

# The Work Hard Pittsburgh Cooperative

## Operating Agreement - Standards and Practices

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This Standards and Practices is an appendix to the Work Hard Pittsburgh LLC (sometimes, the “**Co-Op**”) Operating Agreement and is an integral part of the Operating Agreement applicable to Members. Also, these Standards and Practices are or may be incorporated by reference into an agreement between the Co-Op and non-Members, such as any CoWorker or Prospective Member. Provisions relating to non-Members and Members are respectively applicable relative to membership status. The Executive Committee may revise these Standards and Practices, from time-to-time, in its discretion.

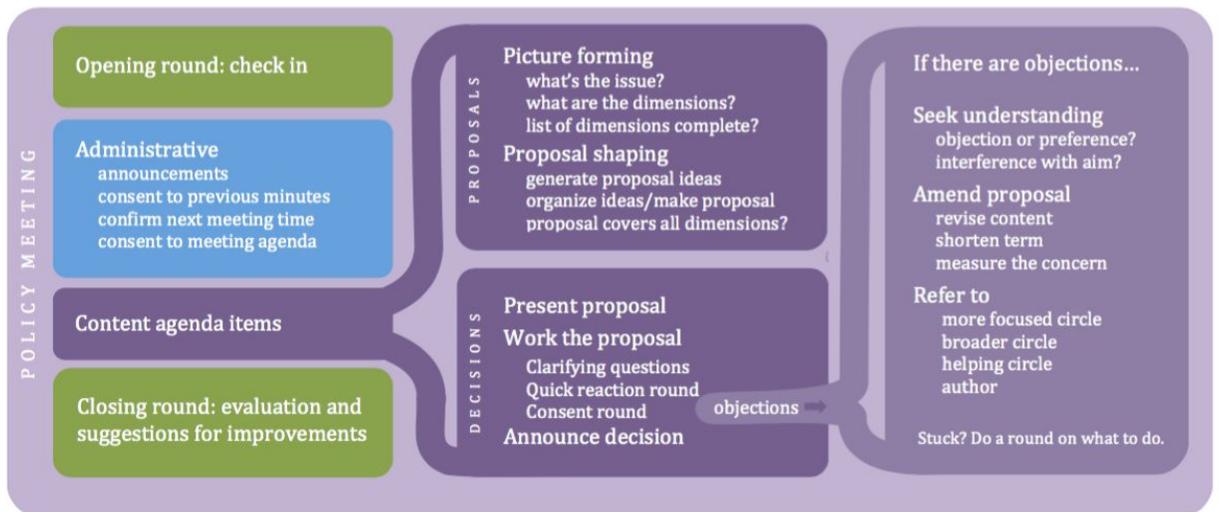
### 1. Mission Statement

*The Work Hard Pittsburgh Co-Op is a cooperatively owned and operated business incubator that provides training, resources, sales support, and access to capital to its Members.*

*The Co-Op mission is to make it easier for any entrepreneur to start, scale, and sustain a business venture, with the further mission to adhere to the standard cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity. The Co-Op is mindful of its position within the community and our responsibility to promote sustainable development and work with others to create a more just and equitable society.*

#### 1.1. Iterative Collaboration and Consent Process

1.1.1. **Consent Round.** To implement collaborative decision-making, the Co-Op generally uses an iterative process of “**consent rounds.**” A consent round is a form of dynamic governance where Members generate consent through iterative rounds of decision making validated by objective facts, continuous improvement, and measured outcomes. Committees organized to gather membership’s input use Consent Rounds.



