

# **Operating Agreement For Limeleaf Worker Collective**

A. Purpose.....	2
B. Commitment to Being a Worker Cooperative.....	3
C. How to Become a Member of Limeleaf.....	4
D. Member Duties.....	5
E. Member Rights.....	6
F. Governance and Voting.....	6
Minimum Number of Members Required to Make Decisions.....	8
G. How Money is Managed at Limeleaf.....	9
H. Ownership of the Company and Its Property.....	12
I. Record Keeping and Accounting.....	13
J. How to Terminate Membership in Limeleaf Worker Collective.....	14
K. How to Transform Conflicts.....	15
L. Additional Provisions.....	16
M. Execution.....	18
Exhibit A: Member Information Sheet.....	19

This Operating Agreement (this “Agreement”) dated March 31, 2024 (the “Effective Date”) is made and entered into by and among the members listed on Schedule 1 (as amended from time to time) (the “Members”) of Limeleaf Worker Collective, LLC, a New York, a member-managed Limited Liability Company (the “Company”).

## A. Purpose

The Company shall be organized and shall conduct its business primarily for the mutual benefit of its Members and the community. The earnings, savings, or benefits of the Company shall be used for the general welfare of the Members and the community, or it shall be proportionately and equitably distributed to its Members.

The Company is democratically controlled and is not organized to make a profit for itself, as such, but primarily for its Members. Our goal is sustainable income, wealth creation, and job security for the Members, not arbitrary growth or exits.

The Company’s initial scope of operations will be the development of innovative software products, contract software development, information technology services, and all activities related thereto, but the Members may authorize a different or additional scope of operations.

1. **Guiding Principles:** We value equality and respect, and seek to create a just and healthy workplace. We uplift cooperative values and principles including cooperation amongst cooperatives and concern for community. We base decisions on more than just economic factors and have a multi-dimensional bottom line that includes spirit, people, and planet.
  - a. People and Community
    - i. Create stable, meaningful jobs with living wages and great benefits to support our Members and their families.
    - ii. Encourage workplace curiosity, creativity, health, opportunity, and fulfillment.
    - iii. Establish enduring and respectful relationships based on mutual trust.
    - iv. Nurture a culture of equity, inclusion, humility, life-long learning, enjoyment, and collaboration.
    - v. Practice mentorship and skill development.
    - vi. Share our expertise and learning with other businesses, organizations, and communities.
  - b. Work Practices
    - i. Align our work with our guiding principles.
    - ii. Provide a superb experience for our clients and users from day one.
    - iii. Consider new ideas with rigor, spirit, and flexibility.
    - iv. Design for simplicity in all projects.
    - v. Honor craft and those who practice it.
  - c. Business Practices

- i. Meet our revenue targets and share our prosperity.
- ii. Practice transparency and open book management.
- iii. Grow only with purpose and intent.
- iv. Base our business decisions on long-term thinking.
- v. Adhere to terms in the Company's written Code of Conduct.

## B. Commitment to Being a Worker Cooperative

1. **Commitment to Basic Principles of Being a Worker Cooperative:** The Members of the Company have chosen to operate as a worker cooperative because they believe worker cooperatives contribute to a more just society and to more equitable and healthy workplaces. To that end, the Members agree to uphold the following principles and practices in their business:
  - a. **The members and patrons shall honor and aspire to embody the seven international principles of a cooperative in interpreting this Operating Agreement and how it manages its business, to the extent lawful, including:**
    - i. Voluntary open membership
    - ii. Democratic member control
    - iii. Member economic participation
    - iv. Autonomy and independence
    - v. Education, training, and information
    - vi. Cooperation among cooperatives
    - vii. Concern for the community.
  - b. **At least 75% of the workers in the business shall be Active Members and/or Prospective Members of the Company:** The Members acknowledge that a key feature of worker cooperatives is that the majority – or even all – of the workers in the business are also owners of the business. The Members acknowledge that, at times, the business may have workers or contractors who will not become Members of the Company. In order to prevent the Company from becoming more like a typical business with many non-owner employees, the Members agree to ensure that, at any given time, at least 75% of the people working for the Company are also members or Prospective members of the Company. The Members agree to strive toward 100% worker membership, while setting 75% as a minimum.
  - c. **The surplus of the collective should primarily be shared in proportion to work Members put into the collective, not in proportion to ownership of the collective or contributions of money to the collective:** The Members acknowledge that Limeleaf has consciously chosen to operate differently than a typical business. In a typical business, the owners receive all profits, usually on the basis of each owner's share of ownership in the company and/or in proportion to the amount of money or capital invested in the company. In a cooperative business, profits, called surplus in a cooperative, are generally

distributed on the basis of patronage. Patronage is usually measured by the value or quantity of work that a member does for the Company. To that end, the Company has adopted financial provisions, in section G below, which serve to distribute surplus according to that definition. Investing money in the Company is not what determines how much money in surplus a Member will make.

