

Clean Energy Cooperative Inc.

Administrative Policies, Regulations, Rules and Procedures

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About this document:

This document describes the policies, regulations, rules and procedures of the Clean Energy Cooperative Inc. (referred to herein as the “Co-op”). This document shall be revised only by action of the Co-op’s Board of Directors (“Board”), and maintained by the Secretary, with all revisions noted with the date of Board approval. The Co-op’s By-Laws [<http://CleanEnergy.Coop/governance>], as approved by membership vote, shall always take precedence over any of the contents of this document. Whenever the Co-op’s By-Laws are modified, the Board and Secretary shall endeavor to update this document within 60 days so as to maintain consistency.

About the Clean Energy Cooperative:

The Co-op was formed in May 2014 in Honesdale Pennsylvania as a community-centric business vehicle to develop more renewable and clean energy projects, enabling capital to be invested locally, and returning benefits to all involved. Its primary place of business is 1030 Main Street, Honesdale PA 18431. Find out more at <http://CleanEnergy.Coop/> or contact us at CleanEnergyCoop@gmail.com.

1 **History of Revisions**

| Date of Board Action | Sections Modified | Description | Secretary's name |
|-------------------------------|--------------------------------------|--|-------------------------|
| July 23, 2019 May 14, 2019 | Section 6 | Corrected the prior modified Founder Funds table after third Preferred Share Closing | /s/Christine Weigand/s/ |
| March 13, 2018 | Section 6 Section 8 Section 11 | Modified Founder Funds to allow deposits from involuntary recalls of Preferred shares. Modified to allow for not always collecting tax information from new members; and allowing individual membership to be subsidized. Updated for consistency on members' tax information and banking transactions | /s/Christine Weigand/s/ |
| Sep 12, 2017 | Section 6 | Modified Founder Funds table after second Preferred Share Closing | /s/George Brown/s/ |
| Nov 10, 2015 | Section 6 | Modified Founder Funds table after Preferred Share Closing | /s/Michele Sands/s/ |
| June 17, 2015 | Secs 8,13 | Corrected a wording in section 8, and added a new section for Preferred Shares | /s/Michele Sands/s/ |
| May 12, 2015 | Section 6 | Modified Founder Funds table and terms | /s/Michele Sands/s/ |
| Nov 18, 2014 | Sections 4,6,11,12 | Added new committee in list in Sec 4. Updated table and deadline in Sec 6. Added Privacy Policy & Procedures (Sec 11) and Community Solar Committee (Sec 12) | /s/Michele Sands/s/ |
| May 28, 2014 | Secs 1-10 | Initial Policies Document approved by Board | /s/Michele Sands/s/ |

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1 **I. Cooperative Values**

2 Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and
3 solidarity. Cooperative members uphold the ethical values of honesty, openness, social responsibility
4 and caring for others. The modern cooperative principles are guidelines by which this Co-op places its
5 values into practice.

6 *1st Principle: Voluntary and Open Membership*

7 This Co-op is a voluntary organization, open to all persons able to use our services and willing to
8 accept the responsibilities of membership, without gender, social, racial, political, religious or
9 any form of discrimination.

10 *2nd Principle: Democratic Member Control*

11 We operate on a one-member, one-vote basis, with all members having equal voice and
12 ownership based on transparency, informed consent, review, feedback and active participation.
13 Individuals serving in elected roles are accountable to the membership.

14 *3rd Principle: Member Economic Participation*

15 Members contribute equitably to, and democratically control, the capital of the Co-op. At least
16 part of that capital is the common property of the Co-op. Members received limited
17 compensation, if any, on capital subscribed as a condition of membership. As a for-profit
18 business that may lead to a modest economic return on investment, we value multiple bottom
19 lines, including improving our community’s social, economic and environmental capital. The Co-
20 op may allocate surpluses for any or all of the following purposes: developing the Co-op,
21 keeping up reserves, part of which will be indivisible; benefiting members in proportion to their
22 transactions with the Co-op; and supporting other activities consistent with its mission as
23 approved by the membership.

24 *4th Principle: Autonomy and Independence*

25 This Co-op is an autonomous self-help organization controlled by its members. If the Co-op
26 enters into agreements with other organizations, including governments, or raises capital from
27 external sources, it does so on terms that ensure democratic control by its members and
28 maintains its co-operative autonomy.

29 *5th Principle: Education, Training and Information*

30 We educate ourselves and our community to the values of renewable energy, local investment,
31 co-operative ownership and self-governance.

32 *6th Principle: Co-operation among Co-operatives*

33 This Co-op believes it can serve its members most effectively and strengthen the cooperative
34 movement by working together through local, national, regional and international cooperative
35 structures.

36 *7th Principle: Concern for Community*

37 While focusing on member needs, and our immediate community, we work for the sustainable
38 development of all communities through policies and programs accepted by the members.
39

1 **II. Mission of the Cooperative**

2 As specified in the By-Laws, the mission of the Co-op is to

3 ***Sustainably develop renewable energy resources for a healthy and just energy future for our***
4 ***community, using local investment and providing positive returns for its members.***

5 It is the goal of the Co-op to preserve members’ capital, and offer a modest return on investment
6 beyond membership. There are risks to investing in the Co-op and members should not invest capital
7 they cannot afford to lose.

8 The Co-op will accomplish its mission by carefully considering and only then investing in local projects,
9 generally associated with conservation, renewable or clean energy, that have a strong likelihood over a
10 significant time period to provide financial as well as other positive returns to both the community and
11 the Co-op.

