

**South Country Co-op**

# **Bylaws**

**December 1, 2015**

**Revised March 28, 2023**

## BYLAWS

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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*, and any statute that may be substituted for it, as amended from time to time;

“articles” means the articles of incorporation 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 South Country Co-op Limited;

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

“Director” means the Director of Cooperatives appointed under the *Act*.

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

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

“member” means a member of the Cooperative;

“committee” – a body or persons delegated to consider, investigate, take action on, or report on some matter.

“officer” includes the chair of the board, a vice-chair of the board, the secretary, an assistant secretary, the treasurer, an assistant treasurer, and the Chief Executive Officer (CEO) of the Cooperative and any other individual designated as an officer of the Cooperative by bylaw or by resolution of the directors, 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 directors and passed at the meeting by a majority of the votes cast;

“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;

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

“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; and
- (iii) in the case of joint members, the address appearing in the members’ register in respect of the joint membership or the first address so appearing if there is more than one;

“regulations” means regulations prescribed under the *Act*;

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

“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 that 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, feminine and neuter genders.
- (d) If the bylaws 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 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 the form provided 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 sixteen (16) years of age.

### **2.04 Minimum Membership Share Requirement**

Each member must purchase, as a condition of membership, at least five (5) membership shares. Each share shall be issued at a par value of \$1.00.

### **2.05 Approval of Application**

The directors may 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 Membership Share Certificate to be Issued**

- (a) The Cooperative is not required to issue membership share certificates.
- (b) 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.

- (c) If requested by a member, the Cooperative shall provide a statement of the number of membership shares held by that member.

#### 2.08 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.

#### 2.09 Deceased Shareholders

If an individual who holds a membership share or, with another person is a joint holder of 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.

#### 2.10 Charge for Indebtedness

- (a) The Cooperative has a charge on every membership share and all amounts outstanding to the credit of 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.
- (c) Pending enforcement of the charge specified in (a), the Cooperative may refuse to register a transfer, or acknowledge any assignment, of any membership share or any other interest or any sum payable affected by the charge.

#### 2.11 Dealings 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 through knowledge, notice, or description in the Cooperative's records.



## 2.12 Transfer of Membership Shares

- (a) Membership shares may be transferred only in accordance with the articles and bylaws and using the form approved by the directors.
- (b) No transfer of a membership share is valid unless approved by ordinary resolution of the directors.

## 2.13 Withdrawal of Members

- (a) A member may apply to withdraw from membership in the Cooperative by giving to the secretary of the Cooperative at least six months' notice of the intention to withdraw.
- (b) The board may accept any application for withdrawal upon shorter notice than six months if the board determines it is appropriate.
- (c) Subject to 3.05, notice to the Cooperative of the death or bankruptcy of an individual member has the same force and effect as a notice of intention to withdraw.
- (d) Notice to the Cooperative of bankruptcy or liquidation and dissolution proceedings in respect of a corporate member of the Cooperative has the same force and effect as a notice of intention to withdraw.

## 2.14 Effective Date of Withdrawal

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

## 2.15 Board's Termination of 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 consecutive years; or
- (b) the board, acting reasonably, considers that member's conduct to be harmful to the Cooperative.

## 2.16 Notice of Board Decision

Within ten 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.

### 2.17 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; or
- (b) 30 days after the member receives the board's notice of termination.

### 2.18 Right to Appeal to Members

The appeal rights of a member on a termination are as set out in the *Act*.

### 2.19 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 the 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 2.20.
- (b) 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 membership shares because of the limitations specified in 2.20; 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 membership shares because of the limitations specified in 2.20.

### 2.20 Limitation on Purchase or Redemption

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

- (a) the directors believe, on reasonable grounds, that the redemption or payment would affect the financial well-being of the Cooperative;
- (b) the directors believe 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 of:
  - 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, rateably 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.

#### 2.21 Price upon Withdrawal or Termination of Membership

The price of a membership share redeemed by the Cooperative under 2.19 shall be its par value.

### **3. Joint Membership**

#### 3.01 Joint Membership

Two persons may apply to be joint holders of a membership in the Cooperative.

#### 3.02 Notices

Any notice to the joint holders of a membership is sufficient if given, in the manner specified in 11.01, to only one of the joint holders.

#### 3.03 Business Done by Joint Holder

The business that one joint holder of a membership does with the Cooperative in a financial year is deemed to be business that the joint membership has done with the Cooperative in that year.

#### 3.04 Voting

- (a) The holders of a jointly held membership, collectively, have one vote.
- (b) The signature, on a written resolution, of any one of the persons who are joint holders of a membership is sufficient signature for both of the joint holders of that membership.