- 1.2. **Primary Governance Documents.** The Co-Op is organically governed by multiple documents (“**Governance Documents**”) in the following order of priority: the Co-Op Certificate of Organization filed with the Commonwealth of Pennsylvania, the Co-Op Operating Agreement, this Standards and Practices, various specific Co-Op written policies and procedures regarding specific subjects, resolutions of the Executive Committee (also referenced in the Operating Agreement and from time-to-time as the “board of managers”) and miscellaneous operational documents established from time-to-time by committees. No document mentioned later in the prior sentence may conflict with any document mentioned earlier. That is, no document may conflict with the Certificate of Organization, which has the highest priority of governance. In the event of any conflict between or among Governance Documents, the document of higher priority shall control, it being understood that all Governance Documents are intended to be reconciled if practicable. Subject to the aforesaid, Governance Documents include any written agreement upon the terms set forth therein.
- 1.3. **Operating Principles.** The Co-Op mission is generally to adhere to the values and principles practiced universally by cooperatives. As such, management often seeks Member consent on issues through dynamic governance as is practical and non-detrimental to the business and sustainability of cooperative. The act of doing business will generally adhere to the principles herein and in good faith seek consensus from the Members on activities as practical, understanding that certain activities, oversight and decisions fall within the scope of the Executive Committee. The Co-Op has the following universal cooperative values:
  - 1.3.1. **Voluntary and Open Membership.** Subject to operational requirements, the Co-Op is a voluntary organization that is open to all people able to use its services and willing to accept the responsibilities of membership. The Co-Op does not discriminate and celebrates the diversity of its membership.
  - 1.3.2. **Democratic Member Control.** The Co-Op is a democratic organization directly or indirectly controlled by its Members who actively participate in setting policies and making decisions through best practice dynamic governance. The Executive Committee members are elected from among the membership and are accountable to the membership.
  - 1.3.3. **Economic Participation by Members.** Members contribute to the operational and other capital of the Co-Op. At least part of that capital is intended to remain in the common property of the Co-Op. The Co-Op allocates surpluses for any or all of the following purposes, among others as determined by the Executive Committee: developing the cooperative; setting up reserves and investment funds; benefiting Members in proportion to their contributions to the Co-Op; and supporting other activities approved by the membership.
  - 1.3.4. **Autonomy and Independence.** The Co-Op is an autonomous, self-help organizations controlled directly or indirectly by its Members, in many occasions through representation by boards and committees. When the Co-Op enters into agreements with other organizations or raises capital from external sources, it is done with the goal that is directed to the Co-Op’s continued autonomy.
  - 1.3.5. **Education, Training, and Information.** The Co-Op is committed to providing education and training for Members, elected representatives, employees, and community at large so they can contribute effectively to their respective communities, aid in the development of cooperative(s) and to better understand the value of cooperative organizing structures.
  - 1.3.6. **Cooperation Among Cooperatives.** The Co-Op is committed to strengthening the cooperative movement by working with other local, national, regional and international cooperatives.
  - 1.3.7. **Concern for Community.** The Co-Op is committed to sustainable development of communities and supporting equal access to economic opportunity for the people that live in our neighborhoods.

## 2. The Board of Managers (“Executive Committee”).

The term “**Executive Committee**” is the same organic body also referenced in Commonwealth of Pennsylvania statutory law, as well as in the Co-Op Certificate of Organization (filed with the Commonwealth of Pennsylvania) and in the Co-Op Operating Agreement as the “**Board of Managers**” or sometimes more generally stated as the “board.” The terms are used interchangeably, and the terms “**Manager**” and “**Executive Committee Member**” (whether or not capitalized) mean a member of the Executive Committee. The Executive Committee has broad authority to manage and operate the Co-Op. The Executive Committee, as a group, is empowered to execute day-to-day operational strategic decisions and to make residual executive determinations, implemented by the Co-Op officers (e.g. President). When an even number of Executive Committee members exists, any deadlock or tied votes will be broken by a majority vote of the Members.

## 3. Membership

- 3.1. **Co-Op Member.** The Co-Op is owned using a cooperative framework. Participants in the Co-Op have the ability to earn one or more Units of Co-Op equity over time through participation, service, and cash contribution. (See below Section 4, “**Units.**”) Generally, Members have access to value-adding services as available, in addition to access to Co-Op facilities. Once a participant duly earns, is offered in writing, and has accepted in writing, a Unit in the Co-Op, in accordance with the Co-Op grant procedures, the participant thereby becomes a “Member.”
- 3.2. **CoWorker.** A “**CoWorker**” (as distinguished from a “Member”) of the Co-Op has access to facilities and site resources. CoWorkers **DO NOT** earn Units of the Co-Op and are not included in the membership. CoWorkers are customers of the Co-Op and purchase services that overlap, in some cases, with those services provided to Members. A condition of becoming or remaining a CoWorker is strict compliance with all agreements and operational policies of the Co-Op, and submission to final resolution of disputes regarding policies in the discretion of the Executive Committee.
- 3.3. **Access and Amenities.** Members and CoWorkers are generally provided 24/7 access to common areas located inside of Co-Op facilities. Dedicated space is available for additional fees. Dedicated space for an affiliated organization may be purchased for an additional fee. Membership or facilities use by CoWorkers does not create tenancy of right, but rather provides a conditional prepaid usage license to access the provided amenities on a monthly or casual basis.

