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#### **H. TERMINATION OF RIGHTS**

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#### **I. USER CONDUCT**

- (a) Your use of the Services is subject to all applicable federal, provincial, state, municipal, international and local laws and regulations.

- (b) You agree not to use the Services for illegal purposes.
- (c) You agree not to transmit through the Website or Services any unlawful, harassing, libellous, abusive, threatening, harmful, vulgar, obscene, pornographic or otherwise objectionable material of any kind or nature.
- (d) You agree not to transmit any material that encourages conduct that could constitute a criminal offence, give rise to civil liability or otherwise violate any applicable federal, provincial, state, municipal, international and local law and/or regulation.
- (e) You agree not to use the Services to commit any dishonest act, act of fraud or any act which infringes any third party rights including the right of privacy.
- (f) Attempts to gain unauthorized access to any computer system are prohibited.
- (g) You agree not to use any spider, robot or other automatic means to search or monitor the content of the Services or Website. You also agree not to use any automatic means, including software, to interfere with or attempt to interfere with the Services or their use by any other user. You agree not to cause any unreasonable burden or load on the Website or the Services or the software or computer systems supporting them.

#### **J. ADVERTISERS AND VENDORS**

Your correspondence or business dealings with, or participation in promotions of, third party advertisers and vendors found on or through the Services or the Website, including payment and delivery of related goods or services, and any other terms, conditions, warranties or representations associated with such dealings, are solely between you and such advertiser and/or vendor. You agree that PM shall not be responsible or liable for any loss or damage of any sort incurred as the result of any such dealings or as the result of the presence of such advertisers or vendors on the Website or in connection with the Services. All of your business dealings with third party vendors and advertisers appearing on the Website or in connection with the Services, shall be at your sole risk.

#### **K. INDEMNIFICATION**

You agree to indemnify and hold PM and any of its parents, partners, subsidiaries, affiliates, directors, partnerships, principals, governors, representatives, agents, officers and employees, successors and assigns, harmless from any third party claim or demand, including all legal fees on a solicitor and his own client basis, due to or arising out of your use of the Services or Website, the violation of these Terms of Use by you, or the infringement by you of any intellectual property or other right of any person or entity or other user. You shall be responsible for all activities conducted using your computer.

#### **L. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between you, the user, and PM, and supersedes all prior agreements between the parties, regarding the subject matter contained herein and there are no statements, representations, warranties, undertakings or agreements, written or oral, express or implied, between the parties hereto except as herein set forth.

**M. NO WAIVER**

PM's failure to insist upon, exercise or enforce any rights or provisions of these Terms of Use shall not be construed as a waiver of such right or provision of the same or different type in the future.

**N. TERMINATION**

Should you object to any of these Terms of Use or any subsequent modifications thereto or become dissatisfied with the Services in any way, your only recourse is to immediately discontinue use of the Services.

Notwithstanding the termination of this Agreement for any reason, the provisions of this Agreement relating to intellectual property, warranty disclaimer, limited liability, indemnity and governing law shall survive such termination.

**O. GOVERNING LAW**

These Terms of Use, the relationship between you and PM and your use of the Services and the resolution of any dispute arising between the parties shall be governed by and construed in accordance with the laws of the Province of Alberta and those of Canada applicable therein, without reference to their conflicts of laws. You and PM agree to submit to the exclusive jurisdiction of the courts of the Province of Alberta to hear all matters arising in relation to the Website, the Services or this Agreement. Notwithstanding the forgoing, either party may apply to any court of competent jurisdiction for injunctive relief and other equitable remedies.

**P. SEVERABILITY**

If any provision of this Agreement is held to be invalid or unenforceable, such provision shall be severed from this Agreement and the remaining provisions shall remain in full force and effect.

**Q. HEADINGS**

Headings are for reference purposes only and shall not be used in the interpretation of this Agreement.

# **BYLAW NUMBER 1**

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A BYLAW  
RELATING GENERALLY TO THE CONDUCT  
OF THE BUSINESS AND AFFAIRS OF

---

● **[Insert Name of Cooperative]**

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**BYLAW NUMBER 1 IS HEREBY ENACTED** as a Bylaw of the Cooperative as follows:

**SECTION 1  
DEFINITIONS & INTERPRETATION**

**Definitions**

- 1.1 In the Bylaws of the Cooperative, unless the context otherwise requires:
- 1.1.1 “Act” means the *Cooperatives Act* (Alberta), as amended;
- 1.1.2 “appoint” means “elect” and vice versa;
- 1.1.3 “Articles” means the Articles of Incorporation of the Cooperative;
- 1.1.4 “Auxilliary Member” has the meaning ascribed to it in the Act;
- 1.1.5 “Board” means the board of directors of the Cooperative;
- 1.1.6 “Bylaws” means these Bylaws as amended from time to time;
- 1.1.7 “Cooperative” means ●, a cooperative subsisting under the laws of Alberta and its successors;
- 1.1.8 “Delivery Rights Contract” and “Delivery Rights/Option Contract” mean an agreement between a member and the Cooperative in such form as may be approved from time to time by the Board wherein the member, among other things, agrees to deliver to the Cooperative livestock or livestock products at such time or times and at such price or prices as may be agreed to or accepted by the Board;
- 1.1.9 "Designated Shares" means the Class "D" Shares of the Cooperative which are designated as a class of investment shares pursuant to Section 427 of the Act;
- 1.1.10 “Investment Shareholder” has the meaning ascribed to it in the Act;
- 1.1.11 “Meeting of Members” means an annual meeting of members or a special meeting of members;

2.

- 1.1.12 “Meeting of Investment Shareholders” means an annual meeting of investment shareholders or a special meeting of investment shareholders;
- 1.1.13 “Meeting of Shareholders” means a Meeting of Members and a Meeting of Investment Shareholders held jointly or consecutively;
- 1.1.14 “Member” or “members” means a member of the Cooperative who has been issued a Class “A” Shares and with respect to the right to vote includes delegates of such members to the extent permitted by the Act;
- 1.1.15 “Patronage Returns” means “allocations in proportion to patronage” as defined in the *Income Tax Act* (Canada), and Section 428 of the Act;
- 1.1.16 “Purchase Rights Contract” means an agreement between a member and the Cooperative in such form as may be approved from time to time by the Board wherein the member, among other things, agrees to purchase from the Cooperative livestock, livestock products and related products at such time or times and at such price as may be agreed to or accepted by the Board;
- 1.1.17 “province” means a province of Canada, and includes the Yukon Territory, the Northwest Territories and Nunavut;
- 1.1.18 “Recorded Address” means, in the case of a shareholder, his address as recorded in the securities register; in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there is more than one; and in the case of a director, officer, auditor or member of a committee of the directors, his latest address as recorded in the records of the Cooperative;
- 1.1.19 “Regulations” means the regulations passed under the Act, including any regulations which apply to New Generation Cooperatives;
- 1.1.20 “Shares” means those shares described in the Articles;
- 1.1.21 “Shareholders” means the persons holding the shares described in the Articles, including each class and series of membership shares, investment shares, and shares designated as investment shares by virtue of Section 427 of the Act;
- 1.1.22 “Surplus Earnings” means the surplus income of the Cooperative as determined by the Cooperative’s external accounting advisors or auditors using Generally Accepted Accounting Principles;

- 1.1.23 “Unanimous Agreement” has the meaning ascribed to it in the Act;
- 1.1.24 except as herein otherwise defined herein, words and terms defined in the Act have the same meaning when used herein.

### **Interpretation**

1.2 In this Bylaw and any amendments thereto, except as otherwise provided, or unless the context otherwise requires:

- 1.2.1 “this Bylaw” means this Bylaw as it may from time to time be amended;
- 1.2.2 this Bylaw is divided into numbered sections and the subdivisions of each such section are called, in descending order, “subsections”, “paragraphs”, “subparagraphs”, “clauses”, and “sub-clauses”, and all references in this Bylaw to particular subdivisions are to the designated subdivisions of this Bylaw;
- 1.2.3 the words “herein” and “hereunder” and other words of similar import refer to this Bylaw as a whole and not to any particular section or other subdivision;
- 1.2.4 the headings and subheadings inserted in this Bylaw are designed for convenience only and do not form a part of this Bylaw nor are they intended to interpret, define or limit the scope, extent or intent of this Bylaw or any provision hereof;
- 1.2.5 words and phrases like “including”, “specifically” and “particularly” when following any general statement, term or matter, shall not be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
- 1.2.6 any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto;

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- 1.2.7 words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural, and vice versa and words importing individuals shall include firms and corporations, and vice versa;
- 1.2.8 to the extent of any conflict between the provisions of this Bylaw and the provisions of the Act or the articles, the provisions of the Act and the articles shall govern; and
- 1.2.9 the invalidity or unenforceability of any provision of this Bylaw shall not affect the validity or enforceability of the remaining provisions of this Bylaw.

## **SECTION 2 BUSINESS OF THE COOPERATIVE**

### **Registered Office**

- 2.1 The Cooperative shall at all times have a registered office in Alberta (which shall not be a post office box) and, subject thereto, the directors may at any time change the address of the registered office.

