**Our Operating Agreements & Setting Policies**

# **Basics of Operating Agreements**

# **Creating Anti-Oppression Policies**

# **28 Questions to Answer to Build Operating Agreements**

# **Templates for Operating Agreements**

| **Estimated Time** | **Materials & Tools** |
| --- | --- |
| **7-9 Hours (3-4 meetings)** | * **Workbook** |
| **Resources** | * [Michigan LLC Operating Agreement](https://howtostartanllc.com/michigan-llc/michigan-llc-operating-agreement) * [Operating Agreement for Co-ops Illustrated PPT](https://drive.google.com/file/d/0B7aFfmk4wQfbcHlBb3BvN3p5NTg/view?resourcekey=0-iWhjBWOle0V4xmUmq9XunA) (English & Spanish) * [Anti-oppression policy examples created by the 2020 Co-op Incubator participants](https://docs.google.com/document/d/1WDM_hxdg5j-H0lucpw_PWcmEH8KVj4XTxHE9MFMzqT4/copy) * [Sample articles of operation by DCWF](https://docs.google.com/document/d/1MtA3YCrs57bspaCNGGyWSbnVmvS_ydlGOEwUsySQ6lo/edit?usp=copy) |
| **Workbook Assignments** | * **Our Anti-Oppressive Policies** * **Question to Consider Before Meeting With a Lawyer** * **Operating Agreement Templates** |

# **Basics of Operating Agreements**

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### **Create an Operating Agreement**

A [Michigan LLC Operating Agreement](https://howtostartanllc.com/michigan-llc/michigan-llc-operating-agreement) is a legal document that outlines the ownership structure and member roles of your LLC. In Michigan, you aren’t required to have an Operating Agreement to officially form an LLC, but it's still a good idea to have one. You can start your operating agreement before, during, or after you file your Articles of Organization. Your operating agreement will be kept in your LLC’s private business records; you do not file it with the state.

**What are Operating Agreements?**

Operating Agreements are the co-op’s most important rules for how it is governed, and do not need to be filed with the state. The co-op must obey the rules in the Operating Agreements. The Operating Agreements create the co-op’s democratic structure. The rules in the Operating Agreements are usually limited to fundamental governance-level issues and so are intentionally more difficult to change, and a democratic vote of members is required for a change to be made. Other documents like a member policy manual have more specific operational rules that are easier to change.

**Operating Agreements best practices**

The Operating Agreement should be as simple as possible, so every member can understand them. It is important to review the Operating Agreement regularly to continue to be familiar with your co-op’s rules and to check if anything needs to be revised.

**Major topics covered in Operating Agreements**

These are the major topics addressed in the Operating Agreement. Members should discuss these together when preparing the Operating Agreement for the first time. There are many more details contained in the Operating Agreement that are not listed here.

* ORGANIZATION We formed a company, here is our name, this is our purpose, here’s our mission, this is where our office is.
* MEMBERSHIP These are the names of our members, here’s how much each has invested. Here’s how we accept new members. Here’s how we terminate a member. These are the rights and responsibilities of members. We have this many classes of members, these are the names of the classes and this is the difference in rights and responsibilities of the different classes of members.
* MEMBER MEETINGS AND VOTING This is when we have membership meetings, here’s how many people need to be at each meeting for decisions to be made, when we vote it’s always ONE MEMBER ONE VOTE, we need a supermajority for these really important decisions.
* BOARD OF DIRECTORS Here’s how many people are on the board of directors. Here’s how we elect board members. Here’s how we remove a board member. Here’s when the board meets. Here’s how many people need to be there to conduct business. Here are the officers (usually President, Vice President, Secretary, Treasurer) and their responsibilities.
* MANAGEMENT AND OPERATION OF BUSINESS; COMMITTEES Members manage the company together and have committees. Here are the committees.
* CASH AND SERVICE CONTRIBUTIONS Here’s how much money each member invests initially. Here’s how we manage each members’ investment.
* DISTRIBUTIONS AND ALLOCATIONS Here’s how we pay ourselves, here’s how we share the company’s profit.
* ACCOUNTING; FINANCIAL AND TAX MATTERS We keep records for the company that all members have access to. We have bank accounts. We file and pay taxes.
* DISSOLUTION; WINDING UP; TERMINATION - Here’s how and when we close down the business.