12

1 **III. Corporate Governance Principles**

2 The following 11 principles are to be used as guidance for development of all Co-op policies:

- 3 1. Lay solid foundations for and maintain the trust required among the Board, management, and
4 the Co-op's members.
- 5 2. Recognize and publish the respective roles and responsibilities of Board and management.
- 6 3. Structure the Board to add value. Have a Board with an effective composition and commitment
7 to adequately discharge its responsibilities and duties.
- 8 4. Promote ethical and responsible decision-making.
- 9 5. Safeguard integrity in financial reporting. Have a structure to independently verify and
10 safeguard the integrity of the Co-op's financial reporting.
- 11 6. Make timely and balanced disclosure.
- 12 7. Respect the rights of all members and facilitate the effective exercise of those rights.
- 13 8. Recognize and manage risk. Establish a sound system of risk oversight and management and
14 internal control.
- 15 9. Encourage enhanced performance. Fairly review and actively encourage enhanced board and
16 management effectiveness.
- 17 10. Remunerate fairly and responsibly.
- 18 11. Recognize the legitimate interests of stakeholders.

1 **IV. Board Governance and Procedures**

2 Board meetings will be announced in advance and be open to the membership, except under specific
3 circumstances such as when employment or contractual privacy requirements dictate. The Secretary, in
4 consultation with the President, shall send the agenda and any supporting materials to each Director
5 two (2) days prior to the meeting. Each regular Board meeting will include approval of the minutes of
6 the prior meeting, financial report, project status/feedback, and any new business. Board agendas will
7 include only items that fit within the Co-op’s mission. If a Co-op member-owner requests an item be
8 placed on the agenda at least a day prior to the meeting, the Secretary and President may decide to
9 include a valid item, or may defer it to the next meeting.

10 Directors shall comply with the Conflict of Interest policy (see below). When the Board is to decide upon
11 an issue about which a Director has an unavoidable conflict of interest, that Director shall absent herself
12 or himself without comment from not only the vote; but also from the deliberation, except when
13 specifically asked to respond to questions from another Director. Directors shall come to all Board
14 meetings prepared, having reviewed the agenda and read all supporting materials distributed in
15 advance. Directors who miss two (2) Board meetings in a row will be contacted to inquire of their ability
16 to continue Board service. Co-op Members and others in attendance during Board meetings are
17 encouraged to allow the Board to carry out its administrative duties, and to participate in the discussion
18 when invited.

19 Board decisions will use the following criteria in this priority order:

- 20 • The decision will meet the needs of the Co-op’s Member-owners.
- 21 • The decision will allow the Co-op to continue with its mission and principles.
- 22 • The decision will fairly treat owners, customers (including hosts) and suppliers of the Co-op.
- 23 • The decision will do no harm to the local community.
- 24 • The decision will protect the environment, minimizing or eliminating harm done.
- 25 • The decision will enhance the environment, minimizing or eliminating harm done as people use
- 26 energy in our community.
- 27 • The decision will enhance the local community.

28 The Board will use the expertise of individual Directors and Co-op members to enhance the ability of the
29 Board as a body rather than to rely on individual judgments as a substitute for the Boards’ judgment.
30 The Board will allow no officer, individual, or committee to hinder or be an excuse for not fulfilling the
31 Board’s and the Co-op’s commitments. The Board will direct, control, and inspire the Co-op’s activities.

32 During its meetings, the Board will attend to ‘quick consent’ agenda items as expeditiously as possible
33 (e.g. approval of minutes, committee reports, selection of dates, etc.). Weighty items, such as policy
34 modifications, project or financial approvals, will follow the sociocratic, or dynamic self-governance
35 protocol, where each participant’s opinion is encouraged and respected, and decision-making is by
36 consent.

37 In consent decision-making, a “vote” is having a voice at the table, and with the right to
38 withhold consent based on a “paramount objection”. This is not the same thing as a veto,
39 because a “paramount objection” may not be arbitrary — it must be based on a threat to
40 the Co-op, or on the inability of the person raising the objection to tolerate the conditions
41 that would be created by this particular decision.

42 Sociocratic protocol:

- 1 • A proposal is stated.
- 2 • Discussion, where everyone states an opinion.
- 3 • Objections are brought up in depth; to clarify, narrow, adapt, set time or qualifying
- 4 limitations on the proposal when necessary.
- 5 • A revised proposal may be stated.
- 6 • Each participant decides if consent is given, or states his or her paramount objection
- 7 (i.e. feels the Co-op is in danger or cannot tolerate the result).
- 8 • If a paramount objection is raised, the presiding officer (usually the President) may set
- 9 further limits or qualifications (e.g. we will do A and B for 6 months, but not C, then
- 10 reconsider this decision), may table the proposal, may reschedule it for a future
- 11 meeting, or may call for a direct Board vote on the existing or a revised proposal,
- 12 requiring two-thirds of the Directors to state their positive agreement for the proposal
- 13 to be approved.

14 Quarterly reports of Board business and Co-op activities will be sent (digitally) to all members.

15 Within three (3) days of finalized Board election results, the continuing and newly elected
16 Directors shall meet to select among themselves the Co-op's President, Vice-president,
17 Secretary and Treasurer. At this same time, they will setup, reconstitute or confirm the five
18 standing management committees of the Co-op, and any ad hoc committees when deemed
19 needed, each facilitated by at least one Director:

- 20 • Election – two Directors, whose terms continue beyond the next election; see Section V
- 21 • Audit – not the Treasurer; see Section VII
- 22 • Project Development – any interested Director(s); see Section IX
- 23 • Finance – Treasurer and one other Director; see Section X
- 24 • Community Solar – any interested Director(s); see Section XII
- 25 • <Outreach, pending a Marketing/Education policy>

26 Each committee should also have at least one actively participating Co-op Member-owner, and such a
27 owner should also attend any Board meetings where the committee activities are on the agenda. The
28 sociocratic protocol and consent-based decision making should be used in all committees of the Co-op.
29 All members of the Co-op's committees shall comply with the Conflict of Interest policy.

30 Conflict of Interest Policy:

31 Directors, committee members, and employees of the Co-op must represent the interests of the Co-op's
32 owners and the community, and avoid any conflict of interest with respect to their fiduciary
33 responsibilities to the Co-op. This accountability supersedes any conflicting loyalty such as that to
34 advocacy or interest groups and membership on other boards or organizations. It also supersedes the
35 personal interest of the individual as a customer or supplier of the Co-op. There shall be no self-dealing
36 or any conduct of private business or personal services between the individual and the Co-op, except as
37 procedurally controlled to assure openness, competitive opportunity and equal access to information.

