

REVISED Redline of Proposed Changes to Bylaws

for March 2021 Vote Draft 5 Jan 18, 2021

E&I Cooperative Services, Inc.

BYLAWS

(Restated April 2015)

Article I

1. **PURPOSE:** This Corporation is created primarily for mutual help, not conducted for profit, for the purpose of assisting its members and contracting parties authorized under Article VIIA of these Bylaws in the acquisition of supplies and articles of common use, to be used or consumed by such persons. In furtherance of such purpose, the Corporation shall:
 - (a) Operate as an entity through which members may extend their function of procurement of equipment, supplies and services for instruction, research, and maintenance into a joint effort;
 - (b) Conduct a general merchandise business in articles of common use, contracting such items for and on behalf of its members and contracting parties authorized under Article VIIA of these Bylaws;
 - (c) Conduct investigations and research into sources of supply, suitability of products and services for the use of members and contracting parties authorized under Article VIIA of these Bylaws, and testing and comparing new products, inventions and purchasing procedures;
 - (d) Conduct meetings of procurement officers for member institutions, compare experiences with the use of various products and services, display approved merchandise, and carry on conferences on subjects pertinent to procurement for its members;
 - (e) Do all and everything incidental or necessary for the accomplishment of the above purposes, as agents, either alone or in association with corporations, firms and individuals, for and to the benefit of members and contracting parties authorized under Article VIIA of these Bylaws; and
 - (f) Remain non-political and refrain from participating in any partisan political activity.

Article II Membership

1. In addition to the qualifications prescribed in the Certificate of Incorporation, an organization, in order to be eligible to own common stock and be a member of the Corporation, must also:

- (a) Be either a voting or an associate member in good standing of the National Association of Educational Procurement (herein called NAEP), and/or be organized as a nonprofit and function primarily in one of the following categories:
 - (1) as a four year college,
 - (2) as a university,
 - (3) as a junior or community college,
 - (4) as a nonprofit teaching hospital affiliated with a university,
 - (5) as a technical school or vocational school, or
 - (6) as a private, public or charter school which provides educational programs for students in grades K through 12.
 - (b) Have an acceptable credit worthiness.
 - (c) Be approved by the Board of Directors.
2. Eligible organizations shall be issued one share of common stock in the Corporation. Holders of common stock in the Corporation shall have their names entered on the membership roster kept by the Secretary, together with the date of membership. Each institutional member shall be entitled to all the rights and privileges and assume all the obligations of membership as prescribed by the Cooperative Corporations Law of the State of New York, the Certificate of Incorporation, and these Bylaws.
 3. Upon proof that a member has ceased to use or has lost the qualifications requisite for membership in the Corporation, or has become delinquent in the payment of its account, the Board of Directors may declare such member disqualified and its membership forfeited. Notice of such action and the grounds therefore shall be sent to the disqualified organization promptly and unless rescinded by the Board of Directors within 30 days from the date of notice, the expulsion from membership will become final. If the member was delinquent in the payment of its account and makes full payment before the end of the 30-day period, the Board shall rescind the member's expulsion unless other grounds for expulsion exist. Upon expulsion, the disqualified member shall receive the designated value of the forfeited membership and accrued dividends, if any, and shall then surrender its membership and common stock certificate to the Corporation. A member shall be deemed delinquent in the payment of its account when it has a past due balance of an amount and age which exceeds the standards therefore determined from time to time by the Board of Directors.

