

Bylaws of Cornerstone Co-operative

2023

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Bylaws

1. Interpretation

1.01 Definitions

(a) In the bylaws of the Cooperative, unless the context otherwise requires:

“Act” means the *Cooperatives Act* (Alberta), and any statute that may be substituted for it, as amended from time to time;

“articles” means the articles of amalgamation of the Cooperative and amendments to them;

“board” means the board of directors of the Cooperative;

“bylaws” means these bylaws and all amendments, additions, deletions or replacements from time to time in force and effect;

“Cooperative” means Cornerstone Co-operative;

“director” means a member of the board of directors of the Cooperative;

“Director of Cooperatives” means the Director of Cooperatives appointed under the Act;

“entity” means a corporation, a trust, a partnership, a fund, or an unincorporated organization;

“ethics and professionalism policies” means the policy or policies of the Cooperative from time to time governing conduct of the board in respect of ethics, professionalism and conflicts of interest;

“FCL” means Federated Co-operatives Limited and its successors.

“Goods” include all goods and commodities which FCL supplies or makes available to the Cooperative from an FCL preferred or approved source.

“meeting of members” means an annual meeting of members or a special meeting of members of the Cooperative;

“officer” includes the chair of the board, a vice-chair of the board, the president, a vice-president, the secretary, an assistant secretary, the treasurer, an assistant treasurer, and the general manager of the Cooperative and any other individual designated as an officer of the Cooperative by bylaw or by resolution of the board, or any other individual who performs functions for the Cooperative similar to those normally performed by an individual occupying any such office;

“ordinary resolution” means a resolution that is submitted to a meeting of members or a meeting of the board and passed at the meeting by a majority of the votes cast by those eligible to do so;

“patronage return” means an amount that the Cooperative allocates among, and credits or pays to its members, based on the business done by them with the Cooperative or on such other grounds as determined by the board from time to time;

“person” means an individual or an entity and includes a legal representative;

“policies” means any and all policies and/or procedures of the Cooperative and all amendments, additions, deletions or replacements from time to time in force and effect;

“recorded address” means:

- (i) In the case of a member, the address of the member as recorded in the members’ register; and
- (ii) In the case of a director, officer, auditor or member of a committee, the latest address of the person as recorded in the records of the Cooperative;

“regulations” means all regulations prescribed in, or promulgated under, the Act;

“special resolution” means a resolution that is submitted to a meeting of members or a meeting of the board and passed at the meeting by at least 2/3 of the votes cast by those eligible to do so;

“surplus” means the amount that, in any financial year of the Cooperative, remains after deducting from its operating revenue, charges to members and patrons, and other revenue in the financial year:

- (i) Its operating expenses and losses in that financial year, including proper allowances for depreciation, for expenses incurred but not paid and for other proper charges against its operations; and
- (ii) Any refunds and interim and final payments to members and patrons made in that financial year or required to be made in, or in respect of, that financial year and not made in a previous financial year;

“trading area” means the geographic area or areas in which the Cooperative carries on its business activities.

- (b) Words and expressions defined in the Act have the same meanings when used in these bylaws.
- (c) Words expressing the singular number include the plural and vice versa; words expressing gender include the masculine and feminine genders.
- (d) If the bylaws and the Act or regulations conflict or are inconsistent, the Act and regulations govern. If the bylaws and any policy conflict or are inconsistent, the bylaws govern. If any policy and the Act or regulations conflict or are inconsistent, the Act and regulations govern.

2. Shares, Memberships and Transfers

2.01 Open Membership

Subject to the qualifications in 2.02 to and including 2.05, membership in the Cooperative is open to all persons who can reasonably use the services of the Cooperative and meet the responsibilities and requirements of membership.

2.02 Application for Membership

A person who wishes to become a member must submit to the Cooperative:

- (a) An application for membership in any form approved by the Cooperative for that purpose; and
- (b) Payment for the minimum number of membership shares required under 2.04 for membership in the Cooperative.

2.03 Age Qualification

To be eligible for membership in the Cooperative, an individual must be at least fourteen (14) years of age.

2.04 Minimum Share Requirement

Each member must purchase, as a condition of membership, at least ten (10) membership shares.

2.05 Approval of Application

The board may, by ordinary resolution, approve or refuse an application for membership and may postpone consideration of an application for membership.

2.06 Effective Date of Membership

Membership is effective on the day that the application for membership is approved under 2.05.

2.07 No Share Certificate to be Issued

The Cooperative is not required to issue membership share certificates. Any share certificates that are issued to the member will remain in the possession of the Cooperative unless approved by the board from time to time. For certainty, any membership shares that are issued to a member but are uncertificated shall also be deemed to be in the possession of the Cooperative unless otherwise approved by the board from time to time.

2.08 Member Records

- (a) The Cooperative must prepare and maintain, at its registered office, a list of members in a members' register, setting out their names and addresses, and the number of membership shares of the Cooperative owned by each member.
- (b) A member or other eligible party may request a list of the other members from the Cooperative provided that its request for the list must be in writing and accompanied by: (i) the applicable fee set by the Cooperative from time to time; (ii) the name and contact information of requesting member or eligible party; (iii) the reason for the request; and (iv) a statutory declaration, in form and substance acceptable to the Cooperative, confirming that requesting member or eligible party will only use the list for the purposes of: (A) carrying out, in relation to the affairs of the Cooperative, efforts to influence the voting of members; (B) carrying out activities to promote an offer to acquire membership shares of the Cooperative; or (C) carrying out other activities relating

solely to the affairs of the Cooperative. For certainty, the foregoing list shall only include the names of the members and shall not include any addresses or contact information unless approved by the Cooperative or required by the Act.

- (c) If the Cooperative receives a request for the list in (b) from a member or eligible party, it may inform the other members and each such member shall have the opportunity to object to its inclusion on the list. If the Cooperative receives any objections, it shall remove the objecting member from the list prior to disclosure in accordance with the Act.
- (d) Any misuse of a list provided under (b) may be subject to financial penalty at the discretion of the board.
- (e) If requested by a member, the Cooperative shall provide a statement of the number of membership shares held by that member.

