

The Humboldt Co-operative Association Limited BYLAWS

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Table of Contents

- ARTICLE I Definitions4
- ARTICLE II Business of the Co-operative 5
 - Registered Office5
 - Fiscal Year..... 5
 - Execution of Instruments5
 - Borrowing Powers 5
 - Financing Arrangements 5
- ARTICLE III Shares and Membership.6
 - Memberships 6
 - Approval of Membership 6
 - Share Purchase Requirements 6
 - No Share Certificates 6
 - Responsibility of Members 6
 - Lien and Set-Off 6
 - Transfer of Shares and Membership 7
 - Transmission of Shares and Memberships.....7
 - Withdrawal of Membership7
 - Members Who Have Reached the Age 70 7
 - Cessation or Termination of Membership 7
 - Membership Termination Order8
 - Appeal of Membership Termination Order 8
 - Payment to Members 8
 - Joint Memberships 9
- ARTICLE IV General Meetings 9
 - Place of General Meetings 9
 - Quorum at the General Meetings 9
 - Appointment of Auditor..... 9
- ARTICLE V Allocations.....10
 - Allocation of Surplus in a Fiscal Year..... 10
 - Allocation of Unallocated Earnings from Previous Years..... 10
 - Patronage Dividends Applied to Shares 10
 - Non-payment of Small Patronage Dividends 11
- ARTICLE VI Directors11
 - Qualifications of Directors 11
 - Election of Directors and Filling of Vacancies12
 - Number of Directors 12
 - Term of Office 12
 - Removal of Directors..... 12
 - Calling Meetings..... 12
 - Quorum12
 - Transacting of Business at Directors Meetings13

Directors' Duties and Powers.....	13
Directors' Committees	13
Directors' Remuneration	13
Officers	13
ARTICLE VII Enactment, Amendment and Repeal of Bylaws.....	15
Enactment, Amendment and Repeal of Bylaws	15
ARTICLE VIII Dissolution	15
Statement of Dissolution.....	15
Unclaimed Funds.....	15

ARTICLE I Definitions

Definitions

1.01

In these and all other bylaws of the Co-operative, unless the context otherwise requires or specifies:

- a) "Act" means *The Co-operatives Act, 1996*, as amended from time to time, and in the case of such amendment, any references in the bylaws of the Co-operative shall be read as referring to the amended provisions;
- b) "the Co-operative" means the Co-operative which adopts these bylaws;
- c) "the directors", "Board" and "Board of Directors" mean the directors of the Co-operative for the time being;
- d) "in writing" and "written" include words printed, painted, engraved, lithographed, photographed or represented or reproduced by any mode of representing or reproducing words in visible form.
- e) "regulations" means the regulations, from time to time, passed by the Lieutenant Governor in Council pursuant to the Act;
- f) "trading area" means the geographic area or areas in which the Co-operative carries on its business activities;
- g) all terms contained in the bylaws and which are defined in the Act shall have the meanings given to such terms in the Act;
- h) words importing the masculine gender shall include the feminine, and words importing the singular shall include the plural and vice versa;
- i) the headings used in the bylaws are inserted for reference only and are not to be considered in construing the terms thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms.

ARTICLE II Business of the Co-operative

Registered Office

2.01 The registered office of the Co-operative shall be located in the City of Humboldt in the Province of Saskatchewan.

Fiscal Year

2.02 The fiscal year of the Co-operative shall end on the 31st day of December in each year.

Execution of Instruments

2.03

- a) Contracts, documents or instruments in writing requiring execution by the Co-operative shall be signed on behalf of the Co-operative by any two persons; and, subject to clause (b), either the President or the Secretary shall sign such contracts, documents or instruments in writing on behalf of the Co-operative.
- b) The Board is authorized, from time to time, to appoint, by resolution, any officer or officers or any persons on behalf of the Co-operative either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

Borrowing Powers

- 2.04**
- a) The borrowing powers shall be as specified in the Act.
 - b) The Board may from time to time delegate to such three or more of the directors and officers of the Co-operative as may be designated by the Board all or any of the powers conferred on the Board by the Act to such extent and in such manner as the Board determines at the time of such delegation.

Financing Arrangements

2.05 The financial business of the Co-operative, including without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such credit unions, credit union centrals, banks, trust companies or other bodies corporate or organizations as may, from time to time, be designated by or under the authority of the Board. Such financial business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may, from time to time, specify or authorize.

ARTICLE III Shares and Membership

Memberships

3.01 Subject to paragraph, 3.02, any person, institutions, non-profit organizations, partnerships or bodies corporate who can use the services of the Co-operative and who, in the case of an individual is 16 years of age or older, is eligible to become a member of the co-operative.