- d. **Every Member shall be given a fair opportunity to work in the Company:** Since the primary purpose of a worker Company is to provide Members with good jobs, the Company shall strive to ensure that all Members have a fair opportunity to work.

2. **Democratic Responsibility of Being a Member of A Cooperative:**

- a. **Every Member shall have a voice in the management of the business:** In addition to committing to being a worker cooperative, the Members have chosen to manage the business as a cooperative. This means that every worker-member shall participate in the management of the business. It is important to note that a *cooperative* is different from a *representative cooperative*, where members' primary governance role is in the election of a board of directors. As a cooperative, Limeleaf will strive to prevent hierarchies from forming in the business. In order to ensure that every member has a meaningful and powerful voice in the management of the business, the Company will:
  - i. Maintain clear and detailed decision-making procedures;
  - ii. Cultivate a sense of confidence and leadership in all Members;
  - iii. Participate in conflict resolution processes when disputes arise;
  - iv. Adhere carefully to the rules, policies, and procedures outlined in this Agreement in order to prevent hierarchies from developing naturally.

## C. How to Become a Member of Limeleaf

To become a Member, a natural person must meet the following requirements:

- Be one of the three company founders; OR
- Possess legal ability to work long-term in the United States; and
- Work for the Company in a Candidacy Period of at least 6 months and during that period a total of at least 50 workdays; and
- Be voted in, as set forth in this Operating Agreement, by the existing Members following the Candidacy Period; and
- Receive a copy of the Company's Articles of Organization and a receipt; and
- Sign a copy of this Operating Agreement.

**Steps to Becoming a Member:** The following are the steps to becoming a Member of Limeleaf:

1. **Work for Limeleaf:** Unless the Members decide otherwise, a Prospective Member must work for the Company for at least six (6) consecutive months, and during that period a total of at least 50 workdays, prior to becoming a Member.

- a. The Company may waive the Candidacy Period and renew a former Member's Membership by a 100% quorum and unanimous vote.
2. **Take Part in Training:** Every Prospective Member must take part in training. This may include business operations, cooperative principles and values, facilitation and democratic decision-making, governance and management, financial management and/or legal entity training. All training that requires travel will be facilitated financially by the Company.
3. **Complete a Written Request Form to Become a Member:** A Prospective Member must write a brief request to become a Member, articulating why she would like to become a Member.
4. **Members Vote to Accept Prospective Member:** All existing Members must unanimously vote to accept the Prospective Member as a new Member of the Company. The vote shall be held without the Prospective Member being present. If a Member votes "no," that Member must give a reasonable explanation for their vote. If the reason is an interpersonal conflict, and if 50% or more of the other Members request it, the Member who voted "no" shall attend one mediation session with the Prospective Member to attempt to resolve the interpersonal conflict. After the mediation, a second vote shall be held and the Member who voted "no" shall be given an opportunity to change their vote. If the vote remains "no," then the Prospective Member will be terminated as an employee, unless Members decide otherwise and decide to keep the applicant as a non-member employee. Refer to section F.4 for more information around decision-making.
5. **Receive a Membership Certificate and a Copy of the Current Operating Agreement:** Once a Prospective Member meets all of the requirements listed above, the Company shall give the Prospective Member a Membership Certificate and a copy of the current Operating Agreement. At this time, the Prospective Member shall officially become a Member of the Company. The Membership Certificate shall acknowledge receipt of the Member's Capital Contribution (if applicable) or agreement to deduct the Member's Capital Contribution from future earnings.