### 3.05 Withdrawal of Membership

- (a) An application for withdrawal by a joint membership must be in writing and signed by both holders or the surviving holder of the joint membership.
- (b) If the Cooperative receives proof satisfactory to it that one of the joint holders of a membership has died, it may treat the surviving joint holder as the holder of the membership.
- (c) The death of one of the joint holders of a membership does not have the same effect as notice of withdrawal.

### 3.06 Director

Only one of the joint holders of a membership is entitled to be a director of the Cooperative at any one time unless that holder or another of those holders:

- (a) is a member in his or her own right; or
- (b) has been authorized as the representative of another entity that is a member.

## **4. Meetings of Members**

### 4.01 Annual Meetings

- (a) The board shall call an annual meeting of members not later than:
  - (i) 15 months after holding the preceding annual meeting; or
  - (ii) 6 months after the end of the preceding financial year;whichever is earlier.
- (b) At each annual meeting of members, the following business will be considered:
  - (i) consideration of financial statements;
  - (ii) auditor's report;
  - (iii) election of directors;
  - (iv) remuneration of directors;
  - (v) appointment of an auditor;
  - (vi) consideration of the minutes of the previous annual meeting;

- (vii) reports of the board and committees;
  - (viii) consideration of policy resolutions; and
  - (ix) 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 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 or more members, who together make up ten (10) percent of the membership, may requisition the directors 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 that the board determines is appropriate.

#### 4.05 Record Date

- (a) The record date for each meeting of members is the fiftieth (50<sup>th</sup>) 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, including details of how to participate via telephone, electronic or other communication methods, if applicable, shall be given by:
  - (i) posting the notice at the registered office of the Cooperative; and
  - (ii) publishing the notice at least once in a newspaper having a general circulation in the Cooperative's trading area, where the first day of publication is between 14 and 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 the 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 judgement 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 ground 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 need not 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 secretary at the meeting of members, the members present shall appoint an individual, who need not 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 with the consent of the meeting.

#### 4.10 Electronic Attendance

The board may choose to hold any meeting of the members entirely by means of a telephone, electronic or other communication method that permits all participants to communicate adequately with each other during the meeting.

If the board chooses to make available a telephone, electronic or other communication method that permits all participants to communicate adequately with each other during a meeting of members, then any person entitled to attend such meeting may participate in the meeting by means of such telephone, electronic or other communication method.

A person participating in a meeting by such means is deemed to be present at the meeting. Notwithstanding any other provision of these bylaws, any person participating in a meeting of members pursuant to this section who is entitled to vote at that meeting may vote, in accordance with the *Act*, by means of any telephone, electronic or other communication method that the board has made available for that purpose.

#### 4.11 Quorum

A quorum for the transaction of business at any meeting of members is five plus the minimum number of directors constituting a full board, as specified in the articles.

#### 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 / Electronic Voting

- (a) Except for the election of directors, the procedure for which is specified in 7.05, or where an electronic or other communication facility is utilized, as specified in 4.10, 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. If an electronic or other communication facility is utilized for the meeting of members, the method of voting on any question will be determined by the Board.
- (b) Whenever a vote has been taken by a show of hands, or other method determined by the Board as specified in 4.13(a), 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 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 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, by a special resolution of its members to amend the articles, may change the location of its registered office to another place in Alberta.
- (c) The board may change the address of the registered office within the place specified in the articles.

### 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) Unless the board determines otherwise by ordinary resolution, the corporate seal shall be used in the presence, and its use authenticated by the signatures, of any two of the, the Chair of the Board, Vice Chair of the Board and the Secretary of the Board.

### 5.03 Financial Year

The financial year of the Cooperative ends on November 30th.

### 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 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 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;
  - (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 records to members and creditors are those specified in the *Act*.

#### 5.07 Member Lists

- (a) Members and their legal representatives, in accordance with this section and the Act, may request in writing that the Cooperative provide them with a list of the names of the members.
- (b) A request for the list under (a) must be accompanied by:
  - (i) a reasonable fee, if any, set by the directors;
  - (ii) the name and contact information of the applicant;
  - (iii) the specific reason(s) for the request, which must be a reason prescribed by the Act; and
  - (iv) a statutory declaration that the list of members obtained will not be used except in connection with a matter specifically relating to the affairs of the Cooperative, as set out in detail in the request and as approved by the directors.
- (c) Any misuse of a list provided under (b) may be subject to financial penalty, at the discretion of the board.
- (d) A member may advise the Cooperative in writing that that person's name is not to be included in a list referred to in this section, in which case the Cooperative must delete that name from the list and must mention on the list that the list is incomplete.

