

COMMONWEALTH

TERRACE

COOPERATIVE, INC.

BYLAWS

RESTATED AND AMENDED AS OF APRIL, 2022

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ARTICLE I. NAME AND LOCATION

The name of this association is the Commonwealth Terrace Cooperative, Inc., and its registered office and principal place of business is located at 1250 Fifield Avenue, St. Paul, Ramsey, County, Minnesota 55108.

ARTICLE II. NON-DISCRIMINATION

CTC shall not, in any manner, discriminate against any resident or member on the basis of race, color, creed, religion, disability, sex, marital status, familial status, status with respect to receipt of public assistance, sexual orientation, national origin, ancestry, age or membership in any other protected class under federal, state or local law.

ARTICLE III. PURPOSE

The purpose of CTC is to provide low-rent family housing on a cooperative basis to students registered at the University of Minnesota, to obtain and maintain any property and facilities needed for providing such housing, and to provide any other related services and programs for the benefit of members. CTC shall conduct its affairs on a democratic and non-profit basis with the goals of providing affordable housing, membership and participation activities and programs, and an educational experience and opportunity for members.

ARTICLE IV. MEMBERSHIP

Section 1: Eligibility

Any person shall be eligible for membership provided that and only so long as that person or his or her spouse, domestic partner or roommate is a student enrolled at the University of Minnesota, signs the Lease, and leases and resides in a dwelling unit managed by CTC.

Section 2: Membership

Membership is open to all resident households who make an application to the Cooperative, and pay the current membership fee set by the Board of Directors, and are recorded as a member on the membership records. The Board of Directors may change the membership fee from time to time. The membership fee is, upon approval and recording of the application for membership,

nonrefundable. The process for handling applications and membership processing and records may be delegated by the Board or Directors to the Cooperative Management office staff. By applying for membership, and accepting the benefit of membership rent, each member agrees to comply with the requirements and provisions set forth in these Bylaws, the Lease, the Resident Handbook and any other rule or resolution of the Board of Directors.

Section 3: Member Benefits, Participation Requirements, Ward Representatives

A member who has been recorded as a member by the Cooperative shall be entitled to vote on any matter brought before the members for action under the Articles of Incorporation or these Bylaws. There shall only be one vote per household. The Board of Directors has the power to set, and change from time to time, member benefits and member requirements. Benefits may be subject to conditions or requirements including, but not limited to completion of a waiting period, participation in CTC activities, attendance at CTC meetings, mandatory participation and contribution to projects or work that result in cost savings to CTC and continued compliance with the CTC Lease, Resident Handbook, these Bylaws and other rules and regulations of the Board. Member benefits may be in the form of a preferred member rent, (avoidance of the corresponding non-member fee) participation in CTC activities at subsidized or reduced fees, educational and participation opportunities such as serving as a Ward Representative, a member of the Board of Directors, or Committee member. Any reduced or preferred rent given to members shall be set by the Board with due regard for the fiscal needs and annual budgeting process of CTC. The budget process is initiated by the Executive Director, in consultation with the University, with review by the Finance Committee and then submitted to the Board for approval. The Board of Directors may increase, reduce, or modify the benefits of membership, including any preferred member rent and the related non-member fee upon one calendar month notice to members. The preferred or reduced member rent shall be determined on a per unit basis. No greater, or lesser, rent reduction or preferred rent shall be offered to households where more than one adult has participated in CTC activities. The level of mandatory participation in CTC activities, and

required participation in activities that will save CTC costs, shall be set by the Board of Directors on a per unit basis.

As of April 2022, member requirements are as follows:

- Attend in person or to submit an absentee ballot if absentee ballots are permitted in the meeting notice for the annual meeting of CTC where elections occur and CTC business takes place.
- Participate in two events to assist with fall and spring clean-up.
- Perform such laundry duties as are assigned in the member's Ward. (Members serving as Ward Representatives, or serving as a member on a Standing Committee, are exempt from performing laundry duties for the period of their Ward representation or Committee service).
- All members must live in a Ward that has elected, or otherwise chosen, a Ward Representative that is performing the necessary duties of Ward Representative.

The Ward Representative assists in the coordination and assignment of laundry duties and other communication responsibilities between the Ward and the CTC Board of Directors and management office. The position of Ward Representative may be filled from volunteers who will be solicited each year to correspond with the time of the spring clean-up event. If more than one volunteer seeks the Ward Representative position, the members in each Ward are responsible for holding an election to name a Ward Representative.

Section 4: Termination of Membership and Suspension of Member Benefits

The Board of Directors may also terminate membership for cause. A member's unexcused failure to perform membership duties is cause for his/her membership to be revoked. The Board of Directors shall be entitled to rely upon information or reports provided to it from the management office regarding the performance of member duties for purposes of denying or revoking membership privileges. Any household with a person who knowingly, intentionally, materially, or repeatedly violates a provision of these Bylaws, the Lease, the Resident Handbook or other rule

or resolution of the Board of Directors may have membership, and all membership rights and privileges for that household, terminated by action of the Board of Directors. Termination of the Lease by CTC management, court order, or operation of law shall also terminate membership. The Board of Directors may, by resolution, authorize the Cooperative Management office to assess and charge the non-member fee to any resident household that fails to timely pay rent and charges owed under the Lease. The Cooperative may condition the benefit of any member receiving the preferred member rent on the member's household timely paying rent and other financial obligations. The Board of Directors shall not be required to formally revoke membership privileges and rights before the Management office may begin to charge the non-member fee to members that are not in financial good standing with the Co-op or have otherwise failed to participate in mandatory member requirements. The Board may delegate to Cooperative Management staff a standing direction to monitor resident compliance with financial obligations, timely payment of rent, and participation in the required member activities and, if a member fails to fulfill these duties, and remain in good standing, to authorize the Management office to give residents 30-day notice that a member is not in good standing or has not fulfilled membership requirements and that the member's privilege to pay the member rent shown on the lease will be subject to the immediate assessment of the non-member fee in addition to the member rent stated on the lease. The Board may authorize and direct management staff to suspend membership privileges, in terms of paying the preferred member rent, and to charge the Non-member fee without requiring the Board to move forward to fully terminate to take additional steps to terminate membership. Upon a resumption of fulfilling member obligations, or financial good standing, and meeting such terms as conditions as the Board working with staff may determine is appropriate, the suspension of membership privileges and the assessment of the non-member fee may end. The Board of Directors shall have the right to set conditions for continued membership and participation, including those conditions and requirements for a member to request that participation in a mandatory meeting or event be excused. A resident household can be

terminated from membership, the Board of Directors for failure to comply with the terms and conditions of membership, as determined by the Board of Directors from time to time. Notice of membership termination and the resulting imposition of the non-member fee can take place by action of the Board of Directors on one calendar months' notice to the resident household. Board action to cancel membership, and the resulting revocation of membership benefits, shall be accomplished by the Board of Directors giving notice to the CTC officer, or other person maintaining membership records in the business office of the cooperative, with the resulting change in rents taking place within one calendar month after notice of termination is given to the member. There shall be no right of appeal, contest, or challenge of any action to terminate membership by the Board of Directors. Residents may re-apply for membership within such period of time as may be set by the Board of Directors from time to time, to reconsider applications for terminated members.