## D. Member Duties

1. **Duty of Loyalty:** Members shall not engage in any business, venture, or transaction, whether directly or indirectly, that could be in direct conflict of interest with the Company.
2. **Duty to Devote Time:** Each Member shall devote such time and attention to the Company as the majority of the Members determine is adequate. Any Member may propose taking a vote to decide the adequate amount of time and attention required of each Member. There shall be no requirement that Members contribute an equal amount of time to the Company.
3. **Duty to Attend/Lead Meetings:** Members shall strive to attend each Governance and Operations Meeting. Hybrid and in-person options will be made available to promote accessibility. Prospective Members may be present at monthly meetings when the financial health of the Company is under discussion and may have the opportunity to ask questions to gain a greater understanding of the financial life of the Company. All

meetings are paid a Member's hourly wage. Each Member shall be responsible for rotating positions of leadership at meetings; no one shall claim a prerogative to meeting leadership.

## E. Member Rights

1. **Right to Work:** Members acknowledge that work opportunities may fluctuate with the Company's business needs and the season, and that the practical needs of the business may mandate that certain Members work more than others. However, Members agree to offer all Members the equitable opportunity to work and earn money in the Company in full faith. To this end, each Member shall be offered the opportunity to work at least 2 workdays per week, so long as work is available. Members should distribute and share workdays in a way that meets the needs of the Company and the Members.

## F. Governance and Voting

1. **Every Member Has One Vote:** During Operations and Governance Meetings and in decisions requiring approval of Members, each Member has one vote and only one vote, regardless of the equity held in an individual's capital account.
2. **All Members of the Company shall be Owners, and may be treated as independent contractors or employees to be determined either on a project basis or at some future point in time by January 1, 2025, at which point this may be amended:** All Members shall be Owners of the Company and each Member takes part in both the operations and decisions of the Company as well as in its profits and losses.
  - a. **Member Management Contributions.** To promote a culture in which every Member is motivated and encouraged to participate in the management of the Company, every Member can propose policies and activities to improve the Company's functioning, whereas all non-member employees may make suggestions but do not have the right for the suggestion to be considered at Operations or Governance meetings.
3. **Meetings:** The Company conducts two types of regular meetings: Operations and Governance. Operations Meetings cover topics submitted by worker-owners that involve the day-to-day and future planning of running the business. Governance meetings cover decisions concerning the cooperative structure. All meetings will be virtual and/or in person.
  - a. Operations meetings: All workers shall meet regularly to ensure the smooth operation of the Company, no less frequently than once a month.
  - b. Governance meetings: The Members shall meet regularly for Governance Meetings, no less frequently than once a quarter. Prospective Members may join but do not need to be present.
  - c. Special meetings: Any two Members with Active or Prospective status can call a special meeting.

4. **Process for Discussing Proposals.** Unless this Agreement or another document allows Members to take a vote by other means, the Members must use the following procedure to propose, present, consider, and approve proposals. The purpose is to have an inclusive process and to hear everyone's voice.
  - i. **First:** The meeting facilitator will ask everyone: "Who has a proposal to discuss in today's meeting?"
  - ii. **Initial Proposal:** Then, the facilitator will ask each Member (Proponent) to announce her proposal.
  - iii. **Clarification Rounds:** After a Member announces her proposal, the facilitator will go around the circle asking every Member if they have any clarifying questions for the Proponent. Every Member will have an opportunity to ask one question at a time. The facilitator will continue in a circle, even going in a circle multiple times, until the Members have exhausted their questions.
  - iv. **Reaction Rounds:** Then, the facilitator will go around the circle and will ask the Members to share their thoughts and reactions about the proposal, preferably talking in a first or third person form, using phrases like "I wonder if..." and "I am worried that..."
  - v. **The Final Proposal:** Then, the facilitator will ask the Proponent if they would like to modify their proposal, given the received questions and reactions. The Proponent will outline their final proposal, preferably incorporating the group's feedback.
  - vi. **Voting:** The Members will then vote according to the voting chart.
- b. **Responsibilities During Meetings.** In every meeting, there will be one person to facilitate and another person to take notes. These responsibilities will rotate.
5. **Non-Members.** The Company may hire non-Member Employees. People who will work long-term for the Company in the future shall be encouraged to become Members. Non-members should for all intents and purposes be encouraged to become Prospective Members. Prospective Members may – upon request – have their probationary period extended in order to fully vet their desire for participation. Each request will be approved or denied by the Worker Members at the monthly meeting.
6. **Third-Party Contractors.** From time to time, the Members may hire external contractors as needed to conduct business or supplement Members skills for special projects. The hiring will be agreed upon through the normal decision-making process.
7. **Temporary Designation as an Inactive Member:** A Member who will be taking a temporary leave from work and/or who will be out of town for more than two weeks may participate in meetings by phone or video conference. If she is unable to participate in meetings, she shall, as a courtesy to the other Members, give notice that she will adopt Inactive Member Status for a specified period of time. In addition, the Members may vote to force a Member into Inactive Member Status if the Member has missed seven or more meetings within a 3 month period, as provided in Section D.3. For the purpose of this Agreement, Members that are in Inactive Member Status shall not be counted for the purpose of any decision required to be made by Members. For example, the use of the

word “Members” in the section on Quorum, refers only to Members that are not in Inactive Status.