Article III Stockholders' Meetings

- ~~1.~~ **ANNUAL MEETING:** The annual meeting of the stockholders for the election of Directors and the transaction of such other business as may properly come before it shall be held in conjunction with NAEP's Annual Meeting. The Secretary shall serve, personally, by mail, or by electronic transmission, not less than ten or more than forty days before such election, a written notice stating the place, date and hour of the meeting upon each and every person representing a member institution that appears

on the books of the Corporation to be a holder of stock. If mailed, it shall be addressed to the stockholders' representative at the address that appears on the stock book. If transmitted electronically, such notice is given when directed to the member's electronic mail address as supplied by the member to the Secretary of the corporation or as otherwise directed pursuant to the member's authorization or instructions. An "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process. ~~The order of business shall be as follows:~~

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~~3. 1. Roll Call~~

~~4. 2. Proof of Notice of Meeting~~

~~5. 3. Reports of Officers~~

~~6. 4. Election of Directors~~

~~7. 5. Miscellaneous~~

8.1. SPECIAL MEETING: Special meetings of the members may be called, at any time, by the ~~Chair~~ ~~President~~ of the ~~Board of Directors Corporation~~ or by a majority of the Directors. Written notice of such meeting, stating the purpose for which it is called, shall be served, personally, by mail, or by electronic transmission, not less than five nor more than twenty days before the date set for such meetings. Notice shall be addressed as provided in notice of annual meeting.

9.2. WAIVER: Notwithstanding any provision of the foregoing sections 1 and 2, a meeting of the members may be held, at any time and at any place and any action may be taken thereat, if notice and lapse of time be waived in writing or electronic transmission by every member having the right to vote at such meetings. If transmitted electronically, such waiver must either set forth or be submitted with information from which it can reasonably be determined that the transmission was authorized by the member.

10.3. REPRESENTATION OF A MEMBER: If a member be other than a natural person such member may be represented by an individual duly authorized in writing filed with the corporation.

11.4. QUORUM: At all meetings of members, the representatives of the members present shall constitute a quorum.

12.5. VOTING: At all meetings of the members and at any regularly called general or special meeting of the members, all questions - except questions the manner of which deciding is otherwise regulated by statute - shall be determined by a two-thirds vote of the representatives of the members voting. Such voting may be conducted by mail and/or electronic transmission. If transmitted electronically, such electronic ballots must either set forth or be submitted with information from which it can reasonably be determined that the transmission was authorized by the member. The members shall

have been previously notified by mail and/or electronic transmission, of the exact motion or resolution upon which said vote is taken as well as any instructions for voting. A copy of such motion or resolution must be included with the mailed ballot or electronic ballot. All electronic votes will be recorded within the minute book and recorded in the same manner as other votes and the outcome of motions. No voting by proxy shall be permitted.

Article IV Directors

- 1. TERM OF OFFICE:** At each annual meeting of members, each Director shall be elected to hold office until the expiration of the term for which the Director is elected, and until a successor has been elected and qualified. The Directors of the Corporation shall be divided into three classes, hereby designated first class, second class and third class. The term of office for Directors of the first class shall expire at the next annual meeting of members, the term of office of the second class shall expire at the second succeeding annual meeting of members, and the term of office of the third class shall expire at the third succeeding annual meeting of members. At each annual meeting after the initial classification of Directors, Directors to replace those whose terms expire at such annual meeting shall be elected to hold office until the third succeeding annual meeting.

Directors whose term expires may be nominated to succeed themselves.

When ~~v~~vacancies in the Board occurring between annual meetings, a two-thirds majority of the remaining Directors shall have the power to appoint a new Director to fill the vacancy, if the Board so desires. Each new Director so chosen will hold office until the next annual meeting of the members. ~~shall be filled for the unexpired portion of the term by a majority of the remaining Directors.~~

- 2. COMPENSATION~~1~~(a)** Directors shall not receive any stated salary for services as Directors, but by resolution of the Board of Directors, expenses of attendance may be allowed for each Board meeting. Nothing herein shall be construed to preclude any Director from serving the Corporation in any other capacity as an officer, agent or otherwise and receiving compensation therefore.
- 3. OFFICERS OF THE BOARD:** The Officers of the Board will consist of the Chair, First Vice Chair and Second Vice Chair
- 4. ELECTION OF BOARD OFFICERS:** The Board of Directors shall annually elect from among its number a Chair, First Vice Chair and Second Vice Chair who shall serve until their successors are elected.
 - a. Chair of the Board** shall preside at all meetings of the Board of Directors and shall act as the presiding Board Officer at all meetings of the members. The Chair of the Board is responsible for providing leadership to the Board

of Directors, who sets policy and to whom the President and Chief Executive Officer is accountable. Additional responsibilities of the Chair of the Board are in the Statement of Policy.

