



A-1 Builders A Worker Owned Cooperative, Co.

DBA A1DesignBuild

BYLAWS

AMENDED May 11, 2022

1. PURPOSE.

The Cooperative shall be organized and shall conduct its business primarily for the mutual benefit of its Members as patrons of the Cooperative. The earnings, savings, or benefits of the Cooperative shall be used for the general welfare of the Members or shall be proportionately and equitably distributed to its Members as patrons, based upon their patronage of the Cooperative.

The Cooperative is democratically controlled and is not organized to make a profit for itself, as such, but primarily for its members as patrons.

These bylaws are one of three governing documents affecting the operation of the Cooperative, along with the Cooperative's Articles of Incorporation and Operating Policies. In the event of a conflict or inconsistency between such documents, the Articles of Incorporation shall control over these Bylaws, and the Bylaws shall control over the Operating Procedures.

All capitalized terms shall be defined as set forth herein, or, if not defined herein as set forth in the then applicable Revised Code of Washington, RCW Chapters 23B and 23.78.

2. QUALIFIED CONSENSUS DECISION MAKING.

References in these bylaws to "Qualified Consensus" shall be governed by this Section 2. Cooperative matters shall be discussed among the Members with the goal of seeking decision-making by consensus. If it becomes apparent that consensus cannot be reached on any matter in such a manner

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that has or may negatively affect the ordinary and timely operations of the Cooperative, an affirmative vote of seventy-five percent (75%) of the Members is required to carry any decision on such matter, except as otherwise provided in these Bylaws.

3. MEMBERSHIP.

3.1. Classification of Members. The Cooperative shall have one (1) class of stock and each Member shall own one (1) share of such stock entitling that Member to one (1) vote on matters requiring a vote of the Members, and such rights to dividends and redemption as are set forth in these bylaws.

3.2. Membership Qualifications. Any natural person may become a Member of the Cooperative by:

- (i) Being a resident of the State of Washington.
- (ii) Making payment of the Membership Fee as defined in Section 7.1; provided, however, that the Members may agree as a condition of acceptance pursuant to Section 3.3 to permit the prospective Member to pay the Membership Fee over a period of up to three (3) years, subject to such terms and conditions as the Members determine by Qualified Consensus;
- (iii) Full benefits of membership will be granted upon payment of 50% of membership fee as set forth by Section 7.1. The remainder of any balance of membership fee must be paid prior to member receiving any remuneration from Patronage or Retained Earnings Dividend.
- (iv) Working at least three (3) years for the Cooperative on at least a three-quarter (3/4) time basis (the "Candidacy Period");
- (v) Applying for membership; and
- (vi) Being voted in, as set forth in Section 3.3, by the existing Members following the Candidacy Period.
- (vii) Membership is contingent upon $\frac{3}{4}$ time employment.

3.3. Acceptance of New Members. An applicant for membership shall become a Member upon the Qualified Consensus of the Members. Upon acceptance of an application, the applicant shall immediately become a Member. In the case of an application by a former Member, the Cooperative may waive the Candidacy Period and accept back the former Member immediately by a unanimous vote of the Members.

3.4. Member Resignation. With the consent of the Board of Directors and upon such terms and conditions as the Board may determine, a Member may resign as a Member of the Cooperative by filing with the Secretary of the Cooperative a written notice of resignation. The resignation shall become effective immediately without any action on the part of the Cooperative. Resignation of Membership shall constitute an immediate termination of the resigning Member's employment but shall not relieve the resigning Member from any obligation for charges incurred, dues, assessments, or fees, and this section shall not diminish any right of the Cooperative to enforce any such obligation or obtain damages for its breach. A Member who resigns or otherwise abandons his or her membership status without the consent of the Board of Directors or in violation of any terms or conditions imposed on such resignation by the Board shall be deemed to have waived the redemption right set forth in Section 7.5, and shall forfeit all right, title, and interest in any amount in his or her Member Account, which amounts shall be allocated equally among the other Members' Member Accounts.

3.5. Death or Permanent Disability of a Member. A Member's death or permanent disability shall cause the immediate termination of his or her membership in the Cooperative, and thereupon all rights as a Member of the Cooperative cease. "Permanent disability" shall mean (i) that a Member is permanently disabled as defined and determined under a policy of disability insurance carried by the Cooperative covering such Member, or (ii) if no such policy is then in force, the Member is unable to manage his or her affairs effectively for reasons such as mental illness, injury, physical illness, or disability, and such inability has continued, or is expected to continue, for a period in excess of six (6) months, as evidenced by a written statement of a qualified physician regularly attending the Member, or (iii) a court has determined in a final ruling that the Member is incapacitated.

3.6. Removal of Members. No Member may be expelled or suspended except according to procedures satisfying the requirements of this section.

3.6.1. A Member may be expelled from the Cooperative on the Qualified Consensus of the Members at a duly called meeting at which a quorum is present.

3.6.2. A Member whose membership is terminated or suspended shall remain liable for any charges, dues, assessments, or fees incurred before termination or suspension, or arising from contract or otherwise.