- a. An inactive member is a member of the Company who cannot vote on initiatives and is not required for meeting attendance or other responsibilities in running the Company. The inactive member should give courteous notice to the other members in order to redistribute the responsibilities of the now inactive member. A member's inactive status has no bearing on the profit already accumulated through past workdays worked for patronage.
8. **Quorum and Decision Making:** Quorum is defined as the minimum number of Members needed to be at a meeting to make binding decisions. Decisions will be approved as shown below.
- a. Agency and common sense: Not all decisions require meetings. Some decisions can be made just using common sense.

## Minimum Number of Members Required to Make Decisions

Types of Decisions	Two Members	Three Members	Four Members	Five Members	Six+ Members
<b>Quorum (75%)</b>	<b>Two</b>	<b>Three</b>	<b>Three</b>	<b>Four</b>	<b>Five+</b>
<b>Operational - day-to-day (Work duties, administrative duties, other daily task)</b>	individual	individual	individual	individual	individual
<b>Operational - financial and systems-related (i.e. budget approvals, distributions, salary changes, changes in software/technology, etc)</b>	consensus (2)	consensus (3)	consensus (3-4)	consensus (4-5)	75% (4+)
<b>Hiring/Firing and Adding/Terminating members</b> (note that the member who is being voted on for termination does not participate in the vote or count towards quorum)	100% quorum and consensus (2)	100% quorum and consensus (3)	100% quorum and consensus (4)	100% quorum and consensus (5)	100% quorum and consensus (6+)
<b>Structural/Organizational (entity type, logo, name change, visions and purpose, strategy etc)</b>	consensus (2)	consensus (3)	consensus (3-4)	consensus (4-5)	75% (4+)
<b>Change the majority of the Operating Agreement</b>	consensus (2)	consensus (3)	consensus (3-4)	consensus (4-5)	75% (4+)
<b>Changes to the following sections of the Operating Agreement:</b>	100% quorum and consensus (2)	100% quorum and consensus (3)	100% quorum and consensus (4)	100% quorum and consensus (5)	100% quorum and consensus (6+)



Paragraphs F.1 (every member has one vote) G.4 (how Company funds are managed) G.5 (sharing losses) G.7 (deferred member compensation)					
--	--	--	--	--	--

## G. How Money is Managed at Limeleaf

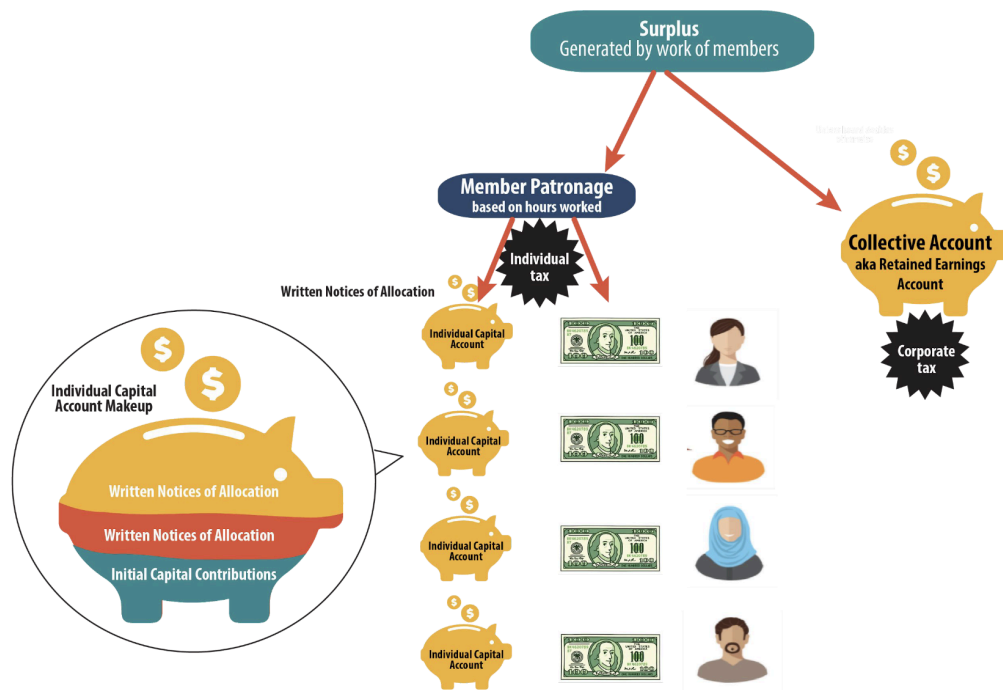
The following describes how money shall be managed within the Company.