### 3.3.1. Active Member Amenities by Type.

Amenity (subject to compliance)	Co-Op Member	CoWorker
24/7 Access to facilities	Y	Y
Access to equipment	Y	Y
Allowed to purchase dedicated space	Y	Y
Access to co-op controlled capital funds	Y	N
Priority access to freelance jobs	Y	N
Access to member-to-member service exchange	Y	N
Allowed to sit on policy shaping committees	Y	N
Voting rights (Active Members)	Y	N
Voting privileges (Inactive Members)	Y	N
Participation in profit distributions (if and when they occur)	Y	N
Access to cloud based documents	Y	N
Access to contracts	Y	N

- 3.3.2. **Rights and Privileges.** There are certain rights and privileges in participating in the Co-Op, which are dependent upon whether, for example, a participant is an Active Member or Inactive Member, CoWorker, etc. A “right” is something that is vested as an attribute of the category of participation, while a “privilege” is a benefit that is subject to the discretion of the governing model, such as the Executive Committee or membership. Because the model is a cooperative association, there are few rights and many privileges. Only Members have rights, CoWorkers only have privileges or what may be set forth expressly in a CoWorker written agreement. Unless a right is specific and clear, it is deemed to be a privilege; all amenities are privileges unless expressly and specifically stated as a “right.” For example, an exclusive right of all Members is to share in certain financial distributions, and an exclusive right of Active Members (but not Inactive Members) is to vote for certain fundamental transactions such as a sale of the company. However, all Members, including Inactive Members, may enjoy a number of privileges, including facilities access and/or voting on matters brought before them in the discretion of the group requesting input (such as the Executive Committee, a committee, or the entire membership, as the case may be). Privileges are subject to frequent administrative modification, such as by the resolution of the Executive Committee; however, rights may only change in accordance with a very strict governance procedures.
- 3.3.3. **Contracts.** There are no oral contracts. All rights and/or privileges are either set forth in writings or default to the discretion of the Executive Committee.

## 4. Units

A unit is an equity share of the Co-Op (“Unit” or “Units” as the context requires). Under appropriate standards and conditions, Units are intended to be issued over time for active participation as described in the section, “Earning Additional Units.” Generally:

- 4.1. **IMPORTANT: There is no right or expectancy of receiving or otherwise earning Units; the grant of any Unit is always within the sole discretion of the Co-Op as a discretionary determination, based upon objective and subjective factors, as such factors are established from time-to-time. Grants are determined ultimately in the discretion of the Executive Committee upon the recommendation of the Membership Committee. The contributions made by a Member or prospective Member to the Co-Op is always considered fully completed with any such contributions in consideration for any then-current operational benefits by the Co-Op. The grant of any Unit can only be in and by an express and specific writing signed by the President of the Co-Op on behalf of a duly made determination by the Executive Committee. Moreover, no person may rely upon any then-established standards or rubric for consideration (which are suggested guidelines only), and the Membership Committee may modify criteria, subjective or objective, for the then-current Unit grant considerations. Units have significant limitations on transfer and may never have liquid value, as more fully set forth in the Operating Agreement.**
- 4.2. **Compliance.** Ownership of Units is conditioned upon fully continued compliance with the Operating Agreement. Acceptance of a Unit indicates acceptance to the terms of the Operating Agreement, as the same may be amended.
- 4.3. **Expiration/Units Redemption.** Units do not expire, *per se*; provided, however, that the Executive Committee, with the input of the Membership Committee reserves the right to redeem outstanding Units for which the Member has been inactive for at least five (5) consecutive years, at a redemption price not less than the *pro rata* fair market value established by the Executive Committee with the assistance of the then-current accounting firm for the Co-Op, to be paid in not less than three annual payments at the Applicable Federal Rate (annual) of interest.
- 4.4. **Active and Inactive Members.** A Member (being a Unit-holder) may be an “Active Member” or “Inactive Member,” depending upon whether the Member has satisfied then-current requirements for participation in operation of the Co-Op. (Inactive Members are also known as, “Legacy Members”). An Inactive Member is a Member who is not an Active Member. Certain Members, such as Inactive Members, may own one or more Units while not having operational participatory rights or privileges.
- 4.5. **Earning Additional Units.** Members are eligible to be considered for the grant of Units if they pay the then-current annual membership fees (“Annual Membership Fee”) and complete all required member service (“Annual Service

**Hours” or “Membership Service”).** All membership service and dues must be completed by a date each year determined by the Executive Committee with the advice of the Membership Committee, being December 31<sup>st</sup> unless otherwise determined, each year. Unless otherwise expressly stated in the Unit offer letter, ownership of a Unit is effective as of January 1 of the year that follows the year in which the Unit was earned; that is, ownership of a Unit always follows the calendar year that the Unit was earned.

