

Bylaws

CHATEAU STUDENT HOUSING COOPERATIVE, INC.

CHATEAU BYLAWS

Approved 5/21/92

Amended by a vote of the membership – 1/27/2019

ARTICLE I.

MEMBERSHIP.

SECTION 1. MEMBERSHIP.

Subdivision 1. Class of Members.

There is one class of Members whose voting and other rights and interests are equal.

Subdivision 2. Qualifications.

Each individual lessee of the building(s) owned and/or operated by this cooperative who agrees in writing to comply with the Bylaws, with the rules and regulations of this cooperative as promulgated from time to time by the Board of Directors, and with the terms of the occupancy agreement in force from time to time as authorized by the Board of Directors shall be a member of this cooperative.

Subdivision 3. Residency.

Residency in the building(s) owned and/or operated by this cooperative shall be provided to a person without regard to sexual orientation, national origin, creed, race, sex, or to membership in or affiliation with any social, fraternal, or honorary society or organization. Residents of the building(s) must be students or non-tenured faculty of an accredited college or university, or regular cooperative employee, as defined by article VII, section 1, with the first priority given to those from the University of Minnesota.

Subdivision 4. Dues & Assessments.

Membership dues, assessments, or both, may be imposed upon the Members. The Board of Directors shall be authorized to fix the amount from time to time and determine the method of collection.

SECTION 2. MEETINGS.

Subdivision 1. Annual.

The annual meeting of the Members shall be held for the election of directors and for the transaction of any other business as may properly come before the meeting.

Subdivision 2. Time & place.

The annual meeting of the Members shall be held each year at a time and place designated by the Board of Directors. However, the annual meeting shall be held within 120 days after the end of the Cooperative's fiscal year. If the Cooperative's audit has not been completed within the 120-day period, the annual meeting may be held upon completion of the audit.

Subdivision 3. Special.

Special meetings of the Members may be called for any purpose, at any time, by the majority of the Board of Directors or upon the written petition of at least twenty percent (20%) of the Members. The written request from the Board of Directors or the written petition from the Members must be submitted to the President.

Subdivision 4. Notice.

Notice of the special meeting must be sent by the President within ten (10) days of the President's receipt of the Board's request or the Members' petition. Such notice must contain the time, place and purpose of the special meeting, which must be held within thirty (30) days of the President's receipt of the Board's request or the Members' petition. In the case that a remote vote is held, the President's notice thereof must define that which qualifies a remote electronic ballot as "valid."

Subdivision 5. Quorum.

A quorum for meetings of the Members shall exist if Members present in person or by proxy at the meeting constitute at least ten percent (10%) of all Members entitled to vote. In the case of any meeting held by an approved remote vote, a quorum shall exist if twenty percent (20%) of the Members return valid remote ballots within the time prescribed in the notice thereof. When a quorum has been present at a meeting and Members have withdrawn from the meeting so that less than a quorum remains, the Members still present may continue to transact business until adjournment.

Subdivision 6. Proxies.

Proxies shall be permitted at all meetings. The appointment of a proxy shall be in writing filed at or before the meeting with the person who has been designated to act as secretary of the meeting.

Subdivision 7. Voting.

Each Member shall have one vote at each meeting of the Members. There shall be no cumulative voting. Members may vote by voice vote, written ballot, or approved remote ballot in all elections, including elections of Directors. Remote ballots shall be counted in the same manner as a voice vote or written ballot for the purpose of determining the vote on any question stated in the notice of the meeting. If the notice of the meeting so states, the entire vote on any question stated in the notice of meeting may be made by mail ballots; provided that at least twenty percent (20%) of the Members vote by mail.

Subdivision 8. Remote Voting.

The Board of Directors may authorize a mail ballot or voting by electronic means for voting on all matters that Members are entitled to vote upon. If authorized, mail ballots or ballots for voting by electronic means shall be sent to all Members with the notice of a meeting. If a ballot is received on or before the date of the meeting, it shall be accepted and counted.

SECTION 3. REMOVAL OF MEMBERS.

Subdivision 1. Termination.

Termination of residency in any building owned and/or operated by the cooperative, shall terminate a person's status as a Member of this cooperative immediately and without notice.

Subdivision 2. Eviction.