1. **Fiscal Year:** The fiscal year of the Company is January 1st through December 31st. A fiscal year is the 12-month period that the Company uses to calculate its yearly earnings and prepare its yearly financial statements.
2. **Bank Account:** The Company shall establish a bank account in its name at a member-owned credit union in or near Saratoga Springs, New York.
3. **Capital Contributions:** No Member shall withdraw any portion of his or her Capital Contribution without the unanimous consent of all Members.
4. **Payments for Regular Work:** Members will be paid for regular work.
5. **How Company Funds are Managed and Shared:**
  - a. **Separating Profit from Surplus:** Earnings of the Company shall be categorized as either Profit or Surplus. Profit is the excess of revenues over expenses earned by non-Member labor for a fiscal year. Surplus is the excess of revenues over expenses earned by Member labor for a fiscal year. At the end of each year, the Company shall determine what earnings shall be classified as Profit and Surplus by determining the relative number of workdays worked by non-Members and Members, respectively. For example, if non-Members work 20 workdays in a year, and Members work 80 workdays that year, then 20% of the Company's net income shall be considered Profit and 80% shall be considered Surplus.
  - b. **Maintaining a Cooperative Account:** The accounting system of the Company shall designate a category of accounting referred to as the "Cooperative Account." All Profit, as defined in paragraph **a** above, shall be allocated to the Cooperative Account. Funds in the Cooperative Account shall not be paid as profit distributions to Members without consent of all members.
    - i. In an effort to share in profits with Non-Members, 10% of profits shall be paid as a one-time bonus to Non-Members only, based on workdays worked relative to all workdays worked by Non-Members. This bonus shall be paid on an annual basis.
  - c. **Maintaining Member Capital Accounts and Allocating Surplus based on Patronage:** The accounting system of the Company shall designate a category of accounting for each Member referred to as the Members "Capital Account."

Each Member's Capital Contribution(s) will be credited to her Capital Account. If the Company has any Surplus, it shall first be allocated to the Cooperative Account if the balance of the account is under \$0. Once the Cooperative Account balance is brought to \$0 or if it already has a positive balance, all remaining Surplus shall be allocated to Members' Capital Accounts in direct proportion to each Member's patronage during the fiscal year. Patronage shall be measured by the number of workdays worked each quarter by each Member.

- d. **Making Cash Distributions to Members:** If the Company has a Surplus at the end of a fiscal quarter, then each Member shall be paid a cash Patronage Dividend, consisting of 75% of the surplus allocated to the Member's Capital Account from the fiscal quarter's Surplus. The Company shall pay out all remaining Surplus allocated to a Member's Capital Account within three quarters of the date that it was allocated.
  - i. "Patronage Dividends" shall have the definition contained in Internal Revenue Code Section 1388(a) (dividends paid to members based on Patronage).
6. **Sharing Losses:** Losses are the excess of expenses over revenues for a fiscal year. The percentage of loss associated with Non-Member work shall be allocated to the Cooperative Account. The percentage of loss associated with Member work shall be allocated 75% to Member Accounts in direct proportion to Patronage during the fiscal year and 25% to the Cooperative Account, with the exception of Losses occurring and/or carried over from the Company's first two fiscal years, which shall be allocated 100% to the Limeleaf Account.
7. **Tax Status:** Unless or until the Members decide otherwise, the Company shall be taxed as Subchapter T Cooperative Corporation.
8. **Dissolution Distributions:** Upon dissolution of the Company, payments shall be made in the following order of priority:
  - a. **Debts to non-Members:** First, the Company must pay off its debts to non-Members.
  - b. **Capital Accounts:** Second, the Company must pay each Member's Capital Account balance to each current Member.
  - c. **Deferred Member Compensation:** Third, the Company must pay any deferred member compensation.
  - d. **Distribution of Remaining Proceeds:** Lastly, any funds in the Cooperative Account plus residual assets after the payment of debts and the capital accounts shall be distributed to all persons who are current or living past Members in proportion to the number of workdays each Member worked during the time he or she was a Member of the Company. 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 30 days before distribution of any residual assets, to the person's last known business or residence address.
9. **Wages**