Approval of Membership

3.02 No person may become a member of the Co-operative unless that person has submitted a written application for membership, and until the said application has been approved by the Board or by a committee thereof.

Share Purchase Requirements

3.03

- a) Applicants for membership are required to purchase and maintain, as a condition of membership, ten (10) common shares of the Co-operative.
- b) The ten (10) common shares must be paid for at the time of application for membership.

No Share Certificates

3.04 The Co-operative is not required to issue share certificates for common shares, but shall make available to any member a patronage statement indicating the number of shares held by that member in those years when allocations have been made.

Responsibility of Members

3.05 Members shall faithfully support and promote the business and affairs of the Co-operative and shall be bound by the bylaws and policies of the Co-operative.

Lien and Set-Off

3.06

- a) The Co-operative's lien on a member's shares, whether held solely or jointly with others, shall be a first and paramount lien whether or not the time for payment of the member's debt has arrived.
- b) The Co-operative may redeem any member's shares and set off against the proceeds of such redemption all debts of such member as are due by the member to the Co-operative at the time of such redemption.

- c) The Co-operative may refuse to register a transfer, or acknowledge an assignment, of any share affected by the lien.
- d) The Co-operative may set off against amounts standing to the credit of a member all debts of such member as may be due to the Co-operative.

Transfer of Shares and Membership

3.07 Shares or memberships can be transferred only upon approval of the Board.

Transmission of Shares and Memberships

3.08 The transmission of shares and memberships shall be as specified in the Act.

Withdrawal of Membership

3.09

- a) A member may apply to withdraw from the Co-operative by giving written notice that will be presented to the board for consideration at the next regular board meeting.
- b) Written notice to the Co-operative of the receivership or bankruptcy of a member of the Co-operative shall have the same force and effect as an application to withdraw.
- c) Written notice to the Co-operative of the dissolution of a body corporate that is a member of the Co-operative shall have the same force and effect as an application to withdraw.

Members Who Have Reached the Age 70

3.10

- a) It is the member's responsibility to provide the Co-operative with their date of birth.
- b) The Co-operative shall repay the shares of a member reaching the age of 70, before the fiscal year end, along with the year's annual allocation.
- c) Members over the age of 70 years will be required to retain their 10 membership shares and 15 additional equity shares for a total of 25 shares.

Cessation or Termination of Membership

3.11 A membership ceases when the Board of Directors approves withdrawal or issues an order of termination pursuant to paragraph 3.12.

Membership Termination Order

3.12 The Board, by a simple majority vote at any directors' meeting, may order the termination of a membership.

Appeal of Membership Termination Order

3.13 A person whose membership has been terminated by the Board of Directors may appeal the decision to the general meeting of the membership of the Co-operative in the manner specified in the Act and the regulations; and the directors' order can be rescinded only by a majority of at least two-thirds of the members present and casting votes at the general meeting.

Payment to Members

3.14

- a) Subject to clause d), the Co-operative shall purchase all of a withdrawing member's shares at their par value and shall repay the member loans within six months of the date of the directors' approval of the withdrawal, when withdrawal is for one of the following reasons:
 - i) death of the member, or
 - ii) the member has permanently moved out of the Co-operative's trading area.
- b) Subject to clause d), when withdrawal is for reasons other than those described in clause a), the Co-operative shall repay those shares required as a condition of membership, at their par value, and the member loans within six months of the date of the directors' approval of the withdrawal; and the balance of the member's allocated earnings shall be paid within a period not exceeding twenty years of the date of the directors' approval of the withdrawal.
- c) Subject to clause d), when the directors have terminated the membership of a person in the Co-operative, the Co-operative shall pay the amounts due to the member in the manner provided in the Act.
- d) When, in the opinion of the directors, payment of all amounts due to members would impair the financial stability of the Co-operative, or would be contrary to the interests of the remaining members, the directors shall pay such amounts according to the following order of priority:
 - i) to persons whose memberships have been terminated;
 - ii) to estates of deceased members;
 - iii) to members who have reached the age of 70 years;
 - iv) to members who have withdrawn because they have moved permanently out of the trading area of the Co-operative;
 - v) to members who have withdrawn for other reasons.

- e) The directors may purchase at par value a member's shares, except for those required as a condition of membership, at such time and in such amounts as, in their discretion, the financial position of the Co-operative permits.

