

Bylaws of LoopWorks, Inc.

Version 6, April 10, 2021

(<https://milpitasprt.com/wp-content/uploads/bylaws.pdf>)



Substantial parts of these Bylaws derive from “Bylaws of People Power Solar Cooperative, Inc.” made available by the Sustainable Economies Law Center (theselc.org). This document is shared under a creative Commons Attribution - ShareAlike 4.0 International Public License:



<https://creativecommons.org/licenses/by-sa/4.0/legalcode>

Table of Contents

Part 1: The Basics	3
Our Mission.....	3
Commitment to Community-Directed Commons.....	3
Part 2: Spreading Power	4
Governance Overview.....	4
LoopWorks has 4 types of Members.....	5
Things to know about Members.....	6
Becoming a Foundation Member.....	6
Becoming an Anchor Member.....	6
Becoming a Community Member.....	6
Becoming a Worker Member.....	7
Terminating Membership.....	7
The Board of LoopWorks.....	8
Roles and Responsibilities of the Board.....	8
Elected Directors (6).....	9
Appointed Directors (2).....	9
Transition to Full Board.....	10
Board Elections.....	10
Removing Directors.....	10
Board Meetings.....	12
Board Decisions.....	12
Board Committees.....	13
Member Meetings.....	13
Member Proposals and Decisions.....	15
Decisions by Written Ballot.....	15
Keeping Everyone Informed.....	16
Trusteeship Role of Worker Members.....	17
Responsibilities of Worker Members.....	17
Rights and Powers of Worker Members.....	18
Oversight of Worker Members.....	18
Removing Worker Members.....	19
Conflict of Interest Policy.....	20
Binding LoopWorks Legally.....	21
Part 3: Stewarding Finances	21
Decentralized Finances.....	22
Non-Extractive Finances.....	22
Balancing Benefits to Multiple Stakeholders.....	22
Setting Compensation: Floor & Ceiling.....	23
Employees shall be fairly compensated.....	23
Employees shall be equitably compensated.....	23
Compensation shall be capped.....	23

Community Financial Benefits.....	23
Closing or Selling LoopWorks.....	24
Defending Directors, Employees, and Members.....	24
Part 4: Permanent Community Stewardship.....	24
LoopWorks Cannot Be Bought.....	25
Protecting LoopWorks Assets.....	25
Changing These Bylaws.....	26
Roadmap to these Bylaws.....	28

Part 1: The Basics

Since LoopWorks (also known as “the corporation”) is a democratic organization, these Bylaws are designed to be easily understood. These Bylaws also include “legalese” from the California Nonprofit Mutual Benefit Corporation Law ([Corporations Code 7110](#) et seq.).

Our Mission

The LoopWorks mission is to "Provide climate-friendly and easy-to-use Personal Rapid Transit (PRT) for movement around Milpitas that bypasses traffic with quick, point-to-point and fare-free rides."

In order to accomplish that Mission, LoopWorks will incorporate as a taxable non-profit under Nonprofit Mutual Benefit Corporation Law. This legal structure provides flexibility and transparency unavailable through governmental, for-profit, and tax-exempt non-profit corporate structures.

Accomplishing the Mission undergirds our long-term Vision:

The LoopWorks PRT project inspires rapid adoption of advanced transit that dramatically reduces transportation sector emissions.

Commitment to Community-Directed Commons

Our commitment to community control of commonly-used infrastructure requires:

- Democracy and self-determination: Communities must democratically shape the transportation sector and have long-term access to and control over transportation infrastructure so that we can build wealth, health, and jobs for ourselves and future generations.
- Equitable Service: Our commitment to low-priced, high-quality transit service will help reduce the inequities in our community, and bolster people and families that have been disproportionately harmed by our economic system.

All members agree to the above Commitment to Community-Owned Commons. As this commitment represents the core values of LoopWorks, decisions made by LoopWorks or any ambiguity in these Bylaws should be considered and interpreted with reference to this commitment.

Our journey to build and operate an advanced transit system matters immensely and has implications for our lives, health, jobs, communities, and economies. As part of a just transition to community-owned commons, LoopWorks also builds:

- democratic workforces and good jobs in our transportation sector;
- community wealth through transportation infrastructure;
- political power and influence over public policy; and
- connected and empowered communities using low-cost transit.

Part 2: Spreading Power

We want to spread power by using a decentralized governance structure where members guide our activities. We prioritize decentralized governance because it builds people power, creates resiliency, and fosters a strong sense of ownership which activates people to build and steward our commons for the long-term. The activities of LoopWorks will therefore be spread out among small groups, grassroots teams, or committees that will be accountable to the whole. As a guide, we will use “Reinventing Organizations” by Frederic Laloux which describes many examples of decentralized organizations.