2.09 Duty of Members

- (a) A member must reasonably support and promote the business and affairs of the Cooperative.
- (b) A member is bound by the articles and bylaws of the Cooperative, as if they formed a contract between the member and the Cooperative.

2.10 Deceased Shareholders

If an individual who holds a membership share dies, the Cooperative is not required to make any entry in the members' register, or any payment in respect of the death until all the documents required by law have been provided to the Cooperative and there has been compliance with the reasonable requirements of the Cooperative.

2.11 Charge for Indebtedness

- (a) In accordance with Section 107 of the Act, the Cooperative has a charge on any membership share, membership loan or any amount standing to the credit of a member or the legal representative of a member for a debt of that member to the Cooperative.
- (b) The Cooperative may:
 - (i) Enforce the charge specified in (a) by the sale of any membership share affected by the charge or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity; or
 - (ii) Apply any money standing to the credit of a member toward payment of a debt due by the member to the Cooperative. For certainty, the Cooperative may set off any amounts owing by the Cooperative to a member against any amounts owing by the member to the Cooperative.
- (c) Pending enforcement of the charge specified in (a), the Cooperative may refuse to register a transfer, or acknowledge any assignment, or acknowledge any assignment, of any membership share or any other interest or any sum payable affected by the charge.

2.12 Dealing with Registered Owner

Subject to the Act, the Cooperative shall treat, as absolute owner of any membership share, membership, or other interest in the Cooperative the person in whose name it is registered or recorded in the members' register or other records of the Cooperative, as if that person had full legal capacity and authority to exercise all rights of ownership, despite any indication to the contrary, knowledge, notice, or description in the Cooperative's records.

2.13 Transfer of Shares

- (a) Subject to 2.13(b), membership shares may only be transferred in accordance with the articles using the form approved by the board from time to time.
- (b) Subject to 2.11, no transfer, charge, pledge, assignment, grant of security in, or hypothecation of a membership share, or entitlement to any amounts outstanding to the credit of a member, is valid unless approved by ordinary resolution of the board.

2.14 Withdrawal of Members

- (a) Subject to (b), a member may apply to withdraw from the Cooperative by giving a designated officer of the Cooperative at least six (6) months' written notice of its intent to withdraw.
- (b) The board, by ordinary resolution, may accept any application to withdraw on less than six (6) months' written notice.
- (c) Notice to the Cooperative of any bankruptcy, liquidation, dissolution, receivership, proposal or other insolvency proceeding in respect of a member of the Cooperative has the same force and effect as a notice of application to withdraw.
- (d) Written notice to the Cooperative of the dissolution of a partnership, association, public body, body corporate or other entity that is a member of the Cooperative shall have the same force and effect as an application to withdraw.
- (e) Written notice to the Cooperative, together with proof satisfactory to the board that a member died, shall have the same force and effect as an application to withdraw.
- (f) Written notice to the Cooperative, together with proof satisfactory to the board that a member has permanently moved out of the trading area shall have the same force and effect as an application to withdraw.
- (g) The payment of any amounts owing to members who withdraw from membership is subject to the provisions of these bylaws, including 2.20.

2.15 Effective Date of Withdrawal

The withdrawal of a member is effective on the later of the date stated in the application of withdrawal and the date on which the Cooperative receives the notice.

2.16 Board's Termination for Membership – Reasons

The board, by special resolution, may terminate the membership of a member if:

- (a) That member has failed to transact any business with the Cooperative over a period of at least two (2) consecutive years;
- (b) The board, acting reasonably, considers that member's conduct to be harmful to the Cooperative; and
- (c) For any other reason determined by the board, acting reasonably, from time to time.

2.17 Notice of Board Decision

Within ten (10) days after the date on which the board makes its decision to terminate the membership of a member, the Cooperative must give written notice of the termination and the reasons for it to the person whose membership has been terminated.

2.18 Effective Date

The effective date of a termination of membership is the later of:

- (a) The date specified in the board's written notice of termination; and
- (b) Thirty (30) days after the member receives the board's notice of termination.

2.19 Right to Appeal to Members

- (a) A person whose membership has been terminated by the board may appeal the decision at the next general meeting of the Cooperative by giving written notice of its intention to appeal to an officer of the Cooperative within thirty (30) days after the day on which the member received notice of the order.
- (b) Where a member appeals a membership termination order in the manner described in (a), only an ordinary resolution of the members at the general meeting can rescind the board's order.
- (c) A person who has appealed the decision made by the members at a general meeting, under (b), may appeal that decision to the Director of Cooperatives, and the procedure shall be as set out in the Act.

2.20 Payment on Termination or Withdrawal of Membership

- (a) Where the membership of a member of the Cooperative is terminated, the Cooperative, no later than one (1) year after the effective date of their termination, shall redeem all membership shares held by the member, unless the Cooperative would not be permitted to redeem the shares because of the limitations specified in 2.21.

- (b) Subject to the other provisions of these bylaws, where a member withdraws from membership in the Cooperative, the Cooperative shall:
 - (i) Not later than one year after the effective date of the withdrawal, redeem all membership shares held by the member, other than shares purchased on behalf of the member by the application of patronage returns credited to the member, unless the Cooperative would not be permitted to redeem the shares because of the limitations specified in 2.21; and
 - (ii) Upon withdrawal, redeem all membership shares held by the member that were purchased on behalf of the member by the application of patronage returns credited to the member, subject to and in accordance with the priorities specified in 10.07, unless the Cooperative would not be permitted to redeem the shares because of the limitations specified in 2.21.

2.21 Limitation on Purchase or Redemption

The Cooperative shall not make any payments to redeem a share if:

- (a) The board believes, on reasonable grounds, that the redemption or payment would affect the financial well-being of the Cooperative;
- (b) The board believes on reasonable grounds that:
 - (i) The Cooperative is, or after the redemption would be, unable to pay its liabilities as they become due; or
 - (ii) The realizable value of the Cooperative's assets, after the redemption, would be less than the total:
 - (A) Its liabilities; and
 - (B) The amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or liquidation, ratably with or in priority to the holders of the shares to be redeemed; or
 - (C) To do so would result in the number of members of the Cooperative being reduced to fewer than 3.

