

BYLAWS

OF SOLAR POWER INVESTMENT COOPERATIVE OF EDMONTON ("SPICE")

As Amended March 2022

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BYLAWS OF SOLAR POWER INVESTMENT COOPERATIVE OF EDMONTON

SECTION 1 INTERPRETATION

1.1 Definitions

In these Bylaws:

- (1) "**Act**" means the Cooperatives Act, S.A. 2001, c. C-28.1 as amended, and any successor legislation;
- (2) "**Articles**" means the Articles of Incorporation of the Cooperative, as amended from time to time;
- (3) "**Board**" or "**Board of Directors**" means the Board of Directors of the Cooperative;
- (4) "**Bylaws**" means these Bylaws as amended from time to time;
- (5) "**Cooperative**" means Solar Power Investment Cooperative of Edmonton, which is also known, from time to time, by the acronym "SPICE";
- (6) "**Director**" means a Member of the Board of Directors;
- (7) "**Fiscal Year**" means the fiscal year for the Cooperative;
- (8) "**Good Standing**" means (with respect to a Member or a Director) not being in arrears with respect to any charges, dues, levies or other debts or payments properly payable by a Member or Director to the Cooperative, and not being in breach of any other agreement entered into between the Member and the Cooperative;
- (9) "**Member**" means a Member of the Cooperative;
- (10) "**Member Interests**" shall mean any right of any Member in any obligation of the Cooperative to the Member, including the right of a Member under any Shares or arising from any loans to the Cooperative;
- (11) "**Member Investment Shares**" means all investment Shares issued pursuant to the Articles and the Bylaws;
- (12) "**Meeting of Members**" means the first meeting of Members, an annual meeting of Members, or a special meeting of Members;
- (13) "**Membership Shares**" means all Class "A" Shares issued pursuant to the Articles and the Bylaws;
- (14) "**Officer**" means an officer of the Cooperative as chosen from time to time by the Board of Directors;
- (15) "**Project**" and "**Projects**" has the meaning set out in Bylaw 2.1(a).
- (16) "**Project and Risk Disclosure Form**" shall mean the Risk Disclosure Form annexed as Appendix "A" hereto, or such other form or information as may be approved from time to time by the Members;
- (17) "**Project Financial Statement**" has the meaning set forth in clause 3.12(2) of these Bylaws;
- (18) "**Project Surplus**" means the surplus for each Project as set forth in each Project Financial Statement;

- (19) **"Recorded Address"** means the last address of a Member, Shareholder or Director as recorded in the records of the Cooperative;
- (20) **"Regulations"** means the regulations passed under the Act;
- (21) **"Share Subscription Agreement"** means any agreement between the Cooperative and a Member or Shareholder by which a Member or Shareholder applies for membership and/or subscribes for Shares in the Cooperative;
- (22) **"Shares"** means the shares described in the Articles, as amended from time to time;
- (23) **"Shareholder"** means a person holding shares described in the Articles, as amended from time to time;
- (24) **"Special Resolution"** means a resolution passed by a majority of not less than two thirds of the Members who are entitled to vote on the resolution and who do vote on the resolution;
- (25) **"Surplus Earnings"** means the surplus income of the Cooperative as determined by the Cooperative's external accounting advisors using Generally Accepted Accounting Principles.

1.2 Additional Meanings

For the purposes of these Bylaws, words and phrases which are not defined herein but are defined in the Act shall have the meaning ascribed to those words and phrases in the Act.

1.3 Expanded Meanings

In these Bylaws, unless there is something in the subject matter or context inconsistent there with, the singular shall include the plural and the plural shall include the singular and the masculine gender shall include the feminine and other genders.

1.4 Headings and Margin Notes

The headings and margin notes used in these Bylaws are inserted for reference purposes only and are not to be considered in construing the terms and provisions of these Bylaws or be deemed in any way to qualify, modify or explain the effect of such terms or provisions.