- 4.5.1. **Annual Membership Fee.** Members pay a monthly fee that may change from time-to-time. Members must be notified in advance of changing fees and obligations as determined by the Executive Committee and informed by the Finance Committee and Membership Committee. The amount due each month is the pro rata portion of the Annual Membership Fee.
- 4.5.2. **Annual Service Hours.** Members must complete the then-current annual membership service hours.
  - 4.5.2.1. Annual Service Hours can be Member-to-Member, Member-to-Co-Op, and Member-to-community, and advancing Co-Op governance practice.
  - 4.5.2.2. Appropriate Annual Service Hours are approved and determined at the discretion of the Executive Committee with the advice of the Membership Committee, in the best interests of the Co-Op.
- 4.5.2.3. **New Members.** All potential new Members, to become Members, must receive approval of the Executive Committee with the advice of the Membership Committee, and must be accepted in accordance with the Co-Op documentation. Membership is prospective only. The Membership Committee may include subjective criteria and/or subjective ratings by Membership Committee members for evaluation as set forth above for the offer of Units. Participation in the cooperative process submits to this discretionary process of governance and Co-Op membership acceptance.
- 4.5.3. **Liquidation of Units.**
  - 4.5.3.1. Within thirty (30) calendar days of an annual financial assessment (or review or audit, as the case may be, in the discretion of the Executive Committee), Unit buyout offers may be announced, if applicable, by the Executive Committee.
  - 4.5.3.2. Finance Committee advises how many Units can be liquidated, if any, and the proposed offer price.
  - 4.5.3.3. Members can request buyout of all or some of their outstanding Units. In the event that any Member does not agree to sell all Units or at a price accepted by the Executive Committee, then the Co-Op can omit that Member from consideration. The Co-Op reserves the right to establish buyback bid and purchase mechanisms and may purchase Units first from a Member willing to accept a lower value; provided, however, that subjective criteria are permissible to be considered based upon need, etc.
  - 4.5.3.4. All buyouts are subject to appropriate documentation acceptable to and in the best interests of the Co-Op, including, but not limited to general releases from the Member.
  - 4.5.3.5. If more Member buyouts are requested than funds allow, a selection Buyback Rubric (with objective and subjective criteria) will be used to prioritize buyouts as set forth below, but is not necessarily determinative. All Members yield to the discretion of the Executive Committee making the determination in its discretion. The Membership Committee will evaluate requests with input from members seeking buyouts and make nonbinding recommendations to the Executive Committee.
- 4.6. **Distributions.** Distributions are awarded on a *pro rata* basis based upon the number of outstanding Units as of the date determined by the Executive Committee. Distributions are awarded at the discretion of the Executive Committee when capital generating or liquidity events occur. There is no guarantee of distributions. Generally, distributions can be issued when liquidity events occur like the sale of real estate or third-party acquisition of Co-Op-owned products or property. The Executive Committee may assign some portion or all of the profit as Member distributions. In the event that there is any tax liability annually to the Members, the Co-Op will distribute funds necessary to pay the income tax at the highest individual tax rate; provided, however, that such payment may not occur until the expiration of all filing and/or payment extension deadlines for the Co-Op. Without limiting the generality of the foregoing, rather than to make distributions, the Co-Op always reserves the right to withhold funds in accordance with operational strategies.

## 5. Inclusivity and Diversity

- 5.1. The Co-Op does not discriminate on the basis of race, color, national origin, religion, gender, gender identity, physical or mental disability, medical condition, marital status, age, or sexual orientation. Subject to that, the Co-Op is mandated to implement its mission with sensitivity to diversity ("**Diversity Mandate**") to the fullest extent permitted by applicable law:
  - 5.1.1. The Co-Op is committed to being exceptionally inclusive to minorities, and particularly those who are economically disadvantaged with identifiable barriers to entry into the entrepreneurial and technology industries. The Co-Op openly embraces the LGBTQ community, senior citizens and minorities.
  - 5.1.2. The Co-Op monitors diversity of committee and community leadership, striving to maintain and to foster a cooperative culture of social acceptance and inclusiveness. The Co-Op utilizes diverse vendors and suppliers to the extent practicable and develops and implements objectives for diversity in the organization.
  - 5.1.3. The Co-Op encourages all forms of public outreach, assistance and education regarding cultural diversity and the public benefits of social inclusion..
- 5.2. Distributions, will be considered only if and when the demographic makeup of the membership satisfies the Diversity Mandate.
- 5.3. It is the responsibility of the Diversity Committee to determine whether the Co-Op membership has satisfied the Diversity Mandate and to communicate annual recruitment goals to the membership and Executive Committee.