## 6. Borrowing

### 6.01 Borrowing Power

- (a) The directors may, without the authorization of the members:
  - (i) borrow money;
  - (ii) give debt obligations;
  - (iii) subject to the *Act*, give guarantees; and
  - (iv) create security interests in its property.

### 6.02 Delegation of Borrowing Power

The board may delegate all or any of its borrowing powers to the extent and in the manner that the board determines is appropriate at the time of each delegation.

## 7. Directors

### 7.01 Number 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 as a director if that person:
  - (i) is not an individual;
  - (ii) is under 18 years of age;
  - (iii) is an individual who:
    - A. is a dependent adult as defined in the *Adult Guardianship and Trusteeship Act*, as may be amended, replaced or supplemented from time to time, or is the subject of a certificate of incapacity under that act;
    - B. is a formal patient as defined in the *Mental Health Act*, as may be amended, replaced or supplemented from time to time;
    - C. has been found to be a person of unsound mind by a court elsewhere than in Alberta; or

- D. has been found guilty of an offence under the *Criminal Code* of Canada or similar legislation in other jurisdictions, for which a pardon has not been granted.
- (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;
    - B. person living with the employee in an arrangement equivalent to spouse;
    - C. sibling;
    - D. parent;
    - E. grandparent; or
    - F. spouse of any of the people listed in (C.) to (E.) inclusive; or
  - (vii) has an account with the Cooperative that is more than 60 days in arrears;
  - (viii) has not been a member in good standing with the Cooperative for the two years prior to the date of the last annual meeting of members; or
  - (ix) permanently resides outside of the trading area of the Cooperative.
- (b) No person shall be a director unless that person or an entity of which that person is an officer, director, or member:
- (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 three thousand, five hundred dollars (\$3,500.00).
- (c) A person who is elected or appointed as a director is not a director unless:
- (i) that person was present at the meeting when the election was held or appointment was made and did not refuse to act as a director; or
  - (ii) if that person was not present at the meeting when the election was held or appointment was made;
    - A. the person, before the election or appointment or within 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 or more directors whose terms of office do not expire at the next annual meeting, 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

A candidate for a director must be nominated in writing in a form determined by the board from time to time. Nominations must be signed by five members and be received by the Cooperative, in a manner designated by the board, no later than 4:30 p.m. fifty (50) days prior to the annual meeting.

#### 7.05 Voting Procedure

- (a) At each annual meeting of members when a director's term of office expires, members shall elect directors to replace those whose terms have expired.
- (b) Directors shall be elected by secret ballot if the number of nominees in an election for directors exceeds the number of directors to be elected at the election.
- (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 at 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 elected for the longest remaining terms to be filled, 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 paragraph (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 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 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 his or her 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 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 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) A ballot that is cast for more than the number of directors to be elected is considered a spoiled ballot.
- (j) Subject to the Act and the consent of the board, any member entitled to vote at an annual meeting of members may vote for the election of directors by electronic facility made available by the Cooperative for such purpose.

#### 7.06 Scrutineers

- (a) The board will appoint three or more scrutineers, who are not nominees for the position of director, to ascertain the results of director elections.
- (b) For votes that are carried out using a paper format, the scrutineers shall examine the ballots and count the number of votes cast for each candidate and record the number of votes cast.

- (c) For votes that are carried out in an electronic format, the scrutineers shall access the electronic voting system and review the results of the votes cast and record the results.
- (d) The scrutineers will declare the results of director elections, and will share this information with the chair of the nomination committee and the Cooperative's external auditors.

#### 7.07 Term of Office

- (a) Except as set out in (b) and (c), a director holds office for three (3) years, or until his or her 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.
- (d) A director may serve a maximum of four (4) consecutive terms of three (3) years each.

#### 7.08 Re-election of Retiring Directors

A director who has been retired from the board for at least one (1) year is, if qualified, 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 ceases 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 two meetings annually of the board or committee, of which the director has been properly notified, without a reasonable explanation, as determined by the board.