The Board of Directors may delegate authority to the manager (or managing agent) to pursue appropriate legal collection or eviction procedures without specific board action.

Subdivision 3. Obligations.

Termination of Membership shall not relieve any Member from the obligation to pay dues, assessments, or other charges which remain unpaid on the effective date of his/her termination of residency.

Subdivision 4. Rights Not Transferable.

(1) The right of a Member to vote and his or her interest in the cooperative or its property ceases upon the termination of Membership.

(2) A Member may not voluntarily or involuntarily transfer his Membership, or any right arising there from, except for designating a proxy at a Member meeting as provided herein.

ARTICLE II.

BOARD OF DIRECTORS.

SECTION 1. NUMBER, TERM, AND QUALIFICATION.

The Board of Directors shall consist of seven (7) but not more than sixteen (16) persons. At each annual meeting, the Members shall determine the number of directors; provided, that between annual meetings the authorized number of Members may be increased or decreased by the Members or increased by the Board of Directors. Directors shall be Members of the cooperative. The term of each Director shall expire at the next annual meeting of the Members or at such earlier time as he or she resigns or his or her successor is duly elected and qualified as provided under Section 9.

SECTION 2. DUTIES.

The Board of Directors shall manage the business and the affairs of the cooperative and make all necessary rules and regulations not inconsistent with the law, the Articles of Incorporation, or the bylaws of this Cooperative, for the management of the business and the guidance of the officers, employees, and the agents of the cooperative. Such duties shall include, without limitation, the power to employ and dismiss a manager.

SECTION 3. RESPONSIBILITIES OF DIRECTORS.

The responsibilities of the directors of this cooperative shall include, without limitation:

(1) Remain aware of the state of affairs of the cooperative, and seek out information missed as the result of absence from official meetings and activities of the board.

(2) When a board member cannot be present in a board meeting, he/she can inform the president in advance in any form, such as writing a letter, calling, emailing or telling him/her in person.

(3) Not interfere with or undermine any legally arrived at board policy or decision. Any board director unable to comply with this requirement is expected to resign from the board.

(4) Remain responsive to the membership's comments and complaints, and convey the content of such input to the Board of Directors, its committees, or the management, whichever shall be deemed appropriate by the board director.

(5) Board directors are required to attend events deemed “mandatory” by a majority vote of the Board of Directors. Board members unable to attend a “mandatory” meeting must provide the President with a written excuse prior to the meeting.

SECTION 4. NOMINATIONS & ELECTIONS.

Subdivision 1. Nominations.

Nominations for Members of the Board of Directors shall be accepted by the President no more than twenty-five (25) days and not less than five (5) days prior to the annual meeting of the Members. Such nominations shall be made known to the Membership not less than five days prior to the annual meeting of the Members. Such nominations may be self-nominations.

Subdivision 2. Additional Nominations.

At the discretion of the chair, additional nominations may be called for prior to the election at the annual meeting of the Members.

Subdivision 3. Write-Ins.

Write-in votes for persons not properly nominated shall not be accepted or counted by the tellers.

Subdivision 4. Elections.

Election of the directors shall be by plurality of those Members voting in person, by proxy, or by remote ballot with a minimum of twenty (20) percent required for election, unless a majority of those Members attending the meeting in person or by proxy approves an alternate method prior to the election.

Subdivision 5. Remote Voting.

As mentioned in Article I, Section 2, Subdivision 8 the Board of Directors may authorize a mail ballot or voting by electronic means for voting on all matters that Members are entitled to vote upon, including voting to elect directors. If authorized, mail ballots or ballots for voting by electronic means shall be sent to all Members with the notice of nominees given to the Members by the President. If a ballot is received on or before the date of the meeting, it shall be accepted and counted.

Subdivision 6. Board Addition without AGM.

A Chateau resident can nominate themselves for election into the Chateau Board of Directors given that the resident has attended at least two meetings, one of which must be a monthly board meeting, given there is a vacancy in the board.

SECTION 5. ANNUAL MEETING & SEATING OF DIRECTORS.

Subdivision 1. Annual Meeting and Seating.

The annual meeting of the Board of Directors shall be held within thirty (30) days after the annual meeting of the Members. All directors-elect are expected to attend. Seating of directors shall be automatic at the commencement of that meeting.

Subdivision 2. Leave of Absence.