38 When a decision is to be made on an issue about which an individual has an unavoidable conflict of
39 interest, the individual shall absent herself or himself without comment from not only the vote, but also
40 the deliberation, except when specifically asked to respond to questions.

1 Directors shall annually disclose their involvement with other organizations, with the Co-op's suppliers
2 or potential suppliers, and any other associations that might produce a conflict. Directors shall not use
3 their Co-op positions to obtain employment for themselves, family members or close associates. Should
4 a Director desire employment by the Co-op, he or she must first resign from the Board and all relevant
5 committees. Directors shall not attempt to exercise authority over any part of the Co-op except as
6 explicitly set forth in these policies.

7

1 **V. Membership Meetings and Voting**

2 The purpose of the membership meetings are to create and sustain the link between the Co-op, as
3 governed by the Board, and its Member-owners. See Article III of the By-laws.

4 The President of the Co-op shall create an agenda and arrange for a general meeting of the Co-op’s
5 Membership each year, generally during the summer. The agenda shall include at least the following:
6 financial report, project report(s), discussion of potential future Co-op activities, Member feedback, and
7 Board elections.

8 Notice of the meeting shall be distributed in accordance with the By-laws, along with the planned
9 agenda. Members may request time on the agenda to discuss a specific topic. The agenda may be
10 modified by the President as appropriate. If deemed necessary, the President may restrict the meeting
11 participation to only Co-op Members in good standing, plus other individuals listed on the agenda.

12 A call for Board nominations shall be distributed to the Membership at least 60 days in advance of the
13 annual meeting. The names and information about the validated nominees (see the Article IV of the By-
14 laws, for requirements) shall be distributed no later than the distribution date of the absentee ballots.

15 Members attending the meeting in person or via other means must identify themselves to the
16 Secretary, or other designated individual(s), such that the necessary quorum (per the By-Laws, 30% or
17 20% depending on the current total Co-op membership, including absentee ballots) can be verified.

18 Nominations and elections shall be organized and conducted by an Election committee, consisting of
19 two Directors whose terms are continuing beyond the current election, and other Member volunteers,
20 as designated by the Board. This committee will insure the nominees represent a cross-section of
21 diversity, expertise, experience, and community representation. Absentee ballots, including an option
22 for write-in candidates, must be mailed or otherwise distributed to all Members of record at least 15
23 days in advance. Electronic absentee balloting, if used, shall use a method such that only a single ballot
24 from each verified unique Member is counted. A ballot collected at the meeting supersedes any
25 submitted by the same Member previously. The identity of the voter should not be visible to those
26 tallying the ballots.

27 In a situation where there is no contest in an election (e.g. the number of nominees and positions to be
28 voted on are the same), and there are no objections from the floor, the election organizers may opt to
29 call for a verbal confirmation vote of the Members in attendance. If there is any doubt as to the result,
30 then a counted ballot shall be used instead.

1 **VI. Founder Funding**

2 The following individuals or entities are identified as having contributed funds to the Co-op as part of its
3 founding:

| Party: | Amount: |
|-----------------|-------------------|
| Katharine Dodge | \$1000.00 |
| Michele Sands | \$312.54 |
| Dick Riseling | \$1000.00 |
| Total: | \$2,312.54 |

4
5 These funds shall be recognized and treated by the Co-op as zero interest loans without term, until such
6 time as these can be a) converted by the respective parties into equity in the Co-op, b) used to purchase
7 goods or services from the Co-op, or c) otherwise be repaid without undue risk to the Co-op’s financial
8 condition, as determined by the Board.

9 When all founding funds have been so converted, used or repaid this section of this document shall be
10 deleted.

11 Secretary Signature: /s/Christine Weigand/s/ Date: 7/23/2019

12 President Signature: /s/Jack Barnett/s/ Date: 7/23/2019

13
14 The Co-op may continue to accept additional founders funding with the terms as described above with
15 these constraints:

- 16 • As a result of Preferred Share subscription(s) that are declined by the Co-op due to over-
17 subscription, or Preferred Shares involuntarily recalled, but the subscriber is willing to leave
18 with, and for use by, the Co-op per the Founder Funds terms above.

19 The President and Secretary shall sign an appropriate note to this effect, if requested, which shall
20 contain the above terms with the three allowed methods of exchange. The names and amounts of the
21 founder funding shall be updated in the table above by the Secretary within 75 days.

1 VII. Financial Administrative Policies

2 Duties of Treasurer: Oversee the funds and the records of equity ownership of the Co-op. The Treasurer
3 shall be responsible for the preparation of an annual report, the summary of which shall be presented to
4 the members of the Co-op at the annual meeting.

5 The Treasurer may use volunteers, vendors or employees to assist him/her in his/her duties with the
6 approval by the Board.

7 The Treasurer is responsible for the timely preparation and submission of all required tax and financial
8 forms.

9 The Treasurer shall submit financial reports to the Board upon request (expected for all its regular
10 meetings).

11 All financial records shall be kept according to standard accounting procedures. Financial records shall
12 be maintained and backed up regularly using secured systems.

13 Funds shall be maintained in the currency of the United States of America in one or more credit unions
14 or banks that are insured by the NCUA or FDIC, and with principle offices in northeast PA. Two
15 signatures are required on all checks and drafts greater than \$150. Signatories shall be approved by the
16 Board. All signatories for checks or drafts shall be bonded when cash assets of the Co-op exceed
17 \$50,000. Cost of the bonding will be incurred by the Co-op.

18 Members of the Co-op may request specific financial information from the Treasurer. He/she has 45
19 days to respond to such requests.