Governance Overview

By including checks and balances, our governance structure is more complex

than ones employed by for-profit businesses. To help readers see the big picture while navigating the pages that follow, here is an overview and roadmap to our governance structure. Broadly speaking, there are three governance bodies that work together as follows:

1. **Foundation, Anchor, and Community Members:** LoopWorks exists to serve its members, so members have ultimate control over LoopWorks by voting on major decisions and electing the majority of the Board. Apart from those core powers, members express their power and influence through countless small interactions with LoopWorks and our community by participating in projects, committees, working groups, and other initiatives.
2. **Worker Members:** The Worker Members' role is to serve and be responsive to all members, thereby facilitating member participation in projects and other initiatives. Through their daily work, the workers make most decisions about the management of LoopWorks, and thereby create the conditions in which many communities can flourish.
3. **Board:** The Board of Directors primarily oversees the worker members to ensure they are fulfilling their purpose and are accountable to members. Like owls, Board members watch and listen carefully. Except for actions required to be approved by the members, the activities and affairs of LoopWorks shall be conducted under the direction of the Board. The Board may delegate the management of the activities and affairs of LoopWorks in various ways while ensuring that such activities and affairs of LoopWorks shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.¹

LoopWorks has 4 types of Members

- **Foundation Members**, who provide capital and primary funding.
- **Anchor Members**, who provide property easements.
- **Community Members**, who provide small contributions and represent the community.
- **Worker Members**, who provide technical, operational, and organizing support to all other members.

¹ CA Corp Code Section 7210.

Things to know about Members

- No person or organization may hold more than one membership, and no fractional memberships may be held, except when they hold a membership in more than one class. In other words, **it is possible for members to be two or more types of members at once**, meaning they have the rights and responsibilities of those two or more member types, including the right to cast a single vote from each type in elections.²
- **Organizations and businesses that are members get only one vote** per membership type regardless of how many people work for or own that organization or business.
- A “member” is legally a member of LoopWorks, Inc.
- **Membership interests may only be conveyed to a person or entity that 1) is not already a member, and 2) meets the criteria for the type of membership being transferred.**
- **Members must be at least 12 years old.**

Becoming a **Foundation Member**

Any person or organization may become a **Foundation Member** by donating \$60,000 or more to LoopWorks for the creation and operation of the Milpitas PRT. Donations exceeding \$60,000 do not entitle a Foundation Member to any additional votes or powers. Up to 200 Foundation Members are allowed.

Becoming an **Anchor Member**

Any property owner may become an **Anchor Member** by granting the necessary easements to build and operate the Milpitas PRT system. Up to 50 Anchor Members are allowed.

Becoming a **Community Member**

Up to 1000 people or organizations may become a **Community Member** through one of these ways:

1. Residents of Milpitas and businesses headquartered in Milpitas can become members with voting privileges by donating \$100 or more to LoopWorks for the creation and operation of the Milpitas PRT.
2. People and organizations residing outside Milpitas that donate \$1000 or more for the creation and operation of the Milpitas PRT may become

² [CA Corp Code Section 7312.](#)

voting members upon approval by the Board.

3. Milpitas residents can become members with voting privileges by donating 5 hours of work that helps create the Milpitas PRT. Qualifying residents will report when they worked, what they worked on, and their results - all of which will be included in the data made available to the public.

Becoming a [Worker Member](#)

Any person can become a [Worker Member](#) by working for LoopWorks as an employee for a minimum of 500 hours over the course of at least 12 months. A majority of both the Board and Worker Members may approve as a Worker Member someone who works the threshold number of hours for LoopWorks alongside or in close collaboration with the employees of LoopWorks in a non-employee capacity. Up to 200 Worker Members are allowed.

In summary, LoopWorks is authorized to offer four types of membership shares, and each member has one vote.

Terminating Membership

Membership will terminate by any of the following:

- A member sends LoopWorks a written notice that they are terminating their membership. Resignation shall not relieve the resigning member from any obligation for charges incurred, dues, assessments or fees, arising from contract, or otherwise.³
- A human member (not organizational) sends LoopWorks a written notice that they are transferring their membership to another non-member human.
- A human member dies.
- A business or organizational member is dissolved or closed.
- A community member moves out of Milpitas.
- In the case of a [Worker Member](#), they are removed using the process described in Removing Worker Members, or they cease to work for or be employed by LoopWorks for an average of 10 hours or more per week, unless on a temporary leave.
- In the case of any type of member, they 1) do not attend any LoopWorks events/meetings for 24 months and fail to attend an event

³ CA Corp Code 7340.

within 90 days of notice of non-attendance, or 2) fail to vote in three consecutive elections or decisions put to members.

- The Board otherwise expels a member for cause, as long as the Board uses a consistent, fair, and reasonable procedure for expulsion (provided in writing to the members) that gives a member a reasonable period of time in which to explain or correct a problem. A member who is expelled or suspended or whose membership is terminated in conformance with CA Corp Code section 7341(c) shall be liable for any charges incurred, dues, assessments or fees incurred before the expulsion, suspension or termination arising from contract or otherwise.⁴

The Board may, at its discretion and for good cause, waive the termination or reinstate a member (such as if the member requests a waiver based on personal circumstances).

The Board of LoopWorks

Except as otherwise provided, LoopWorks will have **8 Directors** (aka Board members) and they serve **2 year terms**. Board members may serve unlimited terms, so long as **no more than 4 terms are consecutive**. After October of 2022, no more than two Worker Members may serve on the Board at once.