Any director may petition the Board of Directors for a leave of absence, which may be granted by a two-thirds vote of the directors present. During such leave, a director shall not be

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considered a director in office for quorum and other purposes. Such leave may not exceed three (3) months in duration.

SECTION 6. MEETINGS, PLACE, AND NOTICE.

Subdivision 1. Place.

Meetings of the Board of Directors may be held from time to time at any place within the State of Minnesota that the Board of Directors may designate. In the absence of designation by the Board of Directors, Board meeting shall be held at the principal offices of the Cooperative, except as may be otherwise unanimously agreed orally, in writing or by attendance.

Subdivision 2. Notice and Special Meetings.

If a meeting schedule is adopted by the Board, or if the date and time of a Board meeting has been announced at a previous Board meeting, no notice of the Board Meeting is required to Board Members. The President, Vice President or any two (2) directors may call a special meeting of the Board of Directors by giving twenty four (24) hours notice to all directors of the date and time of the meeting. The notice need not state the purpose of the meeting, and may be given by mail, email, telegram, telephone or in person. Members of the Cooperative shall be given two (2) days notice of regular Board meetings and twenty four (24) hours notice of special Board meetings. However, failure to give such notice to the Members shall not affect the validity of the meeting.

Subdivision 3. Waiver of Notice.

Any director may waive notice of a meeting before or after the meeting, in writing, orally, or by attendance. Attendance at a board meeting by the director is a waiver of notice of that meeting unless the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate thereafter in the meeting.

Subdivision 4. Board Action Without a Meeting.

Any action required or permitted to be taken at a Board meeting may be taken by written action signed by all of the directors or, in cases where the action need not be approved by the Members, by written action signed by the number of directors that would be required to take the same action at a meeting of the Board at which all directors were present, provided that all directors must be notified of the text of the written action prior to the signing by any of the directors. The written action is effective when signed by the required number of directors unless a different effective time is provided in the written action. When written action is permitted to be taken by less than all of the directors, all directors shall be notified immediately of its effective date.

Subdivision 5. Telephone Conference Meetings.

(1) A conference among directors, or among Members of any committee designated by the Board of Directors, by any means of communication through which the participants may simultaneously hear each other during the conference, constitutes a meeting of the Board or the committee, as the case may be, if the same notice is given of the conference as would be required for a meeting and if the number of persons participating in the conference would be sufficient to constitute a quorum at the meeting. Participation in a meeting by conference constitutes personal presence at the meeting.

(2) A director may participate in a non-conference meeting of the Board, or any committee designated by the Board, by any means of communication through which he, other persons so participating, and all persons physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by such means constitutes personal presence at the meeting.

SECTION 7. QUORUM.

A majority of the directors in office shall constitute a quorum for the transaction of business at any meeting of the board. A director may not appoint a proxy for himself or vote by proxy. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum is present. If a quorum is present when a duly called or held meeting is convened and directors have withdrawn from the meeting so that less than a quorum remains, the directors still present may continue to transact business until adjournment. The acts of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 8. REMOVAL.

Subdivision 1. Termination.

Any director of the cooperative shall be automatically removed from the Board of Directors by termination of their Membership in the cooperative.

Subdivision 2. By the Members.

Any director of the cooperative may, for cause, at any annual or special meeting of Members at which a quorum of the members shall be present, be removed from office by a vote of a majority of the Members present.

Subdivision 3. By the Board of Directors.

Any director of the cooperative may, for cause, at any regular or special meeting of the Board of Directors at which a quorum of the members shall be present, be removed from office by a vote of a 2/3rd majority of the members present.

Subdivision 4. Notice.

The removal of a director shall not be considered at a special meeting unless that fact has been stated in the notice of such meeting. No director shall be removed from office at any meeting unless he/she shall be informed of the meeting at which the matter is to be considered at least seven (7) days before such meeting.

Subdivision 5. By Absence.

A director shall be automatically removed for cause if such director fails to attend two (2) regularly scheduled Board meetings and fails to provide proper written notice of such absences. A board member will be automatically removed if he/she misses more than 3 board meetings in a calendar year.

SECTION 9. VACANCY.