Section 5: Membership Records

Records of membership applications, payment of membership fees, approval or rejection of membership applications, and membership completion of any required activities, contributions to cost reducing actions or services, or other mandatory participation in the activities or business of CTC, shall be maintained in the CTC business office. Membership records shall contain the following information for each member:

- A. The name or names of each member and their CTC address;
- B. The date such membership application was recorded by the Cooperative;
- C. The amount paid for any membership fee and the date of receipt of the payment;
- D. In the case of any joint ownership, the addition or deletion of any member who becomes or ceases to become a member by reason of moving into or out of CTC or being terminated from membership;
- E. The date or dates of suspension of any membership privileges, including the date that the non-member fee surcharge is imposed to the date of resumption of membership privileges if

applicable of termination of any membership interest; and

F. Such additional information, if any, that the Board of Directors requires to be maintained or logged regarding membership participation or completion of required activities.

The task of maintaining membership records may be delegated to the Cooperative Management office subject to the supervision of the Chair and Secretary or such other officers or representatives of the Board as may be approved by the Board.

ARTICLE V. MEMBER MEETINGS

Section 1: Annual Meeting

A. There will be one annual meeting each year for purpose of conducting business and elections. This meeting shall include a presentation from the Board of Directors to the members concerning the business and operations of CTC during the preceding fiscal year including information on the financial condition of CTC. The annual meeting shall include a presentation or submission from the Nominating Committee about persons seeking to be elected as Board members for the then open term of office. Board elections shall be conducted at the annual meeting.

B. The annual meeting of CTC shall generally occur in the spring and shall take place at such location conveniently located within the Minneapolis/St. Paul metropolitan area for purposes of holding elections and conducting business.

C. The Secretary shall give written notice of the annual meeting of the members to each member in the manner outlined in Section 3 of this Article. The notice shall state the date, time, and place of the annual meeting and shall set forth any proposed action where specific notice of such action is required in these Bylaws. If authorized by the Board of Directors, the notice will include any information about absentee voting and, if authorized, shall include the form of any absentee ballot.

Section 2: Special Meetings

Special meetings of the members may be called by a majority vote of the directors or upon the

written petition of at least twenty percent (20%) of the members, or upon receipt of a written request by the University of Minnesota. A special meeting of the members may be called any time and shall be held at any place where an annual meeting could be held. It shall be the duty of the Chair to cause written notice of the special meeting to be given to each member in the manner provided in these Bylaws. In the event the Chair fails to cause written notice of a special meeting to be given as required herein, such written notice may be given by any other officer of CTC or at the direction of the Executive Director upon receipt of a written request by the University of Minnesota, a written petition to the Executive Director by a majority of the directors or the written petition of at least twenty percent (20%) of the members and a verified statement (sworn to before a notary public) that the Chair has been requested to send notice of the special meeting and has refused or failed to do so within ten (10) days of such request. The notice shall state the date, time, place, and purpose or purposes of the special meeting and shall identify those who requested the special meeting. No business except that stated in the notice shall be considered or transacted at any special meeting.

Section 3: Manner of Notice

The Secretary shall give notice of each meeting of the members at least fifteen but no longer than sixty days preceding the date of the meeting of members in the following manner:

- A. By publication or dissemination in a magazine, periodical, newsletter, electronic notification distribution list or house organ regularly published or used for notification purposes by or on behalf of CTC and circulated generally among its members; or
- B. By mailing written notice to each and every member personally at his or her CTC address; or
- C. If CTC is providing internet access to all as a service provided without an additional service fee, and email addresses are maintained by CTC for each unit, then by email notice to each CTC member at his or her email address.

Upon mailing, emailing or other publication of any notice of an annual or special meeting of the

members, the Secretary shall execute a certificate setting forth a correct copy of the notice and showing the date and manner in which such notice was mailed, emailed and/or given which certificate shall state that the mailing, emailing or other publication notice occurred at least fifteen days before the date of the meeting. The Secretary certificate shall be made a part of the record of the meeting. Failure of any member to receive any such notice shall not invalidate any action which may be taken by the members at such annual or special meeting of the members.

In the event that the Secretary fails to give notice as required herein, such notice may be given by any other officer of CTC or may be given at the direction of the General Manager upon receipt of a written request by the University of Minnesota, written request from a majority of the directors or the written petition of at least twenty percent (20%) of the members and a verified statement (sworn to before a notary public) that the notice requested to be given herein has not been given by the Secretary within ten days of such request.

Section 4: Quorum

At any regular or special meeting of the members, a quorum necessary for the transaction of business shall be ten percent (10%) of the total number of members. The attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members present at the meeting, which registration shall be verified by the Chair and Secretary or any other officers or Board designee and shall be reported in the minutes of the meeting. The majority vote of members at a meeting duly called at which a quorum is present shall be binding upon all members for all purposes except where in these Bylaws or by law a higher percentage vote is required.

Section 5: Voting

Only members may vote. Voting is limited to one vote per household. If more than one adult resident of a cooperative household is a member, the members together shall have only one vote. Each vote shall be made in person, unless an absentee vote is authorized for a specific meeting as provided below. Voting by proxy shall not be allowed.

Section 6: Absentee Voting

A member who will be absent from a members' meeting may vote by mail or by electronic means, if absentee voting has been approved and authorized by resolution of the Board of Directors, and a method for absentee balloting is prescribed in the notice of meeting.

Absentee balloting, when approved, shall take place as follows:

- A. The ballot shall be in the form prescribed by the Board and contain:
 - i. the exact text of the proposed motion, resolution, or amendment to be acted on at the meeting. If the vote is for the election of Directors, the ballot will show the name or names of the candidates to be chosen that are nominated or otherwise standing for election.
 - ii. spaces opposite the text of the motion, resolution, or amendment, or the name of the candidate chosen, with clear spaces to indicate an affirmative or negative vote.
- B. If the vote is by mail, the member shall express a choice by marking an X in the appropriate space on the ballot and mail or deliver the ballot to the cooperative in a plain, sealed envelope inside another envelope bearing the member's name.
- C. Members may vote by electronic means if the cooperative is able to authenticate that it is the cooperative member who is casting the vote with a means of authentication that limits one vote per household.

If absentee balloting is approved, and the ballot is received by the cooperative on or before the date of the Board members' meeting for purposes of the election of Directors, or otherwise on or before any special meeting, the vote shall be counted as the vote of an absent member at the meeting where voting by mail or by authenticated electronic means is approved and permitted in the meeting notice. The determination of a quorum

at a meeting shall include members present by absentee ballot. **Section 7: Waiver**

A member may waive notice of a meeting of members. A waiver of notice by a member entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, or by attendance. Attendance by a member at a meeting is a waiver of notice of that meeting except where the member objects at the beginning of the meeting to the transaction of the business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

ARTICLE VI. BOARD OF DIRECTORS

Section 1: Number of Directors

CTC shall be governed by a Board of a minimum of seven regular directors elected by the members in the manner prescribed by these Bylaws. An additional two regular directors, for a Board of up to nine people may be elected if there is an additional qualified candidate or an application seeking a Board position, beyond the minimum number of seats to be filled in elections in alternate years as stated below. This minimum number of seven regular directors, or up to nine regular directors, may be changed by member action. The members may change the number of regular directors, or provide for the appointment of one or more special board seats to be filled by the Board of Directors in addition to the regular directors elected by the members by amendment to these Bylaws at any annual or special meeting of the members, provided that the notice of such meeting shall state that an amendment to the Bylaws will be considered to change the number of directors and/or provide for the appointment of special directors, and shall set forth the specific changes sought. Any change in the number of directors shall not shorten the term of any incumbent director.