Roles and Responsibilities of the Board

The primary role of the Board is to create and oversee a system of decentralized, participatory, and inclusive governance and operations. In other words, the Board generally stewards the *process* by which work is carried out, as opposed to directing the *substance* of the work. The Board will provide ongoing oversight of the activities and internal functioning of LoopWorks. This will include:

- Regularly reviewing financial reports and financial decisions, including contracts for expenditures exceeding \$10,000, changes to staff compensation, and periodic budget review.
- Monitoring compliance with the law.
- Reviewing internal policies adopted by workers.
- Making reasonable inquiry into any concerning activities or decisions by workers.

4 [CA Corp Code 7341](#).

- Intervening when LoopWorks’s workers or members engage in overly risky or illegal activity.
- Intervening under other circumstances described in Oversight of Worker Members.
- Meeting the Board’s legal obligations to exercise ultimate authority over the organization’s actions and affairs (as described above).

Elected Directors (6)

LoopWorks will have 6 Elected Directors with the following titles, responsibilities, and election processes:

Governance: Elected by all members, and serves as President. Responsible for overseeing participatory and democratic governance practices, overseeing elections.

Financial: Elected by all members, and serves as Treasurer. Responsible for overseeing LoopWorks financial health and providing financial reports to members.

Worker: Elected by and represents interests of Worker Members, and serves as Secretary. Maintains records, sends notices, manages communication with members.

Community: Elected by and represents interests of Community Members.

Anchor: Elected by and represents interests of Anchor Members.

Foundation: Elected by and represents interests of Foundation Members.

Appointed Directors (2)

To more deeply connect LoopWorks with the Milpitas community, two additional Directors will be appointed, one each by the City of Milpitas and the Milpitas Unified School District.⁵

⁵ CA Corp Code 7220(d).

Transition to Full Board

In order to allow for flexibility while transitioning to the full Board – and in order to establish staggered terms – people will join and leave the Board as follows:

1. The initial Governance Director shall serve until May of 2021.
2. The initial Financial Director shall serve until May of 2022.
3. The **Worker** Director shall serve until May of 2022.
4. First elections: Before June 15, 2021, LoopWorks will hold elections for 3 Directors – Governance, **Community**, and **Anchor** Directors – who shall serve until May of 2023.
5. Second elections: Before June 15, 2022, LoopWorks will hold elections for 3 Directors – Financial, **Worker** and **Foundation** Directors – who shall serve until May of 2024.
6. President, Secretary, Treasurer: Until May of 2022, the Board may appoint any current elected or appointed Director to fill the roles of Secretary, Treasurer, or President, if any such position is not currently filled.

Board Elections

Elections will take place within 30 days before or after May 15 every year at a regular meeting of the members.⁶ By the end of April 2021, the Board will create and disseminate a clear process for holding elections, which shall include:

- an open process for **soliciting nominations**;
- opportunities for **candidates to communicate** with members;
- a voting process that **encourages participation**;
- a **ranked-choice voting** system that allows members to rank at least their top three choices for each Board seat; and
- as much as possible, the Board and **Worker Members** will actively recruit, encourage, support, and **nominate people from Milpitas**.

After 2021, only the members may vote to change election processes. The invitation for nominations will begin in December, to allow a long enough window of time to recruit, nominate, learn about, and engage with candidates, before voting starts.

Removing Directors

A Director may be removed by whomever elected or appointed that

⁶ CA Corp Code 7510(b).

particular Director. For example, the [Worker Members](#) may vote to remove the Worker Director, using the process below. Prior to the vote or decision of removal, every Director subject to removal must be given a reasonable opportunity to provide a written statement to the voters or organization proposing to remove them.

Removal by vote of members: A vote to remove a Director may be initiated by a proposal of the Directors or by whomever elected or appointed that Director following the procedures described under “Member Proposals and Decisions.” Additional voting requirements:⁷

- If there are fewer than 50 Members in a particular membership type, removal of a Director elected by that type must be approved by a majority of ALL members in that type.
- If there are 50 or more members in a particular category, removal can be done by 1) majority vote at a duly held member meeting at which a quorum is present or 2) by written ballot in conformity with Section 7513 of the Mutual Benefit Corporation Law.

Removal by appointing organization: An organization that appoints a Director may remove that Director by providing written notice of removal to the Secretary or to the whole Board, so long as, before or after the removal, the organization, if requested by the Board, meets with the Board to answer any questions about the removal.⁸

Removal and Suspension for Cause by Board: The Board may remove any Director who has not attended three or more consecutive regular or special Board meetings.⁹ Without prior notice, the Board may also suspend for cause any Director, so long as 2/3 of Directors, not including the Director subject to suspension, vote to approve suspension. The Board will promptly notify the affected Director of such suspension and will provide an opportunity for the suspended Director to be heard at a meeting of the Board of Directors within 30 days.

In addition, a majority vote by the Board may remove any director who fails or ceases to meet any required qualification in effect when their current term

⁷ CA Corp Code 7222.

⁸ CA Corp Code 7222(f).

⁹ CA Corp Code 7221(a).

started.

