

LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF NOVA Web Development, LLC

PURSUANT TO [§ 13.1-1023](#)

FORMED IN THE STATE OF VIRGINIA

This Agreement, entered into on August 1, 2019, is a MULTI-MEMBER LLC OPERATING AGREEMENT, entered into by and between the members of the LLC listed in Appendix A, hereinafter known as the "Members".

WHEREAS the Members desire to create a worker cooperative, hereinafter known as the "Cooperative", operating as a limited liability company under the laws of the State of Virginia, they herein set forth the terms of the Cooperative's operation and the relationship between Members in this legally enforceable contract between the Members and the Cooperative, and among the Members.

1. Name and Principal Place of Business

The name of the Cooperative shall be NOVA Web Development, LLC. The principal place of business of the Cooperative shall be at 5041 7 th Rd. South, Arlington County, in the State of Virginia, with subsidiary locations at such other places of business as the Members shall determine, including but not limited to the country of El Salvador.

2. Cooperative

NOVA Web Development, LLC, is a worker cooperative legally structured as an LLC.

This operating agreement has provisions to make sure that the Cooperative is and will remain a worker cooperative.

Notes:

A worker cooperative is a business in which:

- members are workers,
- worker members have a controlling ownership interest,
- membership is open to any eligible worker,
- each member has one vote,
- earnings are split among the members on the basis of patronage.

3. Limited Liability

No Member of the Cooperative shall be personally liable for the Cooperative's expenses, debts, obligations, or liabilities.

Notes:

"A principle of limited liability is that Members, generally, will not be responsible for paying off company debts and expenses, EXCEPT in cases of bad conduct or in cases in which Partners distribute too much money to themselves, and as a result make the company incapable of paying its debts and obligations."

4. Member Managed

The Cooperative is managed by its Members, listed in Appendix A, each of whom has one vote in decisions made by the Cooperative. Except as expressly provided elsewhere in this Agreement, all decisions respecting the management, operation and control of the business and affairs of the Cooperative and all determinations made in accordance with this Agreement shall be made by the affirmative vote or consent of the majority of the Members.

5. Formation

The Cooperative was formed on August 1, 2019, after the Members filed the Articles of Organization with the office of the Secretary of State pursuant to the statutes governing limited liability companies in the State of Virginia and then signed this agreement.

6. Purpose

The purpose of the Cooperative is to engage in and conduct lawful business, activities or functions aimed at providing for the livelihood of the Members in a manner consistent with the interests of society as a whole, guided by the following principles:

1. We want to make a living, not a killing.
2. We want to help build the world we want to live in.
3. The people's movement should use the people's software.

These principles form the ethical foundation guiding NOVA Web Development and make clear its commitment to both social justice and software freedom.

7. Term

The term of the Cooperative shall be perpetual, commencing on the filing of the Articles of Organization of the Cooperative and the signing of this agreement, and continuing until terminated under the provisions set forth herein.

8. Adding Members

In the interest of sustaining and growing the Cooperative, new members may be added to the Cooperative under the following process:

- A. The person interested in becoming a member of the Cooperative will be presented by one of the Members as a "Candidate Member" and with majority approval will begin a period of candidate membership lasting six months, during which the Candidate Member can participate in all activities of the Cooperative except voting on Cooperative decisions as defined by this agreement.
- B. At the end of the six month candidate membership, a Candidate Member wishing to become a member of the Cooperative will state their desire to become a Member at a membership meeting, and obtain the approval of two thirds of the Members to join their ranks.
- C. Having achieved a two thirds approval to join the Cooperative, the Candidate Member must agree to contribute either \$5000.00 or 100 hours of labor to the Cooperative, upon completion of which this agreement will be modified to add their name to the list of Members and they will be a Member in full standing as defined in this agreement.

The only exception to this process will be for Interns of the Cooperative, as defined in the section on Interns below.

9. Departing Members

Resignation: A Member may resign by giving notice to all other Members. A Member may resign at any time except that a Member must complete or arrange for completion or termination of all projects for which the Member is responsible, for example by finding another qualified Member to take over or by refunding any unearned fees to the client.

If a Member dies, the Member is deemed to have resigned at the time of death.

When a Member leaves for any reason, the Member sells the Membership Interest back to the Cooperative in exchange for the balance of the Member's Capital Account. A Member cannot sell a Membership to anyone other than the Cooperative, and any attempt to do so is void.

