

WILLIAM PUNNETT HOUSING CO-OPERATIVE INC.

BY- LAW NO. 1

Spending By-law

Passed by the Board of Directors on December 10 2013

Confirmed by the Members on March 25, 2014

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ARTICLE 1: PURPOSE OF THIS BY-LAW

This Spending By-law sets out the rules for how the co-op's money is spent and who must give permission for each type of spending. The Spending By-law takes priority over all decisions of the board and of the members regarding spending.

ARTICLE 2: OPERATING EXPENSES

- 2.1 The Occupancy By-law says 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 amount of the complete operating budget.
- 2.2 Individual members and committees of the co-op may not authorize 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 to the staff of the co-op authority to spend funds 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 feels that there will be a significant change in the total operating expenses and/or housing charges during a fiscal year, it must call a special meeting of the members to consider the change in accordance with the Occupancy By-law.

ARTICLE 3: BUDGET CONTROL

- 3.1 The board will receive a monthly budget control report prepared by the co-op's manager. The report will;
 - ? compare budgeted income and expenses to actual income and expenses
 - show the projected income and expenses for each category in the budget for the rest of the year
 - ? show a written explanation of any projected actual surplus or deficit.

ARTICLE 4: CAPITAL EXPENSES

- 4.1 The board must adopt a capital budget if it is planning capital expenditures and present it to a meeting of the members and any government authority as required.
- 4.2 The capital budget and notes must show:
- ? the proposed capital expenditure(s)
 - ? the proposed source of funds, and
 - ? the impact of the proposed expenses on the co-op's current and future operating budgets.

The procedures for budget approval are set out in the Occupancy By-law.

- 4.3 Members' approval of the capital budget will authorize the board to spend the co-op's funds for capital expenditures for the purposes and from the source specified, to a maximum of the total expenditures in the budget.
- 4.4 The board must directly approve contracts and other documents that commit the co-op to spend significant amounts of capital funds as set out below. The board can delegate authority to the staff to spend lesser amounts. When the board delegates authority, it must set limits on the amounts staff may spend and give any specific directions relating to the expenses that it considers appropriate.
- 4.5 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
 - ? 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 by the co-op's manager. Unbudgeted emergency expenses over \$5000.00 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 and act in accordance with the co-op's Conflict of Interest By-law in all its spending.

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 staffing positions and salary have been approved).

(a) Expenses under \$2,000

The board is not required to get written quotations for expenses under \$2,000, but must take a prudent approach to all spending.

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

The board will tender for at least three written quotations before approving a discretionary expense between \$2,000 and \$14,999.

- ? 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 third 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 get 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 When choosing a contractor following a competitive bid 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 contractor who made the lowest bid. It may choose another contractor from among those who bid for reasons such as quality, experience and timing. If it does not choose the lowest bid, it must document the reasons for its choice in the minutes of the board meeting.

SPENDING BY-LAW

CERTIFIED to be a true copy of By-law No. 1 of William Punnett Housing Cooperative, Inc. passed by the Board of Directors at a meeting held on December 10th 2013 and confirmed by a two-thirds vote at a meeting of members held on _____

Secretary c/s