### **Corporate Seal**

- 2.2 The corporate seal, if any, of the Cooperative shall be such as the Board may by resolution from time to time adopt. An instrument or agreement executed on behalf of the Cooperative by a director, an officer or an agent of the Cooperative is not invalid merely because the corporate seal is not affixed thereto.
- 2.3 The use of the corporate seal shall be authenticated by the signatures of such person or persons as may be designated by the Board.

### **Financial Year**

- 2.4 The financial year of the Cooperative shall terminate on such date as may be determined from time to time by resolution of the Board.

### **Execution of Instruments**

- 2.5 Contracts, documents or instruments in writing requiring the signature of the Cooperative may be signed by:

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2.5.1 the Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the President or a Vice-President together with the Secretary or the Treasurer, or

2.5.2 any two of the directors;

and all contracts, documents or instruments in writing so signed shall be binding upon the Cooperative without any further authorization or formality. The Board is authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Cooperative either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing. The corporate seal of the Cooperative, if any, may be affixed to contracts, documents or instruments in writing signed as aforesaid or by an officer or officers, persons or persons appointed as aforesaid by resolution of the Board.

2.6 The term “contracts, documents or instruments in writing” as used in this Bylaw shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, powers of attorney, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfer and assignments of securities and all paper writings.

2.7 In particular, and without limitation,

2.7.1 the Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the President or a Vice-President together with the Secretary or the Treasurer, or

2.7.2 any two of the directors;

are authorized to sell, assign, transfer, exchange, convert or convey all securities owned by or registered in the name of the Cooperative and to sign and execute (under the seal of the Cooperative or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveyancing any such securities.

2.8 The signature or signatures of Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the President, a Vice-President, the Secretary, the Treasurer or any director and/or any other officer or officers, person or persons appointed as aforesaid by resolution of the directors may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all contracts, documents or instruments in writing or bonds, debentures or other securities of the Cooperative executed or issued by or on behalf of the Cooperative and all contracts, documents or instruments in writing or securities of the Cooperative on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization by resolution of the directors, shall be deemed to

have been manually signed by such officers, directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of delivery or issue of such contracts, documents or instruments in writing or securities of the Cooperative.

### **Banking Arrangements**

2.9 The banking business of the Cooperative including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such 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 banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.

### **Voting Rights in Other Issuers**

2.10 All securities of any other body corporate or issuer of securities carrying voting rights held from time to time by the Cooperative may be voted at all meetings of shareholders, bondholders, debenture holders or holders of such securities, as the case may be, of such other body corporate or issuer and in such manner and by such person or persons as the directors of the Cooperative shall from time to time determine and authorize by resolution. The duly authorized signing officers of the Cooperative may also from time to time execute and deliver for and on behalf of the Cooperative proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the Board.

## **SECTION 3 DIRECTORS**

### **Number and Powers**

3.1 The number of directors, or the minimum and maximum number of directors, of the Cooperative is set out in the articles. If the Cooperative is a distributing cooperative, the Cooperative shall have no fewer than three directors, at least two of which are not officers or employees of the Cooperative or its affiliates. Subject to any Unanimous Agreement, the Board shall manage the business and affairs of the Cooperative and may exercise all such powers and do all such acts and things as may be exercised or done by the Cooperative and are not by the Act, the Articles, the Bylaws, any special resolution of the Cooperative, a Unanimous Agreement or by statute expressly directed or required to be done in some other manner. The powers of the directors may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing pursuant to subsection 3.31.

3.2 Subject to the Act, the Regulations, the Articles, the Bylaws and any Unanimous Agreement that may be in place from time to time, the business of the Cooperative shall be directed and supervised by the Board, and the Board may exercise all the powers of the Cooperative that are not required to be exercised by the Cooperative in general meeting.

3.3 The Board may, from time to time, at its discretion, raise or borrow money for the purpose of the Cooperative's business and may secure the repayment of the same by mortgage, charge or other security upon the undertaking and assets of the Cooperative, both present and future.

### **Qualification**

3.4 Every director shall be an individual 18 or more years of age and no one who:

3.4.1 is a dependent adult as defined in the *Dependent Adults Act* (Alberta) or is the subject of a certificate of incapacity under the *Dependent Adults Act* (Alberta);

3.4.2 is a formal patient as defined in the *Mental Health Act* (Alberta)

3.4.3 is the subject of an order under *The Mentally Incapacitated Persons Act* (Alberta) appointing a committee of the person or estate, or both;

3.4.4 is of unsound mind and has been so found by a court in Canada or elsewhere;

3.4.5 has the status of a bankrupt; or

3.4.6 is a full time employee of the Cooperative;

**[NOTE: This is an optional extra qualification you may or may not want. You may add any other qualifications you wish pursuant to s. 52(2) of the Act.]**

shall be a director. Unless the articles otherwise provide, a director is not required to hold issued shares of the Cooperative.

Notwithstanding Section 3.4.6, a director may be an officer of the Cooperative and may accept remuneration therefor.

### **Residency**

3.5 At least one-half of the directors shall be resident Canadians.

**[NOTE: Required by s. 74 of the Act.]**

### **Term of Office**

3.6 A director's term of office (subject to the provisions, if any, of the articles or a Unanimous Agreement, and subject to his election for an expressly stated term) shall be from the date of the meeting at which he is elected or appointed until his successor is elected or appointed. A retiring director shall cease to hold office at the close of the meeting at which his successor is elected unless such meeting was called for the purpose of removing him from office as a director in which case the director so removed shall cease to hold office upon the passing of the resolution for his removal.

**[NOTE A: Pursuant to s. 59 of the Act, directors terms may be as much as 3 years. You may wish to extend the terms of directors and stagger their election (i.e. only 3 per year) to ensure stability or continuity. The provisions in these draft bylaws are based on two-year terms for directors with half the board being elected/re-elected in each year. For a three-year director term arrangement you may wish to alter s. 3.12 as required or use the following variation on the above clause: “A director’s term of office (subject to the provisions, if any, of the articles or a Unanimous Agreement, and subject to his election for an expressly stated term) shall be from the date of the meeting at which he is elected or appointed until their successors are elected or until their offices are sooner terminated in accordance with these Bylaws. The terms of directors shall be staggered so that one-third shall expire with each annual meeting of the Members or Investment Shareholders as applicable. At the first election of directors subject to these Bylaws, directors shall be elected for specific one, two or three year terms in order to accomplish this result.]**

**[NOTE B: You may wish to limit the number of consecutive terms anyone may serve as a director in this clause.]**

### **Election of Directors**

3.7 Except as provided in the Articles or these Bylaws, or any Unanimous Agreement, the rules with respect to the election of directors set forth in the Act shall apply.

3.8 The election of directors shall take place at each annual meeting of the members at which the election of directors is required. Directors shall be elected by the members by ordinary resolution on a show of hands unless a poll is demanded and if a poll is demanded such election shall be by ballot. Except for those directors elected for an

expressly stated term that extends beyond the close of the annual meeting of members at which directors are to be elected, all the directors then in office shall cease to hold office at the close of such meeting but, if qualified, are eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the members by resolution otherwise determine.

3.9 All directors shall be elected by the members and Shareholders in the manner and number contemplated by the Articles which for purposes of greater certainty provide that:

3.9.1 up to 20% of the directors may be elected by the holders of the Class “B” Shares outstanding from time to time for so long as there may be Class “B” Shares outstanding that provide such voting rights, and provide further that 20% shall be elected by the holders of the Class “C” Shares outstanding from time to time for so long as there may be Class “C” Shares outstanding that provide such voting rights, and that the remainder will be elected by the holders of the Class “A” Shares from time to time;

3.9.2 up to 20% of the Directors may be appointed by the elected directors in accordance with s. 51(3) of the Act or any successor provisions thereto.

3.10 Not fewer than 2/3 of all of the directors must be members of the Cooperative, or representations of entities that are members of the Cooperative, or members of members that are Cooperative entities.

**[NOTE: Can specify higher ratio but if that is desired, must put this in articles pursuant to s. 51 of the Act.]**

3.11 The individuals identified in the Notice of Directors provided with the Application for Incorporation are the directors of the Cooperative until the end of the first meeting of Shareholders.

3.12 Subject to the Articles, these Bylaws and any Unanimous Agreement that may be in place from time to time, the following rules shall apply with respect to the election of directors by members and the delegates of members (the election of directors by Investment Shareholders being dealt with in accordance with Section 3.13 of these Bylaws):

3.12.1 At the first annual meeting of the members, one half of the directors elected by the members and their delegates shall be elected for a one year term and one half of the directors elected by the members and their delegates shall be elected for a two year term. The directors so elected with the highest vote total shall be elected for a two-year term, and the directors so elected with the next highest vote shall be elected for a one-year term only.

3.12.2 After the first annual meeting of the members, each director shall hold office for a term of two years, but a director may be re-elected.

3.12.3 If the position of a director who has been elected by members and delegates becomes vacant, that position may be filled at a special meeting of the Board called on two weeks' notice for that purpose at which the remaining directors elected by the members and delegates shall be entitled to make nominations and vote. The replacement director shall fill the vacancy for the unexpired term of the director's predecessor in office.