Payout to a departing Member: The accounting of amounts due to a departing Member will not be complete until after the end of the fiscal year. The Cooperative is only obligated to pay a former Member when the Cooperative has cash available to do so, after making the hourly rate payments to all Members and providing for operating expenses. Amounts due to a departing Member must be paid before the Cooperative allocates profits to current Members. If the Cooperative dissolves, the capital account balances of all former Members and all Members who remained until dissolution will have the same priority.

10. Expulsion of Members

The Cooperative will adopt a conflict resolution procedure.

Expulsion: If a Member fails to abide by any of the Cooperative's ethical and/or participatory policies, then another Member may propose to expel that Member. The Member will be expelled if the proposal to expel is approved by a three fourths majority of the Members.

If a Member commits an act or omission that would be grounds for expulsion, but no proposal to expel is made, then the Cooperative will use the conflict resolution procedure to resolve the issue.

11. Interns

NOVA Web Development was originally founded in 2012 at least in part with the goal of developing a pathway for non-traditional students - immigrant students and students of color, women, and low-income students - to make their way into the IT industry. Several young people have worked as Interns with NOVA Web Development since that time, many of whom now have jobs in the industry.

Our Cooperative will continue to keep this goal as part of our social justice mission, and to that end we define herein the role of NOVA Web Development Intern and the rights and responsibilities between the Cooperative and its Interns.

1. An Intern is a person new to the work we do in NOVA Web Development or with less than three years professional experience doing that kind of work.
2. They are either too young or too inexperienced to be sponsored for membership.
3. They come to our Cooperative either seeking work experience in the IT field, wishing to experience work in a democratic workplace setting, or both, and are presented by a Member and approved by a majority of the Members before their internship can begin.
4. They operate as non-voting members of the Cooperative for a maximum period of three years, at which time they must decide to either seek to become a Member of the Cooperative or end their participation with it.
5. After a minimum of one year working with our Cooperative as an Intern, the Intern may put themselves forward as a Candidate Member at a membership meeting, without seeking sponsorship from a current Member, at which point the Members will vote on their request and with a majority vote the Intern will become a Candidate Member and their six months as a Candidate Member will begin as described in the section on adding members.
6. Hours worked for the Cooperative without pay by an Intern may be used to meet the 100 hours needed to become a Member of the Cooperative. Interns should keep a log of any such hours during their Internship to be used for this purpose.

12. Contracts

Any Member authorized by the Cooperative may sign contracts on behalf of the Cooperative. Each contract needs its own authorization. A Member must not enter into an agreement on behalf of the Cooperative without approval.

13. Bank Accounts

All funds of the Cooperative shall be deposited in the Cooperative's name in a bank account or accounts as chosen by the Members. Withdrawals from any bank accounts shall be made only in the regular course of business of the Cooperative and shall be made upon such signature or signatures as the Members from time to time may designate.

14. Money

Reimbursements. The Cooperative will reimburse each Member for Cooperative expenses paid by the Member, as long as the expense was authorized, approved, or ratified by the Cooperative.

Capital Accounts. A Capital Account is a ledger on Cooperative's books. There will be a Capital Account for each Member.

When a Member makes a capital contribution, it is added to the Member's Capital Account. When money is allocated to a Member but not paid out in cash, it is added to a Member's Capital Account. When the Member is paid out in cash from their Capital Account, that distribution is subtracted from the Capital Account.

Members may not withdraw money from their Capital Accounts without the Cooperative's permission. Capital Accounts do not earn interest.

Hourly (But Not Guaranteed) Payments. Members will track their hours worked, including project, administrative, and any other kind of work for the Cooperative.

The Members will set an hourly rate that the Cooperative will aim to pay the Members for their work. This rate will be the same for all Members and for all types of work. This hourly rate is a goal but is not guaranteed. It is not a wage, because Members are owners, not employees.

Profits. If income is left over after the Managers have paid all business expenses, debts, and hourly rate payments, then the rest of the Cooperative's net income will be split among the Members equally, or as they collectively decide.

How to Manage Our Reserve. The Managers will set a target dollar amount to be kept in reserve. This target can change from time to time depending on the Cooperative's plans and needs. The reserve lives in the Capital Accounts (because it grows from profits allocated, but not distributed to the Members, and from Members' capital investments).

We want all Members to have an equal stake in the Cooperative. Therefore, we will set a target Capital Account balance for Members, which will be the target reserve amount divided by the number of Members.

How to Split up Income. At least once a month, the Managers will determine how much of the Cooperative's income to set aside for operating expenses and reserve. The remaining income will be used to pay towards and up to the goal of the hourly rate payments for all Members. Those amounts will be paid out in cash to the Members based on their hours reported.