Any reduction of the authorized number of directors or any amendment to the articles or bylaws reducing the number of classes of directors does not remove any director prior to the expiration of the director's term of office unless the reduction or amendment also provides for the removal of one or more specified directors.¹⁰

Replacing Directors: In the event that an elected Director is removed, the removal vote shall also indicate whether

- a) a replacement Director shall be elected within four months of removal;
- b) the Board shall appoint a replacement until the next regularly scheduled election; or
- c) the seat shall remain vacant until the next regularly scheduled election.

If an appointed director is removed, a new Director shall be appointed by the represented agency. If the President is removed, the Treasurer shall act as President until a new President is either elected or appointed. If the Treasurer or Secretary is removed, the Board will appoint any other sitting Board member to fill those roles until the replacement is elected or appointed.

Board Meetings

The Board will meet at least quarterly, with at least 15 days notice. Any 2 Directors may call additional Board meetings with at least 7 days notice. Meetings may happen on even shorter notice if all Directors are present or later agree, in writing (including email), to decisions made at the meeting. A Director may participate virtually in in-person Board meetings if they request to do so at least 3 hours in advance, to allow the Board to set up appropriate technology. Meetings may also be entirely virtual.

Board Decisions

Any Director may make a proposal inside or outside of a meeting. After making a good faith effort to adapt the proposal in response to deliberations and feedback, at the proposing Director's request, the Board shall vote on

¹⁰ CA Corp Code 7222(c).

whether or not to approve the proposal.

In meetings, decisions are made when approved by a majority of all Directors when a quorum is present, except where a higher voting threshold is required elsewhere in these Bylaws or another policy. A quorum shall be a majority of the Directors then in office (provided that a quorum shall not be less than one-fifth the number of directors authorized in the bylaws, or less than two, whichever is larger).¹¹

Outside of meetings, decisions are made when ALL Directors consent to the decision in writing (including email).¹²

Board Committees

The Board may create Board Committees that can exercise the full power of the Board, so long as the Committee has at least 2 Directors and consists only of Directors. However, a Board Committee cannot make decisions related to:

- Approval of any action that, according to law or these Bylaws, requires approval by the members.
- Filling vacancies of the Board or any committee that is under the authority of the Board.
- Fixing compensation of Directors for serving on the Board.
- Amendment or repeal of any resolution that the Board has expressly deemed not amenable or able to be repealed.
- Establishment of committees of the Board.
- Expenditure of funds to support a nominee for Director.¹³

Member Meetings

LoopWorks will hold at least 1 regular Member Meeting per year (the annual meeting)¹⁴ and give members at least 30 days notice, describing the agenda and topics to be voted on. Special Meetings may be called by the Board, the President, or 5% or more of the members.¹⁵ In the case of meetings other than the annual meeting, LoopWorks will give members at least 10 days (but

[11 CA Corp Code 7211\(a\)\(7\).](#)

[12 CA Corp Code 7211\(b\).](#)

[13 CA Corp Code 7212.](#)

[14 CA Corp Code 7510\(b\).](#)

[15 CA Corp Code 7510\(e\).](#)

not more than 90 days) notice (provided, however, that if notice is given by mail, the notice must be mailed by first-class, registered, or certified mail).¹⁶

Notices of Member Meetings shall state the physical place, date, and time of the meeting along with the means of electronic transmission¹⁷ by which members may participate in that meeting, and the general nature of the business to be transacted. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given to members.¹⁸

Notice of a Member Meeting or any report shall be sent to members by electronic transmission, mail or other means of written communication using the address of the member appearing on the books of the corporation at the close of business on the business day preceding the day on which the notice is sent; or if such address is missing or wrong, the procedure described in CA Corp Code 7511(b) shall be followed.¹⁹

Upon written request for a Special Meeting to the corporation (addressed to the President, Vice President, or Secretary) by the Board, the President, or 5% or more of members, the officer forthwith shall cause notice to be given to the members entitled to vote that a meeting will be held at a time and place fixed by the Board not less than 35 nor more than 90 days after the receipt of the request.²⁰

Members not physically present at a meeting of members may participate in such a meeting by electronic transmission, and be deemed present in person and able to vote.

Any physical meeting of the members will also be conducted by electronic transmission (in accordance with Sections 20 and 21 of the Corporations Code), and must implement 1) reasonable measures to provide members an opportunity to participate in the meeting and to vote on matters submitted to the members, and 2) a way of recording, saving and reviewing any

[16 CA Corp Code 7511\(a\).](#)

[17 See CA Corp Code Sections 20 and 21 for details on electronic communications.](#)

[18 CA Corp Code 7511\(a\); 7512\(b\).](#)

[19 CA Corp Code 7511\(b\).](#)

[20 CA Corp Code 7511\(c\).](#)

member votes or other action taken at the meeting.²¹

Member Proposals and Decisions

A quorum for Member Meetings and votes is 5% of members of record at the close of business on the business day preceding the day of the meeting or 5 members, whichever is larger. Member decisions may be made by majority vote, except where a higher voting threshold is required by these Bylaws or another policy.²²

If a member qualifies in two or more member types, that member has the right to cast a single vote from each type in elections.