20 Job description of bookkeeper/accountant (or other designated contractor or employee) will be to carry
21 out the day-to-day financial operation of the Co-op, overseen by the Treasurer. Prior to the 4Q Board
22 meeting, the Treasurer, in consultation with the President, shall prepare a budget showing the Co-op's
23 expected revenues and expenses for coming fiscal year, including overheads, committee activities, and
24 those from past or currently approved projects. The Board shall approve this budget, or a modified one,
25 such that the Co-op and its management have guidance for and limitations on its activities prior to the
26 start of the year.

27 The Treasurer shall maintain an appropriate form with instructions for members of the Co-op to submit
28 expense reimbursement requests. The Treasurer shall act on such requests within 45 days, and only
29 provide such compensation when a member in good-standing has submitted a valid request form along
30 with proof of spending his or her own funds on a Co-op activity previously approved by the Board. No
31 member of the Board shall receive compensation for his/her duties except for reimbursement of
32 approved expenses.

33 Annually the Board shall appoint an Audit Committee, consisting of one (1) Director, other than the
34 Treasurer, and two (2) members at large. No individual shall serve on this committee for more than two
35 (2) consecutive terms. The duty of this committee shall be audit the finances of the Co-op, and provide
36 its findings to Board and for inclusion in its annual report to the Membership. The expenses incurred in
37 performing this audit shall be paid by the Co-op.

1 VIII. Membership and Common Shares Policies

2 **Membership Responsibilities:** There is a maximum of one Common (a.k.a. membership) share per
3 individual or entity, even if owned by an entity with multiple members (see By-Laws). There is no
4 joint or family membership category. Members shall abide by the cooperative principles, as
5 presented above, in all their interactions with the Co-op. Members shall support the mission of the
6 Co-op. The success of Co-op depends on member participation and active engagement in its current
7 projects. Member participation includes activities such as serving on committees or on the Board,
8 attending Member meetings and voting in elections, volunteering time on projects, and staying
9 informed through communications from the Co-op. Members shall inform the Co-op of all changes
10 to their name, contact information, tax identification (if necessary), and residency status.

11 **Membership Application:** The Secretary shall maintain a Co-op membership application form and
12 provide it to any individual or entity upon request. The application form must include the legal name
13 and contact information for the applicant, the state of legal residence or incorporation, tax related
14 information (if necessary), and a signed statement from the applicant that they shall maintain
15 compliance with the requirements and responsibilities for membership in the Co-op. Funds for the
16 membership should accompany any application submitted to the Co-op. Because the Co-op's assets
17 will be tied in long term projects, or are needed to start-up businesses, its ability to redeem Member
18 shares, and pay patronage rebates or dividends will depend on the prevailing business conditions
19 and the capital needs of the Co-op. For these reasons, Membership should be considered a long-
20 term investment.

21 **Approval:** The Treasurer or other designated Board member shall validate that an applicant is not
22 already a Co-op Member and that the application form is complete and valid. At least two Directors
23 must review and approve each application for it to be accepted. If an application is not approved,
24 the accompanying funds shall be returned to the applicant.

25 **Costs:** The cost of Membership, including a single share of common stock, in the Co-op shall be \$100. A
26 receipt shall be issued by the Treasurer in acknowledgement of an approved application and
27 issuance of a single uncertified common share of the Co-op to said Member. The financial records of
28 the Co-op shall be the legal document of record for share ownership and equity amount.

29 The Co-op may offer lower cost Memberships to reduce the financial barriers of joining to any
30 interested individual (only) who expresses difficulty in affordability. The maximum amount to be
31 subsidized for such applications shall be decided by the Board annually (generally in the second
32 quarter), based on currently designated and expected funding for this purpose. The Co-op shall not
33 discriminate in any way between those Members paying the full cost, and those whom the Co-op
34 has subsidized.

35 **Transfer Requests:** Upon written request from a Member in good standing, or the executor of a
36 Member's estate, a Membership in the Co-op, including the common share and all equity in the Co-
37 op related to that share, may be transferred to a different individual or entity. A valid membership
38 application must accompany such a request. All transfer requests require approval by the Board,
39 which approval shall not be unreasonably withheld and which action shall be taken at its next
40 regular meeting after a valid written request has been received by the Co-op. The non-refundable
41 administrative fee for requesting a membership transfer shall be \$25.

1 **Redemptions and Termination of Membership:** See the Co-op's By-Laws. The Board will consider
2 written redemption requests once per year, generally during the fourth quarter. The administrative
3 fee (deducted from the Member's equity, along with any other outstanding obligations) shall be
4 \$25.

5 **Grounds for Involuntary Termination:** See the Co-op's By-Laws. Additionally, should all attempts to
6 contact a Member be unsuccessful for more than three (3) years, including at least three (3) 'return
7 service requested' mailings via the US Post Office to the Member's address in the Co-op's records,
8 then the Board may declare such a Membership as terminated and all related equity reverts to
9 become the common property of the Co-op.

10 **Common Share Dividends and Patronage Rebates:** See the By-Laws. Dividends on common shares and
11 patronage rebates will be paid only at the discretion of the Board, if the Co-op is sufficiently
12 profitable. Only Members in good standing are eligible to receive dividends or patronage rebates. To
13 receive such, Members must supply additional information necessary for the Co-op to issue
14 payment, such as a valid Social Security or Tax ID number.

15

1 IX. Project Development, Evaluation, Approval and Implementation

2 To accomplish its mission (see above), the Co-op will need to develop business plans and implement
3 multiple projects over time. This section describes the processes and Board policies for developing a
4 project business plan to be evaluated and approved by the Board prior to the Co-op investing in and
5 implementing such a project. Note: the entrepreneurial process is dynamic and frequently requires
6 creativity by those involved, so this document can not presume to forecast how all project concepts and
7 business plans will come about. All involved, and especially the Board, should use good judgment,
8 common sense and clearly documented math throughout.

