

Cooperative Bylaws

Amended and Approved December 12, 2023

for PixelSpoke

(Referred to as the “Cooperative” in these Bylaws)

Preamble

PixelSpoke is a Colorado cooperative corporation organized under the Colorado Cooperative Act, Colorado Revised Statutes, Title 7, Article 56 (the “**Act**”) and the Public Benefit Corporation Act of Colorado, Colorado Revised Statutes Title 7, Article 101, Part 5 (“**PBCA**”).

The Cooperative’s business shall be conducted on a cooperative basis for the mutual benefit of the Cooperative’s members.

The Cooperative subscribes and commits to the following core values:

 **Enjoy the Journey**

 **Everybody Wins**

 **Curiosity with a Purpose**

 **Improve Every Day**

 **Solutions not Blame**

 **Authenticity**

The Cooperative furthermore adopts and subscribes to the [seven International Cooperative Alliance](#) cooperative principles:

Voluntary and Open Membership

Democratic Member Control

Members Economic Participation

Autonomy and Independence

Education, Training and Information

Cooperation among Cooperatives

Concern for Community

The Articles of Incorporation, as amended from time to time (“**Articles**”), are hereby incorporated by reference into these Bylaws.

Prepared by

PixelSpoke[®]

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ARTICLE I MEMBERSHIP

- 1.1 **Qualifications for Membership.** Each of the following shall be a “**Member**” of the Cooperative and all classes of membership may be referred to as “**Members**”. The financial rights and responsibilities of each Class of Membership are more fully described in ARTICLE IV and in Membership Agreements entered into by each Member of the Cooperative.
- 1.2 **Employee Members.** Subject to acceptance by the Board in its sole discretion, any natural person who (1) applies for admission to the Cooperative and (2) meets all the eligibility requirements under these Bylaws, the Act and the PCBA, and any policies established by the Board; and (3) executes a Membership Agreement shall be admitted as an “**Employee Member**” and shall have full voting rights. The Member eligibility requirements under these Bylaws are as follows:
- 1.2.1 Agrees to purchase one (1) share of Common Stock in the Cooperative (the “**Employee Share**” or “**Employee Stock**”) for the price set forth in **Schedule 1** either through immediately available funds or an installment payment plan;
 - 1.2.2 Have successfully completed three (3) years of work for the Cooperative as an employee or a non-US based independent contractor working at least 24 (twenty-four) hours per week;
 - 1.2.3 Have successfully completed the employee-ownership training preceding the purchase of the Employee Share (“**Candidacy Period**”);
 - 1.2.4 Have successfully been accepted by the affirmative vote of an eighty percent (**80%**) **super-majority** of Employee Members present and voting;
 - 1.2.5 Agrees to at all times maintain good standing as an employee or independent contractor of the Cooperative and as an Employee Member;
 - 1.2.6 Agrees to at all times abide by the Articles, these Bylaws, their Membership Agreement, and the rules and policies as may be established and adopted from time to time by the Members or the Board; and
 - 1.2.7 Agrees to the distribution, as set out in ARTICLE IV and **Schedule 1**.
- 1.3 **Investor Members.** Subject to acceptance by the Board in its sole discretion, a natural person or entity that meets the following eligibility requirements and applies for membership can be admitted to the Cooperative as an “**Investor Member**”:
- 1.3.1 Agrees to purchase shares of Preferred Stock on the terms and conditions of their Membership Agreement, which shall reference and incorporate these Bylaws;
 - 1.3.2 Agrees to meet any qualifications set forth in those certain investment documents;
 - 1.3.3 Acknowledges Preferred Stock has no voting rights, except required by law; and
 - 1.3.4 Agrees to at all times abide by the Articles, these Bylaws, the investor documents, and the rules and policies established and adopted by the Board.