Whenever the number of directors shall be fewer than the number set at the last annual meeting of the Members, except as may be caused by official leave of absence, vacancies may be filled until the next annual meeting of the Members by the affirmative vote of a majority of the remaining Members of the Board of Directors, though less than a quorum. Persons so elected shall be a director until their successors are elected by the Members who may make such election at the next annual or special meeting of the Members.

SECTION 10. PER DIEM & EXPENSES.

Members of the Board of Directors of the Chateau Student Housing Cooperative may be compensated for effort expended which is under the direction of or on behalf of the Board of Directors. Compensation shall be in the form of "per diems." Each per diem granted shall indicate one of the following:

- 1) Attendance at one monthly meeting of the Board of Directors
- 2) Attendance at one meeting of a standing committee established by the Board of Directors
- 3) Facilitating one orientation session for new membership sponsored by the Board of Directors
- 4) Preparation of the minutes of one meeting of the Board of Directors
- 5) Both the Preparation of the agenda and the preparation of the minutes of a meeting of a standing committee established by the Board of Directors
- 6) A minimum of one hour of work completed under the direction of the Board of Directors
 - a) the project must have been discussed as an agenda item of the Board of Directors
 - b) the project must have been approved by the Board of Directors
 - c) the members must have been assigned to the project by the Board of Directors
 - d) the work must be completed before the due date established by the Board of Directors
- 7) Attendance at a duly called special meeting of the Board of Directors
- 8) Standing committees include: Finance & Operations, Policy and Education
 - Compensation for any other activities is not required to be granted.
 - Each per diem granted shall have a value determined by the Board of Directors.
 - Per diem accounts shall be settled on a quarterly basis.
 - If compensation for expended effort is desired, each member is required to personally request compensation on a quarterly basis using proper request documents.
 - The requests must be presented to the President of the Board.
 - The President and/or Treasurer must approve each per diem request.
 - The Vice-President must approve the per diem requests of the President.
 - Once approved, the Office Staff employed by the Chateau Student Housing Cooperative is authorized to distribute funds equal to the approved compensation amount.
 - The decision of the President to grant or deny per diem compensation to any member of the Board of Directors is open to appeal to the full Board of Directors if any two Board members request appeal of the decision of the President. The decision by the Board of Directors to uphold or overturn the decision of the President is final with no further appeal allowed.

ARTICLE III.

EXECUTIVE COMMITTEE.

SECTION 1. DESIGNATION.

The Executive Committee shall consist of those directors who are elected officers of the cooperative and those directors who are the chairs of the standing committees. No person shall serve on the Executive Committee who is not also a director of the cooperative.

SECTION 2. DUTIES & AUTHORITY.

To the extent determined by the board, the Executive Committee shall have and exercise the authority of all the functions and powers of the board in the management of the business of the cooperative. The Executive Committee shall act only in the interval between meetings of the board, and shall be subject at all times to the general control and direction of the board. The Executive Committee shall make a complete report at each meeting of the Board of Directors with action to be approved by the board. Notice of all emergency action taken by the Executive Committee shall be given to each director in writing or by phone by the end of the following business day.

SECTION 3. MEETINGS.

The Executive Committee shall meet at the call of the President or upon request of three (3) members of the committee.

SECTION 4. QUORUM.

A quorum for meetings of the Executive Committee shall be a majority of the membership of the committee.

ARTICLE IV.

OFFICERS.

SECTION 1. DESIGNATION.

The officers of the cooperative shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer, an immediate Past President and such other officers as the Board of Directors may deem necessary. All officers of the cooperative shall be natural persons who are Members of the Board of Directors of the cooperative, except that the office of Treasurer may be held by a neutral person designated by the Board. The officers shall have the powers, rights, duties, and responsibilities set forth in these Bylaws unless otherwise determined by the Board.

SECTION 2. PRESIDENT.

The president shall have the following duties and responsibilities including, but not limited to:

- (1) Preside over all meetings of the Members, the Board of Directors and the Executive Committee.
- (2) Sign as President, with the Secretary, all notes, deeds, and conveyances of the cooperative.
- (3) Appoint members and chairs of all standing committees with confirmation by the Board of Directors.
- (4) Attend at least twenty five per cent (25%) of the meetings of the standing committees.

- (5) Prepare and distribute an agenda prior to each meeting of the Members, the Board of Directors, and the Executive Committee to be approved by the group which is meeting.
- (6) Submit to the annual meeting of the Members a report on the "State of the Cooperative".