## 6. Committees

Committees exist to gather and communicate member input to the Executive Committee. Committees can, at any time, fact find and report findings to the membership. The Executive Committee is obligated to provide facts and scenarios to committees. Committee recommendations regarding decisions, business practices, and operations are non binding on the Co-Op. Only Active Members may participate in operational aspects of the Co-Op. Committee scope and mission must be described in writing in a document publicly viewable by Members.

- 6.1. **Executive Prerogative.** All committees are created, terminated, scoped, controlled and operate within and pursuant to the approval and final direction of the Executive Committee. Subject to reasonable discretion and specific constraints by the Executive Committee, ordinary day-to-day operational decisions by the officers of the Co-Op (President, Vice President, Secretary, Treasurer) do not require membership input. Additionally, investments decisions by an officer less than ten thousand dollars (\$10,000) (or aggregated as a series of related expenses within a one-year period), that are in adherence to their fiduciary responsibilities, do not require Executive Committee input.
- 6.2. **Governance by the Membership through Committees.** Committees allocated a budget are authorized to spend that money within the scope of their written mission to organize, provide services, amenities, activities and opportunities to the membership without approval from the Executive Committee. Operational decisions require committee input and Executive Committee approval if they meet any of the following criteria:
  - 6.2.1. New initiatives that require Co-Op resources amounting to ten thousand dollars (\$10,000) or more in value or require ten percent (10%) of the Manager's or member(s) time will be reviewed by the appropriate committee.
  - 6.2.2. Investments, improvements, equipment, and staffing equal to or greater than ten thousand dollars (\$10,000).
  - 6.2.3. Changes to governance or Operating Agreement where the Operating Agreement so requires.
  - 6.2.4. All expenses and time references above are also to be aggregated as a series of related transaction within a one-year period).
- 6.3. **Chairperson and Chairperson Election.** A "**Chairperson**" is the organizer and coordinator of a committee.
  - 6.3.1. Chairperson elections will be held by committee members the last week of December for the upcoming year.
  - 6.3.2. Only self-nomination, and nomination of Chairperson candidates by active members of a committee is allowed.
  - 6.3.3. Chairperson positions have no term limits.
- 6.4. **Comment Period.** All decisions and recommendations being made to the Executive Committee by committees must

allow for a comment period from the membership at large. During this time, members are given an opportunity to comment, raise concerns, and request clarification. Member input must be documented. Any Member objections that are formally documented, must be accompanied by supporting evidence.

- 6.5. **New Committees.** Proposed committees must have a formation meeting and must have approval of the Executive Committee. Notification of a new committee formation must be posted to the membership with at least two weeks of notice. The Chairperson will convene a committee formation meeting. Members interested in serving on the committee must attend or make arrangements with the Chairperson. Member roles, committee function, size, metrics of success, and outcomes will be defined and added to a publicly viewable written document.
- 6.6. **Operational Committee (“OC”).** An OC advises the Executive Committee on complex issues and decisions. An OC is characterized by committees that require Member time on task equal to or exceeding eight (8) hours, exceed a cost of equal to or over one thousand dollars (\$1,000) annually, have long term goals and outcomes of equal to or over ninety (90) calendar days, manage decisions that affect equal to or over twenty-five percent (25%) of the membership, have many or complex external relationships and dependencies, and have at least three people participating. An OC may request an operational budget from the Executive Committee
  - 6.6.1. **Formation.** Any Active Member or prospective Member of the Co-Op can start or participate on an OC. Members participating on an OC is determined through a nomination round. Members are nominated to OC. Each Member’s nomination must include a statement of qualifications. Self-nomination to a committee is allowed. Nominated members and their qualifications are to be discussed in a Consent Round at the formation meeting. Members in attendance vote on nominees inclusion on the OC. Top vote getting nominated Members are awarded committee seats. The Executive Committee approves recommended appointments.
- 6.7. **Ad Hoc Committee (AC).** An AC is a committee that requires Member time on task to be less than 8 hours, have a cost of less than \$1,000 annually, have short term goals and outcomes of under ninety (90) calendar days, manage decisions that affect under twenty-five percent (25%) of the membership, have few and simple external relationships and dependencies, and must have at least three people participating. Any Active Member or prospective Member of the Co-Op can start and participate on an AC. ACs are governed as the Chairperson sees fit with consent driven decision making encouraged. Chairpersons must receive the Executive Committee’s approval for any cost or expense.
- 6.8. **Informal Groups.** Members may form informal groups among themselves as they may desire with the understanding that informally created groups are not part of the operational structure of the Co-Op; and, provided further, and without suggesting that any other committee can do so, that no informal group or member thereof, may hold itself out as an agent or representative of the Co-Op, or speak or act for the Co-Op in any capacity, or use the name, likeness, or resources of the Co-Op, without written advance approval of the Executive Committee.
- 6.9. **Inactive Members.** Inactive Members have no participatory rights in the operations of the Co-Op or committees except if in the process of re-activation of membership.
- 6.10. **Executive Committee.** The Executive Committee (the Manager) are empowered by the Operating Agreement to make key business decisions for the Co-Op.
- 6.11. **List of Member Committees.** A description of member-run committees and their responsibilities of their chairpeople can be separately maintained in [Committees and Chairperson Positions](#) document.