3.12.4 The provisions of this Section 3.12 do not apply to the election of directors on behalf of the Class "B" Shareholders and the Class "C" Shareholders.

3.13 Subject to the Articles and these Bylaws, the holders of the Class "B" Investment Shares and Class "C" Investment Shares shall each be entitled to elect 20% of the directors of the Cooperative. Section 115 of the Act shall apply to this election. The special meeting of Investment Shareholders of each Class held for the purpose of electing these directors shall be held either before, during or after the first meeting of members and either before, during or after each subsequent annual meeting of the members.

3.13.1 With respect to the directors so elected:

3.13.1.1. Each director shall hold office for a period of two years from the date of their election. Any such director may be re-elected.

3.13.1.2. At the first meeting of Investment Shareholders of each Class, one half of the directors elected by the Shareholder of each Class shall be elected for a one year term, and the other half will be elected for a two year term. The director with the highest vote total of each Class shall be elected for a one year term.

3.13.1.3. In the event of a vacancy of a director representing the Class "B" or "C" Investment Shareholders, a director holding the appropriate Class of Shares may be appointed by the Shareholders of that Class to fill any vacancy of directors representing that Class, and if all such positions are vacant, any member of the Class may call a special meeting to elect replacement directors for that Class.

3.14 Subject to the Articles and these Bylaws, the elected directors may appoint 20% of the directors of the Cooperative in accordance with s. 51(3) of the Act or any successor provisions thereto.

- 3.14.1 With respect to the directors so appointed, each director shall hold office for a period of approximately two years spanning from the date of their appointment to the . Any such director may be reappointed.

### **Removal of Directors**

3.15 Subject to the provisions of the Act or a Unanimous Agreement, the members or Investment Shareholders as the case may be, may by ordinary resolution passed at a special meeting remove any director elected by such members and delegates or Investment Shareholders as the case may be, from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the directors as provided in subsection 3.18.

### **Vacation of Office**

- 3.16 A director ceases to hold office when:
- 3.16.1 he dies or sends to the Cooperative a written resignation and such resignation, if not effective upon being sent to the Cooperative, becomes effective in accordance with its terms;
- 3.16.2 he is removed from office by the Shareholders; or
- 3.16.3 he becomes disqualified under the Act.

### **Vacancy Among Candidates**

3.17 If a meeting of Shareholders fails to elect the number or minimum number of directors required by the Articles by reason of the lack of consent, disqualification, incapacity or death of any candidates, the directors elected at that meeting may exercise all of the power of the directors if the number of directors so elected constitutes a quorum.

### **Filling Vacancies**

3.18 Except as otherwise provided in the Act and any provisions of the Articles or a Unanimous Agreement to the contrary, a quorum of the directors elected by the holders of a certain class of shares may fill a vacancy among the directors elected by the holders of that same class of shares, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure of the Shareholders to elect the number or minimum number of directors required by the Articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of the Shareholders to fill the vacancy. If the directors fail to call

such meeting or if there are no directors then in office, any Shareholder may call the meeting. The Shareholders may also fill any vacancy among the directors at any meeting duly called for that purpose. A vacancy created by the removal of a director elected by the holders of a certain class of shares may be filled by the holders of that same class of shares at the meeting at which the director is removed or, if not so filled, may be filled by a quorum of the directors as aforesaid. The replacement director shall fill the vacancy for the unexpired term of the director's predecessor in office.

### **Validity of Acts of Directors**

3.19 An act by a director is valid notwithstanding an irregularity in his election or appointment or a defect in his qualification.

3.20 Subject to the Articles, the powers of the Board or of a committee of the Board may be exercised by resolution passed at a meeting at which a quorum is present and where there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board or of a committee of the Board so long as there is a quorum.

3.21 Subject to the Act and the Articles, a majority of the Board constitutes a quorum at any meeting of the Board or of a committee of directors and, despite any vacancy among the directors, a quorum of directors may exercise all the powers of the Board.

### **Calling of Meetings**

3.22 Meetings of the directors shall be held from time to time and at such place as the Chairman of the Board, the President or any two directors may determine.

### **Place of Meetings**

3.23 Meetings of the Board or of any committee of directors may be held at any place in or outside Canada.

### **Notice of Meeting and Waiver of Notice**

3.24 Notice of the time and place of each meeting of the Board shall be given in the manner provided in section 10 to each director not less than forty-eight hours before the time when the meeting is to be held. A notice of a meeting of the Board shall specify such matters to be dealt with at the meeting as are required by the Act to be specified therein but need not specify the purpose of or the business to be transacted at the meeting. A director may in any manner and at any time waive notice of or otherwise consent to a meeting of the Board and attendance of a director at a meeting of the Board is a waiver of notice of the meeting, except where a director attends a meeting for the

purpose of objecting to the transaction of business on the grounds that the meeting was not lawfully called.

### **Meetings by Telephone, Electronic or Other Communication Facilities**

3.25 A director may participate in a meeting of the Board or of a committee of the directors by means of telephone, electronic or other communication facilities that permit all participants to communicate adequately with each other, and a director participating in such a meeting by such means is deemed to be present at the meeting.

### **Quorum**

3.26 Subject to the Articles and any Unanimous Agreement, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of directors then holding office.

### **First Meeting of New Directors**

3.27 For the first meeting of directors to be held following the election of directors at an annual or special meeting of the Shareholders or for a meeting of the Board at which a director is appointed to fill a vacancy in the board, no notice of such meeting need be given to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided a quorum of the Board is present.

### **Adjournment**

3.28 Any meeting of the Board or of any committee of directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place and no notice of the time and place for the holding of the adjourned meeting need be given to any director if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

### **Chairman**

3.29 The chairman of any meeting of the Board shall be the first mentioned of such of the following persons as has been appointed and who is a director and is present at the meeting: Chairman of the Board, Vice-Chairman of the Board, the President or a Vice-President. If no such person is present, or if such persons decline to act, the directors present shall choose one of their number to be chairman.

### **Votes to Govern**

3.30 Subject to the Articles and a Unanimous Agreement, at all meetings of the Board every question shall be decided by a majority of the votes cast on the question. In the case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote in addition to his ordinary vote.

### **Resolution in Lieu of Meeting**

3.31 Subject to the Articles or a Unanimous Agreement, a resolution in writing, signed by all of the directors entitled to vote on that resolution at a meeting of the Board or committee of directors, is valid as if it had been passed at a meeting of the directors or committee of directors. Such a resolution may be signed in counterpart, and by fax, in which event a faxed copy of signatures shall be deemed as good as an original, and all counterparts taken together shall be deemed to be one and the same instrument.

3.32 A resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of the Board or committee of directors, and signed by all of the directors entitled to vote at that meeting, satisfies all the requirements of the Act relating to meetings of the Board.

3.33 Any such resolution shall be effective from and relate back to the date stated thereon or therein.

### **Conflict of Interest**

3.34 A director who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or proposed material contract with the Cooperative shall disclose the nature and extent of his interest at the time and in the manner provided by the Act. A director interested in a contract referred to the Board shall not vote on any resolution to approve it except as permitted by the Act.

3.35 This provision does not require disclosure of an interest in a Delivery Rights Contract, a Purchase Rights Contract, or any other contract or transaction that is available to and customarily entered into between the Cooperative and its members and other shareholders, if the contract or transaction is on the same terms as are generally available to members and other shareholders.

### **Remuneration of Directors, Officers and Employees**

3.36 The remuneration to be paid to the directors of the Cooperative shall be such as the directors shall from time to time by resolution determine and such remuneration shall be in addition to the salary paid to any officer or employee of the Cooperative who is also a director. The Board may also by resolution award special remuneration to any

director undertaking any special services on the Cooperative's behalf other than the normal work ordinarily required of a director of a cooperative. The confirmation of any such resolution or resolutions by the Shareholders shall not be required. The Board may fix the remuneration of the officers and employees of the Cooperative. The Board, officers and employees shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Cooperative.

### **Submission of Contracts etc. to Shareholders for Approval**

3.37 The Board in their discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the Shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Articles or Bylaws) shall be as valid and as binding upon the Cooperative and upon all the Shareholders as though it has been approved, ratified and/or confirmed by every Shareholder of the Cooperative.

### **Annual Fees**

3.38 The Board, by majority vote may set, and vary, an annual fee for membership, auxiliary membership or any other classes of membership.

## **SECTION 4 COMMITTEES**

### **Committees of Directors**

4.1 The Board shall appoint such committees of directors as are required by applicable law and may appoint one or more other committees of directors, however designated, and delegate to such committees any of the powers of the directors except those which, under the Act, a committee of directors has no authority to exercise.

### **Transaction of Business**

4.2 The powers of a committee of directors may be exercised by resolution passed at a meeting of the committee at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of committees may be held at any place in or outside Canada.

### **Procedure and Quorum**

4.3 Unless otherwise provided herein or from time to time by the Board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

### **Audit Committee**

4.4 If the Cooperative is a distributing cooperative, the Board shall elect annually from among their number an audit committee to be composed of not fewer than three directors, a majority of whom are not officers or employees of the Cooperative or any of its affiliates. At least one-half of the members of the audit committee shall be resident Canadians.