9 <create and insert diagram>

10 **Concept Phase:** There are infinite possible concepts to develop our communities' resources in alignment
11 with the Co-op's mission, but the entrepreneurs that can develop and refine a concept into a simple-
12 to-communicate and valid business plan are rare and need encouragement. The Board will maintain
13 and provide resources and contacts that can assist member entrepreneurs (and will encourage non-
14 member entrepreneurs to become members) in developing a formal business plan. The time
15 involved during this phase is not defined, or easy to estimate, as many factors can and do change
16 over time, and the refined concept may evolve to be radically different than an earlier one.
17 Entrepreneurs will be encouraged to build a working group of individuals to advise and assist in
18 developing a formal business plan for the potential project, and to review and refine the
19 communications of it. For it to be relevant, the project needs to be aligned with the cooperative
20 values and mission of the Co-op. The Board may designate a Project Development committee to
21 coordinate and support such general activities.

22 **Formal Business Plan:** A project working group shall formalize a business plan for its project proposal,
23 with the assistance of the Project Development committee. A formal business plan should include at
24 least the following:

- 25 • Basic idea and how the project makes money in alignment with the Co-op's values and mission.
- 26 • Target market characterization and marketing plan, including evidence for the local market size
27 and discussion of existing broad or local competition; and including a specific discussion relative
28 to the Co-op's membership.
- 29 • Detailed description, including a proof-of-concept or existing examples, discussion of the
30 applicable regulations, proposed legal structure(s) or required contracts or partnerships,
31 technologies to be used, supplier(s) and local expertise availability, training and/or certifications
32 needed, property to be acquired or leased, appropriate insurance, etc.
- 33 • Business financials, including the amount of capital funding needed, initial expense budget (with
34 reserves) and on-going cashflows, pricing methodology, expected timeframe and returns back to
35 the Co-op; include assumptions made, discussion of any unusual or unique tax or accounting
36 issues, and other funding sources (including grants) with relative priority to the Co-op's funding.
- 37 • Working team members and advisors' roles, with credentials and experiences.
- 38 • Implementation plan, governance and schedule; include any constraints, and plans for supplier
39 selection, staffing and/or volunteer labor, etc.
- 40 • Discussion of the project risks and potential mitigations.

41 **Evaluation Phase:** The working group may need to iterate multiple times, and is encouraged to preview
42 their information with the Project Development committee and other Directors. When ready, a
43 formal summary presentation from the working group to the Board shall be scheduled by the Co-op

1 President. Business plan materials for review shall be distributed to all the Directors at least seven
2 (7) days in advance. All involved shall maintain the confidentiality of the project's information if
3 requested by the working group.

4 **Board Decision:** After reviewing the materials and hearing the summary presentation, the Board shall
5 then decide to either

- 6 a) reject the project proposal,
- 7 b) request the working group to re-work some aspects of the plan, and re-present at a future date,
- 8 c) request specific additional information or follow-up actions by the working group, prior to
9 finalizing a decision,
- 10 d) approve the business plan with conditions, or
- 11 e) approve the business plan as is.

12 Regardless, the Board is encouraged to provide feedback to the working group and others involved
13 to improve future presentations and concept development activities.

14 If the Board gives its approval, the following actions (or more if so designated by the Board) shall be
15 set in motion, along with any specified conditions:

- 16 1. The Finance committee shall meet as soon as practical to develop a plan and estimate the time
17 period needed to raise the capital to fund the project. The appropriate linkages between the
18 project working group and this committee shall be established. See the Financing policy, in the
19 next section in this document.
- 20 2. As needed, the Board shall engage legal counsel to advise the project, and/or formulate any
21 subsidiary entities, with designated Co-op Directors also serving as directors of those entities.
- 22 3. The roles of the working group members consistent the governance plan as approved in the
23 project plan shall be formalized under the auspices of the Co-op, e.g. a designated committee or
24 subsidiary.
- 25 4. The Treasurer shall create an appropriate account structure in the Co-op's (or subsidiary)
26 finances for the project and is authorized to release funds in line with the approved project
27 budget, pending receipt of the needed fundraising.
- 28 5. Project implementation is authorized to proceed per the approved plan with monitoring by the
29 Board as described below.

30 **Project Implementation:** Each project will follow its specific implementation plan, and own execution
31 process. The Board shall name at least one Director, and at least one Member integral to the project
32 working group to jointly facilitate on-going communications between the project and the Board plus
33 other Co-op resources, and to provide periodic project reports (at minimum, quarterly) to the Board.
34 These reports shall include information on the project's progress, capital finances and budgetary
35 spending to date, and discussion of all modifications to its business plan and any changes in its risk
36 assessment. As needed, the Board may decide to modify a project's authorized plan, budget,
37 governance, or to shut down a project. If a project is to continue significant spending into future
38 fiscal years, an annual project operating budget shall be submitted and approved by the Board prior
39 to the start of each fiscal year.

40 **Project Closeout:** When a project is completed, or enters into a passive phase (i.e. collecting returns
41 without any or much operational attention needed), or is to be shut down, the Board shall designate
42 one or more Members at large, with the support of at least one designated Director and appropriate
43 accounting and legal advisors, to do all that is necessary to best end the project, along with any
44 subsidiary businesses, contracts, partnerships, etc. and ensuring all funds and assets of the Co-op
45 are properly accounted for.

1 **X. Financing**

2 Financing and fund raising for approved projects or other capital needs of the Co-op shall be overseen
3 by the Board, or a designated Finance committee. This committee shall consist of at least the Treasurer
4 and one other Director, plus other volunteer Members in good standing. The committee shall maintain
5 such documentation, information, contacts, and advisors as needed to ensure compliance with
6 applicable laws and regulations, sound financial practices, and the procedures as included throughout
7 these policies and the Co-op’s bylaws.