Joint Memberships

3.15

- a) No more than two individuals, that are in a spousal relationship, may apply for joint membership in the Co-operative.
- b) The applicants for joint membership shall complete a membership agreement in a form specified, from time to time, by the Board, and the joint members agree to be bound by the terms thereof.
- c) Each party to a joint membership shall be entitled to vote at a meeting of the Co-operative; but a person who is a sole member and is also a party to a joint membership shall be entitled to cast only one vote on any resolution at any meeting of the Co-operative.

ARTICLE IV General Meetings

Place of General Meetings

- 4.01** General meetings of the Co-operative shall be held at such locations in Saskatchewan and in the trading area of the Co-operative, as may be determined by the Board of Directors.

Quorum at the General Meetings

- 4.02** The quorum at any annual or special meeting of members shall be the lesser of:

- a) 15 members; and
- b) 10% of the membership.

Appointment of Auditors

4.03

- a) The members shall, by ordinary resolution at the first annual general meeting of members, and at each succeeding annual general meeting, appoint an auditor to hold office until the close of the next annual general meeting.

- b) Notwithstanding clause a), where an auditor is not appointed at an annual general meeting of members, the incumbent auditor continues in office until the successor is appointed.

ARTICLE V Allocations

Allocation of Surplus in a Fiscal Year

5.01 The provisions regarding the allocation of surplus in a fiscal year shall be as specified in the Act.

Allocation of Unallocated Earnings from Previous Years

5.02 The directors may allocate among and credit or pay to the members as a patronage dividend:

- a) Any reserves, other than reserves the Co-operative is required to maintain pursuant to the Act, and
- b) Any unallocated earnings from previous years; in proportion to the business done by the members with or through the Co-operative in the immediately preceding fiscal year, in the manner specified in the Act, and at a rate or rates set by the directors.

Patronage Dividends Applied to Shares

5.03

- a) In lieu of payment in cash of patronage dividends to members, the directors may annually apply the patronage dividends that have been declared pursuant to the Act or bylaws to the purchase of shares of the Co-operative.
- b) The members hereby apply for the shares and assign, transfer and set over to the Co-operative all or any portion of the patronage dividends allocated to them, and each of them by the Co-operative, to be applied to the payment of shares in the current year and in each fiscal year thereafter.
- c) If the amount of patronage dividends in any year is not an even multiple of the par value of one share, the member hereby applies for a share to which the balance of the amount shall be applied as part payment.

Non-payment of Small Patronage Dividends

5.04 Where the patronage dividend that would otherwise be payable or allocatable to any member with respect to the operations of a fiscal year is less than or equal to \$1.00, the Co-operative shall not pay or allocate any patronage dividend to that member; and the amount that would otherwise be payable or allocatable shall be used as the directors may decide.

ARTICLE VI Directors

Qualifications of Directors

- 6.01** a) No person shall be a director if that person
- i) is not an individual;
 - ii) is less than eighteen (18) years of age;
 - iii) is of unsound mind and has been so found by a court in Saskatchewan or elsewhere;
 - iv) is an employee, spouse of an employee or family member residing in the same household as an employee;
 - v) has the status of bankrupt; or
 - vi) conflict of interest exists due to such things as the person's employment, outside board appointments, agreements or ownerships, etc.
- b) No person, shall be a director if that person, or any entity of which that person is an officer, director, or member, has an account with the Co-operative that is more than 90 (ninety) days in arrears or has a past due account written off to which restitution has not been made.
- c) No person shall be a director unless that person, or an entity of which that person is an officer, director or member:
- i) is a member of the co-operative, and
 - ii) has purchased goods and services, or a combination of both, from the Co-operative during the preceding fiscal year, worth the collective amount of at least \$2,500, and
 - iii) resides in the trading area of the co-operative as defined by the board of directors in the co-operative's equity policy, and
 - iv) has been a member of the co-operative for 12 months prior to the nomination, and

Election of Directors and Filling of Vacancies

6.02

- a) Except as provided herein, the procedure for election of directors and filling vacancies on the board shall be specified in the Act.
- b) The procedure for election of directors and the filling of vacancies on the board shall be through an election held at specified advance stations in the 60 day period preceding the Annual Meeting. Call for nominations and notice of the election will be posted on Co-op bulletin boards and advertised in the local newspaper 10 days prior to the election.
- c) The results of the election and duration of the term of membership to the Board of Directors shall be announced at the Annual Meeting.

Number of Directors

- 6.03** The number of directors required to constitute a full Board shall be no less than 7 (Seven) and no more than 9 (nine) persons.

Term of Office

- 6.04** The term of office for directors shall be three years; provided that there shall be a rotation of terms to require the election of one-third of the directors to office each year.