- b. **First Vice Chair of the Board** shall perform Chair of the Board responsibilities when the Chair of the Board is not available. Additional responsibilities are in the Statement of Policy. In the event the Chair of the Board resigned, is terminated or unable to continue to perform the duties of the Chair of the Board, the First Vice Chair shall become the Chair of the Board until the next annual election of Board Officers.
- c. **Second Vice Chair of the Board** shall perform Chair of the Board responsibilities when the Chair and First Vice Chair are not available. Additional responsibilities are in the Statement of Policy. In the event the First Vice Chair resigned, is terminated, unable to continue to perform the duties of the First Vice Chair or has become the Chair of the Board because the Chair of the Board can no longer fulfill their duties, the Second Vice Chair shall become the First Vice Chair of the Board until the next annual election of Board Officers.
- d. In the event the Second Vice Chair position becomes vacant because the incumbent resigned, is terminated, can no longer fulfill their duties, or has succeeded the First Vice Chair for reasons stated above, the Board of Directors, at its option, may elect from among its members a Second Vice Chair to serve until the next annual election.

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3.5. DUTIES AND POWERS: The Board of Directors shall have the responsibility of the affairs of the Corporation and shall establish policies by which the Corporation operates, and may adopt such rules and regulations for the conduct of their meetings as they may deem proper, not inconsistent with the Certificate of Incorporation, law or these Bylaws.

4.6. MEETINGS: Meetings of the Board shall be held whenever called by the **Chair President** of the Board upon due notice to every Director. The Secretary shall call a special meeting whenever two Directors request the Secretary, in writing, to do so.

5.7. QUALIFICATIONS: Directors need not be members or members of members to qualify for office.

6.8. (a) COMMITTEES: The Board of Directors, by resolution adopted by a **two-thirds vote majority** of the entire Board, may designate from among its members an Executive Committee and other committees, each consisting of three or more Directors, and each of which to the extent provided herein or in the resolution shall have all the authority of the Board in the management of the business affairs of the corporation, and shall have the power to authorize the seal of the corporation to be affixed to all papers which may require it, except that no such committee shall have authority as to the following matters:

- (1) The submission to members of any action which needs members' authorization under the law,
- (2) The filling of vacancies in the Board of Directors or in any committee thereof,
- (3) The fixing of compensation of the Directors for serving on the Board or on any committee,
- (4) The amendment or repeal of the Bylaws, or the adoption of new Bylaws,
- (5) The amendment or repeal of any resolution of the Board of Directors, which by its terms shall not be so amendable or repealable.

A majority of any committee shall constitute a quorum for the transaction of all business that may properly come before it.

The officer of each committee shall be the Chair who shall hold office during his/her term as a member of the committee and who shall be elected by the Board of Directors.

85(b) In addition to Committees of the Board of Directors authorized and operating pursuant to Article IV, Section ~~85~~(a) of the Bylaws, the Corporation shall establish and operate the following named Standing Committees:

1. Audit Committee
2. Finance Committee
- 4.3. Nominating Committee

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| (a) Nominating Committee | (e) Contract & Marketing Committee |
| (b) Policy Committee | (f) Membership Committee |
| (c) Audit | (g) Compensation & Benefits Committee |
| (d) Finance | (h) Investment Policy Committee |

The members of each such committee shall be selected in the manner prescribed by the Corporate Statement of Policy to hold office until the next annual meeting and thereafter until their successors have been appointed and qualified.

The specific acts or reports which such committees are authorized to perform or make are set forth in said Statement of Policy of the Corporation and subject to such changes from time to time as the Board of Directors and membership shall direct.

7.9. CONFERENCE TELEPHONE: Any one or more Directors may participate in a meeting of the Board or of a committee of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

If all Directors are not present, any action taken is ineffective unless there was adequate notice of the meeting or unless the Board member consented.

