

MIMICO CO-OPERATIVE HOMES INC.

BY-LAW 30

SPENDING BYLAW

September 27th , 2000

WHEREAS, the Co-operative wishes to establish clear rules for governing the spending of its operating and capital funds in order to safeguard and protect the Co-op's financial health and management;

THEREFORE, the following is enacted as a Bylaw of Mimico Co-operative Homes Inc.:

ARTICLE 1 - ABOUT THIS BYLAW

1.1 Purpose of this Bylaw

The purpose of this By-law is to set out the rules for how the Co-op's money is spent and to specify who has the authority to approve each type of spending. This Spending By-law governs and takes priority over all decisions of the Board and of the members regarding spending.

1.2 Amendment

This By-law may be amended in accordance with the process for bylaw amendment set out in the Co-op's Bylaw 1, the General Bylaws.

1.3 Priority of This By-law

- (a) This By-law takes the place of all previous by-laws or resolutions that deal with spending.
- (c) In case of a conflict between this Bylaw and other documents governing the operation of the Co-op, the following will govern:
 - first, the Co-operative Corporations Act of Ontario;
 - second, the Co-op's Articles of Incorporation;

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- third, the Co-op's Operating Agreement with the Province of Ontario;
 - fourth, the Co-op's By-law 1, The General Bylaws;
 - fifth, this and any other by-laws of the Co-op, unless the by-laws provide otherwise.

ARTICLE 2 - OPERATING EXPENSES

- 2.1** The Co-op's Occupancy By-law requires that each year the members will approve an operating budget for the next fiscal year. The Board has the authority to spend the operating funds of the Co-op in each fiscal year up to the limit of the total operating budget amount for that year.

Unless the members decide otherwise at the time of budget approval, the Board can use a surplus in one category of expense to offset a deficit in another category within the budget.

- 2.2** Individual members and committees of the Co-op may not authorise expenditures or otherwise make financial commitments on behalf of the Co-op unless the Board has given them explicit authority to do so.
- 2.3** The Board may delegate authority to spend funds to the staff of the co-op within the limits it sets. The Board may also delegate spending authority to committees for a specific expense or type of expense within the limits it sets.
- 2.4** No person may initiate or approve any expense or purchase where that person has any conflict of interest in the matter.
- 2.5** If the Board decides that there should be a change in the total operating expenses and/or housing charges during a fiscal year, a special meeting of the members must be called to consider this change. Procedures for this are set out in the Occupancy By-law.

ARTICLE 3 -BUDGET CONTROL

The Board will receive and review regular budget control reports. The schedule and format of these reports will be determined by the Board.

ARTICLE 4 - CAPITAL EXPENSES

4.1 The Board must prepare a capital budget if it is planning capital expenses. The budget will be presented to a meeting of the members for approval. The capital budget must show:

- the proposed capital expense (s)
- the proposed source of funds, and
- the impact of the proposed expenses on the Co-op's current and future operating budgets.

The Board must follow the procedures set out in the Occupancy By-law.

4.2 Members' approval of the capital budget will authorise the Board to spend the Co-op's funds for capital expenditures for the purposes and from the sources specified, to a maximum of the total expenditures in the capital budget.

4.3 The Board must directly approve contracts and other documents that commit the Co-op to spend significant amounts of capital funds. The Board can delegate authority to the staff to spend lesser amounts. When the Board delegates spending authority, it must set limits on the amounts staff may spend and give any specific directions relating to the expenses that it considers appropriate.

4.4 No person may initiate or approve any capital expense or purchase where that person has any conflict of interest in the matter.

ARTICLE 5 - EMERGENCY EXPENSES

5.1 Emergency expenses are those expenses the Co-op must make immediately because a delay will

- risk property damage, or
- endanger the safety of persons or property, or

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- disrupt essential services to members (for example, light and power, heat, hot water, refrigeration, cooking).
- 5.2** The Board can authorize any unbudgeted emergency expenses on the Co-op's behalf without further authority from the members. The Board may delegate authority for emergency expenditures to Co-op staff or to any other persons.
- 5.3** All unbudgeted emergency expenses must be reported to the Board. Significant unbudgeted emergency expenses must be reported by the Board to the members.

ARTICLE 6 - FAIR, OPEN AND OBJECTIVE BUSINESS PRACTICES

- 6.1** The Co-op will follow fair, open and objective business practices in all its purchasing and contracting. Its spending practices and awarding of contracts must be consistent with the Co-op's Conflict of Interest By-law.
- 6.2** The following rules apply to all spending except for routine or non-discretionary expenses such as property taxes, mortgage payments, utilities and existing salaries (once a staff position and salary have been approved).

- (a) Expenses under \$2,000

The Board is not required to invite written quotes for expenses under \$2,000, but must take a prudent approach to spending at every level.

- (b) Expenses between \$2,000 and \$14,999

The Board will invite three written quotes before approving a discretionary expense between \$2,000 and \$14,999.

The Board may waive this requirement in cases where

- the Co-op has used a particular supplier or contractor regularly, or participates in a bulk-buying program, and
- has found that their prices are competitive.

The Co-op must review the prices of regular suppliers and contractors at least every second year to see if their prices remain competitive. Where the Co-op has a contract, the Co-op must review prices at the end of the contract.

There will be no automatic renewal of any contract or agreement.

(c) Contracts of \$15,000 or more

The Board must invite written quotes for contracts and agreements of \$15,000 or more. Contracts or agreements costing \$15,000 or more must contain a clause allowing the Co-op to terminate the contract or agreement without penalty where there has been a breach of the Co-op's Conflict of Interest By-law.

There will be no automatic renewal of any contract or agreement.

6.3 Choosing a Quote

When choosing a quote the Board must:

- consider the quality of goods and services to be provided, and
- base its decision on written documents outlining resources, timing, cost and fees.

The Board does not have to choose the lowest quote. It may choose another quote for reasons such as quality, experience and timing. If it does not choose the lowest quote, it must document the reasons for its choice in the minutes.

*Passed by the Board of Directors of Mimcio Co-operative Homes Inc. at a meeting properly held on April 12, 2000 and **confirmed** by at least two-thirds of the votes cast at a general meeting of the members of the Co-operative properly held on September 27th, 2000.*

President

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c/s

Secretary