2.22 Price upon Withdrawal or Termination of Membership

The price of any membership shares redeemed by the Cooperative shall be their par value.

3. Joint membership

3.01 Joint membership

There shall be no joint memberships in the Cooperative.

4. Meetings of Members

4.01 Annual Meetings

- (a) The board shall call an annual meeting of members not later than:
- (i) Fifteen (15) months after holding the preceding annual meeting; or
 - (ii) Six (6) months after the end of preceding financial year;

Whichever is earlier:

- (b) At each annual meeting of members, the following business shall be considered;
- (i) The minutes of the previous annual meeting;
 - (ii) Financial statements;
 - (iii) Auditor's report;
 - (iv) Reports of the board and committees;
 - (v) Reports of the Management;
 - (vi) Resolutions and Recommendations;
 - (vii) Appointment of an auditor;
 - (viii) Any other business authorized by these bylaws to be transacted at an annual meeting of members.
- (c) Any business other than as listed in (b) and any other matter dealt with at a special meeting of the Cooperative, is special business, but does not require a special resolution of the members unless otherwise stated in these bylaws or in the Act.

4.02 Special Meetings

The board may call a special meeting of members at any time.

4.03 Member Requisitions

- (a) Two (2) or more members, who together make up ten (10%) percent of the membership, may requisition the board to call a meeting of members.
- (b) A members' requisition of a meeting of members must be in accordance with the Act.

4.04 Time and Place of Meetings

Meetings of members shall be held at the time and place in Alberta or electronically that the board determines appropriate.

4.05 Record Date

- (a) The record date for each meeting of members is the thirtieth (30th) day before the meeting of members.
- (b) Only those members whose names have been entered on the members' register by the record date are entitled to vote at the meeting of members.

4.06 Notice of Meetings

- (a) Notice of the date, time and place of each meeting of members shall be given by:
 - (i) Posting the notice at the registered office of the Cooperative; and
 - (ii) Placing a notice in print or digital media sources, and in the locations of business of the Cooperative, where the first day of publication is between fourteen (14) and thirty (30) days before the meeting.
- (b) In addition to providing notice of a meeting of members as specified in (a), the Cooperative must also give notice to each director and, in the case of an annual meeting, to the auditor.
- (c) A notice of a meeting of members to consider the regular business set out in 4.01(b) need not contain any special reference to that regular business.
- (d) If a meeting of members has been called for any purpose other than regular business listed in 4.01(b), the notice of the meeting must state the nature of that business in sufficient detail to permit the recipient to form a reasoned judgment on the business.
- (e) If a special resolution is to be considered at a meeting of members, the notice of the meeting must contain the text of that special resolution or, if the text is too long to be included in the notice, the notice must contain a statement in sufficient detail to permit the recipient to form a reasoned judgment about the resolution and a statement that the full text of the resolution is available at any business location of the Cooperative.
- (f) Failure to receive a notice of a meeting of members does not deprive a member of a right to vote at the meeting of members.
- (g) A member may, in any manner, waive notice of or otherwise consent to a meeting of members.
- (h) Attendance at a meeting of the Cooperative is a waiver of notice of the meeting, except when a person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

4.07 Chair

- (a) Subject to (b), the board will appoint an individual, who need not be a member, to chair any meeting of members.

- (b) If the board does not appoint an individual to chair the meeting of members, the members present at the meeting shall appoint an individual, who needs to be a member, to chair the meeting.

4.08 Secretary

- (a) Subject to (b), the board will appoint an individual, who need not be a member, to act as secretary at any meeting of members.
- (b) If the board does not appoint an individual to act as a secretary at the meeting of members, the members present shall appoint an individual, who needs be a member, to act as secretary of the meeting.

4.09 Persons Entitled to be Present

- (a) The only persons entitled to be present at a meeting of members are those entitled to vote at that meeting, the auditor of the Cooperative, and others who are entitled or required under any provision of the *Act*, the articles, or the bylaws to be present at the meeting.
- (b) Any person other than those specified in (a) may be admitted to a meeting of members only on the invitation of the chair or by ordinary resolution of the members.

4.10 Electronic Attendance

Members may be entitled to participate in a meeting of members by means of telephonic, electronic or other communication facility that permits all persons participating in the meeting to communicate adequately with each other during the meeting.

4.11 Quorum

A quorum for the transaction of business at any meeting of members is five percent (5%) of the members or twenty-five (25) members, whichever is less.

4.12 Votes to Govern

- (a) Each member is entitled to one vote at a meeting of members.
- (b) At any meeting of members, unless otherwise required by the *Act*, the articles, or these bylaws, every question shall be determined by ordinary resolution.
- (c) In case of an equality of votes, a motion is lost.
- (d) The chair of any meeting of members is not entitled to a second, or casting, vote.

4.13 Show of Hands

- (a) Except for the election of directors, the procedure for which is specified in 7.05, or where a ballot is demanded by a person entitled to vote at the meeting of members, any question at a meeting of members shall be decided by a show of hands.

- (b) Whenever a vote has been taken by a show of hands, the chair of the meeting is entitled to declare that the vote on the question has been carried, or carried by a particular majority, or not carried, and an entry to that effect in the minutes of the meeting is prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion or other proceeding in respect of the question, and the result of the vote taken is the decision of the members on the question.

4.14 Demand Ballots at a Meeting of Members

- (a) A person entitled to vote at a meeting of members may demand that a ballot be taken on any matter under consideration at that meeting.
- (b) A person who is entitled to demand a ballot may do so either before or after the vote by show of hands is taken at the meeting of members.
- (c) If a person entitled to vote at a meeting of members demands a ballot, the chair of the meeting will direct the manner in which the ballot will be taken.
- (d) The person who demanded a ballot may withdraw the demand before the vote by ballot is taken and the meeting must comply with that withdrawal.
- (e) If a ballot is taken, the result of the ballot is the decision of the meeting of members on that question.