SECTION 3. VICE-PRESIDENT.

The Vice-President shall have the following duties and responsibilities including, but not limited to:

- (1) In the absence or disability of the President, preside and perform the duties of the President.
- (2) Attend at least twenty five per cent (25%) of the meetings of the standing committees.
- (3) Attend at least one (1) of the Marcy-Holmes community meetings each month, and keep the board apprised of community issues affecting the cooperative.

SECTION 4. SECRETARY.

The Secretary shall have the following duties and responsibilities including, but not limited to:

- (1) Keep a complete record of all of the proceedings of the meetings of the Members, the Board of Directors, and the Executive Committee.
- (2) Keep a current file of the Bylaws, policies, and rules and regulations, and minutes of all meetings of the Members, Board meetings, and committee meetings in an officially designated place.
- (3) Sign as Secretary, with the President, all notes, deeds, and conveyances of the Cooperative.
- (4) Send out a notice of each meeting of the Members, the Board of Directors, and the Executive Committee.
- (5) In the absence of the President and Vice-President, call the meeting to order and preside until the election of a chair pro tempore.

SECTION 5. TREASURER.

Treasurer is automatically a member of Finance & Operations Committee. He/she should work jointly with Chair of Finance & Operations Committee and have coordinate interaction with the staff. The treasurer shall have the following duties and responsibilities including, but not limited to:

- (1) Keep a complete record of all financial transactions of the cooperative unless such duties are delegated by the Board of Directors to some employee or agent of the cooperative.
- (2) Receive and disburse all funds of the cooperative unless such duties are delegated by the Board of Directors to some employee or agent of the cooperative.
- (3) Review proposed expenditures to determine that they are properly authorized, for legal purposes, and do not exceed budgeted amounts or available resources.
- (4) Present a monthly financial report to the Board of Directors.
- (5) Submit to the annual meeting of the Members a full financial report on the current year's business, including a statement of assets and liabilities, a statement of income and expenses, and such other statements as the Board of Directors may deem to be necessary.

SECTION 6. IMMEDIATE PAST PRESIDENT.

The immediate past president shall have the following duties and responsibilities including, but not limited to:

- (1) Serve as a resource for the newly elected President.
- (2) Executive Committee member.
- (3) Facilitate development of the new Board.
- (4) Assist President as requested.

SECTION 7. OTHER OFFICERS.

Subdivision 1. Appointment.

The Board of Directors may elect or appoint such other officers as it may deem to be necessary.

Subdivision 2. Restrictions.

The same person shall not at the same time hold the offices of (1) President and Vice-President or (2) President and Secretary, but may hold any other two offices at the same time.

Subdivision 3. Secretary-Treasurer.

The offices of Secretary and Treasurer may be combined and when so combined the duties shall be a combination of the duties of the Secretary and the Treasurer and the person filling the office shall be termed Secretary-Treasurer.

SECTION 8. ELECTION.

The Board of Directors shall elect persons to exercise the functions of the offices of the cooperative at the annual meeting of the Board of Directors, provided, that the Board may elect persons to a new office and to fill vacancies at regular or special meetings of the Board.

SECTION 9. REMOVAL.

An officer may be removed with or without cause by a majority vote of all current Board members at a regularly scheduled or special meeting, but not by telephone meeting. All members of the Board must be notified of the issue two (2) days in advance of this meeting.

SECTION 10. VACANCY.

The Board of Directors may fill a vacancy occurring in an office at the next annual meeting of the Board of Directors. Notice of filling a vacancy shall be given to the Members of the Board of Directors.

ARTICLE V.

STANDING COMMITTEES

SECTION 1. DESIGNATION.

There shall be three (3) standing committees of the cooperative: Finance and Operations, Education and Development, and Policy. The standing committees shall consist of at least three (3) persons, at least two (2) of whom shall be Members of the Board of Directors. The President and Vice-President shall serve as ex-officio Members of the standing committees.

SECTION 2. FINANCE AND OPERATIONS.

The Finance & Operations Committee shall:

Subdivision 1. Duties.