## 7. Recommending Amendments to Governance Documents

From time to time, the Members may seek to recommend changes to the Governance Documents of the Co-Op. The following is the process for recommending changes to Governance Documents:

- 7.1. The Membership Committee will draft language for proposed changes to Governance Documents that relate to membership. Any Member may bring suggestions to the appropriate committee at any time.
- 7.2. Proposed changes will be presented by the appropriate committee to the membership at large during a monthly regular meeting.
- 7.3. A vote accepting or rejecting the recommended changes will be conducted by online collaborative tools.
- 7.4. A simple majority of people those Members who voted on the issue will ratify the recommended change for submission to the Executive Committee. A quorum is not necessary for the Member vote for the recommended change.
- 7.5. The Executive Committee accepts or rejects the change. If accepted, the Executive Committee will submit the

recommendation change through legal review with the Co-Op's professional advisors, such as the Co-Op lawyers. Proposed changes that are rejected are referred back to committees with advisement.

## 8. Voting

Every Member who owns at least one (1) Unit and who is a Member shall be entitled to one (1) vote irrespective of the number of Units held by such Member. Every Member has one vote and only one vote on matters properly set forth for voting.

- 8.1. Generally, The Executive Committee decides what issues are presented to Members for vote. Membership can bring a matter to vote with a super-majority (66%) of the Active Membership approval.
- 8.2. Committees may recommend issues for a vote to the Executive Committee at any time.
- 8.3. Inactive Members cannot vote or participate on OCs or operational matters, but only on limited fundamental transactions as set forth in the Certificate of Organization and/or Operating Agreement.

## 9. Open Source Use of Documentation

- 9.1. This document and any related documents that are made publicly made available directly by the Co-Op on its publicly accessible website and specifically referenced as "Open Source" ("**Open Source Documents**") are nevertheless copyrighted subject-matter owned exclusively by the Co-Op, with all rights reserved, except that Open Source Documents may be used by third-parties on the following conditions:
  - 9.1.1. OPEN SOURCE DOCUMENTS ARE PROVIDED IN 'AS IS' CONDITION, "WITH ALL FAULTS" AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF TITLE, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. A USER OF OPEN SOURCE DOCUMENTS ASSUMES THE RISK OF USE AND SHALL OBTAIN LEGAL COUNSEL REGARDING THE PROPRIETY OF USE. ANY USER OF OPEN SOURCE DOCUMENTS AGREES TO INDEMNIFY AND HOLD THE CO-OP HARMLESS FROM ANY USE, INCLUDING ATTORNEYS' FEES.
  - 9.1.2. Open Source Documents may not be sold or transferred for value.
  - 9.1.3. An email must be sent to [info@workhardpgh.com](mailto:info@workhardpgh.com) with full contact information for the intended user of Open Source Documents.
  - 9.1.4. Use of Open Source Documents requires conspicuous attribution to the Co-Op, in the form of "[Document Name] and/or Pittsburgh Cooperative Model is used under a non-exclusive license by Work Hard Pittsburgh LLC, [www.workhardpgh.com](http://www.workhardpgh.com)."
  - 9.1.5. The Open Source Documents may be modified, but such modifications shall not change the requirements set forth above. User of Open Source Documents agrees to make any such modifications available to the Co-Op and to forward any known issues to the aforementioned email address.

Approved as of 01/02/19

\_\_\_\_\_ Joshua D. Lucas

\_\_\_\_\_ Jason L. Philips