4.15 Adjournment

- (a) If a meeting of members is adjourned for fewer than thirty (30) days, it is not necessary to give notice of the adjourned meeting, other than by announcement at the meeting that is adjourned.
- (b) If a meeting of members is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting must be given in the same manner as for an original meeting.

5. Business of the Cooperative

5.01 Registered Office

- (a) The registered office of the Cooperative is at the place in Alberta specified in the articles.
- (b) The Cooperative may change the location of its registered office to another place in Alberta.

5.02 Corporate Seal

- (a) If the Cooperative has a corporate seal, it will be in the form determined by the board.
- (b) The corporate seal is not to be affixed to any instrument except by authority of the board.
- (c) The corporate seal shall be used in the presence, and its use authenticated by the signatures, of the president, secretary or officers of the Cooperative.

5.03 Financial Year

The financial year of the Cooperative ends on January 31.

5.04 Execution of Instruments

Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Cooperative by the person(s) designated from time to time by the board.

5.05 Financing Arrangements

- (a) The financial business of the Cooperative including, but not limited to, borrowing money and giving security for it, shall be transacted with credit unions, credit union centrals, banks, trust companies or other bodies corporate or organizations that the board designates from time to time.
- (b) The Cooperative will transact its financial business or any part of it under agreements, instructions and delegations of powers that the board specifies or authorizes from time to time.

5.06 Information Available to Members and Creditors

- (a) Members and creditors of the Cooperative, their legal representatives, and the Director of Cooperatives, may examine the following records of the Cooperative during the usual business hours of the Cooperative:
 - (i) The Cooperative's articles and bylaws, including any amendments;
 - (ii) The minutes of meetings of the members;
 - (iii) Copies of all notices of who is a director and notices of change of directors; or
 - (iv) A register of its directors, setting out the names and addresses of the individuals who are or who have been directors and the dates on which they became or ceased to be directors;
- (b) The rules relating to providing copies of the foregoing records to members and creditors are those specified in the Act.

5.07 FCL as Primary Supplier

FCL shall be the primary supplier of all Goods for the Cooperative. The board may not terminate the Cooperative's supply relationship with FCL, unless as a result of an uncured material breach by FCL, without an ordinary resolution of the members.

6. Borrowing

6.01 Borrowing Power

The board may, without authorization of the members:

- (a) Borrow money;
- (b) Give debt obligations;
- (c) Subject to the Act, give guarantees; and
- (d) Create security interests in its property.

6.02 Delegation of Borrowing Power

The board, from time to time, may delegate to one (1) or more of the directors, officers, or employees of the Cooperative all or any of the borrowing powers conferred on the board by the Act to the extent and in the manner that the board determines at the time of delegation.

7. Directors

7.01 Numbers of Directors

The board shall establish, by resolution, within the minimum and maximum number stated in the articles, the number of directors required to constitute a full board.

7.02 Qualifications

- (a) No person shall become or continue to be a director if that person:
 - (i) Is not an individual;
 - (ii) Is under eighteen (18) years of age;
 - (iii) Is an individual who:
 - (A) Is a dependent of an adult as defined in the *Dependent Adults Act* or is the subject of a certificate of incapacity under that act;
 - (B) Is a formal patient as defined in the *Mental Health Act*;
 - (C) Is the subject of an order under the *Mentally Incapacitated Persons Act* (RSA 1970 c232) appointing a committee of the individual's person or estate or both; or
 - (D) Has been found to be a person of unsound mind by a court elsewhere than Alberta:
 - (iv) Has the status of bankrupt;

- (v) Is an officer or employee of the Cooperative or a commission operator under contract with the Cooperative;
 - (vi) Is an individual who is related to an employee of the Cooperative in any of the following ways:
 - (A) Spouse; or
 - (B) Person living with the employee in an arrangement equivalent to spouse;
 - (vii) Has, or is a shareholder, member, director or officer of any entity, that has an account with the Cooperative that is more than sixty (60) days in arrears;
 - (viii) Permanently resides outside of the established trading area; or
 - (ix) Has breached the ethics and professionalism policies of the Cooperative and has not cured such breach to the satisfaction of the board within ten (10) days of receiving notice thereof.
- (b) No person shall be a director unless that person, or any entity of which that person is an officer, director, member or shareholder:
- (i) Was a member of the Cooperative at the end of the last financial year of the Cooperative; and
 - (ii) Purchased goods or services, or a combination of both, from the Cooperative during the last financial year of the Cooperative, worth the collective amount of at least \$5,000.00.
- (c) A person who is elected or appointed as a director is not a director unless:
- (i) That person was present in the meeting when the election was held or results were announced or appointment was made and did not refuse to act as a director; or
 - (ii) If that person was not present in the meeting when the election was held or results were announced or appointment was made:
 - (A) The person, before the election or appointment or within ten (10) days after it, consented in writing to act as a director; or
 - (B) The person has acted as a director pursuant to the election or appointment.

7.03 Nominating Committee

- (a) Before director elections are held, the board will appoint a nominating committee, composed of two (2) or more directors whose terms of office do not expire at the specified meeting of the members, and other members of the Cooperative that the board, in its discretion, chooses to appoint.
- (b) Except as set out in these bylaws, the procedures of the nominating committee are those determined from time to time by the board.

7.04 Nominating Procedure

Annually, at each specified meeting of the members, when a director's term of office expires:

- (a) The nominating committee will place before the meeting a list of nominations for the position of director;
- (b) Any member is entitled to nominate one or more candidates for the position of director, in addition to those that the nominating committee has nominated, subject to 7.04(c); and
- (c) A member seeking election as a director must be nominated as a director subject to 7.02. Such person must submit to the chair of the nominating committee, at least forty-five (45) days in advance of the specified meeting of the members, the completed nomination and consent form prescribed by the board.