SECTION 2 BUSINESS OF THE COOPERATIVE

2.1 Objects of the Cooperative

- (1) The primary object of the Cooperative is to provide investment services to the Cooperative's members and support and facilitate the development of businesses and undertakings which, in the opinion of the Cooperative, enhance the development of renewable energy generation projects and related projects in Alberta. The Cooperative will invest in projects in accordance with the following principles:
 - (a) Definition of Project and Projects: In these Bylaws, the term "Project" shall mean one or more financial investments approved by the Members of the Cooperative which are funded by the issue of Member Shares, Investment Shares, loans or a bond offering and the term "Projects" and "Project(s)" means all such Projects;
 - (b) Project Assessment: The Project(s) the Cooperative decides to support and facilitate will be assessed individually, on a Project by Project basis, having regard to the assessment of whether each Project supports and facilitates the development of businesses and undertakings which enhance the development of renewable energy

generation projects and related projects in Alberta. All Projects must be approved by a majority resolution of Directors;

- (c) Risk Acknowledgment: Although the primary object of the Cooperative is the development of Projects which support and facilitate the development of businesses and undertakings which enhance the development of renewable energy generation Projects and related projects in Alberta, the intent of both the Cooperative and the Members is not to expose Member Investment Shares to unreasonable risk and to provide Members with the opportunity of a significant rate of return. However, each Member recognizes that there is an inherent risk involved in any Project, and that the failure of a Project may result in the Member losing all of their investment.
 - (d) Risk Disclosure: The Cooperative will make reasonable efforts to provide Members with information with respect to the risks involved in connection with each Project. This information will be provided in the form of a "Project and Risk Disclosure Form". However, each Member understands and agrees that they will have to do their own due diligence before they decide to subscribe for Member Investment Shares with respect to any Project;
 - (e) Limited Term of Investments: The intent of the Cooperative is that investments in Projects will have a limited term;
 - (f) Security: To reduce Member risk, the Cooperative will, whenever reasonable, either take security or title to the lands and buildings involved in the business or undertaking which is related to a Project;
- (2) In the event of any inconsistency between the general provisions in Bylaws 2.1(1) above and the specific provisions in the Articles, other Bylaws, a Share Subscription Agreement, any other agreement to which the Cooperative is a party, the specific provisions in the Articles, other Bylaws, Share Subscription Agreement, and other agreement shall prevail.

2.2 Corporate Seal

The Cooperative shall not have a corporate seal.

2.3 Fiscal Year

The fiscal year of the Cooperative shall begin and end on such date as may be fixed by the Board.

2.4 Execution of Instruments

- (1) All cheques, notes, bills of exchange and other financial documents shall be signed on behalf of the Cooperative by any two directors or officers appointed by the Board.
- (2) All other deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Cooperative by any two officers of the Board.

2.5 Information Available to Members and Shareholders

Subject to the Act and the Regulations, no Member or 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 Members, 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 Members or Shareholders, and no Member or Shareholder shall have the right to inspect any record or document except as permitted by the Act or authorized by the Board.

SECTION 3 DIRECTORS

3.1 Election of Directors by Members

- (1) The Board shall consist of not less than 5 and not more than 10 Directors.
- (2) All Directors shall be elected by the Members as provided in these Bylaws at the first meeting of Members and at each annual meeting thereafter.
- (3) Members will have the opportunity to nominate candidates for election to the office of Director at the first Meeting of Members and at each annual Meeting of Members. The Directors may nominate a slate of Directors to be considered for election by the Members, provided these nominees are disclosed to the Members by Notice.
- (4) The Election of Directors shall be by secret ballot or an electronic equivalent that will maintain the confidentiality of the voting process. One to three scrutineers who are not nominees or Directors shall be appointed by the Chair of the Meeting for the purpose of ascertaining and declaring the results of the election of the Directors. In the event of a tie the Chair is authorized to prescribe a procedure to break the tie.
- (5) At the first Meeting of Members of the Cooperative:
 - (a) There shall be elected to hold office until the first annual Meeting of Members:
 - (i) One-third of the total number of Directors to be elected by Members, or
 - (ii) If one-third of that number is not a whole number, the next highest whole number.
 - (b) There shall be elected to hold office until the second annual Meeting of Members:
 - (i) One-half of the remaining number of Directors to be elected by Members after applying subsection (a), or
 - (ii) If half of that remaining number is not a whole number, the next highest whole number of Directors, and
 - (c) There shall be elected to hold office until the third annual Meeting of Members, the remaining number of Directors to be elected by Members after applying subsections (a) and (b).
 - (d) The Chair of the Meeting may either call for three sets of nominations for each of the above groups of Directors or call for all nominations at the same time on the basis that the Directors receiving the highest number of votes will be elected for the longest terms.
- (6) Except as provided in Bylaw 3.1(5), the term of the office of a Director to be elected by Members shall be until the third annual meeting following their election.
- (7) Retiring Directors are eligible for re-election.