4.5 Each member of the audit committee shall serve during the pleasure of the Board and, in any event, only so long as he shall be a director. The Board may fill vacancies in the audit committee by election from among their number.

4.6 The audit committee shall have power to fix its quorum at not less than a majority of its members and to determine its own rules of procedure subject to any regulations imposed by the Board from time to time and to the following subsection 4.7.

4.7 The auditor of the Cooperative is entitled to receive notice of every meeting of the audit committee and, at the expense of the Cooperative, to attend and be heard thereat; and if so requested by a member of the audit committee, shall attend every meeting of the committee held during the term of office of the auditor. The auditor of the Cooperative or any member of the audit committee may call a meeting of the committee.

4.8 The audit committee shall review the financial statements of the Cooperative prior to approval thereof by the board of directors and shall have such other powers and duties as may from time to time by resolution be assigned to it by the Board.

### **Termination of Committee Membership**

4.9 Any director who ceases for any reason to be a director shall, upon ceasing to be a director, thereupon also cease to be a member of each and every committee of directors.

### **Validity of Acts of a Member of a Committee**

4.10 An act of a director as a member of a committee of the directors is valid notwithstanding an irregularity in the director's election or appointment or a defect in the director's qualifications and notwithstanding that the resident Canadian requirements of the Act applicable to committees of the directors has not been met.

## **SECTION 5 OFFICERS**

### **Appointment**

5.1 Subject to the Articles or any Unanimous Agreement, the Board may from time to time designate the offices of the Cooperative which may include, but shall not be limited to the offices of Chairman of the Board, Vice-Chairman of the Board, President, one or more offices of Vice-President (to which title may be added words indicating a seniority or function), Secretary, Treasurer and including one or more assistants to any of the offices so designated. The Board may appoint an individual of full capacity to any such office and specify the duties of and, in accordance with this Bylaw and subject to the provisions of the Act, delegate to such officers so appointed powers to manage the business and affairs of the Cooperative. Subject to subsections 5.2 and 5.3, an officer may but need not be a director and one person may hold more than one office.

### **Chairman of the Board**

5.2 The Chairman of the Board shall be a director and shall have such other duties and powers as the directors may specify and delegate. During the absence or disability of the Chairman of the Board, his duties shall be performed and his powers exercised by the Vice-Chairman of the Board or by the President or by any other director designated by the Board.

### **Vice-Chairman of the Board**

5.3 The Vice-Chairman of the Board shall be a director and shall have such duties and powers as the Board may specify and delegate.

### **President**

5.4 The President may, but need not be, a director. The President shall be the chief executive officer of the Cooperative and shall (subject to the authority of the directors) have general supervision of the business of the Cooperative (including the authority to employ or discharge agents and employees of the Cooperative) and shall have such other duties and powers as the Board may specify and delegate from time to time. The President shall at all reasonable times give to the Board, or any of them, all information they may require regarding the affairs of the Cooperative.

### **Vice-Presidents**

5.5 Each Vice-President may, but need not be a director and shall have such duties and powers as the Board may specify and delegate.

### **Secretary**

5.6 The Secretary may, but need not be a director and, when requested to do so, shall attend and be the Secretary of all meetings of the Board, Shareholders and committees of directors and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat, shall give or cause to be given, as and when instructed, all notices to Shareholders, directors, officers, auditors and members of committees of directors, shall be the custodian of the corporate seal, and shall have such other powers and duties as the Board may specify and delegate. The Secretary shall at all reasonable times exhibit his records to any director.

### **Treasurer**

5.7 The Treasurer may, but need not be a director and shall be responsible for supervising and for reporting to the Board and the Shareholders with respect to the financial activities of the Cooperative.

### **Powers and Duties of Other Officers**

5.8 The powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board may specify and delegate. Any of the duties and powers of an officer to whom an assistant has been appointed may be exercised and performed by such assistant unless the Board otherwise direct.

### **Variation of Powers and Duties**

5.9 The Board may from time to time vary, add to or limit the duties and powers of any officer.

### **Managing Director**

5.10 The Board may from time to time appoint from their number a Managing Director who is a resident Canadian and may delegate to the Managing Director any of the powers of the directors subject to the limits on authority provided by subsection 89(3) of the Act. A Managing Director shall conform to all lawful orders given to him by the Board of the Cooperative and shall at all reasonable times give to the Board or any of them all information they may require regarding the affairs of the Cooperative. Any agent or employee appointed by a Managing Director shall be subject to discharge by the Board.

### **Term of Office**

5.11 The Board may at any time, in their discretion, remove any officer of the Cooperative without prejudice to such officer's rights under any employment contract.

Otherwise each officer appointed by the directors shall hold office until his successor is appointed.

### **Conflict of Interest**

5.12 An officer of the Cooperative who is a party to, or is a director or officer of or has a material interest in any person who is a party to, a material contract or proposed material contract with the Cooperative shall disclose in writing to the Cooperative or request to have entered in the minutes of the directors the nature and extent of his interest at the time and in the manner provided by the Act.

### **Terms of Employment**

5.13 The terms of employment and the remuneration of officers appointed by the Board who are not also directors shall be settled by the Board from time to time. The terms of employment for any officers who are directors shall be settled by the Board subject to the approval of the Shareholders.

### **Agents and Attorneys**

5.14 The Board shall have power from time to time to appoint agents or attorneys for the Cooperative in or outside Canada with such duties and powers (including the power to sub-delegate) as may be thought fit.

### **Validity of Acts of Officers**

5.15 An act by an officer is valid notwithstanding an irregularity in his election or appointment.

## **SECTION 6 PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

### **Limitation of Liability**

6.1 To the extent permitted by law, no director or officer for the time being of the Cooperative shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Cooperative through the insufficiency or deficiency of title to any property acquired by the Cooperative or for or on behalf of the Cooperative or for the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the Cooperative shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm, cooperative or corporation with whom or which any monies, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or

misappropriation of or any damage resulting from any dealings with any monies, securities or other assets belonging to the Cooperative or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to act honestly and in good faith with a view to the best interests of the Cooperative and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. If any director or officer of the Cooperative shall be employed by or shall perform services for the Cooperative otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Cooperative, the fact of his being a director or officer of the Cooperative shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

### **General Indemnity**

6.2 The Cooperative shall indemnify a director or officer of the Cooperative, a former director or officer of the Cooperative, or another individual who acts or acted at the Cooperative's request as a director or officer or an individual acting in a similar capacity of another entity (each an "Indemnitee") in the circumstances contemplated by and to the fullest extent permitted by the Act and the generality of the foregoing shall not be limited by the following provisions of this section 6.

### **Third Party Proceedings**

6.3 Except in respect of an action by or on behalf of the Cooperative or body corporate to procure a judgment in its favour, the Cooperative shall (and does hereby) indemnify a director or officer, a former director or officer, or a person who acts or acted at the Cooperative's request as a director or officer of the Cooperative or a body corporate of which the Cooperative is or was a shareholder or creditor (or a person who undertakes or has undertaken any liability on behalf of the Cooperative or any such body corporate) and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Cooperative or any such body corporate (or undertaking or having undertaken any liability on behalf of the Cooperative or any such body corporate), if:

- 6.3.1 he acted honestly and in good faith with a view to the best interests of the Cooperative; and
- 6.3.2 in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

### **Indemnity for Derivative Actions**

6.4 The Cooperative shall, subject to obtaining the approval of the Court of Queen's Bench of Alberta which approval the Cooperative shall seek and use all reasonable efforts to obtain, (and does hereby) indemnify a director or officer, a former director or officer, or a person who acts or acted at the Cooperative's request as a director or officer of the Cooperative or a body corporate of which the Cooperative is or was a shareholder or creditor (or a person who undertakes or has undertaken any liability on behalf of the Cooperative or any such body corporate) and his heirs and legal representatives, against all costs, charges and expenses reasonably incurred by him in respect of any action by or on behalf of the Cooperative or body corporate to procure a judgment in its favour where he is made a party to such action by reason of being or having been a director or an officer of the Cooperative or by reason of being or having been a director or officer of the Cooperative or, at the Cooperative's request a director or officer of a body corporate of which the Cooperative is or was a shareholder or creditor, if he fulfils the conditions set out in subsections 6.3.1 and 6.3.2 above.

### **Right to Indemnity**

6.5 Notwithstanding anything in this section 6, the Cooperative shall (and does hereby) indemnify a director or officer, a former director or officer, or a person who acts or acted at the Cooperative's request as a director or officer of the Cooperative or a body corporate of which the Cooperative is or was a shareholder or creditor (or a person who undertakes or has undertaken any liability on behalf of the Cooperative or any such body corporate) and his heirs and legal representatives, in respect of all costs, charges and expenses reasonably incurred by him in connection with the defence of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Cooperative or, at the request of the Cooperative, a director or officer of a body corporate of which the Cooperative is or was a shareholder or creditor, if such person:

- 6.5.1 was substantially successful on the merits in his defence of the action or proceeding;
- 6.5.2 fulfils the conditions set out in subsections 6.3.1 and 6.3.2 above; and
- 6.5.3 is fairly and reasonably entitled to indemnity.

