

AGNES MACPHAIL COMMUNITY CO-OP HOMES INC.

A BY-LAW SETTING OUT THE RULES FOR HOW THE CO-OP'S
MONEY IS SPENT AND WHO MUST GIVE PERMISSION FOR EACH
TYPE OF SPENDING.


By-law No. [18]

SPENDING BY-LAW


Passed by the Board of Directors on June 10, 1999

Re-formatted and approved by the Board of Directors on December 15, 2016

Confirmed by the members on March 9, 2000



President ~~Treasurer~~



Corporate Secretary
VICE PRESIDENT

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Article 1: BASIS OF THIS BYLAW

1.1 Purpose of tis Bylaw

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

1.2 Amendment

This Bylaw 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 Bylaw

The This By-law takes the place of all previous 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
- third, the Co-op's Operating Agreement with the Province of Ontario
- fourth, the Co-op's Bylaw 1, the General Bylaw
- fifth, this and any other bylaws of the co-op, unless the bylaws provide otherwise

Article 2: OPERATING EXPENSES

- 2.1** The Co-op's Occupancy By-law says that each year the members will approve an operating budget for the next fiscal year. The Co-op board of directors has the authority to spend the operating funds of the Co-op in each fiscal year up to the amount of the total operating budget.
Unless the members decide otherwise at the time of the 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, staff 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 will 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 that substantially benefits that person or where that person has any conflict of interest with respect to that expense or purchase.
- 2.5** If the board feels that there should be a 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 and review regular budget control reports. The schedule and format of the 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 expenditures and present it to a meeting of the members for approval. The capital budget must show:
- the proposed capital expense
 - the proposed source of funds
 - the impact of the proposed expenses on the Co-op's current and future operating and capital budgets.

The board must follow the procedures set out in the Occupancy By-law for preparing capital budgets.

- 4.2** 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.
- 4.3** 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 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
 - 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 conflict of interest and confidentiality rules in the Co-op's by-laws.
- 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 \$ 2000 – The Board is not required to invite written quotes for expenses under \$2000, but must take a prudent approach to spending at every level

- (b) Expenses between \$ 2000 and \$14999 – The Board will invite three written quotes before approving a discretionary expense between \$2000 and \$14999. The co-op has used a particular supplier or contractor regularly, or participates in a bulk-buying program, and has found that the prices are competitive.
- (c) Contracts of \$15000 or more - 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.
- (d) 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 the good and services to be provided, and
- Base its decision on the written documents outlining resources, timing, cost and fees

The board does not have to choose the lowest quote or bid. They may choose another for reasons such as quality, experience and timing. If they do not choose the lowest bid, they must document the reasons for their choice in the minutes.