Section 2: Eligibility

Only CTC members may be directors. Persons seeking office as a Board member must be eligible for residency at CTC either individually, or by way of the member's co-tenancy with an eligible

resident for the entire term of Board service and must be members in good standing with regard to lease and financial obligations. No staff person or employee of CTC may serve on the Board. Only one member per household may serve on the CTC Board. If an elected Board Member is only eligible by reason of a co-tenant's University student/attendee status, and the household composition changes so that the Board member is no longer eligible for residency, then that Board member will become ineligible and will be required to resign unless the Board member can demonstrate that a replacement co-tenant/roommate will become part of the household that will meet student/University eligibility requirements and be added to the Lease within 60 days. A person who has been removed from office on the Board of Directors is not eligible. Board members who have been elected for, and filled a two year term of office, are not eligible to run again as Board members for another two year term except in the limited case where the Nominating Committee cannot propose enough eligible, qualified, and willing, Board candidates to fill an open position for another, two year term. The restriction on eligibility and term limits do not apply to non-member elected, replacement directors as described below.

Section 3: Nomination, Election, Term of Office and Replacement Directors

A. Term of Office

Three Board members shall be elected in odd years by the members during the annual member meeting and four Board members shall be elected in even years. Board members shall continue in office for a two year term or until the earlier resignation, removal, or death of the Director. In the event the Nominating Committee has an additional qualified candidate to seek office in either the odd or even year of election the number of directors that may be elected in any year may be increased by one, (i.e., up to four candidates in an odd year and up to five in an even year) subject to a limit of nine regular directors. The two year term of office shall be approximately two years running from the date of the annual meeting of members until the date and election of regular Board members in the next odd year, or even year, as the case may be. The resignation, removal, or death of a director during his or her term, and the replacement of such director as

provided in these Bylaws, shall not change or extend the term of office. Each director shall have all the authority and duties of director given by law and in these Bylaws. Each director shall serve, subject to earlier death, resignation, or removal until a successor director is elected. A director's term of office shall also end, and the director shall be removed, if the director ceases to be a member of CTC, if the director's Lease is terminated, if an eligible co-tenant roommate vacates and the Director is not an individually eligible University student attendee, (and cannot demonstrate that an eligible co-tenant/roommate will become part of the Director's household within 60 days) or if the Director fails to remain in good standing with regard to lease and financial obligations.

B. Replacement of Directors

Vacancies in the regular Board of Directors may be filled by the Board appointing a member meeting the eligibility requirements set forth above, to serve the remaining term. If the Board vacancy does not reduce the total number of regular Directors below seven the Board may, but shall not be required to, replace a vacant Director's seat. For purposes of the appointment of replacement directors, the Board may select former Board members including those who have already served a full two year term. The term limit on eligibility that, applies to members running for election for a board seat shall not apply to the Board's selection of replacement directors.

C. Nominating Process

Persons seeking to be elected as Board members will be presented to the members at an annual meeting for consideration and election by a Nominating Committee. The Nominating Committee will be a Subcommittee of up to three (3) members of the Board of Directors selected at the January Board meeting, with other members of the community, who may or may not be members of other committees invited to participate. The Nominating Committee is charged with the responsibility for selecting and recruiting persons who will be good Board members and will carry out Co-op goals.

Persons wishing to run for election to the Board of Directors must complete an application process.

No person may ask to run or be considered for election at the annual meeting that has not submitted an application to the Nominating Committee and provided such information as may be requested of all candidates regarding his or her qualifications, interest in service, and acknowledgment of the responsibilities for service as a Board member. The Nominating Committee will conduct open meetings.

During the annual meeting the Nominating Committee will present candidates seeking election who have completed the Nomination Committee process and meet the eligibility requirements for the Board service.

D. Seating of Elected Directors and Replacements

Directors elected to serve at the even or odd year elections shall begin to serve at the next special or regular Board of Directors meeting without further action or approval. Persons seeking positions as elected directors or serving as replacement directors are required to make time and to attend all mandatory Board of Director trainings in addition to Board meetings. Any replacement director shall begin service at the time and manner specified by the Board of Directors acting to name the replacement director.

Section 4: Resignation and Removals

A. Any director may resign in person at a regular or special Board meeting or at any time by written notice delivered or sent by certified mail to the Chair or Secretary. The resignation shall take effect at the time specified at the meeting or in the notice and, unless specifically requested, acceptance of the resignation shall not be necessary to make it effective.

B. A Board member that fails to attend any mandatory Board training or three regular meetings of the Board of Directors, and the Board does not excuse such absence, shall be deemed to have resigned from the Board of Directors.

C. Any Board member who ceases to be eligible for residency at CTC, or fails to remain in good standing with regard to lease and financial obligations, shall be deemed to have resigned from the Board of Directors. If the Board member does not voluntarily resign under circumstances

where the Board member is no longer eligible for residency or is not in good standing with regard to lease and financial obligations, the Board shall call a special meeting of the members for purposes of removing the Board member.

D. If a majority of the Board of Directors feels that any member of the Board of Directors is not performing the duties of the position of a Director in a manner that promotes Co-op goals and a productive and open decision making process, a majority of the Board may ask for the Board member to resign or, if the Board member does not resign, request that a special meeting of members be held for purposes of voting on a request to remove a Director for cause. Notice of such a meeting shall be given in the matter set forth in Article 5, Section 2. The notice shall set forth the reason for the meeting and may, or may not, further propose a candidate to fill any vacancy caused by the requested removal.

E. Any or all directors may be removed at any meeting of the members called for that purpose according to Article V, Section 2 at which a quorum is present. Those individuals calling for removal shall first send notice to each director to be removed by mailing a certified letter to the director's CTC address at least 10 days before causing the directors to call the meeting of members or giving notice of demand of a meeting of members to the Chair. Notice of the meeting of members shall then be given to all members as provided in Article V, Section 3 of these Bylaws. The removal of any director or directors shall not be considered at any meeting of the members unless the notice states that the meeting has been called for that purpose.

F. At any special meeting of members to consider and vote on a petition for removal, any director, or directors, that are subject to a request for removal shall be entitled to present his/her /their response to the petition for a time period of 30 minutes or less in total for any one or all directors, and the persons proposing the petition shall be given 30 minutes or less to present their case.

The Secretary, or such other persons appointed by the Board of Directors, shall be responsible for determining a quorum and attendance at a special meeting and recording in-person votes by

voice or written ballot.

Section 5: Authority and Duties

A. Management of CTC

The Board of Directors shall govern the business affairs of CTC, and may do all such lawful acts and things as are not inconsistent with the Articles of Incorporation, these Bylaws, or any lawful directive of the members.