### **Indemnity Not Exclusive**

6.6 The provisions for indemnification contained in this Bylaw shall not abridge or exclude any other rights, in law or in equity, to which any person may be entitled to by operation of law or under any statute, other bylaw of the Cooperative, agreement, vote of the Shareholders of the Cooperative, vote of the disinterested directors of the Cooperative or otherwise.

### **Indemnity Agreements**

6.7 Any officer or director of the Cooperative is hereby authorized to execute for, on behalf of and in the name of the Cooperative agreements evidencing the Cooperative's indemnity in favour of the foregoing persons to the fullest extent permitted by law.

### **Enurement**

6.8 The provisions for indemnification contained in this Bylaw shall enure to the benefit of the heirs, executors, administrators and legal personal representatives of the persons indemnified hereby.

### **Directors' and Officers' Insurance**

6.9 The Cooperative may purchase and maintain liability insurance for the benefit of any director or officer against any liability incurred by the director or officer:

6.9.1 in the director's or officer's capacity as a director or officer of the Cooperative, except where the liability relates to the director's or officer's failure to act in good faith with a view to the best interests of the Cooperative; or

6.9.2 in the director's or officer's capacity as a director or officer of another body corporate if he or she acts or acted in that capacity at the Cooperative's request, except where the liability relates to the director's or officer's failure to act in good faith with a view to the best interests of the body corporate.

## **SECTION 7 MEMBERSHIP, SECURITIES AND TRANSFERS**

### **Qualifications for Membership**

7.1 Subject to the provisions of subsection 7.6, a person shall only be qualified to apply for membership Shares in the Cooperative if that person:

7.1.1 if a natural person, is 16 years of age or older;

**[NOTE: Must specify if allowing members under 18 pursuant to s. 35(1) of the Act.]**

7.1.2 is not an undischarged bankrupt;

**[NOTE: Discretionary]**

7.1.3 is one or more of the following:

7.1.3.1. an active agricultural producer, consumer or supplier of agricultural goods and produce, or one who trades in the same; or

**[NOTE: Discretionary]**

7.1.3.2. a shareholder in a cooperative, corporation or a member of a partnership, joint venture or syndicate which is a producer, consumer or supplier of agricultural goods and produce, or one who trades in the same.

**[NOTE: Discretionary]**

**Classes of Membership**

7.2 Subject to the Act and any Unanimous Agreement, if any, the Board may make rules relating to different classes of membership and the rights and obligations relating thereto, including without limitation:

7.2.1 the qualifications for membership in each class;

7.2.2 the conditions precedent for membership in each class;

7.2.3 the method, time and manner of withdrawing from a class or transferring membership from one class to another and any applicable conditions on transfer; and

7.2.4 the conditions on which membership in a class ends.

7.3 Without restricting the generality of section 7.2 of these Bylaws, the Board may specify that the Cooperative have a class of members that are Auxilliary Members and make rules relating thereto including without limitation:

7.3.1 any fees to be paid by Auxilliary Members;

7.3.2 the rights and obligations of Auxilliary Members; and

7.3.3 the conditions for the acceptance by the Cooperative of any Auxilliary Member.

### **Application for Membership**

7.4 A person who qualifies for membership in the Cooperative may apply for membership by submitting to the Board, or to the person authorized by the Board to approve membership applications, such reasonable documentation as the Board may require from time to time, including without limitation:

- 7.4.1 payment of the membership fee provided for in section 3.38;
- 7.4.2 payment for the Class “A” Share(s); and
- 7.4.3 in the discretion of the Board, a duly executed Delivery Rights Contract in the form prescribed by the Board.

### **Joint Membership**

7.5 Applicants, if they apply as such, may be accepted as joint members. The words “member”, “applicant”, “person”, “his”, a “him”, as used in these Bylaws, shall include persons applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing:

- 7.5.1 the presence at a meeting of either or both shall constitute the presence of the joint membership and joint waiver of notice of the meeting.
- 7.5.2 the vote of either or both shall constitute, respectively one joint vote.
- 7.5.3 notice to or waiver of notice signed by either or both shall constitute, respectively, a joint notice or waiver of notice.

### **Refusal of Membership Applications**

7.6 All applications for membership in the Cooperative and issuance of Shares in the Cooperative shall be subject to the approval of the Board. The Board, in its sole discretion, may refuse any application for membership or Shares. If the Board refuses application for membership or Shares, the amount tendered for the purchase of any Shares or for membership fees shall be promptly returned to the applicant.

**Termination by Death or Cessation of Existence; Continuance of Membership in Remaining or New Partners**

7.7 Except as provided in a Unanimous Agreement the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership:

7.7.1 PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own Shares pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners:

7.7.2 PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

**Effect of Death upon Joint Membership**

7.8 Upon the death of either party to a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint.

7.8.1 PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Cooperative.

**Transfer and Transmission of Shares**

7.9 No transfer or transmission of Shares or membership in the Cooperative shall take effect unless the transfer or transmission has been authorized by the Board after receipt of such reasonable documentation as the Board may determine. Upon approval and authorization of the transfer or transmission, notification shall be sent to the transferee and the name of the transferee shall be entered in the members' register.

7.10 Application for transfer or transmission of investment Shares and membership Shares shall include evidence that any claims which the Cooperative may have against the transferor (including any claims under outstanding Delivery Rights Contracts) have been satisfied.

**Duty of Member**

7.11 A member shall faithfully support and promote the business and the objectives of the Cooperative and shall be bound by the Bylaws.

### **Withdrawal of Members**

7.12 Subject to the approval of the Board (and subject to the provisions of section 7.17 hereof) and upon such terms and conditions as the Board requires, a member may withdraw from the Cooperative by giving a minimum of twelve months' notice in writing of the intention to withdraw. The Board, in its sole discretion, may accept any application for withdrawal upon shorter notice. A withdrawing member must satisfy all that member's obligations under that member's Delivery Rights Contracts with the Cooperative, if any, prior to withdrawal. Notwithstanding such withdrawal, under the circumstances set forth in section 7.17, the Board may delay the redemption of the member's Shares and repayment of member loans and all other amounts held to the member's credit.

### **Termination of Membership for Cause**

7.13 The Board shall have the right to terminate the membership of any member for acts or omissions which:

7.13.1 contravene the Articles, Bylaws or rules or regulations adopted by the Board; or

7.13.2 in the opinion of the Board, are detrimental to the Cooperative; or

7.13.3 in the opinion of the Board, in the event the member fails to adequately patronize the business of the Cooperative; or

7.13.4 if the member is otherwise in default under any Delivery Rights Contracts;

7.13.5 PROVIDED THAT such member shall have been given written notice by the Cooperative that such acts or omissions makes such member liable to expulsion and such acts or omissions shall have continued for at least 30 days after such notice was given.

7.14 Within seven days after the date on which the resolution to terminate the membership of a member is passed by the Board, the Cooperative shall, in the same manner as that provided for the giving of notice of a meeting of members, notify the person whose membership was terminated.

7.15 A person whose membership is terminated for cause or by resolution of the Board may appeal the decision to the next general meeting of the Cooperative.

7.16 The Board or the members may, by majority vote, at the meeting in the case of the members, affirm or overturn a termination of membership. The outcome of a vote at the general meeting of the members shall be final and binding on the member.

### **Shares Upon Withdrawal or Termination of Membership**

7.17 At the expiry of twelve months following the termination of a membership or the withdrawal of a member, the member or the member's personal representative shall be entitled to sell to the Cooperative any Shares held by the member, other than Shares purchased on behalf of the member by the application of Patronage Dividends credited to the member, provided that:

7.17.1 the Cooperative shall not be required to purchase or redeem Shares if the Cooperative is, or after the redemption or payment would be, unable to pay its liabilities as they become due, or, if the realizable value of the Cooperative's assets after the redemption or payment would be less than the total of its liabilities and 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 holder of the Shares to be purchased or redeemed;

7.17.2 the price of Shares purchased by the Cooperative shall be at par value without interest unless the capital of the Cooperative has been impaired, in which case the price may be fixed by the Board at such amount below par value as the Board in its discretion considers consistent with no impairment of capital; and

7.17.3 the Cooperative shall be entitled to set off against the purchase price any claims the Cooperative may have against the member, including any claims with respect to any Delivery Rights Contracts between the member and the Cooperative.

### **Right to Redeem Shares at the Discretion of the Board**

7.18 The Cooperative may redeem the whole or any part of any investment Shares subject to and in accordance with the provisions of the Articles of the Cooperative in place from time to time. In the event that any Shareholder(s) fails on or before the date fixed for redemption to deliver and surrender the certificate to the treasurer of the Cooperative for redemption and to accept the amount to be paid therefore, funds necessary for such redemption shall be set apart by the Cooperative and held in a special fund for the payment of the redemption price. The holder of the Share(s) shall be deemed not to hold the Shares and shall not thereafter be entitled to deliver and surrender the Share(s) and to receive the amount so set aside for such Shareholder's benefit without any interest thereon. The price for any such Shares not paid out after six years shall be forfeited to the Cooperative.