- 1.4 **Representations of Investor Members.** If an Investor Member of the Cooperative is not a natural person, the Member may be represented by any individual duly authorized by the Member in writing delivered to any Director on the Board.
- 1.5 **Non-Admission.** A person shall not be eligible for membership if the Board finds, based on reasonable grounds, that the applicant's admission would damage the interests, or otherwise obstruct or conflict with any purpose or operation, of the Cooperative. The Board shall not discriminate on the basis of sex, race, ethnicity, national origin, sexual orientation, or any other status protected by federal or state law.
- 1.6 **Multiple Memberships; Transfer of Interest.** An Employee Member may also hold Preferred stock provided the Member is in good standing. A Member may not transfer their membership interest to anyone unless the Board has approved the transfer.
- 1.7 **Withdrawal.**
- 1.7.1 An Employee Member may withdraw from the Cooperative by providing thirty (30) calendar days prior written notice to the Board.
- 1.7.2 A withdrawing Member shall be considered an active Member entitled to all benefits under these Bylaws until the withdrawal becomes effective.
- 1.7.3 Withdrawal by an Employee Member of their membership does not automatically result in resignation as an employee of the Cooperative; however, resignation as an employee results in automatic withdrawal as an Employee Member.
- 1.8 **Involuntary Termination of a Member as a Member.** If a Member has (1) violated any provision of the Membership Agreement, these Bylaws, an investment agreement (as to Investor Members) or any other policy or procedure of the Cooperative; or (2) otherwise been disruptive to the orderly operation of the Cooperative, the Board may hold a termination hearing five (5) days after notifying the Member of the termination hearing. After the hearing, the Board may terminate the Member by a **simple majority vote** of all other Directors present and voting on such Member's membership in the Cooperative.
- 1.9 **Rights and Interest on Withdrawal, Termination, Death, or Retirement.** On the date that a Member's withdrawal, termination, death or retirement becomes effective, all rights and interests of the Member in the Cooperative shall cease. When termination of an Employee Member's membership becomes effective, they (or in case of their death, their beneficiary) shall be entitled only to payment for the original purchase price they paid for their Employee Stock as well as any unpaid dividends held in their name on the books of the Cooperative. Within one-hundred and twenty (120) days after the effective date of the Employee Member's withdrawal or termination, the Cooperative shall pay them for their Stock and shall consider distributing to them any unpaid dividends either in cash or by issuing a promissory note, to be decided at the sole discretion of the Board; the Board shall have the sole discretion to delay, withhold, modify, or otherwise control the timing of any redemption or equity distribution if it would impair the financial health of the cooperative. When termination of an Investor Member's membership becomes effective,

the Board shall, in its sole discretion and pursuant to any certain investor agreements, determine the timing and method of any redemption of an Investor Member's equity interests.

- 1.10 **Consent to Tax Treatment.** Each individual or entity which becomes a Member of this Cooperative shall by such act alone agree to take into account on the Member's income tax return any Dividends which are made in qualified written notices of allocation at their stated dollar amounts in the manner provided in Section 1385(a) of the Internal Revenue Code of 1986, as amended (the "**Code**") in the taxable year in which the Member receives the qualified written notices of allocation. Each Member shall be solely responsible for any tax liability incurred as a result of patronage with the Cooperative. Each Member shall indemnify and forever hold harmless the Cooperative from any claims of any kind arising out of their patronage or their purchase or holding of Stock in the Cooperative.