Decisions by Written Ballot

Any action which may be taken at any regular or special meeting of members may be taken without a meeting if the corporation distributes a written ballot to every member entitled to vote on the matter. Any member of record at the close of business on the business day preceding the day on which the ballots are sent is qualified to vote. If approved by the Board, that ballot and any related material may be sent by electronic transmission from LoopWorks, and responses may be returned to LoopWorks, by electronic transmission. That ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to LoopWorks for it to be counted. All written ballots shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of directors, shall state the percentage of approvals necessary to pass the measure submitted.

Approval by written ballot shall be valid only when 1) the number of timely-cast votes equals or exceeds the quorum required to be present at a meeting authorizing such action, and 2) the number of approvals equals or exceeds the voting thresholds required under these Bylaws.

There shall be no voting by proxy or cumulative voting.

A written ballot may not be revoked.

²¹ CA Corp Code 7510(f).

²² CA Corp Code 7512(a).

Directors may be elected by written ballot under this section. In such case, and in addition to the named candidates and a way to indicate approval, the ballot shall provide a “withhold” option for each candidate – which, if marked, shall not be counted either for or against the election of a director.²³ The Board may provide for a date for the close of nominations prior to the printing and distributing of the written ballots.²⁴

The rights of members 1) to receive notice of any meeting of members, 2) to vote at a meeting of members, 3) to cast written ballots, and 4) to exercise any other legal rights granted to members under these Bylaws or by the Board shall be accorded to any member of record at the close of business on the business day preceding the day on which the right is to be exercised or implemented.

Keeping Everyone Informed

The Board Secretary will make the following information available 1) to any member or their agent upon request, 2) online for public view and ease of printing, and 3) via email for members:

- Board, committee of the Board, and member meeting agendas and minutes (including the number and type of members voting for, against or abstaining on any measure or election).
- Financial statements and an annual financial report, prepared no later than 120 days from the close of the fiscal year, which will include any financial transactions during the fiscal year totaling more than \$10,000 to any officer or director of LoopWorks or more than \$50,000 to any other person with a direct or indirect material financial interest.
- LoopWorks’ Articles of Incorporation and Bylaws as amended to date.
- A record of members giving their names, addresses, and type(s) of membership.
- An annual high-level assessment of the performance of the Worker Members as a group.
- Policies applicable to Members, Board, & Workers.

In all realms of governance, including Committees, Worker and Project Groups, detailed records of activities and decisions will be kept and made

²³ CA Corp Code 7514.

²⁴ CA Corp Code 7513.

easily accessible to people involved in or affected by those activities and decisions.

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation of which such person is a director.²⁵

Trusteeship Role of Worker Members

While members, collectively, have power to elect the majority of the Board and make major decisions, a significant portion of members' power will be exercised in collaboration with LoopWorks' workers. **Workers are an essential channel of power for members; if workers don't have power and agency, then members don't have power and agency.**

Given that [Worker Members](#) will be doing a substantial portion of the work to advance the LoopWorks mission, each is essentially holding the work "in trust" for the benefit of members and the community. Thus, [Worker Members](#) of LoopWorks will take on a level of responsibility and accountability akin to that of a typical Board of Directors or "trustees" (subject to the ultimate authority of the Board to the extent provided by law). This level of responsibility mandates a democratic and participatory workplace that gives power to each Worker Member. This more equitable distribution of power should be reflected in equitable distributions of pay.

Responsibilities of [Worker Members](#)

Except as otherwise provided, the Board delegates management of LoopWorks to [Worker Members](#) who shall be responsible to:

1. Adhere to and advance Our Mission and Commitment to Community-Directed Commons expressed in these Bylaws.
2. Engage with members and facilitate the formation of Project Groups.
3. Be responsive to the needs of all members by taking action, initiating work, working to change policies, and harnessing resources for the benefit of members.
4. Maintain a clear structure for democratic self-management that gives power and agency to every Worker Member.
5. Make decisions using a clear, participatory, and well-documented process.

²⁵ CA Corp Code 8334.

6. Respond to important opportunities, grievances, and inquiries.
7. Take timely action to resolve problems and tensions perceived by Worker Members in accordance with these Bylaws.
8. Work to address interpersonal conflicts and oppressive power dynamics in the workplace and among members.
9. Maintain transparent and effective sharing of information throughout the organization.
10. Provide meaningful leadership development opportunities for each other and effectively onboard new Worker Members.

Rights and Powers of [Worker Members](#)

To fulfill their responsibilities to LoopWorks, [Worker Members](#) shall have the power to:

- Propose new or change existing initiatives, activities, and policies, and to carry out such proposals after having integrated feedback of other relevant worker members and member types through any adopted Worker Member decision-making policies.
- Recruit, hire, and – in certain cases – remove other worker members, which sometimes requires Board approval. (See [Removing Worker Members](#))
- Collectively manage work and schedules.
- Receive pay that is relatively “on par” with that of other worker members, except to the extent that pay differentials emerge from the Worker Members’ own peer-based system of [Setting Compensation](#), so long as all compensation arrangements are approved by the Board.
- Work in a nourishing work environment that lets every worker member bring their whole selves to work and rise to their personal potential, enabling workers to feel emotionally invested in their work and motivated to carry out LoopWorks’ mission.
- Maintain a safe and effective workplace by engaging in restorative justice practices and conflict mediation when needed.