### **Issuance of Shares**

7.19 Subject to the Articles and any Unanimous Agreement, Shares in the Cooperative may be issued at such time and issued to such persons and for such consideration as the directors may determine.

### **Securities and Transfers**

7.20 Security certificates (and the form of transfer thereof, which may be on the reverse side of a security certificate or may be a separate instrument) shall (subject to compliance with the Act) be in such form as the directors may from time to time by resolution approve and, subject to the Act, such certificates shall be signed manually by at least one director or officer of the Cooperative or by or on behalf of a registrar, transfer agent or branch transfer agent of the Cooperative, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on a security certificate may be printed or otherwise mechanically reproduced thereon. Notwithstanding any change in the persons holding an office between the time of actual signing and the issuance of any certificate and notwithstanding that a person signing may not have held office at the date of issuance of such certificate, any such certificate so signed shall be valid and binding upon the Cooperative.

### **Registrar and Transfer Agent**

7.21 The directors may from time to time by resolution appoint or remove an agent to maintain a central securities register and/or branch securities registers for the Cooperative.

### **Surrender of Security Certificates**

7.22 Subject to the Act, no transfer of a security issued by the Cooperative shall be recorded or registered unless or until the security certificate representing the security to be transferred has been surrendered and cancelled or, if no security certificate has been issued by the Cooperative in respect of such shares, unless or until a duly executed security transfer in respect thereof has been presented for registration.

### **Replacement of Security Certificates**

7.23 The directors or any officer or agent designated by the directors may in their or his discretion direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate claimed to be lost, destroyed or wrongfully taken, on such terms of indemnity, reimbursement of expenses and evidence of loss and of title as the Secretary (or, in the absence of or failure to act by the Secretary, the directors) may from time to time prescribe, whether generally or in any particular case.

### **Joint Shareholders**

7.24 The Cooperative is not required to issue more than one share certificate in respect of shares held jointly by two or more persons and delivery of such certificate to one of such persons shall be sufficient delivery to all of them.

## **SECTION 8 DIVIDENDS AND PATRONAGE RETURNS**

### **Disposition of Surplus Earnings**

8.1 Disposition of Surplus Earnings remaining in the hands of the Cooperative at the end of a fiscal year shall be dealt with:

8.1.1 by setting aside such reserves as the Board considers necessary;

8.1.2 by crediting to members in the form of Patronage Returns, the balance, or the proportion of the balance decided on by the Board, computed at a rate in relation to the quantity, quality or value of the goods or products acquired, marketed, handled, dealt in or sold and the services rendered by the Cooperative from or on behalf of or to the members, whether as principal or agent or otherwise, with appropriate differences in the rate for different classes, grades or quality;

8.1.3 by crediting to members who are holders of Designated Shares in the form of Patronage Returns, dividend or bonus payment, the balance or the proportion of the balance decided on by the Board, computed at a rate in relation to the quantity, quality or value of the good or products acquired, marketed, handled, dealt in or sold and the services rendered by the Cooperative from or on behalf of or to such members, whether as principal or agent or otherwise, with appropriate differences in the rate for different classes, grades, quality or the number of Designated Shares held by such members;

8.1.4 by satisfying the obligations of the Cooperative with respect to dividends, return, or redemption of any investment Shares outstanding, in the manner and amount contemplated by the Articles; or

8.1.5 by the payment of dividends in accordance with subsection 8.10 of these Bylaws.

### **Disposition of Patronage Returns**

8.2 Patronage Returns shall be applied each year in accordance with the provisions of this section 8.

8.3 The Cooperative shall, at its annual meeting, decide on or approve the apportionment of the Patronage Returns for the year as between the methods of application set out in this section 8.

8.4 All or any one or more of the methods of application may be adopted by the Cooperative.

### **Investment of Patronage Returns**

8.5 Each member shall be treated as agreeing to apply each year that portion of the Patronage Returns credited to the member in that year which the Cooperative desires to the purchase of Shares in the Cooperative for the member in an amount determined by the Board.

8.6 In the event that the Cooperative applies Patronage Returns towards Share purchases in accordance with section 8.5 hereto, the Cooperative shall forthwith upon making such application of Patronage Returns, give notice to each member of the number of Shares purchased or to be purchased, the manner of issuance or transfer of Shares, the payment for the Shares out of the Patronage Returns of members and the issuance and forwarding of certificates representing Shares so issued or transferred.

### **Borrowing of Patronage Returns**

8.7 Each member shall be treated as agreeing to lend to the Cooperative each year that portion of the Patronage Returns credited to the members in that year which the Cooperative desires to borrow from the members in an amount determined by the Board.

8.8 Subject to the Act and at the discretion of the Board, acting reasonably, the Cooperative shall repay to each member all sums borrowed by the Cooperative under subsection 8.7 without interest as revenue becomes available for that purpose, having regard to the financial commitments and requirements of the Cooperative. Such member loans shall be subordinated in any event to any arms-length financing obtained by the Cooperative.

### **Insurance Premiums**

8.9 A member shall be treated as agreeing to pay from that member's Patronage Returns in each year the sum that the Cooperative in that year applies on that

member's account in payment of premiums for life insurance carried on that member's life under any member group life insurance plan adopted by the Cooperative.

### **Declaration and Payment**

8.10 Subject to subsection 8.11, the Act and any Unanimous Agreement, the Board may from time to time by resolution declare and the Cooperative may pay dividends on its issued Shares, subject to the provisions (if any) of the Articles.

### **Prohibition on Dividends**

8.11 The Board shall not declare and the Cooperative shall not pay a dividend if there are reasonable grounds for believing that:

8.11.1 the Cooperative is, or would after the payment be, unable to pay its liabilities as they become due; or

8.11.2 the realizable value of the Cooperative's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

### **Record Date for Dividends**

8.12 Subject to giving notice thereof within the time and in the manner contemplated by the Act and the regulations thereunder, the Board may fix in advance a date as the record date for the determination of Shareholders entitled to receive payment of a dividend but such record date shall not precede by more than 60 days the date on which the dividend is payable or by such other number of days as may be prescribed by the Act and regulations thereunder subsequent to the date of the enactment of this Bylaw.

8.13 If no record date is fixed, the record date for the determination of Shareholders entitled to receive payment of a dividend shall be at the close of business on the day on which the directors pass the resolution relating thereto.

### **Form of Dividend**

8.14 The Cooperative may pay a dividend by issuing fully paid shares of the Cooperative and subject to section 136 of the Act, the Cooperative may pay a dividend in money or property.

### **Dividend Cheques**

8.15 A dividend payable in cash shall be paid by cheque drawn on the Cooperative's bankers to the order of each registered holder of shares of the class or

series of which it has been declared and mailed by prepaid ordinary mail to such registered holder at such holder's recorded address, unless such holder otherwise directs in writing. In the case of joint holders the cheque shall, unless such joint holders otherwise direct in writing, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Cooperative is required to and does withhold.

### **Non-receipt of Cheques**

8.16 In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Cooperative shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Treasurer (or, in the absence of or failure to act by the Treasurer, the directors) may from time to time prescribe, whether generally or in any particular case.

### **Unclaimed Dividends**

8.17 Any dividend unclaimed after a period of six years from the date of which the same has been declared to be payable shall be forfeited and shall revert to the Cooperative.

## **SECTION 9 MEETINGS OF SHAREHOLDERS**

### **Annual Meetings**

9.1 The annual meeting or meetings of Shareholders or particular classes thereof shall be held within the time required by the Act but otherwise at such time in each year as the Board may from time to time determine for the purpose of considering the financial statements and reports required by the Act to be placed before such annual meeting, electing directors and appointing auditors, and for the transaction of such other business as may properly be brought before the meeting.

### **Special Meetings**

9.2 The Board may call a special meeting of Shareholders or particular classes thereof at any time.

9.3 Two or more members together holding at least 25% of the voting rights of members, may by written requisition require the Board to call a meeting of the members for the purposes stated in the requisition.

**[NOTE: Statutory minimum percentage for shareholders requisitioning meetings is 5%. You may wish to have a higher percentage such as the 25% suggested by these draft bylaws.]**

9.4 Two or more Investment Shareholders of any particular class of Investment Shares, together holding at least 25% of the voting rights of such class, may by written requisition require the Board to call a meeting of the Shareholders of such class for the purposes stated in the requisition.

#### **Place of Meetings**

9.5 Meetings of Shareholders or particular classes thereof shall be held in such place in or outside Alberta as the directors shall from time to time determine.

#### **Meetings by Telephone, Electronic or Other Communication Facilities**

9.6 Any person entitled to attend a meeting of the Shareholders or particular classes thereof may participate in a meeting, in accordance with the regulations, if any, under the Act, by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other, and a person participating in such a meeting by such means is deemed to be present at the meeting.

#### **Meetings Entirely by Telephone, Electronic or Other Communication Facilities**

9.7 A meeting of the Shareholders or particular classes thereof may be held entirely by means of a telephone, electronic or other communication facilities so long as such facilities permit all participants to communicate adequately with each other during the meeting, and all persons participating in such a meeting by such means is deemed to be present at the meeting.