B. Executive Director

The Board of Directors shall have the power to employ, set goals for, and dismiss the Executive Director of CTC. The duties of the Executive Director shall be those of a General Manager, as defined in the Management Agreement between the Cooperative and the University of Minnesota with the responsibility for the duties delegated to that position in that Agreement. The Executive Director shall have the power and authority to employ and dismiss other employees of CTC, to determine their duties and fix their wages, subject to general guidelines and policies that may be set by the Board of Directors, or a committee of the Board, from time to time. The Executive Director may not be dismissed by the Board without the affirmative vote of 75% of the voting directors in favor of dismissal.

In lieu of hiring an Executive Director, or in addition to hiring an Executive Director, the Board of Directors shall have the power to hire, subcontract, or otherwise employ a professional property management firm to carry out all, or some of the duties, of the Executive Director, set forth above to hire and fire employees of the cooperative, to determine their duties and fix their wages, and to otherwise provide services to the cooperative either through employees of CTC or the employees, agents, and staff of the professional property manager. The hiring, execution of any contract, termination or dismissal of any professional property management firm shall require the affirmative vote of 75% of the voting directors for any action regarding a professional property management firm.

C. Rules and Regulations

The Board of Directors, with the approval of the University as provided in the Management Agreement, may adopt, amend, and repeal from time to time such reasonable rules, regulations, policies or procedures as it deems necessary or proper with respect to the premises or property owned, leased, or managed by CTC for the health, safety, and convenience of the residents in addition to or in substitution for those rules and regulations set forth in the resident's Lease. Copies of all rules and regulations and of any changes therein shall be furnished to each resident in the form of a Resident Handbook or otherwise made available for inspection and copying by maintenance of the records, including standard policies and procedures, in the CTC business office or in a website or other online site where such information is accessible to CTC members and residents. Changes in the rules and regulations, including repeal and revision of existing rules in the handbook, may be made by the Board of Directors, with the approval of the University as provided in the Management Agreement, at any time and may be communicated to the members and residents by notices published in the Terrace Times or any similar newsletter /house organ or electronic communication going to the members on a regular basis or by distribution of a notice of such new rule or change in rule delivered to each resident household and/or member by delivery of the notice to the resident's unit, CTC mailbox, or, if all residents receive email without a separate fee, by CTC email. Such rules and regulations shall be binding upon all residents. Changes in rules and regulations may be effective immediately or, where the change relates to the Lease, upon notice equal to one calendar month.

D. Fiscal Policy

The Board of Directors shall set the fiscal policy of CTC in a manner not inconsistent with these Bylaws, which includes but is not limited to creating or maintaining reserves, fixing the amount of rent, ordering audits when appropriate, and supporting programs for the benefit of members and to support CTC's educational goals. It is the policy of the Board of Directors

of CTC, and its members, to set the annual budget and rent levels at CTC as low as reasonably possible, while still being sufficient to allow CTC to comply with the terms of its Management Agreement with the University of Minnesota, to maintain any required or appropriate reserves, and to provide for a reasonable loss or risk contingency for a residential rental property. The fiscal policy and goal of CTC is to give its members the best service possible, for the most affordable rents, rather than building up any surplus or projected net income into the budget. The Cooperative model at CTC is intended to promote educational opportunities and a living environment where membership participation can help reduce operating costs and create and fund programs for the benefit of members. It is not the fiscal policy of CTC to create or distribute any patronage refunds or distributions. All revenues collected by CTC are intended to fund operations, necessary reserves, and programs that benefit members.

E. Election of Officers

The Board of Directors shall elect officers of CTC pursuant to Article VII of these Bylaws.

F. Report to Members

The Board of Directors shall report to the members at the annual meeting the business transacted by CTC since the previous annual meeting of members.

G. Committees

The Board of Directors shall establish such committees as are required by these Bylaws. The Board of Directors may establish any other committees from time to time as it may deem necessary and proper. In every instance, the Board of Directors remains ultimately responsible for the efficient and lawful operation of each committee.

H. Training and Orientation

The Board of Directors shall, in connection with the beginning of the term of each new group of Board members for even, or odd, election year terms, plan and implement a program of training for new Board members that includes, but is not limited to, training and orientation meetings with

the current Board members, and professional assistance from consultants and advisers that routinely work with CTC such as the University Liaison, the Executive Director, NASCO, its auditor, legal counsel, banker, financial advisor, and other resources.

Section 6: Meetings of the Board of Directors

A. Meeting Policy

The University Liaison and the Executive Director will be invited to attend all regular and special Board meetings. Participation and presentations from the University or management shall be as set by agenda and as needed by the Board of Directors for input.

It is intended that the Executive Director and the Board should work together to formalize a process where the Executive Director shall prepare and deliver a report on CTC operations. This report would be designed to be educational and informative. The Executive Director would be available after any report is given to answer questions or suggest resources when requested. The Board and the Executive Director could request that the Executive Director be excused from portions of the meeting where the Executive Director's input and assistance is no longer needed or requested. The Board may further request that the Executive Director be excused from any portion of the meeting where the performance or the evaluation of the Executive Director is the topic of discussion.

B. Regular Meetings

Regular meetings of the Board of Directors shall be held at such time and place as the directors shall, by resolution adopted and recorded in the minutes, from time to time determine. To the extent practicable, the Board of Directors shall endeavor to set a calendar for regular meetings, and trainings, as far in advance as possible, for the current and next elected Board so that persons seeking to serve on the Board, know the expectations for regular meetings and required trainings.

C. Special Meetings

Special meetings of the Board of Directors may be called by the Chair or by request of a majority

of the directors, the Executive Director or by the University of Minnesota. In the event of a failure or refusal of the Chair or Secretary to give a notice of a special meeting of the Board of Directors when required herein, such notice may be given by any other officer of the Board or, by a majority of the directors, by the Executive Director or by the University of Minnesota. The notice shall be in writing and shall include the date, time, place, and purpose or purposes of the special meeting. No business except that mentioned in the notice shall receive final action at the meeting. Absence at a special meeting of the Board of Directors when notice has been duly given shall constitute a waiver of notice of the meeting. Likewise, attendance at the meeting without protesting the lack of notice prior thereto shall constitute a waiver of notice.

D. Quorum

A majority of the number of voting directors shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law, by the Articles of Incorporation, by these Bylaws, or by the rules of parliamentary procedures adopted by the Board of Directors.

E. Closure

All meetings of the Board of Directors, whether regular or special, shall be open to the members of CTC unless a majority of the directors present at any meeting at which a quorum is present shall vote, to close the meeting or any portion of it. For purposes of planning the Board of Directors, meetings, the Board may, at any time during its term, announce an intention to hold the open and closed session of meetings according to a general, predetermined schedule, which schedule may be change or modified by the Board of Directors at any time during the term. Any portion of a meeting involving a discussion of employment or personnel matters, or any individual case or dispute among members, or residents, shall be closed. Separate minutes shall be taken and kept confidential of matters that relate to any individual employment, personnel, or member or resident matter.