- a. The Limeleaf minimum wage is \$30 per hour. This applies to both Members and non-Member Employees.
  - i. The hourly wage rate will, at the discretion of the Company, be adjusted upwards, when the Company elects to:
    - 1. raise the minimum wage of every Member
    - 2. establish a raise for individual current and future Members based on the length of time they have been members of the Company
    - 3. establish a raise for individual current and future Members based on the total number of workdays they have worked to date. Raise shall be proposed on each Worker Owners' work anniversary.
    - 4. However, at no point is the Company allowed to raise wages such that the difference between the highest paid and lowest paid Member exceeds a 4:1 ratio.
    - 5. Additionally, the Company may elect to give one-time bonuses to all Members, either in equal amounts or based on the amount of workdays worked in a given period. Such bonuses should reflect anticipated surpluses, but do not need to wait for the final determination of profit/loss at the end of the fiscal year. Such bonuses should be treated, for tax purposes, as extra wages.
  - ii. Founding Members have the option of foregoing wages (working for free) until the Coop has achieved a level of financial sustainability as agreed upon by the Founding Members in consultation with the Coop's bookkeeper/accountant and documented in the minutes of a Governance Meeting. These unpaid wages will be considered paid via the provisions in Exhibit C.
  - iii. **Expenses and Reimbursements.** The Company shall pay all of its expenses of operation out of Cooperative Account. The Members shall be reimbursed for all direct and indirect expenses incurred on behalf of the Company, including expenses incurred in the formation of this Company.



Graphic content based on materials by BCCO.coop and Institute.coop

## H. Ownership of the Company and Its Property

**Ownership of the Company.** The Company shall be owned by its Members. As of March 21, 2024, ownership is divided equally among the three founding Members:

- Blain Smith: 1/3 ownership
- Erik Straub: 1/3 ownership
- John Luther: 1/3 ownership

**Ownership of Company Property:** The following determines the ownership of property used by the Company and its Members.

1. **Lending Property:** If a Member lends property and equipment to the Company, that property shall remain the property of that Member. The Company shall maintain a list of any property that the Members lend to the Company.
2. **Purchased Property & Gifts:** If the Company purchases property or receives property as a gift, that property shall be owned by the Company and not by individual members.
3. **Real Estate:** Real estate purchased by the Company is owned by the Company and not by individual members.

# I. Record Keeping and Accounting

1. **Member Information Statements:** Each Member shall complete a Member Information Statement and provide it to the Company. It is the responsibility of the Member to provide a new Statement to the Company any time the Member's information changes. The Member Information Statement form is provided in Exhibit A.
2. **Required Record Keeping:** At all times, the Company must maintain records of the following:
  - a. **Organizing and Governing Documents:** An updated copy of the Company's current Operating Agreement and any rules or policies adopted by the Member outside of this Agreement.
  - b. **Financial Information:** Information regarding the financial condition of the Company:
    - i. Profit and loss statements, prepared on a quarterly basis;
    - ii. Balance sheets, prepared on a quarterly basis;
    - iii. Descriptions of the cash, bank account balances, and property of the Company;
    - iv. The number of workdays each past and present Member has worked for the Company in the current fiscal year and since her membership commenced; and
    - v. Calculations of patronage and loss allocations and distributions;
    - vi. Detailed reports of each member's capital account;
    - vii. Any contributions that Members have agreed to make in the future.
  - c. **Tax Returns:** A copy of the federal, state, and local income taxes for each year, updated once available.
  - d. **Current Member Information Statements:** Copies of all updated Member Information Statements, as described in Paragraph 1 of this Section.
  - e. **Past Member List:** A list of all past Company Members, including names, last known mailing address, phone number, email address, the Member's designated beneficiary for payment of the Member's Capital Account upon death and for dissolution distributions, dates of membership, and total number of workdays worked during the membership.
  - f. **Meeting Records:** A record of the minutes of Operations and Governance Meeting proceedings.
3. **Member Rights to Inspect Records:** Each current Member has the right to demand and receive, within a reasonable period of time, a copy of any of the above documents for any purpose reasonably related to their interest as a Member of the Company. If a member would like a copy to keep, that Member shall pay for the copying expenses. The inspection may be made in person by the Member, or by an agent or attorney for the Member. Past members have the right to the current and past year's Profit & Loss report, calculations of patronage and loss allocations and distributions, and details of their capital account.