#### **Notice of Meetings**

9.8 Notice of the day hour and place of each meeting of Shareholders or particular classes thereof shall be sent in the manner provided in section 10 and not less than 21 days and not more than 60 days before the meeting to each director, to the auditors and to each Shareholder entitled to receive notice of the meeting, provided however, that if applicable securities legislation, rules or policies require such notice to be sent within a more confined period, the Cooperative shall comply with such requirements. Notice of a meeting of Shareholders or particular classes thereof called for any purpose other than consideration of the financial statements and auditor's report, election of directors and re-appointment of the incumbent auditors shall state the nature of such business in sufficient detail to permit the shareholders to form a reasoned

judgment thereon and shall state the text of any special resolution to be submitted to the meeting. In calculating the aforesaid number of days the day of sending the notice and the day of the meeting shall be excluded.

### **Waiver of Notice**

9.9 Notwithstanding the foregoing, a meeting of Shareholders or particular classes thereof may be held for any purpose at any date and time and, subject to the Act, at any place without notice if all the Shareholders or particular classes thereof and other persons entitled to notice of such meeting are present in person or represented by proxy at the meeting (except where the Shareholder or such other persons attend the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all the Shareholders and other persons entitled to notice of such meeting and not present in person nor represented by proxy thereat waive notice of the meeting. Notice of any meeting of Shareholders or particular classes thereof or the time for the giving of any such notice or any irregularity in any such meeting or in the notice thereof may be waived in any manner by any Shareholder, the duly appointed proxy of any Shareholder, any director or the auditor of the Cooperative and any other person entitled to attend a meeting of Shareholders or particular classes thereof, and any such waiver may be validly given either before or after the meeting to which such waiver relates.

### **Attendance by Auditor**

9.10 The auditor of the Cooperative is entitled to attend any meeting of Shareholders or particular classes thereof of the Cooperative and to receive notice of every meeting of Shareholders or particular classes thereof.

### **Omission of Notice**

9.11 The accidental omission to give notice of any meeting to or the non-receipt of any notice by any person shall not invalidate any resolution passed or any proceeding taken at any meeting of Shareholders or particular classes thereof.

### **Record Dates**

9.12 Subject to giving notice of the record date for a meeting of the Shareholders or particular classes thereof within the time and in the manner contemplated by the Act and the regulations thereunder or such notice having been waived by all of the Shareholders or particular classes thereof as contemplated by the Act, the Board may fix in advance a date as the record date for the determination of Shareholders or particular classes thereof entitled to receive notice of a meeting of Shareholders or particular classes thereof, but such record date shall not precede by more than 60 days or by less than 21 days of the date on which the meeting is to be held, provided however, that if applicable securities legislation, rules or policies require such record date to be fixed within a more confined period, the Cooperative shall comply with such requirements.

9.13 If no record date is fixed, the record date for the determination of the Shareholders entitled to receive notice of a meeting of the Shareholders or particular classes thereof shall be:

9.13.1 at the close of business on the day immediately preceding the day on which the notice is sent; or

9.13.2 if no notice is sent, the day on which the meeting is held.

#### **Shareholder List**

9.14 If the Cooperative has more than 15 Investment Shareholders, for each meeting of the Investment Shareholders, the Cooperative shall within the time and manner contemplated by the Act, prepare an alphabetical list of its Investment Shareholders entitled to receive notice of the meeting, showing the number of shares held by each Investment Shareholder and an Investment Shareholder may examine such list:

9.14.1 during usual business hours at the registered office of the Cooperative or at the place where its central securities register is maintained; and

9.14.2 at the meeting of Investment Shareholders for which the list was prepared.

#### **Meetings Without Notice**

9.15 A meeting of Shareholders or particular classes thereof may be held without notice at any time and place if all Shareholders entitled to vote thereat are present in person or by delegate or by proxy or if those not present waive notice of or otherwise consent to such meeting being held, and if the Board is present or waive notice of or otherwise consent to such meeting being held. At such meeting any business may be transacted which the Cooperative at a meeting of such Shareholders may transact.

#### **Chairman, Secretary and Scrutineers**

9.16 The chairman of any meeting of Shareholders or particular classes thereof shall be the first mentioned of such of the following persons as has been appointed, is present at the meeting and is a director: Chairman of the Board, Vice-Chairman of the Board, President or a Vice-President. If no such person is present within one hour from the time fixed for holding the meeting, the persons present and entitled to vote shall choose another director to be chairman of the meeting and if no director is present or if all of the directors present decline to take the chair then the Shareholders present and entitled to vote shall choose one of their number to be the chairman of the meeting. If the Secretary of the Cooperative is absent, the Chairman shall appoint some person, who need not be a Shareholder, to act as secretary of the meeting. One or more scrutineers,

who need not be Shareholders, may be appointed by ordinary resolution of the Shareholders or by the Chairman with the consent of the meeting.

### **Persons Entitled to be Present**

9.17 The only persons entitled to be present at a meeting of Shareholders or particular classes thereof shall be those who are entitled to vote thereat, the directors and auditors of the Cooperative and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or the Bylaws of the Cooperative to be present at the meeting. Any other person may be admitted only on the invitation of the Chairman or with the consent of the meeting.

### **Quorum for Members**

9.18 If the number of Members of the Cooperative is two or more, then the quorum for a meeting of the Members shall be two individuals personally present, each of whom is either a Member entitled to attend and vote at such meeting, a delegate or proxy holder appointed by such a Member or a duly appointed representative of such a Member that is a body corporate, and holding or representing:

9.18.1 if the Cooperative is a distributing cooperative, not less than 5% of the issued Membership Shares of the Cooperative enjoying voting rights at such meeting; or

9.18.2 if the Cooperative is not a distributing cooperative, not less than a majority of the issued Membership Shares of the Cooperative enjoying voting rights at such meeting.

**[NOTE: s. 35 of the regulations to the Act specifies that, subject to the bylaws, quorum for a meeting of members will exist when 10% of the members are represented or 50 members consenting to themselves as quorum are represented when there are more than 500 members. You may wish to specify a lower number such as the 5% suggested by these draft bylaws.]**

If a quorum is present at the opening of a meeting, the members present in person or represented by delegate and the duly authorized representatives of members that are bodies corporate may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present within one hour from the opening of a meeting of members, the members personally present or represented at the meeting may adjourn the meeting to a fixed time (which time shall be not less than seven days or more than one month from the time of the adjourned meeting) and the same place as the adjourned meeting but may not transact any other business. Notwithstanding the foregoing, if the Cooperative has only one member, the member present in person or by delegate constitutes a meeting and a quorum for such meeting.

### Quorum for Investment Shareholders

9.19 If the number of Investment Shareholders of the Cooperative is two or more, then the quorum for a meeting of the Investment Shareholders shall be two individuals personally present, each of whom is either an Investment Shareholder entitled to attend and vote at such meeting, a delegate or proxy holder appointed by such an Investment Shareholder or a duly appointed representative of such an Investment Shareholder that is a body corporate, and holding or representing:

9.19.1 if the Cooperative is a distributing cooperative, not less than 5% of the issued Investment Shares of the Cooperative enjoying voting rights at such meeting; or

9.19.2 if the Cooperative is not a distributing cooperative, not less than a majority of the issued Investment Shares of the Cooperative enjoying voting rights at such meeting.

**[NOTE: s. 34 of the regulations to the Act specifies that, subject to the bylaws, quorum for a meeting of investment shareholders will exist when a majority of the voting rights are represented. You may wish to specify a lower number such as the 5% suggested by these draft bylaws.]**

If a quorum is present at the opening of a meeting, the Investment Shareholders present in person or represented by delegate or by proxy and the duly authorized representatives of Investment Shareholders that are bodies corporate may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present within one hour from the opening of a meeting of Investment Shareholders, the Investment Shareholders personally present or represented at the meeting may adjourn the meeting to a fixed time (which time shall be not less than seven days or more than one month from the time of the adjourned meeting) and the same place as the adjourned meeting but may not transact any other business. Notwithstanding the foregoing, if the Cooperative has only one Investment Shareholder, or only one Investment Shareholder of any class or series of shares, the Investment Shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting.

### Representative

9.20 If a body corporate or association is a shareholder of the Cooperative, the Cooperative will recognize any individual authorized by resolution of the Board or governing body of the body corporate or association to represent it at meetings of Shareholders of the Cooperative and such representative may exercise on behalf of the body corporate or association all the powers it could exercise if it were an individual shareholder.

### **Delegates**

9.21 Members who hold Shares in joint tenancy or as tenants in common, are bodies corporate, partnerships, joint ventures or syndicates may be represented at meetings by delegates, who may vote on behalf of the member.

9.22 The authority of delegates to represent a member may be established in writing if signed by the member or by any other means acceptable to the Board.

### **Proxies**

9.23 Every Investment Shareholder, including an Investment Shareholder that is a body corporate, entitled to vote at a meeting of Shareholders may by means of a proxy appoint a proxy holder, or one or more alternate proxy holders, who need not be a Shareholder or Shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by such proxy. A proxy shall be in writing executed by the Investment Shareholder or his attorney authorized in writing and shall conform with the requirements of the Act. A proxy is valid only at the meeting in respect of which it is given or at any adjournment thereof and may be revoked in accordance with the provisions of the Act.