8 Generally fund raising for a Co-op project will occur via one or more of four possible methods (in
9 preferential order):

- 10 1. **Cash Donations** – because the Co-op is not a 501(c)3 entity, donations will not be tax
11 deductible, though are still welcomed. All donations shall become the common property of the
12 Co-op. Any restrictions placed by the donor(s) on the use of such funds must not be in conflict
13 with the principles and mission of the Co-op, and shall be approved by the Board.

- 14 2. **Grants** and other funding applications to government or other entities – The Co-op may pursue
15 funding from many agencies and foundations, public or private, so long as there is no conflict
16 with the principles and mission of the Co-op. Local and regional community development funds,
17 the [Cooperative Development Foundation](#) (and other cooperative funds), the US Department of
18 Energy programs, and Agriculture’s [Rural Energy for America Program \(REAP\)](#) should be high
19 priority for applications. Applications shall be reviewed and approved by at least two (2)
20 Directors, one of which shall be an Officer, prior to submission.

- 21 3. **Equity Investments** in the Co-op (a.k.a. sales of preferred shares) – per Article VII of the Co-op’s
22 Articles of Incorporation, and Section 7.3 of the Bylaws, the Board may authorize issuance for
23 non-voting preferred shares (up to 5000 shares, minus all previously issued common and
24 preferred shares). Upon authorization the Finance committee shall prepare an appropriate
25 Offering Memorandum, signed by the Treasurer or other Officer so designated by the Board,
26 that well describes the purposes, amount, terms, conditions, risks, schedule, transfer policies,
27 dividend and redemption policies, and other appropriate information. In general the Co-op’s
28 investment offers will not be registered with the federal SEC or state authorities ([intra-state](#)
29 [registration exemption](#)). Therefore, such offering documentation shall be presented to only
30 those Members in good standing that are eligible to invest in the Co-op without violation of
31 state or federal security laws (i.e. legal residents of PA). The cost for each preferred share shall
32 be \$1000.

33 Once funds are received by the Co-op, and such other conditions as required for the issuance
34 are met, a receipt shall be signed by the Treasurer to acknowledge the issuance the uncertified
35 preferred shares of the Co-op and provided to each of the contributing Members. The financial
36 records of the Co-op shall be the legal document of record for share ownership and equity
37 amount. Transfer, termination or redemption requests shall be the same as for the Co-op’s

1 common shares (see Section VIII above), except that the administrative fee shall be \$25 per
2 share.

3 Each year, generally at its 4Q regular meeting, any dividend payments and redemptions on all
4 issued preferred shares shall be approved by the Board, based upon the recommendations
5 prepared by the Treasurer. No dividends or redemptions shall be made when such payment
6 would impair the ability of the Co-op to meet its other obligations as they become due. Because
7 of the risks involved, Members should not invest capital they cannot afford to lose.

8 4. **Loans** requiring repayment with interest – from Members, public or commercial entities shall
9 require authorization by the Board (see Article VIII of the Bylaws), and shall maintain the future
10 autonomy and democratic control of the organization (see the 4th Principle above). Member
11 loans are preferred over commercial loans. Public or government loans may be appropriate in
12 certain circumstances or for specific projects. Loan applications shall be reviewed and approved
13 by at least two (2) Officers, prior to submission.

14 Upon authorization for Member loans, the Finance committee shall prepare an appropriate Offering
15 Memorandum, signed by the Treasurer or other Officer so designated by the Board, that well
16 describes the purposes, amount, terms, conditions, risks, repayment schedule of principle and
17 interest, and other appropriate information. In general the Co-op's investment offers will not be
18 registered with the federal SEC or state authorities ([intra-state registration exemption](#)).
19 Therefore, such offering documentation shall be presented to only those Members in good
20 standing that are eligible to invest in the Co-op without violation of state or federal security laws
21 (i.e. legal residents of PA). Because of the risks involved, Members should not invest capital they
22 cannot afford to lose. Once funds are received by the Co-op, and such other conditions as
23 required per the Board's authorization are met, appropriate notes of debt including the terms
24 shall be signed by the Treasurer, or other Officer so designated by the Board, and by each
25 respective contributing Member.

26

1 **XI. Privacy Policy and Procedures**

2 This Privacy Policy for the Co-op covers:

- 3 • How and why personal information is collected by the Co-op
- 4 • What types of information are considered 'sensitive' verses non-sensitive
- 5 • How non-sensitive member and user information is handled by the Co-op
- 6 • The Co-op's procedures for how sensitive information is managed and controlled
- 7 • How members and users may access and correct or delete the information the Co-op has about
- 8 them
- 9 • References to the privacy policies for the internet platform/tools and other suppliers the Co-op
- 10 uses

11 5. **Member and User Personal Information** – The Co-op is a registered business entity and compliant
12 with the laws and regulations issued by the state of Pennsylvania and the US government, including
13 the Internal Revenue Service (IRS). As a cooperative corporation our Members are also the owners
14 of the Co-op and each has been issued a Common Share (uncertified) of the Co-op. The IRS requires
15 that we maintain records and may at times require us to report the identities of our owners. On
16 advice of our Accountant, the Co-op collects the federal tax identification number (if necessary) and
17 postal address for each of its Members. Additional information about the Co-op's Members as well
18 as for people or entities that the Co-op interacts with (referred to herein as '**Users**') may also be
19 collected by the Co-op in order to facilitate communications and to conduct its authorized business
20 activities.

21 6. **Sensitive Information** – Member tax identification numbers, and User (and Member) financial
22 payment numbers (e.g. credit card, bank account numbers) are **sensitive information** and shall be
23 strictly handled and controlled per the Co-op's sensitive information management procedures
24 (below). All other information collected by the Co-op shall be considered **non-sensitive information**.

25 7. **Handling of non-sensitive information** – The Co-op shall only maintain non-sensitive information
26 about its Members and Users, as necessary and appropriate to conduct its business activities and to
27 facilitate communications. The Co-op shall not share such information with other unrelated parties
28 except as required by law; or, as necessary to conduct a business activity that has been authorized
29 by the Board; or, when granted permission by the Member or User.