Removal of Directors

6.05

- a) The members of the Co-operative may remove any director or directors from office by a special resolution at a general meeting
- b) A director ceases to hold office when the director fails to meet the qualification in **6.01**

Calling Meetings

- 6.06** The provisions regarding the calling of directors' meetings shall be as specified in the Act.

Quorum

6.07

- a) The quorum necessary for the transaction of business by the directors at any Board meeting shall be a majority of the directors.
- b) If a quorum is not present at the opening of a Board meeting, the directors present may adjourn the meeting to a fixed time and place but may not transact any other business.

- c) Where a quorum is present at the opening of a Board meeting, but does not continue to be present throughout the meeting, the remaining directors may not transact any business after the quorum ceases to exist.

Transaction of Business at Directors' Meetings

6.08

- a) At regularly and legally constituted meetings of the Board or any committee of the Board, all questions may be decided by a simple majority vote. In the case of an equality of votes, the motion shall be lost.
- b) The President or other presiding officer may vote upon any resolution but shall not have a second or casting vote in the event of a tie.
- c) A resolution of the Board may be passed without a meeting where:
 - i) all the directors consent in writing or email to the resolution; and
 - ii) the consent is filed with the minutes of the proceedings of the directors; except that no resolution of the Board involving the expenditure of money be passed without a meeting of directors being held.

Directors' Duties and Powers

6.09

- a) The directors shall carry out the duties and may exercise the powers given to them in the Act.
- b) The directors shall fix the remuneration of any officers appointed by them and shall approve the scale of remuneration for the management group reporting directly to the general manager.

Directors' Committees

- 6.10** The provisions regarding committees of directors shall be as specified in the Act.

Directors' Remuneration

- 6.11** The directors shall be paid such remuneration for their services as the members shall approve by ordinary resolution at the annual meeting.

Officers

6.12

- a) No director shall hold more than one office.

- b) Within 14 days following the conclusion of the annual general meeting in each year, the Board shall appoint:
 - i) from among the directors, a President and First Vice-President; and
 - ii) a Secretary who may, but need not, be a director;
- c) The President shall:
 - i) preside as chairman at all general meetings of the Co-operative and all meetings of the directors unless some other member is appointed by the meeting to do so;
 - ii) be an ex officio member of all committees appointed;
 - iii) perform such other duties and exercise such other powers as are incidental to such office or as may be required, from time to time, by the Board.
- d) The First Vice-President, in the absence of the President, shall discharge the duties of the President.
- e) The Secretary shall:
 - i) attend all general meetings of the Co-operative and all directors' meetings and keep or cause to be kept correct minutes of same;
 - ii) have charge of the seal, if any, of the Co-operative;
 - iii) conduct the correspondence of the Co-operative and, subject to the order of the Board, have charge of all non-financial corporate records, books, papers and documents of the Co-operative;
 - iv) perform such duties and exercise such other powers as are incidental to the office or as may be required, from time to time, by the Board.
- f) The Board may appoint and delegate powers and duties to such officers, in addition to the President, First Vice-President and Secretary, as it deems necessary to properly conduct the affairs of the Co-operative.
- g) The Board, in its discretion, may remove any officer of the Co-operative and elect or appoint another individual to fill the unexpired portion of that individual's term.
- h) Subject to clause g) each director appointed by the Board as an officer shall hold office until the conclusion of the next following annual meeting or until resigning, whichever first occurs.

ARTICLE VII Enactment, Amendment and Repeal of Bylaws

Enactment, Amendment and Repeal of Bylaws

7.01

- a) The members may, at any annual or special meeting called for the purpose, enact, amend, repeal, or replace any bylaws where written notice of the proposed enactment, amendment, repeal or replacement is:
 - i) sent to the members with the notice of the meeting at which the enactment, amendment, repeal, or replacement is to be considered, by a simple majority of the votes cast at the meeting; or
 - ii) not forwarded to each member with the notice described in clause a) by a unanimous vote cast at the meeting.

- b) In lieu of the written notice required to be sent to the Co-operative's members pursuant to clause a, the Co-operative may:
 - i) insert the notice in not less than two issues of a newspaper circulated in the trading area of the Co-operative; and
 - ii) post the notice in a place that, in the opinion of the directors, is prominent and accessible to the members; and

and the provisions of the Act respecting newspaper notices for annual or special meetings shall applicable.

ARTICLE VIII Dissolution

Statement of Dissolution

- 8.01** Upon the dissolution of the Co-operative, the distribution of the property shall be in accordance with the Statement of Dissolution.

Unclaimed Funds

- 8.02** Unclaimed funds will be handled in accordance with the Act.