Oversight of [Worker Members](#)

The Board shall develop a system to regularly assess the efficacy of the Worker Members in fulfilling their responsibilities, which are described in [Responsibilities of Worker Members](#) and other policies. The Governance Director shall provide members with an annual written assessment of the performance of the Worker Members as a group. This assessment shall be

brief and provide a high level overview, omitting potentially sensitive details about individuals. LoopWorks members may, by petition signed by 10% of members or 50 members (whichever is smaller), require the Board to conduct a more thorough Performance Review of the Worker Members to determine whether they are fulfilling their responsibilities by looking at the performance of each worker member, reviewing practices, assessing values-alignment, and reviewing compliance with policies. Such a Performance Review must be completed within 3 months of a validated petition by members.

The Board shall temporarily – fully or partially – suspend delegation of management to Worker Members and assume full or partial management of LoopWorks if:

- 2/3 of all non-Worker Directors agree by vote that the Worker Members, as a governing body, are failing in one or more of their responsibilities; or
- after a Performance Review (see above), members vote and agree that Worker Members, as a whole, are failing in one or more of their responsibilities.

In the event of suspended delegation, the Board shall work in earnest with the Worker Members to resolve problems and improve fulfillment of responsibilities, which may include managing a hiring or firing process. The Board shall make a good faith effort to restore delegated management to Worker Members as soon as feasible.

Removing Worker Members

While LoopWorks is committed to training and supporting its workers and to creating cooperative relationships in the workplace, a worker member may be removed for any lawful reason if the following procedure is satisfied. The worker member subject to removal may not be counted among those who vote on the proposed removal:

- **If there are fewer than 5 worker members:** A worker member may be removed by a vote of 75% or more of the Board, or if at least 50% of worker members request removal and a majority of the Board approves.
- **If there are 5 or more worker members:** A worker member may be removed by a vote of 75% or more of worker members, or by a vote of

75% or more of the Board.

Notice and Opportunity to be Heard: All worker members and directors must be given at least 15 days' prior written notice of the intent to vote for removal of a worker member at a meeting, along with the reasons for the proposed termination. The worker member subject to removal must be given the opportunity to be heard by the voting body prior to the removal vote.

Discretion to Deviate from Process: The Board and Worker Members reserve the right to modify or break from the notice and hearing procedures described above, if it is determined that doing so is required to protect against 1) an immediate threat to people's health and safety or 2) immediate and significant harm to LoopWorks' operations, integrity, or existence.

Conflict of Interest Policy

When the Board or Worker Members are thinking about entering into a transaction that might benefit the financial interest of someone who is part of that deciding body, the applicable deciding body shall use the following process to vet the transaction. The general standard of review is whether or not a transaction would benefit the person's financial interest to the detriment of the members or LoopWorks. Key definitions:

- **Interested Person:** A person who – personally or through a member of their household – has a direct or indirect financial interest.
- **Financial Interest:** Direct financial benefit from the transaction or an actual or potential membership interest, investment, compensation interest, or governance role in an entity with which LoopWorks transacts business.

Does someone deciding on the proposed transaction have an actual or potential financial interest?

YES: Duty to Disclose: The interested person shall apprise the appropriate deciding body (Worker Members or Board). This could be through a presentation of facts given in writing or at a meeting.

Does a conflict of interest exist?

After a presentation and conversation with the interested person, the

deciding body (not including the interested person) may discuss and vote on whether a conflict of interest exists.

If conflict of interest exists

Investigating alternatives: The deciding body may appoint a committee or another disinterested person to investigate alternatives to the proposed transaction.

Better Option is Available: Using due diligence, the deciding body determines a more advantageous arrangement is possible without a conflict of interest.

No Better Option Exists: The deciding body (not including the interested person) determines it is not reasonably possible under the circumstances to find a more advantageous arrangement without creating a conflict of interest, then the interested person may vote on the proposed transaction.

NO: If no conflict of interest exists

then the interested person may vote on the proposed transaction.

The deciding body shall keep a written record of its decision process, and if the transaction is approved, shall include this record along with annual financial reports provided to members.

Binding LoopWorks Legally

In accordance with Board direction, the Secretary, President, or Treasurer may sign a document or make a binding commitment on behalf of LoopWorks. The Board may designate other people, such as certain directors or [Worker Members](#), to do the same.

Part 3: Stewarding Finances

Dollars will play a carefully stewarded role in LoopWorks. The following sections describe standards for LoopWorks' financial decision-making and

accounting. At LoopWorks, dollars are a means, not an end. Dollars are a tool for achieving community control of commonly-used infrastructure, which constitutes true wealth for our communities.

Decentralized Finances

LoopWorks may create multiple centers of financial decision-making and accounting. LoopWorks will do accounting for the corporation as a whole, and the Worker Members and Board, primarily, will make financial decisions that impact and steward LoopWorks as a whole.