3.6.3. The Cooperative may direct a member whose expulsion is being considered to refrain from conducting business as a member until the expulsion decision is made. The Cooperative may also direct a member whose expulsion is being considered to refrain from entering any of the Cooperative's places of business.

3.7. Transfer of Membership. No Member may transfer, pledge or assign her or his membership or any right arising therefrom. Any attempted assignment or transfer shall be wholly void and shall confer no rights on the intended assignee or transferee.

3.8. Member Compensation. All members will be paid their employee hourly rate for all work performed on behalf of the cooperative unless otherwise determined.

4. MEETINGS.

4.1. Board. Any meeting of the Members shall simultaneously constitute a meeting of the Members and of the Board of Directors, and any action or decision of the Members shall simultaneously constitute an action or decision of the Board of Directors. Decisions shall be made by Qualified Consensus as determined by the Board from time to time. If consensus cannot be reached, the Board and Members shall employ the voting process set forth in Section 4.2.

4.2. Member and Board Voting. The voting power of the Members and Board Members shall be equal, and each Member/Board Member shall be entitled to one (1) vote on any matter requiring a vote of the Members. Whenever Members are disqualified from voting on any matter, they shall not be counted for the determination of a quorum or the required vote to approve an action. There shall be no cumulative voting. Members may vote by proxy so long as the designation of proxy is in writing and provided to the Secretary of the Cooperative prior to the meeting. A proxy is presumed to have a general power to vote on any matter unless expressly limited by the designating Member.

4.3. Annual Meeting. An annual meeting of the Members shall be held at the principal office of the Cooperative on the later of (i) the first Wednesday in June, or (ii) one month after the completion of the Cooperative's Form 1120 tax filings. If the day fixed for the annual meeting falls on a legal holiday, the meeting shall be held at the same time and place on the following business day. The Members shall vote at the annual meeting to set the number of directors as equal to the number of Members and elect all of the Members to the Board. Any other proper business may be transacted at the annual meeting.

4.4. Special Meetings. Special meetings of the Members for any lawful purpose may be called by the Board of Directors or by thirty percent (30%) or more of the Members.

4.5. Notice. A written notice of any meeting shall be given by the Cooperative not less than seven (7) days before the date of the meeting to each Member who, on the record date for notice of the meeting, is entitled to vote thereat. Notice shall be delivered to each Member's address on the records of the Cooperative. Notice need not be given to a member who has waived the right to such notice in writing, or who attends the meeting without protesting the lack of notice.

4.6. Quorum. Seventy-five percent (75%) of the Members shall constitute a quorum at a meeting of the Members.

4.7. Action at a Meeting. If a quorum is present, a Qualified Consensus of the Members (excluding any Member not entitled to vote) shall be the act of the Members unless the vote of a greater number is required by the Articles of Incorporation or these Bylaws.

5. BOARD OF DIRECTORS

5.1. Board. All Members of the Cooperative shall serve on the Board of Directors and no person other than the Members of the Cooperative shall serve on the Board of Directors.

5.2. Meetings. Any meeting of the Members shall simultaneously constitute a meeting of the Members and of the Board of Directors. Meetings of the Board of Directors shall be governed by Section 4.

5.3. Resignation or Removal. A Director may not resign or be removed from the Board except by ceasing to be a member.

6. OFFICERS.

6.1. Offices. The Cooperative shall have a President, Vice-President, Secretary, Treasurer, and such other officers with such titles and duties as shall be determined by the Members and such roles shall be filled by Members.

6.2. Qualifications. The officers of the Cooperative shall be elected from among the Members. Any number of offices may be held by the same person.

6.3. Election of Officers. At a meeting of the Members, the candidate receiving the highest number of votes for an office shall be elected and shall serve until removal or resignation.

6.4. Removal of Officers. Officers may be removed by the Qualified Consensus of the Members.

6.5. Resignation. Any officer may resign at any time upon written notice to the Cooperative.

6.6. Vacancy. A vacancy in any office resulting from an officer's death, permanent disability, resignation, removal, or disqualification, or from any other cause, will be filled by a vote of the Members pursuant to Section 6.3.

6.7. Duties of President. The President shall have such duties and powers as the Board may determine from time to time.

6.8. Duties of Vice-President. The Vice-President shall have such duties and powers as the Board may determine from time to time.

6.9. Duties of Secretary. The Secretary shall keep, or cause to be kept, at the Cooperative's office, a book of minutes of all meetings and actions of the Members, of the Board of Directors, and of committees of the Board. The Secretary shall keep, or cause to be kept, at the Cooperative's office, the records of the Cooperative required to be kept pursuant to statute or these Bylaws. The Secretary shall give notice, or cause notice to be given, of all meetings for which notice is required by statute or these Bylaws. If the Secretary or other person authorized by the Secretary to give notice fails to act, notice of any meeting may be given by any other officer of the Cooperative. The Secretary shall have such other powers and perform other duties as determined by the Members from time to time.