7.05 Director Election Procedure

- (a) When a director's term of office expires, members shall elect directors to replace those whose terms have expired.
- (b) The board, or its designate, shall determine the procedures to be followed in the election of qualified nominees to the board.
- (c) If the number of nominees is equal to the number of directors to be elected, those nominees are declared elected and the Cooperative will not require members to cast ballots.
- (d) The candidate who receives the greatest number of votes for an election of directors is elected a director and the other candidates who receive the next greatest number of votes are also elected directors, in descending order, until the number of directors to be elected has been elected.
- (e) If the candidates are to be elected for different terms of office, the candidate who receives the greatest number of votes in the election is elected for the longest term and the other candidates who receive the next greatest number of votes are also elected directors, in descending order, until the number of directors to be elected has been elected.
- (f) If candidates are to be elected for different terms of office and the members have not been required to cast ballots due to the application of (c), the directors whose terms of office do not expire at or before the end of the meeting of members at which the election is to be held, will announce which of the candidates are to be elected for the longest terms.
- (g) Where:
 - (i) Two (2) or more candidates receive an equal number of votes for the last vacancy on the board; or
 - (ii) Directors are to be elected for different terms and two (2) or more candidates receive an equal number of votes for the last position of a particular term; the chair of the meeting of members, in its discretion, shall decide if it is practical to hold a run-off election and, if the chair so decides, shall conduct the run-off election by secret ballot at that meeting to

determine which of the tied candidates is to be elected and, if appropriate, for which particular term.

- (h) Where:
 - (i) Two (2) or more candidates receive an equal number of votes for the last vacancy on the board; or
 - (ii) Directors are to be elected for different terms and two (2) or more candidates receive an equal number of votes for the last position of a particular term;

And the chair has decided that it is not practical to hold a run-off election at the meeting of members, the directors who have already been elected in the election will determine which of the tied candidates is to be elected.

- (i) The board may determine that elections be conducted by any one or any combinations of the following methods:
 - (i) Balloting at the specified meeting of the members
 - (ii) Mail ballot; or
 - (iii) Any secure electronic means.

7.06 Scrutineers

- (a) The board may appoint three (3) or more scrutineers, who are not nominees for the position of director, to ascertain the results of director elections.
- (b) The scrutineers will declare the results of director elections.

7.07 Term of Office

- (a) Except as set out in (b) and (c), a director holds office for three (3) years, or until its successor is elected.
- (b) A director appointed or elected to fill a vacancy holds office for the unexpired term of the director's predecessor in office.
- (c) The Cooperative, by ordinary resolution at an annual meeting of members and before elections are held at that meeting, may provide for directors' terms of office that are shorter than as provided in (a), to provide for staggered terms.

7.08 Re-election of Retiring Directors

Retiring directors, if qualified, are eligible for re-election.

7.09 Removal of Directors

Subject to the Act, the members, by ordinary resolution at a special meeting of members, may remove a director from office.

7.10 Ceasing to Hold Office

A director shall automatically cease to hold office when that director:

- (a) Dies;
- (b) Resigns;
- (c) Is removed from office by ordinary resolution at a special meeting of members;
- (d) No longer qualifies as a director under 7.02; or
- (e) Fails to attend (2) two consecutive meetings of the board of which it has been properly notified, without reasonable circumstances, as determined by the board. If the board determines the circumstances are not reasonable, the cessation of office of that director shall be confirmed by the members.

7.11 Vacancies

- (a) If there is a vacancy on the board and there is still a quorum of the board in office, the board is entitled to either:
 - (i) Continue to function without filling the vacancy; or
 - (ii) Appoint a director to fill the vacancy, unless the circumstances specified in (b) have arisen.
- (b) The board is not entitled to fill a vacancy, on the board that is caused by either:
 - (i) An increase in the number or minimum number of directors required by the articles, or
 - (ii) A failure to elect or appoint the number of directors required by the articles.
- (c) If:
 - (i) There is a vacancy on the board and no quorum of the board in office; or
 - (ii) The circumstances in (b) have arisen;

The directors then in office must:

- (iii) Call a special meeting of members to fill the vacancy; and
- (iv) Determine the nomination and election procedures that will apply to the process of filling the vacancy.

- (d) If the board fails to call a special meeting of members to fill a vacancy in the circumstances described in (c), or if there are no directors then in office, any member may call a special meeting of members to elect directors to fill the vacancy.
- (e) If there has been a failure to elect or appoint the number or minimum number of directors required by the articles, Section 60(2) of the Act shall apply.

7.12 Quorum

A quorum of the board is a majority of the number of directors that the board has established, pursuant to 7.01, as the number required to constitute a full board.

7.13 Board's Transaction of Business

- (a) The board may exercise its powers:
 - (i) By ordinary resolution passed at a meeting of the board at which a quorum is present;
 - (ii) Where these bylaws or the Act require a special resolution of the board, by a special resolution passed at a meeting of the board at which a quorum is present; or
 - (iii) By written resolution, signed by all the directors entitled to vote on that resolution at a meeting of board.
- (b) A written board resolution, signed by all directors entitled to vote on that resolution at a board meeting:
 - (i) Is valid as either an ordinary resolution or a special resolution; and
 - (ii) Must be kept with the minutes of the meetings of the directors.
- (c) Where there is an equality of votes on an ordinary resolution at a meeting of the board, the motion is lost. Neither the chair of the meeting nor the president is entitled to a second or casting vote.
- (d) If there is a vacancy on the board, the remaining directors may exercise all the powers of the board as long as a quorum remains on the board.

7.14 Electronic Attendance

With advance approval by the chair, a director may attend a meeting of the board by means of a telephonic, electronic or other communication facility that permits all persons fully participating in the meeting to communicate adequately and effectively with each other during the meeting, and a director participating in a meeting by these means is considered to be present at the meeting.

7.15 Time and Place of Meetings

The board may meet at the time and place in Canada that the board determines is appropriate and if the board does not determine the time and place, the president or any two (2) directors may make that determination.