F. Notice and Agenda

The Secretary of the Board of Director shall establish a means for determining and publishing an agenda in advance of any regular or special meeting in the Terrace Times (or successor periodic CTC newsletter/ house organ). An effort will be made, in the case of a special meeting, to post an agenda in a conspicuous place in each ward or, in the case of a new item of business presented without advance notice, the Board may consider and act on such new matter without prior notice but the minutes for such meeting shall specifically note that the item was added to the agenda and the special reasons for considering the item without advance notice. In case of emergency, or other exigent circumstances, where a new item is presented or a meeting is held and it is not possible to include such agenda item in the Terrace Times (or other CTC newsletter /house organ), the Board may hold a special meeting and take any actions necessary under the circumstances, and the minutes shall reflect why the meeting and actions taken occurred without prior notice.

G. Electronic Meetings and Hybrid Meeting Option

As a student and member governed housing cooperative, the Board of Directors shall endeavor to hold and conduct meetings at times and places that are convenient for Board members to participate in person, and to engage with each other and with representatives from the University and Cooperative management staff. However, the Board of Directors may authorize and approve, and otherwise conduct, meetings by electronic communication in whole or in part. If approved and authorized in connection with a regular meeting, or special meeting, the use in whole or in part of electronic communications. Electronic meetings may take place as set forth below.

A. If a conference can take place among Directors by any means of communication through which the Directors may simultaneously hear each other during the conference, and other standing invited to participants including the Executive of Director and the University Liaison are notified and are able to likewise participate, such conference will constitute a Board meeting. The same notice for such a Board meeting by on electronic conference will be given as otherwise

required herein, with information sufficient to participate in a meeting. Participation in a meeting by electronic means, shall constitute presence in person at the meeting.

B. If a meeting is held in person, but approval and means are arranged for one or more Board members, the Executive Director, or the University Liaison, to participate by a means of communication where such Director or other participant simultaneously hear each other during the meeting, such participation by electronic means shall constitute presence in person at the meeting for purposes of determining a quorum, voting, and other purposes.

Section 7: Compensation

Members of the Board of Directors and officers shall serve without financial compensation for volunteer services rendered. The Board of Directors may, from time to time, consider and adopt procedures for providing childcare or providing reimbursement for childcare, which policy shall receive input and recommendations from the Executive Director, with such assistance or advice as may be needed from any accounting or tax advisers to CTC.

Section 8: Executive Committee

In between regular meetings of the Board, and in lieu of the calling of any special meeting, the Board of Directors may delegate to an Executive Committee. The Executive Committee will be composed of the officers of the Board of Directors as defined in Article VII, and any additional directors as the Board may appoint to serve on the Executive Committee. The Executive Committee may handle such questions and business that may arise and warrant action and attention in between regular meetings of the Board. In the case of an emergency or circumstances warranting immediate attention, the Executive Committee shall have the power to act on behalf of the Board of Directors. Any actions taken by the Executive Committee shall be reported at the next regular or special Board of Directors meeting. The Executive Committee may not act on behalf of the full Board unless any action of the Executive Committee has the approval of three-fourths all Executive Committee members, which approval may be obtained verbally or in writing.

ARTICLE VII. OFFICERS

Section 1: Officers

The officers of CTC shall be a Chair, a Vice-Chair, a Secretary, and a Treasurer.

Section 2: Election and Term of Office

After each annual election of a new slate of Board members to fill even or odd terms, the full Board of Directors shall, at their next regular meeting, elect a Chair, Vice -Chair and a Secretary or Treasurer. To enhance the most informed elections and participation, the Board may attempt to schedule training and orientation meetings before the next regular Board meetings and all current and incumbent officers, including any officers who may be ending their term as a Director as a result of the expiration of their odd or even year term, shall continue to serve in office, even if such person is no longer on the Board of Directors, until the election of the next slate of officers. Any officer who is not continuing in service on the Board of Directors due to expiration of that officer's Board term, shall, nevertheless, attend the next regular meeting of the Board of Directors or otherwise attend meetings until the officer's successor is elected for purposes of providing training, continuity, and orientation for the benefit of all Board members and new officers. Other than service in such interim, carry over officer positions, all officers must be elected from members of the Board of Directors. All officers who cease to serve on the Board of Directors due to the expiration of that officer's term as a Board member, shall be encouraged to be available to the succeeding officer and the continuing Board of Directors to help with the transition process, training, and to otherwise further the educational and cooperative goals of CTC.

Section 3: Duties of Officers

A. Chair

The Chair shall:

1. Perform all duties required in these Bylaws, by law, or in any other rules, handbook or policies of CTC;
2. Preside over all meetings of members and all meetings of the directors;

3. Sign all contracts and any other instruments which may be authorized from time to time by the Board of Directors and require the signature of a Cooperative officer;
4. Subject to the control of the Board of Directors, perform all duties incidental to the office;
5. Perform all other duties as reasonable assigned by the Board of Directors;
6. If any officer fails to carry out any of the duties required in these Bylaws within a reasonable period of time after being requested or required to do so, the Chair may fulfill such duty; and
7. Perform all duties as a member of the Board of Directors except the Chair will not vote unless there is a tie.

B. Vice-Chair

The Vice-Chair shall:

1. Perform the duties of the Chair in the absence, incapacity, or wrongful refusal to act of the Chair;
2. Succeed to the office of Chair for the remainder of the Chair's term in the event of a vacancy in that office;
3. Perform all duties as reasonable assigned by the Chair or the Board of Directors; and
4. If the Chair fails to call any meeting duly requested in accordance with these Bylaws, the call of the meeting may be performed by the Vice-Chair. If the Secretary fails to give notice of any meeting duly requested, the Vice-Chair may cause such notice to be given.

C. Secretary

The Secretary shall:

1. Maintain a complete record of the meetings of the members, the Directors and the Executive Committee, which responsibilities may be delegated to a person acting as a minute taker or recorder at open meetings of the Board and member meetings, with the understanding that the Secretary will be responsible for recording minutes of Board actions taken in closed sessions and the actions of the Executive Committee;

2. In conjunction with the Treasurer, or any CTC employee acting under Article IV, Section 5, cause to be maintained a membership record book containing the names and CTC addresses of all members and such other records of membership as the Board of Directors require from time to time;
3. Sign all notes or agreements or any other certifications requiring signature by the Secretary;
4. Cause notice of all meetings of members and special meetings of the Board of Directors to be given in the manner prescribed by these Bylaws; provided however, that the transmission and communication of notice, whether by mail, electronic, or otherwise, may be delegated by the Secretary to CTC office staff for purposes of transmitting the content of the notice as prepared and directed by the Secretary or as approved by the Secretary.
5. Cause to be prepared and submitted to each member at the annual meeting of CTC a complete and detailed report of the previous fiscal year's business, including a statement of income, expenses, and any other statistical data as the directors may require;
6. Facilitate and assist in coordination of any ward meetings, forward appropriate communications and information to Ward Representatives and provide such other assistance to Ward Representatives as is reasonably necessary;
7. Perform all other duties required in these Bylaws or by law;
8. Perform all duties as reasonably assigned by the Chair and the Board of Directors; and
9. If the Chair and Vice-Chair fail to call any meeting duly requested in accordance with these Bylaws, then the call and sending of notice for the meeting may be handled by the Secretary.