LoopWorks may also separately account for the income, expenses, and assets specific to any Project Groups and other activities. LoopWorks will put some financial decisions in the hands of Project Groups, so such groups can make the most of their own resources and creativity toward successful projects. For example, when a Project Group is formed to cultivate an alternative revenue stream, it can call upon volunteers and donated resources, or find other ways to reduce costs and/or increase value.

Non-Extractive Finances

One of the most powerful elements of LoopWorks' financial structure is the following set of rules to prevent extraction from, and exploitation of, people and communities. LoopWorks aims to avoid extractive imbalances arising from excessive pay to executives or, conversely, non-living wages paid to workers. The following describes minimum standards (floor) and maximum limits (ceiling) for compensation and other financial benefits received by people who work for, or utilize services from, LoopWorks.

Balancing Benefits to Multiple Stakeholders

Our commitment to community control of commonly-used infrastructure requires that the resources of LoopWorks often be tilted toward the **Community** and **Workers**. **Community Members** expect reasonable and affordable prices for transit. **Worker Members** expect reasonable (not excessive) compensation. **Anchor Members** expect that, at minimum, the PRT system will be well maintained and reliable, and that LoopWorks will endeavor to expand the system beyond the initially proposed dual-loop system. **Foundation Members** expect that LoopWorks will exercise wise fiscal

responsibility and provide data about costs and performance.

Setting Compensation: Floor & Ceiling

Employees shall be fairly compensated.

Either of the following two methods of determining compensation shall be presumed to be fair, though other methods of determining fairness may be applied:

- 1) The employees collectively choose and agree to their rates of compensation, and the Board approves it.
- 2) Employees receive, at minimum, the amount considered by the [MIT Living Wage Index](#) to be a living wage for 1 Adult and 1 Child in their region.

Employees shall be equitably compensated.

Either of the following methods of pay calculation shall be presumed to be equitable, though other methods of determining equitable compensation may be applied:

- 1) All employees are paid at the same rate.
- 2) The ratio of highest to lowest paid employee shall not exceed 5:1 and the exact rate of pay for employees is determined with substantial input from all employees.

Compensation shall be capped.

Employee compensation shall not exceed 3 times the median per-capita wage for all occupations in the employee's [Bureau of Labor Statistics Metropolitan Area](#), as calculated by the most current BLS Area Occupational Employment and Wage Estimates. For example, as of May 2019, the median hourly wage for all occupations in San Jose-Sunnyvale-Santa Clara is \$29.80. In this case, a LoopWorks employee in Milpitas could not be allowed to make more than \$89.40 per hour or \$178,800 per year for full time work.

Community Financial Benefits

Community Members and the community in general will enjoy the benefit of convenient transit at affordable rates. Although "affordability" will vary from person to person, LoopWorks will strive to charge transit rates that are either

comparable or less than rates for transit provided by the area's predominant public transit services.

Securing grant funding for capital costs of the project from foundations will liberate LoopWorks from the burden of repaying both the capital costs and the interest on debt that would otherwise be required. To provide "affordability" to transit users, down to and including zero-cost rides, alternative revenue streams will be secured to fund the cost of operations and maintenance. Profits will be invested as the Board determines while adhering to the Mission and Vision of LoopWorks.

Closing or Selling LoopWorks

We hope this doesn't happen, but any proposal to sell, dissolve, or liquidate LoopWorks must be approved by 2/3 of all members and 2/3 of all Directors. In such an event, after paying or adequately providing for all debts and liabilities, LoopWorks shall distribute all remaining assets to at least one 501(c)(3) that works to advance transportation options. The organization(s) will be selected by the current members in a participatory selection process to be created and administered by the Board.

Defending Directors, Employees, and Members

LoopWorks shall have the power to indemnify its Officers, Directors, Members, Employees, and agents to the fullest extent permitted by law. LoopWorks shall compensate a Director, Officer, Member, or Employee for any expenses from lawsuits, penalties, fines, and costs of defense if the person incurred these expenses in connection with fulfilling their duties as a Director, Officer, Member, or Employee. This is also called "indemnification." However, LoopWorks is not obligated to "indemnify" a person if such expenses arose from a situation where the person stole funds, knowingly received funds they were not entitled to, intentionally committed a crime, or intentionally harmed LoopWorks or its Directors, Officers, Employees, or Members.

Part 4: Permanent Community Stewardship

We want to enable *permanent* community stewardship of our Commons. To do this, we must actively prevent power grabs, capture by wealthy elites, and/or the sale of LoopWorks' assets. Our greatest defenses lie in building high levels of community engagement, democratic participation, and non-extractive financial relationships. LoopWorks shall otherwise adhere to the rules on the following pages regarding the protection and transfer of assets and regarding changes to protective provisions of these Bylaws.

LoopWorks Cannot Be Bought

LoopWorks' Board shall not, under any circumstance, accept an offer to purchase LoopWorks or any substantial portion (more than 10%) of LoopWorks' tangible or intangible assets if the offer is from a person or company that intends to use LoopWorks and its assets to generate profits for private individuals or for-profit companies. The next section describes the limited circumstances in which LoopWorks may transfer its assets.