### 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, the provisions of Section 60(2) of the *Act* 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 directors at which a quorum is present;
  - (ii) where these bylaws or the *Act* require a special resolution of the directors, by a special resolution passed at a meeting of the directors 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 directors.
- (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 directors, the motion is lost; neither the chair of the meeting nor the chair of the board 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

A director may attend a meeting of the directors by means of a telephonic, electronic or other communication facility that permits all persons participating in the meeting to communicate adequately 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 board chair or any two 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 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 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 board chair or the vice-chair is entitled to call a special board meeting by giving each director at least 24 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 dividends on membership shares;
  - (iii) allocating or creating patronage returns;
  - (iv) computing the amount of business done by members;
  - (v) determining the amount of the patronage return of members to be applied to the purchase of membership shares;
  - (vi) approving a financial statement of the Cooperative;
  - (vii) submitting to the members any question or matter required to be approved at a meeting of the Cooperative;
  - (viii) making decisions that, by the *Act* or the articles, are required to be made by a special resolution of the directors;
  - (ix) redeeming or otherwise acquiring membership shares issued by the Cooperative;
  - (x) issuing securities, except in the manner and on the terms authorized by the directors; or
  - (xi) 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) A director 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 director 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 board chair.
- (b) If the board chair is absent from the board meeting, the directors present shall appoint the vice-chair to be chair.
- (c) If both the chair and vice chair are absent from the board meeting, the directors present shall appoint one of the directors to chair the meeting.
- (d) The board chair, 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 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 of the board, signed by all the 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 in office.

#### 8.04 Appointment, Powers and Duties of Officers

- (a) The board shall appoint, from among the directors, a board chair and one or more vice-chairs.
- (b) The board may appoint a secretary, a treasurer and other officers that the board determines are necessary.
- (c) Except for the board chair and vice-chair, 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 Indemnity

(a) The Cooperative shall 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 grounds 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) fulfils 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 fulfil 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.

## 10. Allocation of Revenues

#### 10.01 General Reserve Fund

The board may direct the Cooperative to allocate any part or all of its surplus funds to a general reserve.

#### 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 allocates among and credits or pays any patronage return to its members, the Cooperative must use the remainder of its surplus to first retire all or a portion 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 directors, 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 for 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.

#### 10.04 Computation of Business Done

The directors may calculate the amount of the business done by each member with the Cooperative in a financial year by taking into account:

- (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 directors, appropriate for the different classes, grades or qualities of things and services.

#### 10.05 Application of Patronage Return

In each financial year of the Cooperative, the directors may determine the whole or any part of the patronage return of each member in respect of the financial year to be applied to the purchase of membership shares in the Cooperative for the member, taking into account:

- (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 directors, appropriate for the different classes, grades, or qualities of things and services.

#### 10.06 Notice

The Cooperative must notify each member of the patronage return allocated or credited to the member, the number of membership shares purchased or to be purchased for the member, and the amount of money payable to the member with respect to the balance, if any, of the patronage return allocated or credit to the member.

#### 10.07 Redemption of Membership Shares by the Cooperative

Subject to 2.20, 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, a notice of whose death the Cooperative has received;
- (b) to individual members who have reached the age of sixty-five (65) years, or, in the case of a joint membership, where the youngest of the individual members



has reached the age of sixty-five (65) years, but the Cooperative will not reduce the number of membership shares held by that member or joint membership below two hundred (200) membership shares;

- (c) to individual members who have permanently moved their residence out of the trading area (or, in the case of a joint membership, where both joint members have permanently moved their residence out of the trading area), or corporate members who have permanently moved their registered office out of the trading area;
- (d) to the remaining members according to a formula as determined from time to time by the board, but the Cooperative will not reduce the number of membership shares held by any member or joint membership below the minimum number of membership shares required for membership under bylaw 2.04;
- (e) to members who have withdrawn for other reasons, including, but not limited to:
  - (i) liquidation and dissolution, or receivership, of a member that is an entity;
  - (ii) bankruptcy of the member; and
  - (iii) compassionate reasons, as determined by the board.

#### 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 fund, or charge part of the deficit against the general reserve fund and carry forward the balance, as the board determines appropriate.

## 11. Notices

#### 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 hand-delivered to the person's recorded address, or if mailed to the person at the person's recorded address by prepaid mail.

- (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 hand-delivered to the recorded address.
- (d) A notice mailed in the manner specified in (b) is deemed to have been received 3 days after it was sent, unless there are reasonable grounds to believe that the person did not receive the notice or document at that 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.
- (b) A notice given in the manner specified in (a) is deemed to have been received 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 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, director, 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.

## **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 judgement 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.

I, \_\_\_\_\_ of \_\_\_\_\_, in the Province of Alberta,  
 Secretary of SOUTH COUNTRY CO-OP LIMITED, hereby certify that  
 the foregoing are the bylaws of the Cooperative.

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Secretary*