D. Treasurer

The Treasurer shall:

1. Cause to be maintained a complete and accurate record of all financial transactions of this association;
2. In conjunction with the Secretary, or any CTC employee acting under Article IV, Section 5, cause to be maintained a membership record book containing the names and CTC

addresses of all members;

3. Serve as a liaison between the Board of Directors and the Finance-Committee;
4. Perform all other duties required in these Bylaws or by law;
5. Perform all duties as reasonably assigned by the Chair or the Board of Directors; and
6. If either the Chair or Secretary fails to carry out their duties to call and send notice of a special meeting duly requested in accordance with these Bylaws, the call and notice may be handled by the Treasurer.

Section 4: Vacancies

A vacancy in the office of the Chair shall be filled by the Vice-Chair. The vacancy thereby created in the office of Vice-Chair and a vacancy in any other office of CTC shall be filled by a majority vote at a regular or special meeting of the Board of Directors.

Section 5: Resignation and Removal

A An officer may resign from office at any regular or special Board meeting or at any time by written notice delivered to the Chair or Secretary. The resignation shall take effect at the time specified at the meeting or in the notice and unless specifically requested, acceptance of the resignation shall not be necessary to make it effective.

B An individual may be removed from office by a two-thirds vote of the Board of Directors at any regular or special meeting of the Board of Directors at which a quorum is present or by the majority vote of the members at a regular or special meeting of members, notice of which is duly given in accordance with these Bylaws and at which quorum is present.

If an officer is to be removed from office at a meeting of the Board of Directors, those calling for removal from office shall, at least 10 days prior to the meeting at which such action is proposed to be taken, cause written notice to be given to the officer to be removed by delivering the notice to the officer's CTC Board mail box and by mailing a copy of the notice to the officer's CTC address. The removal of any officer shall not be considered at any meeting of the directors unless, at least five days prior to such meeting, written notice (including the date, time, place, and a statement

that the action is proposed to remove the officer) is given to each director, and is published in a magazine, periodical, newsletter, or other house organ regularly published by or on behalf of the cooperative and circulated generally among its members. Attendance at the meeting without protesting lack of notice prior thereto shall constitute waiver of notice.

If an officer is to be removed from office at a meeting of the members, a notice of such meeting shall be given according to Article V of these Bylaws, and shall state that one of its purposes is to remove the officer.

- C. The Board of Directors may call for removal of all officers and conduct a new election for all offices by a majority vote at any meeting of the Board of Directors after giving due notice to all officers and directors in the same manner as provided for giving notice when an individual is to be removed from office by the Board of Directors as outlined in paragraph B above.
- D. Any officer who resigns or is removed from office in the manner previously described shall complete his or her term as director unless sooner removed or disqualified as director in a manner not inconsistent with these Bylaws.
- E. Except for officers who cease to be a Director as a result of the expiration of their two year term and the election of new Directors, any officer who ceases to be a director shall be deemed to resign from the office at the time the term of director ceases. Officers who cease to be a Director as a result of the expiration of their two year term shall continue to serve in office until the election of a new slate of officers and a successor officer is elected at the next regular meeting of the full Board of Directors.

ARTICLE VIII. STANDING COMMITTEES

Section 1: Authorization for Committees and Standing Committee

The Board of Directors shall establish the Executive, Nominations, Programs, Finance and Operations Committees, which together comprise the standing committees of CTC. The Board shall have the right to set additional policies, rules, requirements and procedures for the operations and meetings of standing committees, including member participation and the

reports by standing committees to the Board, without the need to give notice of a special members' meeting and formally request a revision of the Bylaws. In their discretion, the directors may create any other special committees as it deems necessary and proper. If needed, to address grievances or disputes between individual residents regarding CTC matters, or to address issues of customer service and communications between residents, members, and Management, the Board may form a Conciliation Committee as a special committee on an ad hoc basis. The term of any special committee shall end at the close of the term of the Board of Directors unless the next elected full Board chooses to continue such committee for another one-year term or until such time as any pending committee business is completed.

Section 2: Policies for Committees

It is the policy of CTC to encourage member participation in a way that enhances the quality of life, housing environment, affordability, and programs available to CTC residents and their families. It is further a policy of CTC to provide educational opportunities for CTC members. Committee meetings, activities, and governance should be conducted with an effort to fulfill these policies.

Section 3: Committee Meetings, Participation, and Organization

- A. Except where specifically provided otherwise in these Bylaws, the meetings of committees and the membership shall be as determined by committee participants and volunteers on an ongoing basis. Committees shall hold an initial organizational meeting at a time that coincides with the scheduling of the annual Board of Directors elections and subsequent election of officers.
- B. Each committee shall select its own Chair. If a Chair resigns or is removed from his/her position by a majority of Committee members a new committee chair may be elected by a majority of the remaining committee members.
- C. The committee chair shall be responsible for calling and holding meetings. It is a goal of CTC

to urge committees to set a calendar for meeting dates and times as far in advance as possible to encourage maximum participation and allow members to plan. Where possible, an effort shall be made to give at least one weeks' prior notice to all committee members of meetings and advance notice of committee meetings shall be published, when possible, in the Terrace Times or similar newsletter /house organ publication distributed to all CTC residents.

- D. The chair of each committee is responsible for preparing minutes, or otherwise arranging for another committee member to take and prepare minutes. The chair of each committee is responsible for reviewing any minutes for accuracy, submitting them in advance for Board meetings, and attending Board meetings when there is committee business to report or the potential that the Board will have matters to refer or discuss with a committee representative.
- E. Except for the Executive and Nominations Committee and, as discussed below and special circumstances for the Conciliation Committee, all committee meetings shall be open to all members of CTC and shall be conducted in a democratic manner. Where appropriate, individual committees may distinguish between regular, voting committee members, and other committee volunteers who do not regularly attend committee meetings or have a right to vote on matters that require a committee decision.
- F. The committee chair shall run each committee meeting and may invite, limit, or exclude participation by non-committee members at committee meetings. The committee chair and all regular members of committees must be a current member in good standing with regard to financial and lease compliance matters.
- G. Participation in committees shall be on a volunteer basis with no compensation or consideration paid. Any expenses incurred shall be reimbursed in accordance with such policies as may be set from time to time by the Board of Directors.
- H. Any committee shall have the right to exclude one or more members or visitors from a particular meeting, or future committee meetings, if the member or visitor is behaving in an uncivil or undemocratic way. A persistent failure to adhere to a committee agenda, disruptive or

argumentative behavior, or any other conduct that results in two-thirds of the regular members of a standing committee voting to remove a member from attendance at a meeting shall be sufficient for purposes of excluding a member from the meeting where the vote is taking place. If an action is requested to permanently remove a member from future meetings of the committee, such action must be initiated by a written request of one-third of the regular committee members with written notice of this action given in advance to all regular members of the committee. This action shall be considered at the next regular or special committee meeting and shall require the two-thirds vote of regular members in attendance to exclude a member from future meetings.

- I. The University Liaison and the Executive Director, or other representative of CTC management, may attend a meeting of any standing committee, but shall not vote.

Section 4: Executive Committee

The composition and purpose of the Executive Committee shall be as set forth in Article VI, Section 8 of these Bylaws.

Section 5: Nominating Committee

The composition, purpose, and schedule of meetings for the Nominating Committee shall be as set forth in Article VI, Section 3 (C) of these Bylaws.