Article V
Officers of the Corporation

~~1. **ELECTIONS:** The Board of Directors, immediately following the annual meeting of the members, shall elect from their number a President and a First Vice President. They shall also elect a Chief Executive Officer, and such other Chief Officers as they might wish to elect in specific areas, a Treasurer, and a Secretary. They may also elect an Assistant Treasurer and an Assistant Secretary. No officer, except the President and First Vice President of the Board need be a Director. All officers shall serve for one year or until the next annual election of Directors, subject to the power of the Directors to remove any officer, at pleasure, by majority vote. Officers not members of the Board shall attend all Directors Meetings except when the Board is in executive session, take part in discussions, make recommendations, if appropriate, but may not vote. Any two positions, except the offices of President, First Vice President and Secretary, may be held by one person.~~

1. **APPOINTMENT OF OFFICERS OF THE CORPORATION:** The Officers of the Corporation will consist of the President & CEO, Treasurer, Secretary, and such other Officers as the Board might wish to elect.

2. **TERM OF OFFICE:** Each officer will hold office until a successor is duly appointed or until the Officer's death, resignation, or termination.

3. **VACANCIES:** The Board may fill a vacancy in any office because of death, resignation, removal, disqualification, or resignation.

~~2. **PRESIDENT:** The President, and in the President's absence, the First Vice President, shall preside at all meetings of the Board of Directors and shall act as a presiding officer at all meetings of the members.~~

3-4. **PRESIDENT & CHIEF EXECUTIVE OFFICER:** Subject to the control and supervisory powers of the Board, theThe President & Chief Executive Officer (President & CEO) of the Corporation shall be responsible for the overall management of the business affairs thereof, ~~and thereof and~~ shall be responsible to the Board of Directors for this activity. The President & CEO shall be responsible to interpret policy as established by the Board of Directors and see to it that the same is carefully followed. It shall be the President & CEO's duty to supervise the operation, through the appropriate officers, of the various operating departments of the Corporation. The ~~President & CEO Chief Executive Officer~~ shall sign stock certificates, Certificates of Equity, and such other corporate documents as a President & CEO would sign under the general corporation law of the State of New York. In the event of the Chief Executive Officer's inability to act, the Vice President specifically designated by the Board of Directors shall act, therefore.

4-5. **SECRETARY:** Subject to the control and supervisory powers of the Board, tThe Secretary shall keep the minutes of the meetings of the Directors and members; shall

attend to the serving of notices of the meetings of the Directors and members; shall affix the seal to all certificates of stock when signed by the President &CEO or, Treasurer ~~or Chief Executive Officer~~ and to such other papers as may require it; shall have charge of the certificate book; and of such other books and papers as the Board may direct; and shall perform all the duties incident to the Secretary's office. The foregoing powers may be delegated to the Assistant Secretary by action of the Board of Directors.

5.6. TREASURER: Subject to the control and supervisory powers of the Board ~~t~~The Treasurer shall have the care and custody of all the funds of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks as the Directors may designate. The Treasurer shall sign all checks, drafts, notes and orders for the payment of money, unless the Board shall designate other officers or persons to perform these duties. The Treasurer shall sign all certificates of stock signed by the President &or Chief Executive Officer. The Treasurer shall at all reasonable hours exhibit the books and accounts to any Director, upon application at the office of the Corporation during business hours. The Treasurer may be required by the Board of Directors to give such bonds as they shall determine for the faithful performance of his/her duties. The foregoing powers may be delegated to the Assistant Treasurer by the action of the Board of Directors. The Secretary and Treasurer positions may be held by the same person.