ARTICLE II
BOARD OF DIRECTORS STRUCTURE AND MEETINGS

- 2.1 **Directors.** The Board of Directors shall consist of all Employee Members in good standing who will serve on the Board until the Employee Member withdraws or is removed as provided in these Bylaws.
- 2.2 **Election of Officers.** The Board shall elect a Secretary, Treasurer, and President (each an “**Officer**”). Each Officer shall hold office until the election and qualification of a successor unless they are earlier removed by death, resignation, or in accordance with these Bylaws. The Board may create additional officer roles at its discretion.
- 2.3 **Removal of Officers.** The Board of Directors shall have the power to remove any Officer of the Cooperative, with or without cause, by a **simple majority** vote of the Directors not serving as the Officer subject to removal.
- 2.4 **Member Meetings.** Because all Directors on the Board are Members of the Cooperative, all Board meetings constitute meetings of the Members as may be required by law. The Board may amend these Bylaws to provide for a different number of Directors and election procedures if it is determined to be in the best interests of the Cooperative. So long as all Directors on the Board are Members of the Cooperative, any decisions made by the Board as required by the Articles, these Bylaws, or law, shall be deemed to have the approval of the Members in proportion to the Directors approving the decision.
- 2.5 **Board Meetings.** Regular meetings shall be held by the Board at least once per quarter. Special meetings of the Board shall be held whenever called by the Board President or by a majority of Directors, and any business may be transacted in such meetings.
- 2.6 **Notice of Board Meetings.** Prior written notice of each meeting of the Board shall be delivered to each Director at least three (3) business days in advance. Appearance at a meeting shall constitute a waiver of notice, except if a Director attends a meeting for the express purpose of objecting to the lawfulness of the meeting.
- 2.7 **Quorum: Voting.** The presence of seventy percent (**70%**) of all Directors shall constitute a quorum at any meeting of the Board, and no official Board business may be conducted without a quorum. Each member of the Board shall be entitled to one (1) vote, with no Director voting on any matter in which they have a financial self-interest other than as a Member of the Cooperative. Any matter upon which the Board votes shall require a **simple majority** affirmative vote of those present and voting to pass.
- 2.8 **Proxy and Cumulative Voting.** Voting by proxy is permitted at all meetings, provided the proxy vote is appointed to another Director/Member and is memorialized in writing. Cumulative voting is prohibited at all meetings of the Cooperative. For purposes of this

section 2.8, all duly prepared and delivered powers of attorney shall be considered to be proxies.

- 2.9 **Assent to Action.** A Director is considered to have assented to an action of the Board unless:
 - 2.9.1 The Director votes against it or abstains and causes the abstention to be recorded in the minutes of the meeting
 - 2.9.2 The Director does not attend the meeting at which the vote is taken; or
 - 2.9.3 The Director gives notice of their objection in writing to the Board chair within twenty-four (24) hours after the meeting.

- 2.10 **Action without a Meeting.** Actions of the Board may be taken without a meeting if the action is agreed to by all Directors and is evidenced by one or more written consents by all Directors and filed with the corporate records reflecting the action taken.

- 2.11 **Committees.** The Board of Directors may appoint committees as necessary.

- 2.12 **General Standards of Conduct.** Each Director and Officer shall discharge their duties in good faith and for a proper purpose as prescribed in the Act and the PCBA.

**ARTICLE III
DUTIES OF BOARD AND MANAGEMENT**

- 3.1 **Control of Business.** The Board of Directors shall have general supervision and control of the Cooperative and shall make all rules and regulations not inconsistent with law, the Articles or with these Bylaws for the management of the business and the guidance of the Members, employees, and agents of the Cooperative.
- 3.2 **Employment of Agents.** The Board of Directors may employ an executive leader, auditors, counsel, and other agents (“**Agents**”) as it deems necessary, and may define their duties and compensation (if any). The Board shall have general oversight and supervisory responsibility over any such Agents, and shall have the authority to hire, fire, discipline or remove any such Agents.
- 3.3 **Management.** The board may appoint managers, who shall have general charge of the ordinary business operations of the Cooperative. The managers shall endeavor to conduct the business such that the Members will receive just and fair treatment.
- 3.4 **Reports of Business Activity and Finances.** The Board shall present at each board meeting detailed financial statements and any other facts and figures pertinent to a complete understanding of the cooperative's financial position for the period.
- 3.5 **Bonds and Insurance.** The Board of Directors may require all Officers, Agents, and employees charged by the Cooperative with responsibility for the custody of any of its funds or negotiable instruments to give adequate bonds.
- 3.6 **Review of Financials.** The Board shall have the Cooperative's financial statements reviewed at least at the end of each fiscal year and at other times as it deems necessary.
- 3.7 **Agreements with Members.** The Board shall have the power to carry out all agreements of the Cooperative with its Members in every way advantageous to the Cooperative representing the Members collectively.
- 3.8 **Nepotism.** No immediate relative of any Director shall be regularly employed by the Cooperative, unless approved in writing by a vote of a **simple majority** of disinterested Directors. Immediate relative is defined as father, mother, brother, sister, spouse, common law domestic partner, son, daughter, son-in-law, or daughter-in-law.