Section 6: Programs Committee

A Programs Committee, together with any desired subcommittees of Programs, to provide members, and their families, with activities including but not limited to, welcoming events, sports, community involvement, and other programs in areas of interest to members. In the event that funding is made available to provide management staffing to give assistance for the Programs Committee then the management staff member may serve as the committee chair and provide such assistance as is necessary and appropriate to conduct meetings, coordinate activities, organize and facilitate subcommittees, and communicate the activities and opportunities of CTC Programs to members through the Terrace Times, (or other resident newsletter/house organ) and other channels.

Section 7: Operations Committee

The Operations Committee shall work with CTC management and members on policies and proposals relating to the grounds, safe, efficient, and cost-effective operations, and activities that promote membership involvement. The Operations Committee's purpose may include providing assistance and monitoring to management to make sure that each Ward has an elected or volunteer Ward Rep and that the members of each Ward help CTC reduce operating and employment costs by cleaning and maintaining the laundry rooms in each Ward on a daily basis. The committee shall perform such other tasks that are related to the grounds and operations of CTC as may be assigned to it by the Board of Directors.

Section 8: Finance Committee

The Finance Committee shall include a minimum of at least three regular Finance Committee members and no more than five regular Finance Committee members, and such additional volunteers or alternates who choose to attend and participate in Finance Committee meetings. The Finance Committee shall receive input and direction from the CTC auditor and any accountant and/or bookkeeper to review the budget, the audit, the proposed rent and fees schedule, and CTC investments. The Committee will further receive input and assistance from the University Liaison and management to have an educational opportunity to review the financial policies and procedures relating to the operations and fiscal policies of CTC. The Committee may perform such other tasks of a financial or fiscal matter as are assigned to it by the Board of Directors.

Section 9: Conciliation Committee

A. Duties

A Conciliation Committee may be formed, as needed, on an ad hoc basis, by the Board of Directors with one or more Board members, or others, appointed by the Board, to serve on the Committee. When formed, the Committee shall serve as a mechanism for the resolution of disputes between individual residents regarding CTC matters and to address issues of customer service and communications between residents, members and management. The Committee, in

its discretion, may offer disputing parties the opportunity of asking the Committee to serve as a mediator and to try and resolve issues and complaints on a voluntary basis between the parties. Alternatively, the Conciliation Committee may hear complaints and grievances and give each participant an opportunity to be heard with the Committee issuing a written, recommended decision. The Conciliation Committee does not hear or mediate grievances in relation to Board decisions or matters of CTC governance. The Conciliation Committee may hear disputes about how management has addressed or handled resident or member concerns, as they relate to the duties of management to provide good customer service and clear channels of communications with residents.

The Conciliation Committee shall not have the power to hear or take cases that involve member or resident's complaints against management relating to any fines, fees, damages or other amounts owed to CTC under the lease or polices. The Conciliation Committee may work with management to assist management in establishing its own separate procedure that gives residents and members a direct avenue for reporting grievances or complaints to the management office and staff relating to lease enforcement, rents, fees, or fines but the Committee does not have jurisdiction to decide or hear cases regarding lease enforcement matters. The Conciliation Committee has no authority or jurisdiction regarding employee matters. Employment and personnel matters are the responsibility of the Executive Director and/or other professional management firm hired by the Board of Directors under Article VI, Section 5 (B) of these Bylaws.

The Conciliation Committee does not have the right to change or adjust eligibility requirements for residents. Eligibility is governed by the Management Agreement between CTC and the University of Minnesota and only the University may change eligibility requirements and limitations.

B. Appeal

Decisions of the Conciliation Committee shall be reviewed by the CTC Board of Directors. In case

a member appeals to the Board, the Board may affirm or reject any recommendations of the Conciliation Committee. A decision of the Board of Directors is final and conclusive.

C. Records

The Conciliation Committee shall keep records of decisions made at hearings and index them for future reference. However, the Conciliation Committee shall hear each case and make each decision on the merits of that case. The records of prior decisions or actions may be considered but only as guidelines. An action taken, or not taken, in a prior Conciliation Committee decision shall not be a sufficient basis, absent other reasonable grounds, for a subsequent committee decision.

D. Meetings

Except as provided below, the hearing portion of Conciliation Committee meetings shall be open and the deliberation portion shall be closed. However, a party to a case before the Committee may request that the hearing be closed. The Chair shall have the discretion to close the meeting in response to such a request but shall not be required to do so.

ARTICLE IX. FISCAL MANAGEMENT

Section 1: Fiscal Year

The fiscal year of CTC shall begin on the first day of each July and close on the last day of June of the following year.

Section 2: Books and Accounts

The books and accounts of CTC shall be kept on a fiscal year basis, and shall maintain such additional reserves for capital, or other purposes, required by the Management Agreement with the University of Minnesota. It is a stated goal of CTC to establish its annual rents and budget so that CTC residents enjoy the most affordable rents possible. Accordingly, CTC does not intend to budget or plan for net income or revenues for purposes of distributing a patronage refund. CTC shall consult with its accountant and auditor throughout each year so as to manage its business and affairs in a way that provides the most affordable, ongoing rents and services for residents and does not produce any net income that would be contrary to CTC's business purpose and tax

status as a management housing cooperative. The directors shall examine all accounts at their regular meetings and annually following the close of each fiscal year but before the date of the annual meeting of the members.

At the regular monthly meeting of the Board, the Executive Director shall provide the Board with an Operations Report.

In the event that any portion of the responsibility for maintaining books and accounts has been subcontracted out by CTC to an independent professional management company, or other professional or is otherwise not the Executive Director, the monthly meeting shall include a report from the person or entity responsible for maintaining books and accounts and records of income and expenses.

Section 3: Audit

A complete audit of the books and accounts of CTC shall be conducted by an independent certified public accountant annually as promptly as possible after the close of CTC's fiscal year. The most recent completed audit of CTC shall be made available to the members at the annual meeting. The independent auditor of CTC shall also prepare such other records, and meet such other requirements, as may be required by CTC's Management Agreement with the University of Minnesota.

Section 4: Report of Operations to Members

The directors shall submit to each member a report covering CTC's business and operations during the preceding fiscal year within four months of the close of each fiscal year, and shall also submit the same at the annual meeting of members. Said report shall include a printed report of the final audit statement of CTC's books and accounts, including a balance sheet indicating its financial position at the close of the preceding year, a statement of income and expenses for the preceding fiscal year, and any other financial information which the directors desire to be distributed to each member.

Section 5: Annual Gross Income

All sums received by CTC during each fiscal year from any and all sources whatsoever, including rents, fees, special assessments, investments, interest, and all sums received as patronage refunds from other cooperative associations, shall constitute annual gross income.

Section 6: Annual Net Income

Annual net income shall be determined by deducting from the annual gross income the following:

- A. All necessary expenses incurred by CTC during the fiscal year, including but not limited to any management fees or costs or expenses reimbursable to a professional management company providing management service for CTC, wages and salaries of CTC's employees, costs of all services performed for residents and members, the cost of all supplies, commodities, and equipment including reasonable reserves for depreciation of physical property, doubtful accounts, etc.;
- B. Employee deferred compensation payments and contributions to employee pensions or other retirement plans, if any; and
- C. Any and all reserves payable or other obligations which CTC shall be bound to retain from time to time pursuant to CTC's Management Agreement with the University of Minnesota.