30 8. **Control of sensitive information** – Only sensitive information that is necessary to the business
31 operations of the Co-op shall be retained by the Co-op. Retained sensitive information that becomes
32 no longer necessary shall be destroyed. Sensitive information shall be at all times strictly controlled,
33 and shall be only accessible to the Secretary and the Treasurer, or their delegates as authorized by
34 the Board, except as specifically described below:

- 35 a. **Tax Identification Numbers** shall be collected on Member Application Forms (if necessary),
36 Preferred Share Purchase Forms, and W-9 Forms with the members' signatures. These
37 Forms may be initially delivered to and reviewed by any Officer; but once approved, shall be

- 1 maintained by the Secretary as an official record of the Co-op. These records shall be stored
2 in a fire-rated and locked box at all times, except when being actively reviewed. Tax Id
3 Numbers shall not be copied or recorded elsewhere, except as necessary to be delivered to
4 the current authorized Co-op Accountant or for required government and legal filings.
- 5 b. **Financial Payment Information** shall be maintained only as minimally required to ensure
6 funds are received in or transmitted by the Co-op's Bank or designated financial processor.
7 Once a financial transaction has cleared and any retention time period required by law,
8 sound accounting principles, and the Co-op's Bank has passed, the Co-op shall destroy all
9 records of the specific account number associated with the transaction.
- 10 c. **Audits** when conducted by Members of the Audit committee or its authorized auditors.
- 11 9. **Requesting to view/change/delete information the Co-op has about you** – Any Member or User
12 may request to view, change or delete the information the Co-op maintains about them. To do so,
13 the Member or User must submit a signed request to the Secretary. The Secretary shall comply with
14 such a request within thirty (30) days.
- 15 10. **Supplier Privacy Policies** – The following internet platforms and suppliers may at times be used by
16 the Co-op to process or store the Co-op's information about its Members and Users:
- 17 • Email Services: MailChimp.com <http://mailchimp.com/legal/privacy/>
 - 18 • Email and Data Services: Google.com <http://www.google.com/policies/privacy/>
 - 19 • Web Host: Weebly.com <http://www.weebly.com/privacy/>
 - 20 • Accountant: Beck, Gogolski, Poska & Co., Inc. <http://www.bgpcpas.com/privacy.php>
 - 21 • Bank: The Dime Bank <http://www.thedimebank.com/pdf/Policies.pdf>
- 22 Plus others, as authorized by the Board.

23

1 **XII. Community Solar Committee**

2 *Charter:* recruit, evaluate and negotiate with potential hosts; for entering into a long term
3 contract with those qualified for construction of a Solar PV system on the host’s site to be
4 owned by the Co-op, installed by a supplier to be selected and managed by this committee,
5 then monitored and overseen by this committee for the term of the contract. Each project’s
6 business plan shall be reviewed and approved by the Finance committee and full Board of
7 Directors prior to signing of any related contracts. This committee supports the Finance
8 committee in raising the required capital funds (both grants and member funding), and for on-
9 going billing and accounting related to these projects; and works closely with the Outreach
10 committee for marketing and recruiting.

11

1 XIII. Preferred Shares Policies and Procedures

2 **Board Resolution:** If a new class or series of shares is to be issued, then the Board shall pass a resolution
3 as required by law (e.g. 15 Pa.C.S. §1522), and as required file a statement with the PA Bureau of
4 Corporations and Charitable Organizations describing the rights, preferences, privileges, and
5 restrictions granted and imposed on the new shares and the relationship of these to all current
6 shares of the Co-op.

7 **Offering Memo:** As described above in Section 10 Financing, #3 Equity, an Offering Memo shall be
8 prepared and reviewed by the Board or designated committee. An approved Offering Memo shall be
9 confidential and distributed only to current Co-op members who are legal residents of or entities
10 registered in PA.

11 **Subscription Procedures:** The Offering Memo shall include the instructions for a subscriber to submit a
12 signed Subscription Agreement. Such Subscription Agreement, when delivered with correct
13 payment to the Co-op, shall be irrevocable. The Board or designated Officer(s) may accept in whole
14 or part, or reject a Subscription Agreement at its discretion. Submitted payments shall be deposited
15 but held and not spent until such time as the corresponding subscriber's agreement is accepted, in
16 whole or in part.

17 **Acceptance of Subscription:** To be accepted, the subscriber must
18 • Submit a valid and complete Subscription Agreement, with the required payment,
19 • comply with all terms and conditions of the Offering Agreement,
20 • be a Member of the Co-op in good standing,
21 • be understood to be financially sound and have good financial judgement, and
22 • there must be a sufficient number of shares being issued.

23 **Over-subscription Procedure:** The number of shares to be issued for an offering will be the lowest
24 number needed to fund the project(s) currently approved for capital funding per Section 9, above,
25 based on the most current information available to the Board at the time of the offering being
26 closed. In such case where the aggregate requested number of shares on the otherwise acceptable
27 subscription agreements exceeds the number of shares that the Board has determined it will issue,
28 then the Board or designated Officer(s) will accept those subscriptions (in part or whole) that
29 maximizes the number of Members holding our Preferred Shares. One possible procedure (that
30 does not consider previously issued outstanding shares) is as follows:

- 31 • Assign a single share to all otherwise acceptable applicants (level one), then
32 • Assign a second share to all acceptable applicants who have requested more than one (level 2),
33 then
34 • Assign a third share to all acceptable applications who have requested more than two (level 3),
35 • And so forth, until there are an insufficient number of shares remaining to meet all the requests
36 at a certain level. Assign these remaining shares, at most one each, to randomly selected
37 applicants at this level until there are no remaining shares to assign.

38 Note: this procedure is not compatible with a 'first-come first-serve' offerings or for offerings where
39 the need is to raise funds quickly.

40 **Rejected subscriptions:** Rejected subscriptions, in whole or in part, shall be handled as described in the
41 Subscription Agreement instructions.