4. **Annual Report:** The Company shall prepare, and all Members must receive, a copy of the annual report, prepared no later than 90 days after the end of the Company's fiscal year. The annual report must contain:
  - a. A balance sheet;
  - b. A detailed profit and loss statement for the full fiscal year;
  - c. A statement of all debts of the Company;
  - d. Calculations of profit and loss sharing allocation and distributions as well as any patronage/surplus allocations
5. **Tax Information Provided to Members:** The Company shall, before March 1<sup>st</sup> of each year, provide each Member with all information necessary for preparation of each Member's tax returns.

## J. How to Terminate Membership in Limeleaf Worker Collective

**Membership Termination:** The following are ways a Member's membership in Limeleaf may be terminated:

1. **Voluntary Termination:** A Member may leave voluntarily by quitting at any time after giving at least one month's notice in writing.
  - a. If a Member resigns, they are still responsible for any charges, dues, or other obligations that the Member owes to the Company. The Company shall still have the right to enforce any such obligations or obtain damages for its breach.
2. **Involuntary Termination:** A Member may be terminated involuntarily if she is voted out as shown in section F, "Minimum Number of Members Required to Make Decisions." A Member's death automatically terminates membership. The deceased Member's Capital Account shall be payable to her designated beneficiary or estate. In the absence of a designated beneficiary, the Company will absorb the deceased Member's Capital Account.
  - a. A Member whose expulsion is being considered is entitled to initiate the conflict transformation process as documented in section K.
  - b. A Member who is expelled or suspended shall be liable for any charges, dues, or other obligations incurred before the expulsion, suspension, or termination.
  - c. The Company may direct a Member whose expulsion is being considered to refrain from conducting business as a Member until the expulsion decision is made, provided the Company pays the Member her or his average weekly wage or compensation – calculated based on the three months preceding the date of the notice given pursuant to this section – until the expulsion decision is made. The Company may also direct a Member whose expulsion is being considered to stay away from the Company's places of business except as necessary to exercise her or his rights under law.
  - d. A Member or non-Member Employee who is alleged by another Member or non-Member Employee to have performed one of the following acts is banned from the Company immediately and until an emergency closed Company

meeting can be held: sexual or other physical assault, theft or malicious destruction of Company property or other property on the premises of a Company customer's property, clandestine collaboration with law enforcement or intelligence services, and illegally using or distributing drugs while conducting Company business or representing the Company to customers. Failure to observe this ban will result in firing.

- e. The purpose of the emergency meeting is to determine the factual circumstances of the event and the appropriate Company response up to and including firing and permanent expulsion from the Company.
  - f. Other forms of obnoxious, harassing, or abusive behavior will be addressed through the Company conflict transformation process (described below), with expulsion as a possible outcome.
3. **Rights Upon Membership Termination:** When a Member terminates her membership, voluntarily or involuntarily, her Capital Account becomes a loan to the Company that is paid out by the end of the fiscal year plus six months. Interest shall not accrue on the loan. Members must receive all funds in their Capital Accounts or the amount of their initial capital contribution, whichever is higher. The Company, in settling a Member Account, shall have the right to set off any and all indebtedness of the former Member to the Company.

## K. How to Transform Conflicts

1. **Conflict Transformation Philosophy:** We acknowledge that conflict is inevitable, and when handled in a healthy way, can be generative and transformative. We aspire to have a culture where conflicts can be addressed openly, where workers are open to feedback and growth, and where nobody is treated as disposable. We recognize the spiritual dimensions of conflict, and that conflict often stems from unresolved elements within ourselves as individuals. We recognize the archetypes of victim, hero and villain, which are often at play in conflict, and that we can choose to step out of through self-awareness. We know that we can both cause harm and be harmed in different ways in any given situation as well as choose to heal from this harm.
2. Conflicts will be resolved first through discussion, then through mediation, and finally through arbitration, as follows:
  - a. **Discussion:** When a conflict arises between workers in the Company, those workers will attempt to resolve the conflict directly through a friendly conversation and consultation. Workers may ask mutually trusted people to help them have these discussions.
  - b. **Mediation by Third Party Mediator or Community Mediation Center:** If workers cannot resolve the conflict with the help of the Conflict Transformation Team, then any of the parties in conflict may demand, or any three workers may demand that the parties in conflict attend formal mediation with a third party mediator or a community mediation center. The terms and procedures for mediation shall be arranged by the parties of the dispute, or by the workers demanding the mediation, in consultation with the chosen mediator(s). In the

absence of an arrangement, the chosen mediator shall conduct at least one mediation session per week for four weeks, with all parties to the dispute present, unless the dispute can be resolved sooner than four weeks. If no agreement is reached after four mediation sessions, the parties shall submit the dispute to arbitration as set forth in the following paragraph.