- (1) Be responsible for motivating Members to help keep the building in good physical condition.
- (2) Serve as a channel whereby Members can present their ideas on maintenance to the management.
- (3) Monitor the general maintenance of the building and surrounding grounds.
- (4) Establish priorities for the expenditure of the maintenance budget.
- (5) Recommend improvements for the building's physical plant.
- (6) Review long and short-range financial policy and performance reported by the management and the auditor.
- (7) Work with the manager to prepare and submit an annual budget for each fiscal year and supplements thereto.
- (8) Propose and review the rent schedule.
- (9) Hold an open hearing on each proposed annual budget and proposed increases in the rent schedule.
- (10) Perform such other duties and responsibilities as the Board of Directors may confer upon the committee from time to time.

Subdivision 2. Recycling Coordinator.

The recycling coordinator shall have the following duties and responsibilities including, but not limited to:

- (1) Maintain a smooth-running and efficient recycling program.

- (2) Involve Members in recycling and keep them educated about current recycling practices.
- (3) Ex-Officio member of the Finance and Operations Committee.

SECTION 3. EDUCATION AND DEVELOPMENT.

Subdivision 1. Duties.

The Education Committee shall:

- (1) Be responsible for attracting, identifying, and orienting new Members.
- (2) Evaluate Membership criteria and make recommendations to the Board.
- (3) Develop and maintain an education program for the Members.
- (4) Be responsible for the general promotion of cooperation through special education programs, through the development of new cooperation.
- (5) Develop and coordinate a program to educate the Membership to the use of the electoral system.
- (6) Perform such other duties and responsibilities as the Board of Directors may confer upon the committee from time to time.

Subdivision 2. Appropriations.

The Board of Directors shall make an annual appropriation to this committee of not less than one and one half percent (1.5%) of the gross operating budget.

Subdivision 3. Communications Director.

The communication director shall have the following duties and responsibilities including, but not limited to:

- (1) Coordinate and publish a monthly Membership newsletter.
- (2) Promote resident involvement in the use of the newsletter as a means to express concerns and expectations of the Cooperative.
- (3) Be responsible for communicating complex or organizational issues to the Membership.
- (4) Ex-Officio member of the Education Committee.

SECTION 4. POLICY.

The Policy Committee shall:

- (1) Propose and review the bylaws, policies, and rules & regulations, and recommend changes to the Board.
- (2) Prepare long-range plans and supervise their implementation.
- (3) Maintain a current and up to date policy manual.
- (4) Perform such other duties and responsibilities as the Board of Directors may confer upon the committee from time to time.

SECTION 5. MEETINGS.

Meetings of the standing committees, except Conciliation Committee, shall be held at least quarterly, unless otherwise authorized by the President. Standing committees shall meet at the call of the committee chair or of a majority of the committee or of the Board of Directors.

SECTION 6. QUORUM.

A quorum for meetings of the standing committees shall be a majority of the membership of the committee. A current list of committee Members shall be maintained by committee chairs and the President.

ARTICLE VI.

OTHER COMMITTEES.

The Board of Directors may, by resolution approved by the affirmative vote of a majority of the Board, establish committees having the authority of the Board in the management of business of the cooperative only to the extent provided in the resolution. Each such committee shall consist of one or more natural persons (who need not be directors) appointed by affirmative vote of a majority of the directors present, and shall be subject at all times to the direction and control of the Board. A majority of the members of a committee shall constitute a quorum for the transaction of business.

ARTICLE VII.

EMPLOYEES.

SECTION 1. DESIGNATION.

A regular cooperative employee shall be defined as someone who is employed by the cooperative, either directly or through a managing agent, on a continuing basis of at least thirty (30) hours per week or more.

SECTION 2. RESTRICTIONS.

Subdivision 1. Employees.

No person who is a regular employee of the cooperative may serve on the Board of Directors or its committees. No person who is a brother, sister, son, daughter, father, mother, husband or wife of a regular cooperative employee may serve on the Board of Directors or its committees. The Board of Directors and the manager are prohibited from hiring as a regular cooperative employee anyone who serves on the board of directors or its committees or who is a brother, sister, son, daughter, father, mother, husband or wife of a Member of the Board of Directors or its committees.

Subdivision 2. Contract Services.

No contract for services, material, labor, etc., with a value in excess of \$300.00 may be let to any company owned in whole or in part by a director, committee member, manager, regular cooperative employee, or to any person prohibited under Subdivision 1 during any calendar year.

