dissolution Distributions. Upon liquidation, dissolution, or sale of all the assets of the Cooperative, any assets left after payment of all debts and Individual Capital Account balances shall be distributed to such Cooperative or non-profit corporation,

institutions, or organizations as may be designated by the Board, to be used for purposes similar to those of this Cooperative. No distribution need be made to any person who fails to acknowledge the receipt of notice of liquidation in a timely manner. Said notice shall be deemed sufficient if sent by certified mail, at least thirty (30) days before distribution of any residual assets, to the person's last known business or residence address.

Article 15: Confidentiality

All members of the Cooperative shall be expected to maintain confidentiality of personally-identifiable information in the possession of the Cooperative such as but not limited to Social Security number, addresses, phone numbers, and other information so designated, as well as trade secrets as defined by the Board of Directors. The Board of Directors must develop a Data Access policy that balances the need for transparency and confidentiality related to other sensitive information, conflict resolution, and finances, and operations.

Article 16: Amendments

- 1) Amendments. These bylaws may be amended or repealed through:
 - a) Board of Directors Amendment Process. Vote of two-thirds (2/3) of the Board of Directors at a meeting duly called for the purpose of altering these bylaws; *provided* notice of the proposed alteration shall have been included in the notice of meeting distributed to the Members under rules for Major Decisions. Beginning November 1, 2021 amendment of the Bylaws must ALSO be ratified by majority vote of the Membership in an electronic referendum or vote at the Annual General Meeting.
 - b) Membership Amendment Process. The Bylaws can also be amended by the Membership at the Annual General Meeting
- 2) Any amendments to or repeal of these By-laws that would affect the rights of a party to a contract made previously with the Cooperative shall have no effect on any indebtedness or such contract then in existence.