7.16 Notice of Meeting

- (a) Except as otherwise provided in these bylaws, notice of the date, time and place of each board meeting must be given to each director.
 - (i) At least five (5) days before the board meeting is to be held, if the notice is delivered personally to each director or by transmitted, electronic or recorded communication; or
 - (ii) At least ten (10) days before the board meeting is to be held, if the notice is given by any other method.
- (b) In case of an emergency, the president or the vice-president is entitled to call a special board meeting by giving each director at least forty-eight (48) hours' notice by transmitted, electronic, or recorded communication.
- (c) A notice of a board meeting need not specify the purpose of, or the business to be transacted at, the meeting unless the meeting is called to deal with an emergency or unless the meeting involves:
 - (i) Filling a vacancy among the directors or in the office of auditor, or appointing additional directors;
 - (ii) Declaring patronage returns or dividends on shares;
 - (iii) Approving a financial statement of the Cooperative;
 - (iv) Submitting to the members any question or matter required to be approved at a meeting of the Cooperative;
 - (v) Making decisions that, by the Act or the articles, are required to be made by a special resolution of the directors;
 - (vi) Redeeming or otherwise acquiring membership shares issued by the Cooperative;
 - (vii) Issuing securities, except in the manner and on the terms authorized by the directors; or
 - (viii) Enacting or amending the bylaws.
- (d) Notice of an adjourned board meeting is not required if the time and place of the adjourned meeting is announced at the original meeting.
- (e) Directors may, in any manner, waive notice of or otherwise consent to a board meeting and attendance at a meeting constitutes waiver of notice unless the director is attending for the purpose of objecting to the meeting on the ground that it was not lawfully called.
- (f) There is no need to give notice for a board meeting that immediately follows an annual meeting.

7.17 Regular Meetings

- (a) The board may appoint a day or days in any month or months for regular board meetings at places and hours to be determined by the board.
- (b) A copy of any resolution of the board fixing the places and times of regular board meetings must be sent to each directors immediately after being passed and no other notice is required for any regular board meeting, except where the Act requires the purpose of the meeting or the business to be transacted at it to be specified in the notice, as specified in 7.16(c).

7.18 Chair

- (a) Subject to (b), (c) and (d), the chair of any board meeting is the president.
- (b) If the president is absent from the board meeting, the directors present shall appoint a vice-president to be chair.
- (c) If neither the president nor a vice-president is present at a board meeting, the directors present shall appoint one of their number to be chair.
- (d) The president, although present at a board meeting, may designate one of the directors present to chair all or a portion of any board meeting.

7.19 Disclosure of Interests

The rules relating to directors' disclosure of interests are those specified in the Act.

7.20 Remuneration and Expenses

- (a) The directors shall be paid remuneration for their services at the rates the members determine from time to time by ordinary resolution at a meeting of members.
- (b) The Cooperative shall reimburse the directors for reasonable travelling and other expenses they have properly incurred in attending meetings of the board and committees of the board and for performing other functions authorized from time to time by the board.

8. Committees and Officers

8.01 Committees of Directors

The board may appoint committees, composed of directors and non-directors, however designated, and the functions of a committee can either be only to advise the board, or the board may delegate to it any of the board's powers except those that, under the Act, the board is prohibited from delegating.

8.02 Quorum and Procedure

Unless the board determines otherwise, each committee has the power to fix its quorum at not less than a majority of directors, to elect its chair, and to regulate its procedure.

8.03 Committees' Transaction of Business

- (a) A committee may exercise its powers:
 - (i) By ordinary resolution passed at a committee meeting at which a quorum is present; or
 - (ii) By written resolution signed by all the committee members entitled to vote on that resolution at a committee meeting.
- (b) A written resolution of a committee members entitled to vote on that resolution at a committee meeting:
 - (i) Is valid as an ordinary resolution of the committee; and
 - (ii) Must be kept with the minutes of the meetings of the committee.
- (c) Where there is an equality of votes in an ordinary resolution at a committee meeting, the motion is lost. The chair of the meeting is not entitled to a second or casting vote.
- (d) If there is a vacancy on a committee, the remaining committee members may exercise all the powers of the committee as long as a quorum of the committee as specified in 8.02 remains.

8.04 Appointment, Powers, and Duties of Officers

- (a) The board shall appoint, from among the directors, a president and one or more vice-presidents.
- (b) The board may appoint a secretary, a treasurer and other officers that the board determines are necessary.
- (c) Except for the president and vice-presidents, the officers may, but need not, be directors of the Cooperative.
- (d) One person may hold more than one office.
- (e) The board shall specify the powers and duties of the officers appointed, except that the board will not delegate any powers to the officers, that under the Act, the board is prohibited from delegating.

8.05 Variations of Powers and Duties

Subject to the Act, the regulations and these bylaws, the board may vary, add to, or limit the powers, duties and responsibilities of any committee or officer.

8.06 Term of Office and Remuneration

- (a) The board shall determine the term of office and the remuneration of any officer it appoints.
- (b) Each officer appointed by the board holds office until the officer's successor is appointed, but the board, in its discretion, may remove any officer of the Cooperative without prejudice to that officer's rights under any employment contract.

8.07 Disclosure of Interests

The rules relating to officers' disclosure of interests are those specified in the Act.

8.08 Fidelity Bonds

The board may require the Cooperative's officers, employees and agents, as the board determines appropriate, to furnish bonds for the faithful discharge of their powers and duties, in the form and with the surety that the board, from time to time, determines appropriate.

9. Duty of Care and Protection of Directors, Officers, and Others

9.01 Duty of Care of Directors and Officers

- (a) Directors and officers of the Cooperative, in exercising their powers and discharging their duties, must:
- (i) Act honestly and in good faith with a view to the best interests of the Cooperative, and
 - (ii) Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (b) Every director and officer must comply with the Act, the regulations, the articles, and the bylaws.

9.02 Confidentiality

Directors and officers of the Cooperative shall treat in the strictest confidence all information received in their capacity as directors or officers, and shall not divulge it to any third party whatsoever.

9.03 Duty to Comply

No provision in a contract, the articles, the bylaws, or a resolution relieves directors or officers from complying with this Act and the regulations, or relieves them from liability for breach of that duty.