ARTICLE IV FINANCES

- 4.1 **Investments in Equity Capital.** The Board may require, by majority vote, that Members make additional capital contributions to the Cooperative.
- 4.2 **Notice of Records.** All patronage dividends not paid in cash (“allocated shares”) shall be deemed capital contributions in the Cooperative without any further action by the Cooperative other than the giving to the appropriate recipient a written notice of allocation (as defined in 26 U.S.C. 1388). The Cooperative shall keep appropriate books and records showing the capital contribution by each Member in each year. The Cooperative shall not be required to issue additional evidence of capital contribution in the Cooperative.
- 4.3 **Computation of Net Profits.** The Cooperative's Net Profits, calculated each fiscal year, shall be computed based on reasonable accounting standards as follows:
- 4.3.1 ***Gross Revenue.*** All revenue resulting from the ordinary course of the Cooperative’s operating activities, except share purchases by members, shall be deemed to be “**Gross Revenue.**”
- 4.3.2 ***Expenses.*** All normal business expenses, capital required to maintain reasonable reserves, any payouts of the employee bonus plan, and any charitable giving.
- 4.3.3 ***Net Profits.*** The Gross Revenue less Expenses shall be deemed “Net Profits”
- 4.3.4 ***Losses.*** In the event the Cooperative sustains a loss, the Board shall determine the manner in which the loss shall be taken into account in an equitable way that is aligned with the Cooperative’s values and purpose. This may include debiting equity account balances or charging members directly.
- 4.3.5 ***Calculation of Patronage Dividends.*** Each Member’s allocated share of the Net Profits shall be computed by dividing their Patronage Activity from the total Patronage Activity; “**Patronage Activity**” is defined as the full-time equivalency (calculated as: number of standard days worked in a week divided by five) an Employee Member during the prior fiscal period. A new Member's allocation of the Net Profits shall be calculated starting on the date they became a member, which is the date they make their first payment to the board.
- 4.3.5.1 ***Type of Allocations.*** Allocations of the Net Profits in accordance with this Article may be made in the form of qualified written notices of allocation (at least 20% in cash) or nonqualified written notices of allocation (less than 20% in cash) as determined by the Board of Directors.
- 4.3.5.2 ***Patronage Dividend Allocation, Payment and Reinvestment.*** The Board shall authorize payment in cash to each Employee Member no later than

July 1 for at least twenty percent (20%) of the Member's allocated share of Net Profits with the balance credited to the appropriate capital account of the Member on the books and records of the Cooperative. The credit shall be deemed a payment to the Member and a reinvestment in the equity capital of the Cooperative. No later than July 1 of each year, the Cooperative shall notify each Member in the form of a qualified written notice of allocation (as defined in 26 U.S.C. 1388) of the Member's total allocation of Net Profits including the cash portion as well as the amount credited to the Member's capital account.

4.3.5.3 **Right to Capital.** No Member shall have any right or interest to any reserve fund or surplus accounts except upon dissolution of the Cooperative, when such capital shall be distributed in accordance with these Bylaws, as otherwise provided by law.

4.3.5.4 **Dividends to Investor Members.** Dividends on shares of Preferred Stock may be declared at the discretion of the Board, and shall be entitled to priority with respect to the declaration of Patronage Dividends. The Board shall have the power to negotiate and set forth the terms and conditions relating to dividends on Preferred Stock in definitive investment documents governing the terms of purchasing and holding the Cooperative's preferred stock.