Subdivision 3. Conflict of Interest Policy.

The Board of Directors shall be required to have a comprehensive "Conflict of Interest Policy" relating to the persons prohibited under Subdivisions 1 and 2 which may only be suspended or amended by a two-thirds vote of the Board of Directors.

Subdivision 4. Exemptions.

Persons otherwise prohibited under Subdivisions 1-3 may be hired by the Board of Directors or the manager on a part-time rent credit basis.

SECTION 3. BONDING.

The Board of Directors shall require the officers, managers, employees, and agents charged by the cooperative with responsibility for the custody of any of its funds or property to provide a fidelity bond in such sum as the Board of Directors shall determine. Such bond shall be furnished by a responsible bonding company or other surety satisfactory to the Board of Directors, and the cost thereof shall be paid by the cooperative unless a management agreement provides that the managing agent shall provide a fidelity bond in such sum as the Board of Directors shall determine.

ARTICLE VIII.

FINANCIAL OPERATIONS.

SECTION 1. ACCOUNT SIGNATURE.

All checks or bank drafts drawn on the cooperative's depository accounts shall bear the signature of two officers of the cooperative. In the event that the Board of Directors shall authorize an employee or agent to sign checks or drafts, such checks or bank drafts shall be co-signed by at least one of the officers of the cooperative.

SECTION 2. LOANS.

No officer, employee, or agent of the cooperative shall have any power or authority to borrow money on its behalf, to pledge its credit, or to mortgage or pledge its real or personal property, except to the extent of the authority delegated by resolution of the Board of Directors.

SECTION 3. LOANS TO OFFICERS AND DIRECTORS.

The cooperative shall not make any loans to an officer or director of the cooperative. If any such loan be made, the officers and directors who make such loan, or assent thereto, shall be jointly and severally liable for its repayment or the return thereof.

SECTION 4. FISCAL YEAR.

The fiscal year of the cooperative shall begin on October 1 and end on September 30.

SECTION 5. AUDITS.

The Board of Directors shall examine all accounts at their meetings at least four times a year, and shall, in addition, have the books audited at least once a year by a competent auditing service, preferably a cooperative auditing service. At least one such audit shall be made between the date of the close of the fiscal year and date of the annual meeting of the Members. A report of such audit shall be submitted to the Members at the annual meeting, and shall contain a balance sheet showing the financial condition of the cooperative at the close of the fiscal year and a statement of income and expense for the year, and other statements as the Board of Directors may deem to be necessary.

ARTICLE VIII.

CORPORATE SEAL.

The cooperative shall have a corporate seal, or no corporate seal, as the Board of Directors shall from time to time determine.

ARTICLE IX.

PARLIAMENTARY AUTHORITY.

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The rules in the current edition of Robert's Rules of Order shall be the parliamentary authority in all cases not covered in these Bylaws, or by policy of the Board of Directors, or required by local, state, or federal law.

ARTICLE X.

AMENDMENT OF THE BYLAWS.

Any amendment of the Bylaws may be proposed by (i) a majority vote of the Board of Directors or (ii) any five (5) Members of the cooperative who have filed with the Secretary a signed petition for amendment. Notice of the Members meeting, stating the purpose of the meeting, including the resolution setting forth the proposed amendment, shall be given to each officer, director and Member at least fifteen (15) days but not more than thirty (30) days prior to the meeting. All amendments shall be adopted by a majority vote of the Members constituting a quorum at the duly called Members meeting and shall go into effect immediately upon adoption, unless otherwise specified in the adopted resolution.

ARTICLE XI.

AMENDMENT OF THE ARTICLES.

Any amendment to the Articles of Incorporation shall be proposed by a majority vote of the Board of Directors. Notice of the Members meeting, stating the purpose of the meeting including the resolution setting forth the proposed amendment, shall be given to each officer, director and Member at least fifteen (15) days but not more than thirty (30) days prior to the meeting. All amendments shall be adopted by a majority vote of the Members constituting a quorum at the duly called Members meeting.

ARTICLE XII.

INDEMNIFICATION.

This cooperative shall indemnify its directors and officers to the maximum extent permissible by law in the State of Minnesota, but in no event shall such indemnification be less than provided by Minnesota Statutes Section 302A.521, as now enacted or hereafter amended