### **Form of Proxy**

9.24 An instrument appointing a proxy holder may be in the following form or in any other form which complies with the requirements of the Act:

“The undersigned shareholder of \* hereby appoints \* of \*, whom failing, \* of \*, as the nominee of the undersigned to attend and act for and on behalf of the undersigned at the meeting of the shareholders of the said Cooperative to be held on the \* day of \*, 20\* and at any adjournment thereof in the same manner, to the same extent and with the same power as if the undersigned were personally present at the said meeting or such adjournment thereof.

Dated the \* day of \*, 20\*.

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This form of proxy must be signed by an Investment Shareholder or his attorney authorized in writing.”

### **Regulations Regarding Lodging of Proxies**

9.25 The Board may from time to time pass regulations regarding the lodging of instruments appointing a proxy holder at some place or places other than the place at which a meeting or adjourned meeting of Investment Shareholders is to be held and for particulars of such instruments to be telecopied, telegraphed, cabled, telexed, sent in writing or otherwise communicated by electronic means that produces a written copy before the meeting or adjourned meeting to the Cooperative or any agent of the Cooperative appointed for the purpose of receiving such particulars and providing that instrument appointing a proxy holder so lodged may be voted upon as though the instruments themselves were produced at the meeting or adjourned meeting and votes given in accordance with such regulations shall be valid and shall be counted. The chairman of the meeting of Investment Shareholders may, subject to any regulations made as aforesaid, in his discretion accept telecopied, telegraphic, telex, cable or written communication, or electronic communication that produces a written copy, as to the authority of anyone claiming to vote on behalf of and to represent an Investment Shareholder notwithstanding that no instrument of proxy conferring such authority has been lodged with the Cooperative, and any votes given in accordance with such telecopied, telegraphic, telex, cable, written or electronic communication accepted by the chairman of the meeting shall be valid and shall be counted.

### **Joint Shareholders**

9.26 Where two or more persons hold the same Share or Shares jointly, any one of such persons present at a meeting of Shareholders or particular classes thereof has the right, in the absence of the other or others, to vote such Shares, but if more than one of such persons are present or represented by delegate or by proxy and vote, they shall vote together as one the Share or Shares jointly held by them.

### **Voting and Votes to Govern**

9.27 At any meeting of Shareholders or particular classes thereof every question shall, unless otherwise required by the Articles or Bylaws of the Cooperative, be determined by the majority of the votes cast on the question. In the case of an equality of votes either upon a show of hands or upon a ballot, the Chairman of the meeting shall not be entitled to a second or casting vote.

9.28 Each member shall have only one vote at members' meetings, regardless of the number of memberships held. Votes at meetings of the Class "B" or Class "C" Shareholders, however, shall be conducted on the basis of the number of Shares of the relevant Class held by each Shareholder.

9.29 Shareholders may not cumulate their votes.

### **Show of Hands**

9.30 Subject to the provisions of the Act and these Bylaws, any question at a meeting of Shareholders or particular classes thereof shall be decided by a show of hands unless a ballot thereon is demanded as provided by subsection 9.31. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is demanded as provided by subsection 9.31, a declaration by the Chairman of the meeting that the vote upon 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 shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question. The result of the vote so taken shall be the decision of the shareholders upon the said question, unless a ballot is demanded immediately after the show of hands.

### **Ballots**

9.31 On any question proposed for consideration at a meeting of Shareholders or particular classes thereof, any Shareholder, delegate or proxy holder entitled to vote at the meeting may demand a ballot either before or after any vote by show of hands. A ballot so demanded shall be taken in such manner as the Chairman shall direct. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is demanded each person present shall be entitled, in respect of the Shares which he is entitled to vote at the meeting upon the question, to the number of votes for each such Share that are specified in the Articles, and if not so specified, to one vote per member in the case of membership Shares and to one vote for each such Share in the case of investment Shares, and the result of the ballot so taken shall be the decision of the Shareholders upon the said question.

### **Electronic Voting**

9.32 A vote at a meeting of Shareholders or particular classes thereof the Cooperative may be held entirely by means of telephone, electronic or other communication facility, and any person entitled to vote at the meeting may vote by those means.

### **Adjournment**

9.33 If a meeting of Shareholders or particular classes thereof is adjourned with the consent of all Shareholders of the Cooperative entitled to notice of such meeting for less than one month, it shall not be necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned. If a meeting of Shareholders or particular classes thereof is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than 90 days, the mandatory solicitation of proxies contemplated by subsection 146(1) of the Act does not apply. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

### **Resolution in Lieu of Meeting**

9.34 A resolution in writing signed by all of the Shareholders entitled to vote on that resolution at a meeting of Shareholders or particular classes thereof is as valid as if it had been passed at a meeting of such Shareholders.

9.35 A resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of Shareholders or particular classes thereof, and signed by all of the Shareholders entitled to vote at that meeting, satisfies all the requirements of the Act relating to meetings of Shareholders or particular classes thereof.

9.36 Any such resolution shall be effective from and relate back to the date stated thereon or therein.

9.37 Subject to the Act and the Regulations, no Shareholder shall be entitled to any information respecting the Cooperative's business which, in the opinion of the Board, would be prejudicial to the interest of the Shareholders or the Cooperative. The Board may from time to time determine the conditions on which the accounts, records and documents of the Cooperative shall be open to inspection by Shareholders, and no Shareholder shall have the right to inspect any record or document except as permitted by the Act or authorized by the Board.

### **Waiver of Notice**

9.38 Any member, delegate, director, officer, auditor or member of a committee, may at any time, waive any notice or waive or abridge the time any notice is required to be given.

### **Order of Business**

9.39 The order of business at the annual meeting of the members and, insofar as applicable, practicable or desirable, at all other meetings of the Shareholders shall be essentially as follows:

9.39.1 Report on the number of members present in person in order to determine the existence of a quorum and subject to quorum, calling the meeting to order;

9.39.2 Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver(s) of notice of the meeting, as the case may be;

9.39.3 Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;

9.39.4 Presentation and consideration of reports of officers, directors and committees;

9.39.5 Election of Directors;

9.39.6 Unfinished business;

9.39.7 New business; and

9.39.8 Adjournment.

9.40 Notwithstanding the foregoing, the Board or the Shareholders may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business:

9.40.1 PROVIDED, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

## **SECTION 10 NOTICES**

### **Manner of Giving Notice**

10.1 Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the Bylaws or otherwise to a Shareholder, director, officer, auditor or member of a committee of directors shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to his recorded address by prepaid mail or if sent to his recorded address by means of telex, telecopier, telegram or any means of transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been received as provided in the Act; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when actually transmitted by the person giving such notice, or if dispatched or delivered to the communication company or its agency or its representative when such communication company or agency actually transmits such notice. The Secretary shall change or cause to be changed the recorded address of any Shareholder, director, officer, auditor or member of a committee of the directors in accordance with any information believed by him to be reliable.

### **Notice of Joint Shareholders**

10.2 If two or more persons are registered as joint holders of any Share, any notice shall be addressed to all such joint holders but notice to one of such persons shall be sufficient notice to all of them.

### **Persons Entitled by Death or Operation of Law**

10.3 Every person who, by operation of law, transfer, death of a Shareholder or any other reason whatsoever, shall become entitled to any Share, shall be bound by every notice in respect of such Share which shall have been duly given to the Shareholder from whom he derives title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which becoming so entitled) and prior to his furnishing to the Cooperative the proof of authority or evidence of his entitlement prescribed by the Act.

**SECTION 11  
INFORMATION AVAILABLE TO SHAREHOLDERS**

**Provision of Information**

11.1 Except as provided by the Act, no Shareholder shall be entitled to obtain information respecting any details or conduct of the Cooperative's business which would not, in the opinion of the Board, be in the interests of the Cooperative to so communicate.

**Inspection of Records**

11.2 The Board may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books, registers and accounting records of the Cooperative or any of them shall be open to the inspection of shareholders and no Shareholder shall have any right to inspect any document, book, register or accounting record of the Cooperative except as conferred by statute, the Articles, the Bylaws or authorized by the Board or by a resolution of the Shareholders.

**SECTION 12  
AMENDMENT TO BYLAWS**

12.1 These Bylaws may be amended, repealed or replaced in whole or in part by ordinary resolution of the Shareholders at any meeting duly constituted for that purpose.

12.2 Notwithstanding the provisions of Section 12.1 of these Bylaws, the Board may by ordinary resolution make or amend a Bylaw, provided such Bylaw or amendment is not contrary to a Bylaw made and approved by the Shareholders and provided further that the Bylaw or amendment as the case may be will be presented to the Shareholders at the next meeting of Shareholders or particular classes thereof for confirmation or amendment, failing which the Bylaw or amendment as the case may be will be deemed to be repealed as of the date of the meeting of Shareholders or particular classes thereof at which it was not confirmed.

**ADOPTED AND APPROVED** by the directors of the Cooperative as of the ● day of ●, 20● and confirmed by the Shareholders of the Cooperative as of the ● day of ●, 20●, as evidenced by the signatures of the President and Secretary endorsed below.

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President

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Secretary