9.04 Optional Indemnity

- (a) The Cooperative may indemnify an individual who is or was a director or officer of the Cooperative or who at the Cooperative's request acts or has acted:
- (i) As a director or officer of the Cooperative;
 - (ii) As a director or officer of another entity; or
 - (iii) As an individual in a similar capacity for the Cooperative or other entity;

Against all costs, charges and expenses, including an amount paid to settle an action or satisfy a claim reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding (except in respect of an action by or on behalf of the Cooperative or entity unless the court so orders) in which the individual is involved by reason of the individual's association with the Cooperative or entity.

- (b) The Cooperative shall not indemnify an individual under (a) unless the individual:
 - (i) Acted honestly and in good faith with a view to the best interests of the Cooperative or, as the case may be, to the best interests of the entity for which the individual acted as a director or officer or in a similar capacity at the Cooperative's request; and
 - (ii) In the case of a criminal or administrative proceeding, had reasonable ground for believing that the individual's conduct was lawful.

9.05 Mandatory Indemnity

An individual referred to in 9.04 is entitled to indemnity from the Cooperative for the costs, charges and expenses referred to in 9.04, if the individual:

- (a) Was judged by the court not to have committed any fault or omitted to do anything that the individual ought to have done;
- (b) Fulfills the conditions in 9.04(b); and
- (c) Is fairly and reasonably entitled to indemnity.

9.06 Derivative Actions and Cost Advances

The Cooperative, in accordance with and as specified in the Act, may advance money to an individual referred to in 9.04 for the costs of a proceeding referred to in 9.04, but the individual must repay the money if the Court determines that the individual did not fulfill the conditions of 9.04(b), unless the members decide by ordinary resolution that the individual need not repay the money.

9.07 Insurance

Subject to the Act, the Cooperative may purchase and maintain insurance for the benefit of any individual referred to in 9.04 in amounts the board, from time to time, determines appropriate.

9.08 Dissent

- (a) A director who votes for or expressly consents to a resolution or action taken at a meeting of the board or of a committee is not entitled to dissent later.
- (b) A director who is present at a meeting of the board or a meeting of a committee is deemed to have consented to any resolution made or action taken at the meeting unless:
 - (i) The director requests that a dissent be entered in the minutes of the meeting or the dissent is so entered;
 - (ii) The director sends a written dissent to the secretary of the meeting before it is adjourned; or
 - (iii) Immediately after the meeting is adjourned, the director sends a written dissent by confirmed delivery service, or delivers it personally, to the registered office of the Cooperative.

- (c) A director who was not present at a meeting of the board or a meeting of a committee is deemed to have consented to any resolution made or action taken at the meeting unless, within seven (7) days after becoming aware of the resolution or action, the director;
 - (i) Causes a dissent to be entered in the minutes of the meeting; or
 - (ii) Sends a written dissent by confirmed delivery service, or delivers it personally, to the registered office of the Cooperative.

10. Allocation of Revenues

10.01 General Reserve Fund

- (a) The minimum amount that the Cooperative must transfer to its general reserve fund in each financial year is ten percent (10%) of the Cooperative's surplus in that financial year. The Cooperative is entitled to transfer more to its general reserve fund if the board chooses to do so.
- (b) If the Cooperative's general reserve fund is below ten percent (10%) of its total assets, as shown on its last annual audited financial statement the Cooperative must transfer from its surplus to its general reserve fund before it allocates any surplus to its members.

10.02 Deficits and Return on Capital

- (a) After the Cooperative has transferred the required amounts to its general reserve fund as specified in 10.01, but before it distributes any patronage return or dividends to its members, the Cooperative must use the remainder of its surplus to first retire all or a proportion of the Cooperative's deficits previously incurred, as the board determines is appropriate.
- (b) After providing for deficits as specified in 10.02(a), the Cooperative may pay, out of the surplus of the Cooperative, dividends on the membership shares up to the rate determined by the board, but in no event greater than the rate, if any, specified in the articles.

10.03 Allocation to Members

After providing for the matters specified in 10.01 and 10.02 and income tax, the Cooperative may allocate among and credit or pay to the members the surplus in a financial year in proportion to the business done by the members with the Cooperative in that financial year, calculated by the board in the manner specified in 10.04 and at a rate set by the board. The board may determine, by ordinary resolution, to apply any payments or dividends otherwise payable to a member against the amounts owed by such member to the Cooperative.

10.04 Computation of Business Done

The board may calculate the amount of business done by each member with the Cooperative in a financial year by taking into account, among other things:

- (a) The quantity, quality, kind and value of things sold by the Cooperative; or
- (b) The services rendered by the Cooperative to the member;

With appropriate differences that are, in the opinion of the board, appropriate for the different classes, grades or qualities of things and services.

10.05 Patronage Return Applied to Shares

In each financial year of the Cooperative, the whole of the patronage return of each member shall, unless determined by the board, be applied to purchase, on behalf of the member, additional membership shares of the Cooperative. The board may determine, by ordinary resolution, to apply any patronage returns otherwise payable to a member against the amounts owed by such member to the Cooperative.

10.06 Notice

The Cooperative must notify each member of the number of membership shares purchased or to be purchased for the member, the manner of issuance or transfer of shares and the payment for the shares and the payment for the shares out of the patronage returns of the members.

10.07 Redemption of Membership Shares by the Cooperative

Subject to 2.11 and 2.21, the Cooperative may annually redeem membership shares issued to the members by the application of patronage returns credited to the members, according to the following priorities;

- (a) To the estates of individual members, notice of whose death the Cooperative has received;
- (b) To individual members who have reached the age of sixty-five (65) years, but Cooperative will not reduce the number of shares held by that member below five hundred (500) shares;
- (c) To individual members who have reached the age of seventy (70) years, but the Cooperative will not reduce the number of shares held by that member below ten (10);
- (d) To individual members who have permanently moved their residence out of the trading area and corporate members who have permanently moved their registered office out of the trading area;
- (e) To the remaining members according to a formula determined from time to time by the board; and
- (f) To members who have withdrawn for other reasons, including, but not limited to compassionate reasons, as determined by the board from time to time.

Notwithstanding the foregoing, but subject to 2.21, the board, by way of ordinary resolution, may redeem any or all of the membership shares of any member at any time.