# **Creating Anti-Oppression Policies: Building Equity & Justice Into Your Co-op**

Every member of your co-op has their own unique set of identities, needs that come with the way they experience those identities, and ways that those identities affect the way that they are perceived by others. “Intersectionality” is the word used for the way all of our identities impact one another in general and in different contexts. If you carry multiple identities (all of us do), they will each affect each other in your life through different contexts. (For example: to be formerly incarcerated & a woman, gay & Black, a single parent while chronically ill, transgender & Muslim, etc). Spoken or unspoken, power dynamics based on the identities of different members and how they affect each other can and will arise if we are not deliberate about addressing them. DCWF prioritizes working with co-ops that make a point to build inclusivity and equity into their governance structure and policies. First, reflect on the different social identities that are present in your co-op.

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### **Common social identities can include:**

* Race
* Ethnicity
* Gender/Gender Identity
* US Region
* Sexual Orientation
* Socioeconomic class
* Geography (e.g. Region of the country)
* AbilityAge/ Generation
* Religion/Spiritual Practice
* Profession
* Family and marital status
* Organizational level
* Education
* Company Affiliation
* Nationality
* Criminal Record
* Mental Health

### **Questions to Consider:**

1. How might our intersecting personal identities influence power dynamics in the workplace, especially when it comes to our decision-making processes as worker-owners?
2. Thinking about your own workplace experiences, what does it look like when someone “has power” in the workplace, even if they aren’t a manager or supervisor? What can power look like at work?

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### **Reflection Questions for Developing Anti-Oppressive Policies:**

1. Have you ever felt like you weren’t being listened to or heard in a situation at work because of one or more of your identities? What happened? Who had the power? Can you think of a time where you may have had the power because of your identities, and you were heard over another person because of them?
2. What workplace systems, policies, protocol, or hierarchy reinforced you or the other person being unheard, silenced, or misunderstood? What were the consequences?
3. What workplace systems, protocol, or hierarchy can we think of that might reinforce those kinds of power dynamics in general? (ex: only observing christian holidays, super limited PTO or strictness about sick days, no accountability system when someone files a complaint about someone’s behavior, no mediator during decision making discussions, no conflict resolution system, having majority-men membership, gendered bathrooms, no accountability systems for payroll)

* 1. **How do we actively strip those policies away? In Section 11 of your workbook under “Our Anti Oppression Policies,” record policies you can imagine that would support an anti-oppressive workplace, especially for all of the identities present in your co-op.** [**Here are some examples created by the 2020 Co-op Incubator participants.**](https://docs.google.com/document/d/1WDM_hxdg5j-H0lucpw_PWcmEH8KVj4XTxHE9MFMzqT4/copy)

# **Operating Agreement Templates**

If you are not able to or do not wish to meet with a lawyer, below are some resources to guide you through the process when you’re ready to begin formally creating your Operating Agreement using your answers to the questions in the previous exercise. Review the sample bylaws below before proceeding in order to get a better picture of what bylaws look like

* [Sample Operating Agreement by Northwest Construction Cooperative](https://drive.google.com/file/d/12u87m12V5t0qqRNCmqxQf-MMym4RZqzq/view?usp=sharing)
* [Video: LLC Operating Agreement Tool Walkthrough](https://www.youtube.com/watch?v=NY8SntV0NK0&t=606s) (here’s the link to the [free operating agreement building tool the video refers to!)](https://www.lawdepot.com/contracts/llc-operating-agreement/?pid=pg-NE5T5QO1MB-llc-operating-agreementtextlink&loc=US#.Yd33IC1h3RY)