Article VI Capital Stock

- 1. PAYMENTS:** All payments for stock in the Corporation shall be received by the Treasurer or Assistant Treasurer, and no certificate for such stock or membership shall be issued until paid for in full. After an organization has satisfied the eligibility requirements for a common stock ownership and membership in the Corporation, a stock certificate for a share of common stock authorized and fully paid for shall be issued in its name, which stock certificate shall also be evidence of and constitute a certificate of membership in the Corporation as required by and subject to the New York State Cooperative Corporations Law.
- 2. CERTIFICATES:** Certificates of stock and membership shall be numbered, issued in consecutive order and shall be signed by the President, Vice President or the CEO and by the Treasurer or Assistant Treasurer under the corporate seal. A record shall be maintained showing the member owning the share and the date of issue. Any and all signatures on any such certificate may be facsimiles. All such certificates exchanged or returned to the corporation shall be entered in the records with the date of cancellation, marked cancelled and filed.
- 3. TRANSFERS:** No transfers of common and membership stock shall be made on the books of the Corporation except in accordance with the restrictions set forth in the Certificate of Incorporation and these Bylaws.

Article VII

1. **NOTES AND CERTIFICATES:** This Corporation may borrow, from time to time, such sums of money as it may require, using its promissory notes to evidence the same, and also may issue its certificates of indebtedness to other corporations and may subordinate said certificates of indebtedness of every nature as may, from time to time, be authorized by the Board of Directors.

Article VIIA

1. If authorized by the Board of Directors, the Corporation may contract and pay patronage refunds to persons and public and private agencies transacting business with it other than members, provided that the amounts of such patronage refunds are determined in a manner consistent with the manner in which members' patronage refunds are determined and provided further, that any such contracts with non-members shall be entered into prior to the accumulation of any gross income subject to the charge of such patronage refunds.
2. The Board of Directors may prescribe such additional terms and conditions as they may, in their judgment, deem equitable or necessary for the execution of the patronage refund or price adjustment contracts with non-members, provided nothing contained in such additional terms shall be inconsistent with the Certificate of Incorporation and these Bylaws.

Article VIIB

NAEP Heritage Partnership Membership

1. In recognition of the unique relationship between NAEP and the Corporation, NAEP is granted Heritage Partnership membership, which is a non-voting membership uniquely reserved for and available only to NAEP.

Article VIII

Disposition and Distribution of Refunds

1. The following terms have the respective meanings set forth below for the purposes of this Article VIII:
 - (a) "member" means a member of the Corporation.
 - (b) "contract patron" means a non-member who has entered into a patronage refund contract with the Corporation as authorized by Article VIIA of these Bylaws.
 - (c) "individual gross margin" of a member or contract patron for any period means the difference between the invoiced amount of all purchases by the member or contract patron during such period and the invoiced amounts paid by the Corporation for the merchandise involved.

- (d) "total gross margin" for any period means the sum of all gross margins involved in purchases by members or contract patrons during such period.
 - (e) "expenses" means all expenses (including the cost of labor, supplies, interest, maintenance, depreciation, bad debts and taxes) as determined in accordance with sound corporate practices but shall not include any patronage refunds.
 - (f) "other income" means all income of the Corporation other than that derived from sales to members and contract patrons, including income from the reversal of reserves.
 - (g) "total net margin" for any period means total gross margin for the period plus all other income for the period less all expenses for the period. In no event shall net margin include "net capital gain" or "net capital loss" from sale or exchange of assets as such terms are defined in the Internal Revenue Code or Federal Income Tax adjustments.
 - (h) "individual net margin" of a member or contract patron for any period means the member's or contract patron's individual gross margin for such period multiplied by a fraction, the numerator of which is the total net margin for the period and the denominator of which is the total gross margin for the period.
 - (i) "reserves" means reserves set aside by the Board of Directors pursuant to Section 3 of this Article VIII.
2. The Corporation shall, for every purchase by a member or contract patron, determine the gross margin applicable to the purchase and credit this amount to the member's or contract patron's Patronage Account.
 3. The Board of Directors may set aside each year such reserves as the Board of Directors, in its discretion, deems necessary for the efficient prosecution of the Corporation's business; provided, however, that no amounts shall be so set aside which are not reasonable, giving due regard to the purposes thereof.
 4. After the close of each fiscal year, the Corporation shall determine the individual net margin of each member and contract patron for such fiscal year and shall credit such amount to the member's or contract patron's Patronage Account.
 5. The Corporation shall, after the close of each fiscal year, pay to members and contract patrons, as patronage refunds, the balances in their respective Patronage Accounts (as determined under Section 4 of this Article VIII). Patronage refunds shall be payable in cash or its equivalent, or in Certificates of Equity, or other evidences of indebtedness, or in various combinations thereof, as may be determined by the Board of Directors, subject to the provisions of the Internal Revenue Code governing the distribution of patronage. The Corporation shall be absolutely liable for the payment of each member's and contract patron's patronage refunds and shall maintain records sufficient to afford permanent means for allocating to each member and contract patron for each fiscal year each member's and contract patron's share of all amounts retained by the Corporation as Certificates of Equity. The Board of Directors shall determine the manner and form in which such allocations of such amounts shall be made.