3.2 Business to be Conducted by Board

- (1) Subject to the Articles and the Bylaws, the Board will direct and supervise the business of the Cooperative, will set policy and may exercise all the powers of the Cooperative that are not required to be exercised by the Cooperative at a Meeting of the Members.
- (2) The Board will require records to be kept of all business transactions and of all actions of the Board.
- (3) The Board may appoint an executive committee from among its number, and will, if appointed, prescribe the executive committee's duties.

- (4) The Board may appoint persons or employ a manager or such other agents, employees, consultants or independent contractors for defined purposes to assist the Board in the discharge of its duties.
- (5) The Board may, from time to time, but only with the approval of a majority of the Members at a Meeting of Members called for this purpose, 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.

3.3 Officers/Meetings

- (1) Immediately after the first meeting of Members and immediately after each subsequent annual meeting, the Board will meet and appoint from their own number
 - (A) a Chair;
 - (B) a Secretary; and
 - (C) a Treasurer.
- (2) Subject to section 3.3(3), the Board will hold meetings, not less than once every four months, on days and at places and times decided on by the Board, or as requested by any manager or managing director appointed by the Board. The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director forthwith after being passed, and no other notice shall be required for any such regular meeting.
- (3) Special meetings of the Board may be called at the request of two (2) Directors or by the Chair. The Directors or Chair calling the meeting will fix the time, place and date of the meeting.
- (4) Notice of the time and place of special meetings of the Board shall be given to each Director not less than 5 days before the time when the meeting is to be held if the notice was delivered personally to each Director or by means of facsimile transmission or email to the last recorded facsimile number or email address of each Director, and not less than 10 days notice if it is given by mail at the last recorded address of the Director or by any other means.
- (5) If all the Directors are present at a meeting it will be deemed to have been regularly called whether or not the notice of the meeting has been given or properly given. A Director may waive notice of a meeting in writing or by participation in a meeting.

3.4 Electronic Meetings and Resolutions in Writing

- (1) A Director may attend a meeting of Directors by means of a telephonic, electronic or other communication facility that permits all persons participating in the meeting to communicate adequately with each other during the meeting.
- (2) A resolution in writing signed by all the Directors entitled to vote on that resolution at a meeting of Directors or a committee of Directors is as valid as if it had been passed at a meeting of Directors or of a committee of Directors.
- (3) A resolution may be signed in counterpart, and by fax or email, in which event a faxed or email signature shall be deemed as good as an original, and all counterparts taken together shall be deemed to be one and the same instrument.

3.5 Quorum/Voting

- (1) A majority of the Directors constitutes a quorum for the transaction of business at a meeting of the Board, but a smaller number may adjourn from time to time until a quorum is obtained.
- (2) The Chair may vote on any question, but having done so, the Chair does not have a casting vote.
- (3) If there is no majority in favour of a motion, the motion is lost.
- (4) At the meeting of Directors held before the annual meeting, the Directors will adopt a report covering all the activities of the Cooperative for the preceding year which will be presented to the Members at the annual Meeting of Members.
- (5) The act of a majority of the voting Directors present at a meeting at which a quorum is present will be the act of the Board, unless the act of a greater number is required by law or these Bylaws.

3.6 Validity of Acts

- (1) All acts done by any meeting of the Board, or by any person acting as Director, or by a resolution in writing of the Directors will be valid and subsisting notwithstanding that it may subsequently be discovered that there was some defect in the appointment of any Director or person acting as Director, or that they or any of them were not qualified to be Directors.
- (2) Irregularities in the notice of any meeting or the accidental omission to give a notice to or the non-receipt of a notice by any Director will not invalidate any resolution passed or any of the proceedings taken at any meeting of the Board.

3.7 Qualifications of Directors

- (1) No person shall be a Director if that person is:
 - (a) under 18 years of age;
 - (b) an individual who is a "represented person" as defined in the *Adult Guardian and Trustee Act* (Alberta) an admission certificate or a community treatment order under the *Mental Health Act* (Alberta); or has been found to be a person of unsound mind by a court elsewhere than in Alberta;
 - (c) an undischarged bankrupt;
 - (d) a full time employee of the Cooperative;
 - (e) not a person who resides in the Province of Alberta, either on a full-time or part-time basis.
 - (f) not a Member in Good Standing of the Cooperative.
 - (g) does not have sufficient experience in a leadership role within a cooperative or has not successfully completed a cooperative education course to the satisfaction of the Board.