6.10. Duties of Treasurer. The Treasurer shall keep, or cause to be kept, adequate and correct books and records of accounts of the properties and business transactions of the Cooperative, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The Treasurer shall (i) deposit cooperative funds and other valuables in the Cooperative's name and to its credit with depositaries designated by the Members; (ii) make disbursements of cooperative funds as authorized by the Members; (iii) render a statement of the Cooperative's financial condition and an account of all transactions conducted as chief financial officer whenever requested by the Board; and (iv) have other powers and perform other duties as prescribed by the Board or these Bylaws.

7. ALLOCATIONS AND DISTRIBUTIONS

7.1. Definitions. The following terms shall have the definitions identified below for purposes of this Section 7.

- (i)** "Profit" shall be defined as the excess of revenues over Expenses for a fiscal year attributable to non-Member labor. Profit shall not include cash contributions by Members to capital.
- (ii)** "Loss(es)" shall be defined as the excess of expenses, including without limitation, distributions to Members, payment of interest on debt and allocation for reserves, over revenues for a fiscal year.
- (iii)** "'Patronage" shall be defined as hours worked by each Member on behalf of the Cooperative.
- (iv)** "Membership Fee" shall mean Ten Thousand Dollars and No/100 (\$10,000.00), paid by prospective members as a condition to membership pursuant to Section 3.2.
- (v)** "Patronage Dividends" shall have the definition set forth in 26 USC § 1388.
- (vi)** "Member Account" shall be defined as each Member's capital account in the Cooperative (comprised of the Membership Fee plus written notices of allocation

minus distributions minus Losses plus/minus any other item that affects the balance in the Member's capital account).

7.2. Allocations. All Profit shall be paid as Patronage Dividends or as Non-Patronage Dividends; also known as Retained Earnings, in direct proportion to Patronage during that fiscal year.

Any Loss shall be allocated based upon the number of days in that year that the Member was a Member.

7.3. Patronage Dividends. Patronage Dividend disbursement shall be determined by the Member Board on a yearly basis. If a Patronage dividend is distributed as a written notice of allocation and applied to the Member's capital account instead of as cash, at least twenty percent (20%) must be distributed in cash.

7.4. Member's Covenant to Declare Income for Tax Purposes. Each Member shall take into account on his or her income tax return the amount of any Patronage Dividends which are made in qualified written notices of allocation (as defined in 26 USC § 1388) at their stated dollar amounts in the manner provided in 26 USC § 1385(a) in the taxable year in which such written notices of allocation are received by the Member.

7.5. Payment Rights Regarding Member Accounts. Subject to Section 3.4, when a Member's membership in the Cooperative is terminated for any reason, the amount in her or his Member Account will automatically be redeemed. The Cooperative, in redeeming a Member Account, shall have the right to set off any and all indebtedness of the former Member to the Cooperative.

7.6. Periodic Redemption of Member Accounts. The Cooperative shall pay out in cash to the Members all funds credited to their Member Accounts within eight (8) years of the date they were first credited. As a general rule, written notices of allocation credited to Member Accounts (including notices now converted to debt) will be paid out in the order in which they are credited, with the oldest paid out first; however, the Board can decide to accelerate the repayment of debt owed to former Members on a case-by-case basis.

7.7. Dissolution Distributions. Upon liquidation, dissolution, or sale of the assets of the Cooperative, any assets left after payment of all debts and Member Account balances shall be distributed to all persons who were Members, or to their heirs, in proportion to such Members' relative patronage. 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. Any amounts unclaimed after sufficient notice shall be distributed in proportion to patronage to all previous and current Members who timely acknowledge receipt of liquidation.

8. RECORDS.

8.1. Records Required to Be Kept. The Cooperative shall keep at its principal office:

- (i) a copy of its Articles of Incorporation and these Bylaws as amended to date.
- (ii) adequate and correct books and records of account.
- (iii) minutes of the proceedings of its Members, Board, and committees of the Board;
and
- (iv) a record of its members giving their names and addresses.

Minutes and other books and records shall be kept either in written form or in any other form capable of being converted into clearly legible tangible form, including electronic format.

8.2. Inspection Rights. These Bylaws and the Cooperative’s Articles of Incorporation shall be open to inspection by the Members at all reasonable times during office hours. Any such inspection may be made in person or by agent or attorney and the right of inspection includes the right to copy and make extracts. The accounting books and records and minutes of proceedings of the Members and the Board and committees of the Board shall be open to inspection upon the written demand on the Cooperative of any Member at any reasonable time, for a purpose reasonably related to such person’s interests as a Member.

9. INDEMNIFICATION.

The Cooperative shall have power to indemnify its Members, Directors, officers, directors, employees, and agents to the fullest extent permitted by law.

10. AMENDMENT.

These Bylaws may be amended or repealed by Qualified Consensus of the Members.

11. A-1 Builders A Worker Owned Cooperative, Co. Current membership signatures:

Patrick Martin Date

Shawn Serdahl Date

Justus Peterson Date

Maggie Bates Date

Thad McGowan Date

Mark Albert Date

Dave Kangas Date

Sharon Petker Date

Adriana Irvin Date

Francine Kirton Date

Chris Wigen Date

Eric Byington Date

Adopted May 11th, 2022