Section 7: Reserves

- A. Capital Reserve

CTC may set aside amounts to be maintained as a capital reserve. The amount to be maintained as a capital reserve shall be determined, and adjusted, from time to time by the Board of Directors with regular input and advice from the University, the Executive Director, and the Finance and Operations Committee. At all times the amounts to be saved, or retained, as capital reserves shall be determined with consideration of known or planned capital projects that have been planned for by the cooperative as well as a reserve or contingency fund for unknown, or as yet unplanned, capital needs and requirements.

- B. General Reserve

In addition to the capital reserve, which shall be set to be sufficient for known and planned for capital improvements and expenses, and a reasonable sum to be held as available funds for contingent capital expenses, the Board shall establish and maintain a general reserve. When there are sufficient amounts in the capital reserve accounts for known and planned for capital expenses, and a reasonable contingency fund, a portion of each years' annual income that could be allocated to the capital reserve, or excess fund in the capital reserves, may be delegated by the Board of Directors, with input from the Executive Director, the CTC independent auditor, accountant or bookkeeper, and the Finance and Operations Committee to a general reserve that may be used for noncapital purposes, such as educational activities, special projects, or other matters that were not part of CTC's proposed annual budget but are deemed as necessary, fair and appropriate by the Board of Directors.

C. Accounting Reserves

The directors may establish and accumulate accounting reserves for new buildings, machinery and equipment, depreciation, losses, anticipated expenditures, risks, and other purposes.

D. Disbursements

No disbursements from the capital reserve, general reserve, or accounting reserve shall be made without explicit approval of the Board of Directors.

Section 8: Patronage Refunds

It is the goal and policy of CTC to set rents and budgets in such a matter that there is no net income that would be available for distribution on the basis of patronage. CTC shall strive to operate as efficiently as possible to maintain necessary reserves under the Management Agreement and to provide affordable rents and services to members without producing a "net income." In the event that there is any net income that is not needed for reserves, programs, or other purposes advisable or recommended by the independent auditor for CTC and CTC's obligations under its Management Agreement with the University of Minnesota, such income would be distributed on the basis of patronage based on the amount of rents paid by members

in the year in which net income is received. The amount and requirement for any patronage refund will be determined by the Board of Directors with input and advice from the independent auditor for CTC. In the interests of saving on administrative costs and record keeping, the Board of Directors and independent auditor may condition or require that patronage refunds be made solely to persons who are still members and residents in good standing at CTC and may restrict patronage refunds to being distributed as an offset against any ongoing rent or other outstanding obligation owed to CTC. Any amount payable as patronage refund may be offset against any outstanding obligation owed to CTC. Any patronage refund or payment not claimed within 60 days after issuance will be cancelled and revert to the Cooperative as unrestricted funds that may be used in any manner as part of the general operating budget.

Section 9: Rents

The Board of Directors shall determine the annual cash requirements for each fiscal year, and shall with input and consultation from the Executive Director, the University Liaison, CTC's auditor or other professional independent accountant and the Finance Committee fix the amount of rent due for each lessee of CTC in such a manner as to meet those cash requirements. The Board of Directors shall determine separate schedules of rent for members and the non-member rent fee for non-members/members that are not in good standing taking into account the value to CTC, in terms of costs savings and other contributions made by members' participation, and shall set such requirements and conditions for membership contribution and participation as the Board of Directors considers necessary and reasonable. Eligibility to receive member rent, and the conditions for suspending member privileges or terminating membership and eligibility to receive the preferred membership rent, shall be as set by the Board of Directors in determining eligibility for membership and continued membership. Every such determination of annual cash requirements and fixing of rents is final and conclusive as to all members who are residents under the CTC Lease. The Board of Directors shall have the right and authority to change the rents for members and any non-member fee from time to time to meet the needs of CTC, and to

comply with the terms and conditions of its Management Agreement and other standards of prudent property management. The amount of rent paid by any member or non-member may be changed effective with the rent payment due after one month's calendar notice to the resident under the Lease Agreement.

ARTICLE X. INDEMNIFICATION AND INSURANCE

Section 1: Indemnification

CTC shall indemnify each director, officer, manager, employee, or agent of CTC, and any person serving at the request of CTC as a director, officer, manager, Executive Director employee, or other agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her to the fullest extent to which such officers, directors, and employees of a cooperative may be indemnified under the laws of this state, and any amendments thereto or substitutions therefore.

Section 2: Insurance

CTC shall have power to purchase and maintain insurance on behalf of any person who is or was serving CTC in a capacity as director, officer, manager, Executive Director employee, or agent of CTC, or is or was serving at the request of CTC as director, officer, manager, employee, or agent of CTC against any liability asserted against him or her and incurred by him or her arising from that capacity, whether or not CTC would have been required to indemnify the person against the liability under the provisions of the preceding Section.

ARTICLE XI. DEFINITIONS, INTERPRETATIONS, AND MISCELLANEOUS

Section 1: Conflict

These Bylaws are subordinate and subject to the provisions of the Articles of Incorporation. In the event of any conflict between these Bylaws and the Articles of Incorporation, the provisions of the Articles of Incorporation shall control.

These Bylaws shall be interpreted and construed in a manner to be consistent with the provisions

of the Management Agreement between CTC and the University of Minnesota. In the event of a conflict between any Bylaw and a provision of such Management Agreement, the Management Agreement will control and the Bylaw will be deemed invalid and unenforceable as to such conflicting or inconsistent provision.

Section 2: Severability

In the event any provision or provisions of these Bylaws shall be determined to be invalid, void, or unenforceable, such determination shall not render invalid, void, or unenforceable any other provisions hereof which can be given effect in the absence of such invalid, void, or unenforceable provision.

Section 3: Waiver

No condition or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 4: Captions

The captions contained in these Bylaws are for convenience only. They are not a part of these Bylaws and not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

Section 5: Computation of Time

When these Bylaws call for the computation of any period of time, the day of the act, event, or occurrence from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, a Sunday, or a legal holiday, in which case the period runs until the end of the next business day. When the period of time prescribed or allowed is five days or less, intermediate Saturdays, Sundays, and legal holidays shall be excluded in the computation.

Section 6: Access to Information

The general business, budget, planning, operations and financial information of CTC shall be open to all members of CTC. Specific policies, procedures, and guidelines regarding what information shall be available and procedures for access shall be determined by the Board of Directors from

time to time.

ARTICLE XII. PARLIAMENTARY AUTHORITY

The Rules of Parliamentary Practice comprised in Robert's Rules of Order Newly Revised shall govern all meetings of members, all meetings of the Board of Directors, and all other proceedings of CTC unless these Bylaws make provisions otherwise.

ARTICLE XIII. AMENDMENTS TO BYLAWS

These Bylaws may be amended, repealed, or altered, in whole or in part, as provided by law, by a majority vote of the members present and voting at any annual meeting of the members or at any special meeting of the members when such action has been duly announced in the call of the Special Meeting. Proposed amendments must be made available for review in the CTC office or online by each member along with a summary statement of the proposed amendment contained in the notice of the meeting of members at which the amendment shall be considered. Proposed amendments may be altered by the members at the meeting of members before being adopted, so long as the resulting amendment is generally the same or has the same general effect as the proposed amendment.