6. The Board of Directors may prescribe such additional terms and conditions as they may, in their judgment, deem necessary for the execution of the patronage refund or price adjustment contracts with members and contract patrons, provided that nothing contained in such additional terms and conditions shall be inconsistent with the Certificate of Incorporation and these Bylaws. All reasonable reserves may be used for such proper corporate purposes as shall be determined by the Board of Directors, including, but not limited to, the maintenance of required statutory reserves, allocations to working capital, contributions to sinking funds to meet future corporate long-term indebtedness, acquisition of fixed assets, development of building fund reserve for expansion or replacement, reserves for price decline, or to capital surplus.
7. The Corporation may use and apply its undistributed reserves, or any other funds as permitted by law, to the purchase or acquisition of property and to the purchase or acquisition of its own capital stock, from time to time and to such an extent and in such manner and upon such terms as its Board of Directors shall determine and shall be authorized by law.
8. This Corporation shall be operated for the mutual benefit of its members and contract patrons, and net margins or proceeds realized in excess of costs which are not needed to establish and maintain reasonable reserves for contingencies, operating capital or other necessary purpose of the business, or as required by law or these Bylaws, shall be refunded annually to the members or contract patrons, as the case may be, of the Corporation upon the basis provided in the Certificate of Incorporation and these Bylaws.
9. Each organization which hereafter applies for and is accepted to membership in this Cooperative and each member of this Cooperative on the effective date of this Bylaw which continues as a member after such date, shall, by such act alone, consent that the money of any distributions with respect to the patronage occurring after December 31, 1962, which are made in written notices of allocations (as defined in 26 U.S.C. 1388) and which are received by the institution from the Cooperative, will be taken into account by the member for federal income tax purposes at their stated dollar amounts in the taxable year in which such certificates are received by the member. Every person or agency entering a contract patron relationship with the Corporation as provided for in these Bylaws, consents, by such act alone, to take any distributions with respect to its patronage which are made in written notices of allocation into account for federal income tax purposes in the same manner and to the same extent as is required of members and contract patrons.
10. In the event the Cooperative sustains a patronage loss in any fiscal year, the Cooperative may at the discretion of the Board:
 - (a) carry such loss forward against patronage earnings in subsequent years; or
 - (b) apportion such loss among the members and contract patrons on a cooperative basis and recoup the amount due from each member and contract patron by offsetting it, in whole or in part, against (i) patronage due such member and

contract patron in future years or (ii) against certificates of equity of such member and contract patron.

Article IX

- 1. SEAL:** The seal of the Corporation shall be circular in form and shall bear the name of the Corporation and the numerals of the year organized. Such seal as impressed on the margin hereof, is hereby adopted as the corporate seal of the company.

Article X

- 1. AMENDMENTS:** These Bylaws may be amended by the Board of Directors, but any amendment adopted by the Board shall be reported to the Annual Meeting of Members of the Corporation and, if not affirmatively approved thereat, shall cease to be in effect.
- 2.** Bylaws may be adopted, repealed or amended on an affirmative vote of two-thirds of the members voting thereon at a meeting held after due written notice, setting forth the proposed action and purpose of the meeting.