For any Member(s) who might need to pay quarterly estimated tax, the Cooperative will give the Member(s) a statement of the net income allocated to the Member.

Members are responsible for tax on ALL of the income allocated to them by the Cooperative, even if they do not receive it in cash. No matter what, and even if it conflicts with another part of this Agreement, the Cooperative will distribute at least enough cash to all Members to cover the Members' tax liability for all allocations made to them during the fiscal year. The Cooperative will provide all members with the proper forms at the end of each fiscal year explaining how to report their share of profits and losses from the Cooperative on their personal tax returns.

Losses. If the Cooperative has a loss instead of a profit for a fiscal year, the loss will be allocated to all Members in proportion to their capital account balances.

Members are not required to contribute cash to the Cooperative to make up for a loss.

Losses will not be allocated in a way that would violate tax rules. If any violation is discovered, the allocation will be changed only as much as needed to conform to tax rules.

What Happens if the Cooperative Dissolves. In the event that the Cooperative is dissolved, after all of its expenses and debts are paid or provided for, any remaining assets will be distributed:

- First to all Members and former Members in the amount of (or if funds are insufficient, in proportion to) their capital account balances; and
- Second to all Members and former Members in proportion to the total number of hours of work they performed for the Cooperative.

Exception: If the amount to be distributed to former Members would be less than \$500 each, then the remainder or net proceeds may but do not need to be shared with former Members, because the administrative work would not be justified.

The above provisions may not be changed without the written approval of all Members and living former Members who respond within 30 days after reasonable notice.

The payment that would go to a former Member who has died will go to the Member's designated beneficiary. If no beneficiary is designated and the Cooperative cannot find an appropriate representative with a reasonable effort, or if the Co-op cannot find the former Member or designated beneficiary using reasonable effort, the Cooperative will not be obligated to distribute to that Member or Member's beneficiary, estate, or heir. It is the former Member's obligation to keep the Cooperative informed of the former Member's current contact information and designated beneficiary's name and contact information.

15. Meetings of Members

The annual meeting of the Members shall be held on the first Sunday of March at the principal office of the Cooperative or at such other time and place as the Members determine, for the purpose of transacting such business as may lawfully come before the meeting.

Written minutes will be taken for each Member meeting. Minutes are kept with the Cooperative's records.

Notes:

Minutes should include:

- Date;
- Who was there;
- Topics discussed and decisions made, including vote totals for and against in votes taken.

16. Records

The Company will keep and maintain at least these records, which include the records required to be kept according to Virginia law:

- For each Member: the full legal name, last known address, all capital contributions (if property or services, include a description and statement of the agreed value), the Percent Interest, and the date the person became a Member;
- A copy of the Company's file-stamped Articles of Organization and any amendments;
- The Company's federal, state, and local income tax returns for the three most recent taxable years;
- A signed copy or copies of this Agreement and any amendments; and
- Any financial statements of the Company for the most recent three years.
- Meeting minutes and voting records;
- Work records: The hours or other measurement of work done by each Member each year. The Company will maintain these records indefinitely; and
- Members' designated beneficiaries.

Records must be kept in a place that all Members can access. Records may be electronic, as long as they can be printed on paper reasonably easily.

17. Certificates Evidencing Membership

Every membership interest in the Cooperative shall be evidenced by a Certificate of Membership issued by the Cooperative. Each Certificate of Membership shall set forth the name of the Member holding the membership interest and the Member's Percentage Interest held by the Member, and shall bear the following legend:

"The membership interest represented by this certificate is subject to the provisions of the Operating Agreement of NOVA Web Development, LLC, dated effective as of August 1, 2019, as the same from time to time may be amended, and may not be transferred."

18. Amendments

Any and all future amendments to this Agreement are to be agreed upon by a three fourths majority of the Members. When an amendment is passed, the new Agreement must be signed using the same method as the current Agreement, and a copy of the current Agreement must be saved and dated.

The only exception to the three fourths majority requirement is in the addition of a new member to the Cooperative, which requires a two thirds majority and which will only require a change in the list of Members in Appendix A.

IN WITNESS WHEREOF, the parties have executed this Agreement this 1st day of August, 2019.

NOVA Web Development, LLC

By: Edzon Quinteros, Member and Registered Agent _____

We, the undersigned, hereby agree to be legally bound by this Limited Liability Company Operating Agreement as Members of NOVA Web Development, LLC