10.08 Deficits

- (a) If the calculation of surplus in accordance with the Act produces a negative amount, this amount shall be the deficit of the Cooperative for that financial year.

- (b) The Cooperative shall carry forward the deficit and deduct it from surpluses accruing in subsequent financial years of the Cooperative, or charge the deficit against the general reserve and carry forward the balance, as the board determines from time to time.

11. General

11.01 Method of Giving Notice to Members, etc.

- (a) This section applies to any notice (including, but not limited to, any communication or document) to be given, sent, delivered or served according to the Act, the regulations, the articles, the bylaws, or otherwise to a member, director, officer, auditor, or a member of a committee.
- (b) Except for notice of meetings of members, the procedure for which is specified in 4.06, any notice is sufficiently given if delivered personally to the person to whom it is to be given, or if delivered to the person's recorded address, or if mailed to the person at the person's address, or if mailed to the person at the person's recorded address by prepaid ordinary or air mail, or if sent to the person's recorded address by means of prepaid electronic means.
- (c) A notice delivered in the manner specified in (b) is deemed to have been given when it is delivered personally or when it is delivered to the recorded address.
- (d) A notice mailed in the manner specified in (b) is deemed to have been received seven (7) days after it was sent, unless there are reasonable grounds to believe that the person did not receive the notice or document at the time or at all.
- (e) A notice may be sent or given electronically if:
 - (i) The recipient asks or agrees to receive it electronically;
 - (ii) In the case of an electronic notice that does not involve direct delivery to the recipient, the recipient is informed directly without delay of the availability of the document, notice or other information and where it may be found or how it may be accessed; and
 - (iii) The method of sending or giving permits the recipient to have easy access to the document, notice or information and to retain it in a permanent form.
- (f) A notice sent or given electronically is deemed to have been received at the time the notice is sent electronically.
- (g) The secretary may change or cause to be changed the recorded address of any member, director, officer, auditor or member of a committee in accordance with any information believed by the secretary to be reliable.

11.02 Method of Giving Notices to Cooperative

- (a) A notice required to be sent to or served upon the Cooperative may be sent to or served on the registered office of the Cooperative shown in the last notice of registered office filed with the Director of Cooperatives.

- (b) A notice given in the manner specified in (a) is deemed to have been received seven (7) days after it was sent, unless there are reasonable grounds to believe that the Cooperative did not receive the notice or document at that time or at all.

11.03 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving notice shall be excluded and the date of the meeting or other event shall be included.

11.04 Undelivered Notices

If any notice sent by the Cooperative is returned on two (2) consecutive occasions because the member cannot be found, the Cooperative is not required to send any further notices or documents to that member until the Cooperative is informed in writing of the member's new address.

11.05 Omissions and Errors

The accidental omission to give any notice to any member, directors, officer, auditor or member of a committee of the board or the non- receipt of any notice by any such person or any error in any notice not affecting the substance of it does not invalidate any action taken at any meeting held pursuant to that notice or otherwise founded on that notice.

11.06 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a member, or any other means becomes entitled to any membership share or membership in the Cooperative, is bound by every notice in respect of the membership share or membership in the Cooperative that has been duly given to the member from whom that person derives title to the share or membership before the person's name and address were entered on the members' register (whether the notice was given before or after the happening of the event that entitled that person to the share or membership) and before the person furnished the Cooperative with the proof of authority or evidence of the person's entitlement as specified by the Act.

11.07 Waiver of Notice

Subject to these bylaws, when a notice or document is required to be sent by the Act, the regulations, the articles, the bylaws, or otherwise, the sending of the notice or document may be waived or the time for sending of the notice or document may be waived at any time with the written consent of the person who is entitled to it.

11.08 Policies

The Cooperative may adopt such policies and procedures, and require such documents and evidence from any member or related party, as it may determine is necessary or desirable in order to implement the terms and conditions of these bylaws or comply with the requirements of the Act.

11.09 Indemnity

Each member, on a several and not joint and several basis, hereby agrees to indemnify and hold harmless and defend the Cooperative from and against all losses, damages and expenses, including without limitation fees of legal counsel on a solicitor-client basis, suffered or otherwise incurred by the Cooperative arising out of, or resulting from, such member's breach of these bylaws or any other agreement between such member and the Cooperative, including, without limitation, all causes of action based in law or equity, or based in whole or in part, upon allegations of negligent or intentional acts on the part of the member, its affiliates, agents or representatives.

12. **Effective Date, Amendment and Repeal**

12.01 Amendment, Repeal and Replacement

- (a) The board, by ordinary resolution, may make or amend a bylaw of the Cooperative in the manner provided for in the Act.
- (b) The members of the Cooperative may make, amend, repeal, or replace a bylaw by ordinary resolution, but only if written notice of the proposed bylaw, amendment, repeal or replacement has been provided to the members with the notice of meeting at which the bylaw, amendment, repeal or replacement is considered.
- (c) The notice of the proposed bylaw, amendment, repeal or replacement required in (b) must contain the text of the resolution that contains the proposed bylaw, amendment, repeal or replacement, or, if the text is too long to be included in the notice, the notice must contain a statement in sufficient detail to permit the recipient to form a reasoned judgment about the resolution and a statement that the full text of the resolution is available at any business location of the Cooperative.
- (d) A member may make a proposal to make, amend or repeal a bylaw in the manner set out in the regulations.

12.02 Effective Date

- (a) A bylaw or an amendment to a bylaw enacted by the board is effective from:
 - (i) The day the bylaw or the amendment is made; or
 - (ii) Any later date specified in the bylaw or the amendment, or in the resolution adopting either of them;

Until it is confirmed by a meeting of members, with or without amendments, as specified in the Act, or until it is repealed by a meeting of members, as specified in the Act.
- (b) A bylaw or an amendment, repeal, or replacement of a bylaw enacted by the members is effective from:
 - (i) The day the bylaw or the amendment, repeal or replacement is made; or

- (ii) Any later date specified in the bylaw or the amendment, repeal or replacement, or in the resolution adopting any of them.