4.4 **Borrowed Capital.** The Cooperative may borrow additional capital from Members or any other source as permitted by law. It may issue certificates of indebtedness for amounts of borrowed money with such terms and conditions as determined by the Board.

4.5 **Commingling of Capital; No Interest.** Investments in equity capital need not be segregated from any other assets of the Cooperative. Unless provided in these Bylaws, no dividend or interest shall be paid on any equity capital in the Cooperative.

4.6 **Fiscal Year.** The fiscal year shall commence on January 1 and end on the following December 31.

**ARTICLE V
DISSOLUTION, MERGER, OR SALE**

- 5.1 **Approval of Merger, Sale, Dissolution, Consolidation, or Share or Equity Capital Exchange**. If the Cooperative is a party to a plan of merger, sale of all or substantially all of the Cooperative's assets, consolidation, dissolution, or share or equity capital exchange, such plan shall be approved by an **eighty percent (80%) vote** of all the Directors on the Board
- 5.2 **Distributions of Proceeds**. The debts and liabilities of the Cooperative shall first be paid according to their respective priorities, as defined by law or by agreement. Any property or proceeds remaining after discharging the debts and liabilities of the Cooperative shall be distributed to the Members in accordance with the following priorities to the extent funds are available, payments within each priority to be made on an equal footing basis, without regard to time of investment:
- 5.2.1 First, to the Investor Members, to the extent of any declared but undistributed dividends, plus an amount equal to the original purchase price of Preferred Stock; and then
 - 5.2.2 Second, to the Employee Members an amount equal to the original purchase price of Employee Stock; and then
 - 5.2.3 Third, 50% (fifty percent) of the remainder to one or more charitable organizations, selected by the Board and 50% (fifty percent) to the Employee Members in an amount equal to the proportionate balance of each Employee Member's lifetime patronage in the co-op

ARTICLE VI
BYLAWS AND INFORMATION

- 6.1 **Bylaws or Articles Amendment.** Amendments to these Bylaws or the Articles shall be proposed and approved by an **80% (eighty percent) vote** of all Directors on the Board. Additional approval by an **80% (eighty percent) vote** of the voting Members present at a member meeting shall be required for any amendment of the Articles of Incorporation and any amendment of the Bylaws that modifies:
- 6.1.1 The equity capital structure of the Cooperative, including the rights of the Members to share in profits or distributions, or the relative rights, preferences, and restrictions granted to or imposed upon one or more classes, or voting groups of similarly situated Members;
 - 6.1.2 The transferability of a member's interest;
 - 6.1.3 The manner or method of allocation of profits or losses among Members;
 - 6.1.4 The quorum for a meeting and the rights of voting and governance; or
 - 6.1.5 The terms for admission of new members.
- 6.2 **Distribution of Bylaws and Amendments.** After an amendment of these Bylaws, a copy of these Bylaws shall be provided to each Member.
- 6.3 **Right to Information.** The Cooperative shall maintain in record such information as is required by law. The Cooperative shall not be required to make information available unless required by law, and the Cooperative will work to balance the privacy interest of its Members with the right to access information by its Members.
- 6.4 **Confidentiality.** Members and former Members shall at all times maintain in strict confidence the information of the Cooperative, and shall not disclose such Cooperative information to any person or entity not otherwise entitled to receive such information. Each Member and former Member shall further ensure that any information transmitted or communicated to an attorney or other agent of such Member, shall be kept in confidence to the same degree and extent as the Member or former Member is or would be bound by this section.
- 6.5 **Pronouns.** The gender-neutral pronoun “they/them/their” is used throughout these Bylaws and shall be deemed to include all genders. Words used in these Bylaws in the singular shall be deemed to include the plural and vice versa unless a different meaning is plainly required by the context.

SCHEDULE 1
Stock Price + Member Dues

Employee Member Stock Price: \$10,000 per share

Investor Member Stock Price: \$1 per share

There are no member dues.