- i. **Paying for Mediation:** If financially feasible, the Company will pay for mediation. If not feasible, the Company will seek external resources and/or will negotiate with the individuals requiring mediation so that they can contribute financially to the process.
- c. **Arbitration:** If good-faith mediation of a dispute proves impossible or if an agreed-upon mediation outcome cannot be obtained by the workers who are parties to the dispute, the dispute may be submitted to arbitration. Any party may commence arbitration of the dispute by sending a written request for arbitration to all other parties to the dispute. The request shall state the nature of the dispute to be resolved by arbitration. Arbitration shall be commenced as soon as practical after such parties receive a copy of the written request.
  - i. **Paying for Arbitration:** All parties shall initially share the cost of arbitration, but the prevailing party or parties may be awarded attorney fees, costs and other expenses of arbitration.
  - ii. **Arbitration Shall be Binding:** All arbitration decisions shall be final, binding and conclusive on all the parties to arbitration, and legal judgment may be entered based upon such decision in accordance with applicable law in any court having jurisdiction to do so.

## L. Additional Provisions

1. **A Member May Not Sell or Give Away Her Membership:** A Member may not sell or give her membership away to any other person or to any other business. Every membership is personal to the Member.
2. **Who Will Sign on Behalf of the Company:** Any Member may sign documents and contracts on behalf of the Company. Without first consulting with the Membership, Members agree not to sign any documents that would obligate the Company to pay or provide services valued at over \$500.
3. **If Someone Outside of the Company sues a Member:** All Members will be indemnified and held harmless by the Company from and against any and all claims of any nature arising out of a Member's participation in Company affairs. This means, for example, that the Company will compensate and help to defend a Member who is sued for damages that occur when the Member is working for the Company. A Member will not be entitled to indemnification under this section for liability arising out of gross negligence or willful misconduct of the Member or the breach by the Member of any provisions of this Agreement.
4. **Members Will Not Be Liable for Good Faith Mistakes:** If a Member is acting in good faith and in service of the Company, and if she makes a mistake or error in judgment, or commits an unintentional act or omission, the Member will not be liable to the Company



or to any other Member for the mistake or error. The Member will be liable only for acts and omissions involving intentional wrongdoing.

5. **The Bold Headings Are Not a Legally Binding Part of This Agreement:** We have included very descriptive headings in this Agreement, in order to make it easy to read and navigate. However, these bold headings shall not be considered to be a legally binding part of this Agreement.
6. **How to Provide Notice to Members:** Any time that a Member or the Company is required to give notice to the Members, the notice shall be given by any of the following methods: 1) Notice may be delivered by email and text to the email addresses and phone numbers provided by Members, in which case notice shall be considered delivered when there is no message stating the email or text could not be delivered; 2) Notice may be delivered by telephone, in which case notice shall be considered delivered when the receiving Member voices acknowledgment of the notice; 3) Notice may be mailed to the physical addresses of the Members, in which case notice shall be considered given three business days after placing the notice in the mail with first class postage; and 4) Notice may be delivered in person, in which case notice shall be considered delivered when the notice is placed in the hands of the Member.
7. **If Any Part of this Agreement Cannot Be Enforced:** If any provision of this Agreement is held by a court to be invalid or unenforceable, Members agree that the provision shall be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable, and the remaining provisions of this Agreement will not be affected or invalidated as a result.
8. **This Agreement is Binding on Successors:** This Agreement and the terms and conditions contained in this Agreement apply to and are binding upon the Member's successors, assigns, executors, administrators, beneficiaries, and representatives.
9. **Fiscal Year:** The fiscal year of the Company shall end on the last day of December in each year.
10. **Registered Agent.** The Company shall maintain a registered agent. The Company's initial registered agent in the State of New York is New York Registered Agent LLC.