It shall never be considered a violation of a Director's fiduciary duty to vote against a buyout of LoopWorks, its assets, or any component of LoopWorks' business. In the event that a court is asked to consider whether this section of the Bylaws creates an unreasonable restraint on alienation, the court should analyze this restraint in consideration of the Mission and Commitment to Community-Directed Commons in these Bylaws, along with a view toward the current economic conditions where the vast majority of the world's wealth is controlled by a relatively small number of corporations and individuals. LoopWorks aims to grow the wealth and economic stability of the many, and therefore restrains its ability to contribute to the consolidation of wealth by freely selling LoopWorks and its assets to a high bidder.

Protecting LoopWorks Assets

If transferring more than 10% of LoopWorks' total assets, LoopWorks may sell or give such assets only to one of the following:

1. a 501(c)(3) nonprofit;
2. an organization structured for public benefit (such as a 501(c)(4),

- taxable nonprofit, or governmental entity);
- 3. a mutual benefit entity such as a cooperative; or
- 4. a benefit corporation.

Such organizations must agree to implement similar protections to ensure long-term community control of the assets.

Transferring more than 10% of assets requires Member Consent. To obtain Member Consent, the Board shall email details about the proposed transfer to members, along with instructions and a deadline to give members the opportunity to object to the proposal. The email must contain enough information about the proposed transfer for a reasonable person to evaluate it (reason for transfer, price, sale terms, and information about the person or organization that will receive the property), as well as a means for members to ask questions. To register an objection, a member shall respond in writing stating that they object and their reason for objection. A proposed transfer will be presumed to have Member Consent so long as no more than 20 members or 10% of members (whichever is larger) objects to the proposal by the deadline or within 15 days of the email (whichever is longer). If there are fewer than 100 members, then a proposed transfer will be presumed to have consent so long as no more than 30% object. A record of all objections shall be kept and made available to members in accordance with Keeping Everyone Informed, although names of objecting members may be removed prior to sharing.

A sale of assets of the corporation is subject to Section 7911 of the California Corporations Code.

Changing These Bylaws

These Bylaws are a critical legal tool for protecting the mission and integrity of LoopWorks. Certain changes will be made easily, while others will be subject to very careful scrutiny.

These Bylaws may be changed by approval of **2/3 of members** at a duly called Member Meeting, or by 2/3 of those voting by electronic ballot duly submitted to members, in accordance with the voting requirements described above. Additionally, these Bylaws may be changed by approval of 2/3 of the Board when the change only affects format or does not:

1. affect the decision-making power or financial rights of members;
2. increase or decrease the number of members authorized in total or for any membership type;
3. effect an exchange, reclassification, or cancellation of all or part of the memberships;
4. authorize a new type of membership;
5. specify or change a fixed number of directors or the maximum or minimum number or change from a fixed to a variable board or vice versa;
6. extend the term of a director beyond that for which the director was elected or changing the length of terms for directors;
7. increase the quorum for member meetings; or
8. repeal, restrict, create, or expand proxy rights. ^{26 27}

Each time the Bylaws are amended, the Board Secretary will email a copy of the new Bylaws to all members, and will put the updated Bylaws on the LoopWorks website. The website will include an archive of all old Bylaws.

²⁶ CA Corp Code 7150(a).

²⁷ CA Corp Code 7150(b).

Roadmap to these Bylaws

Mission, Values, Purpose

Our Mission 3
Commitment to Community-Directed Commons 3
Permanent Community Stewardship 25
LoopWorks Cannot Be Bought 25

Governance

Spreading Power 4
Governance Overview 4
Decisions by Written Ballot 15
Conflict of Interest Policy 20

Members

LoopWorks has 4 types of Members 5
Things to know about Members 6
Becoming a Foundation Member 6
Becoming an Anchor Member 6
Becoming a Community Member 6
Becoming a Worker Member 7
Terminating Membership 7
Member Meetings 13
Member Proposals and Decisions 15

Board of Directors

The Board of LoopWorks 8
Roles and Responsibilities of the Board 8
Elected Directors (6) 9
Appointed Directors (2) 9
Transition to Full Board 10
Board Elections 10
Removing Directors 10
Board Meetings 12
Board Decisions 12
Board Committees 13

Workers

Trusteeship Role of Worker Members 17
Employees shall be fairly compensated. 23
Employees shall be equitably compensated. 23
Responsibilities of Worker Members 17
Rights and Powers of Worker Members 18
Oversight of Worker Members 18
Removing Worker Members 19

Financial

Stewarding Finances 21
Community Financial Benefits 23
Decentralized Finances 22
Balancing Benefits to Multiple Stakeholders 22
Non-Extractive Finances 22
Setting Compensation 23
Compensation shall be capped. 23
Closing or Selling LoopWorks 24
Defending Directors, Employees, and Members 24
Protecting LoopWorks Assets 25
LoopWorks Cannot Be Bought 25

General/Miscellaneous

The Basics 3
Keeping Everyone Informed 16
Binding LoopWorks Legally 21
Changing These Bylaws 26