1 **Issuance:** Accepted subscriptions, whether in whole or in part, shall be handled as described in the
2 Subscription Agreement, and the subscriber issued a receipt by the Treasurer in acknowledgement
3 of the accepted subscription and issuance of the corresponding number of uncertified preferred
4 shares of the Co-op. The financial records of the Co-op shall be the legal document of record for
5 share ownership and equity amount.

6 **Dividends:** Only Members in good standing are eligible to receive dividends. Dividends on preferred
7 shares shall be declared annually only at the sole discretion of the Board, and only if the Co-op has
8 sufficiently positive cash flow, and before any dividends are declared on common shares. The
9 nominal dividend on its preferred shares will be at least 2% annually on the original offering price,
10 starting with the first full calendar year after a share is issued. Typically the Board will declare a
11 dividend, if any, for the prior calendar year at its first regular meeting of the following year. These
12 dividends will always be modest, as a financial return is not a priority of the Co-op's mission, though
13 it is desirable to directly compensate those members that are enabling the mission via their
14 investment. Within 45 days of a dividend declaration, dividend payments, minus any other
15 outstanding obligations to the Co-op, will be mailed to the shareholders' addresses on record, or
16 delivered by other means if requested in advance by specific shareholders.

17 **Transfer Requests:** Preferred Shares shall not be transferred without advance approval of the Board.
18 Upon written request from a preferred shareholder who is Member in good standing, or the
19 executor or authorized representative of a shareholder's estate, the preferred shares may be
20 transferred to a different individual or entity ("Transferee"), who must be a Co-op member in good
21 standing. If not, a valid membership application with membership payment must accompany such a
22 transfer request. The Co-op shall not accept, within the first nine (9) months after issuance, any
23 request to transfer such shares to any person who is not a legal resident of PA, or to any entity that
24 is not registered in PA. Additionally the Transferee shall:
25 • Supply and maintain all information necessary for the Co-op to issue future dividends, including
26 a valid postal address, and Social Security or Tax ID number
27 • Sign an acknowledgement form, prepared by the Co-op, acknowledging the risk, restrictions and
28 other relevant features of the Preferred Shares.
29 • Pay a non-refundable administrative fee.
30 The administrative fee for requesting a transfer for any number of preferred shares shall be \$25. All
31 transfer requests require approval by the Board, which approval shall not be unreasonably withheld
32 and which action shall be taken at its next regular meeting after a valid written request has been
33 received by the Co-op.

34 **Redemptions and Calls:** For each full calendar year following issuance of Preferred Shares, the Board,
35 usually at the beginning of the following year, at its sole discretion, as determined by the Board's
36 own assessment, shall declare the number of shares and, if any, the price to be paid to shareholders
37 for redemptions of all classes and series of the Preferred Shares. The number of shares of each type
38 to be redeemed will be determined based upon a sufficiently positive cash flow in the prior year and
39 the future capital needs for the Co-op. The redemption price will nominally be the original issue
40 price, but shall be dependent upon the financial condition of the Co-op, as determined by the
41 Board's own assessment, and including consideration of the future outlook of the Co-op's business
42 operations.

43 Whenever Preferred Shares are to be redeemed of whatever class or series, the Co-op shall request
44 those shareholders to voluntarily tender their shares. The Board shall set the deadline for such to be
45 no sooner than 10 business days following the distribution of said request. If the number of shares

1 voluntarily tendered is greater than the number of shares to be redeemed, the following procedure
2 will normally be used to determine which of these shares are to be redeemed:

- 3 • If the number of shareholders who have tendered shares on or prior to the deadline is greater
4 than the number of shares to be redeemed, then each will have an equal chance to be randomly
5 selected to have one share (at most) redeemed.
- 6 • Otherwise, each shareholder who has tendered shares will have one share redeemed; and then
7 if necessary, each additional share redemption will be randomly selected from those who have
8 tendered more than one share, but weighted by the total number of remaining shares each has
9 tendered.

10 If the number of shares voluntarily tendered is the same or less than the number of shares to be
11 redeemed, then all the volunteered shares shall be redeemed first, and if needed the following
12 procedure will normally be used to determine which further shares are to be called (involuntarily)
13 for redemption:

- 14 • The shareholder(s) with the largest number of preferred shares, aggregated across all classes
15 and series, and with at least one share of the type being called, will (each) have one share
16 redeemed. If there are more such shareholders than the remaining shares to be redeemed,
17 then the called shares will be randomly selected from these shareholders (at most one each).
- 18 • The next shareholder(s) with the next largest number of preferred shares, aggregated across all
19 classes and series, and with at least one share of the type being called, will (each) have one
20 share redeemed. If there are more such shareholders than the remaining shares to be
21 redeemed, then the called shares will be randomly selected from these shareholders (at most
22 one each).
- 23 • And so forth, until the required number of shares are redeemed.

24 Within 45 days of a share redemption, redemption payment, minus any other outstanding
25 obligations to the Co-op, shall be mailed to the shareholder's address on record, or delivered by
26 other means if requested in advance by the specific shareholder.

27 **Membership Termination:** If the membership in the Co-op for a preferred shareholder is terminated,
28 whether voluntarily or otherwise (see above Section 8, Common Shares, and the Bylaws, Section 2),
29 that former member has rights to their equity from previously accepted subscriptions to the Co-op's
30 preferred shares. The Board shall, at its sole discretion, and based on its own assessment, decide
31 whether and when to make equity repayments to former members, and at what price per preferred
32 share. Each year in which redemptions are being performed, the Board may decide

- 33 • To include, or not, former members in the voluntary redemption request (described above); or
- 34 • If to repay such equity to former members before, or after the volunteers are paid; or
- 35 • Some other action; or
- 36 • To delay such until a later time.

- 1 **Additional Policies needing to be written:**
- 2 Outreach, Marketing and Member Recruiting (while avoiding potential security law issues)
- 3 Local vendor/supplier preferences and selection process (Tony Waldron has agreed to draft this)