3.8 Removal of Directors

- (1) The Board may remove any Director and declare that Director's office vacant if the Director:
 - (a) is not in Good Standing, after 14 days' notice has been given to that Director to remedy the default which resulted in the Director not being in Good Standing by a person so authorized by the majority of the Board;

- (b) fails to attend three (3) consecutive regular meetings of the Board of which the Director has been duly notified, unless the Director's absence has been explained to the satisfaction of the Board;
 - (c) is convicted of an indictable offence for which the Director is liable to imprisonment for a term of not less than two (2) years;
 - (d) has been established to the satisfaction of the Board to be guilty of disloyalty to the Cooperative;
 - (e) has been established to the satisfaction of the Board to be no longer qualified.
- (2) Subject to the Act, the Members of the Cooperative may, by a majority vote at a Meeting of Members, remove any Director from office who was elected by the Members.
- (3) A Director may resign from the Board by giving the Board notice of his resignation in writing.

3.9 Ceasing to Hold Office/Filling Vacancies

A Director ceases to hold office when that Director dies, resigns, is removed from office, or becomes disqualified from continuing as a Director under the Act. If a Director's office is vacant the Board may, subject to the provisions of the Act, appoint a Director to fill this vacancy until the next annual meeting of Members.

3.10 Conflict of Interest

- (1) A Director or Officer of the Cooperative must, in accordance with the Act, disclose to the Cooperative the nature and extent of any interest that the Director or Officer has in a material contract or transaction, or a proposed material contract or transaction, with the Cooperative and any material change to any such interest.
- (2) This provision does not require disclosure of:
- (a) a Share Subscription Agreement with the Cooperative, or
 - (b) any other contract or transaction that is available to and customarily entered into between the Cooperative and its Members or shareholders,
- if the said Share Subscription Agreement, contracts, or transactions are on the same terms as are generally available to Members.
- (3) Notwithstanding section 3.10(2) an Officer or a Director may not vote on matters involving Share Subscription Agreements, contracts, or transactions entered into between the Cooperative and the Director or Officer, provided that a vote in these circumstances will not of itself obligate the Director or Officer to account for any profit realized from the contract, but may disqualify the Director or Officer from the Board if the Board, by a majority vote, decides that the Director or Officer's conduct justifies disqualification.

3.11 Remuneration and Expenses

The Directors and Officers shall be paid such remuneration for their services as the Members may from time to time by ordinary resolution determine. The Directors and Officers shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing in these Bylaws shall preclude any Director or Officer from serving the Cooperative in any other capacity and receiving remuneration therefore, except as a full time employee of the Cooperative.

3.12 Financial Statements/Reports

- (1) The Board shall submit or cause to be submitted to every annual meeting of the Members financial statements as prescribed by the Act and the Regulations and a report as to the affairs of the Cooperative and the business carried on by the Cooperative.
- (2) The Financial Statements shall have attached thereto as Schedules "Project Financial Statements" for each Project which shall include a statement of income and expenses and the Project Surplus for each Project.
- (3) The amounts paid by Members for Class "A" Shares shall not be included in Project Financial Statements, and shall not be used to invest in or pay costs with respect to a Project. The proceeds from Class "A" Shares may be used to pay general costs and expenses of the Cooperative.

3.13 Fees and Levies

The Directors may set and vary, fees and levies to be paid by the Members and Shareholders, including annual Membership or Shareholders fees and levies, and fees for services rendered.

SECTION 4 COMMITTEES, OFFICERS AND STAFF

4.1 Committees

- (1) The Board may appoint other committees from the Board or the Membership to assist with the governance and planning of Cooperative operations. At least one Member of the Board must serve on any committee.
- (2) Unless otherwise determined 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 Chair and to regulate its procedure.

4.2 Officers

There will be at least three Officers of the Cooperative who will assume the duties of Chair, Secretary and Treasurer. Officers will be elected by resolution of the Directors. All such Officers will also be Members of the Board. The Board may also establish other offices from time to time; which may be filled by individuals who need not necessarily be Members of the Board.

- (1) The Chair will preside at all meetings of the Cooperative and of the Board.
- (2) The Chair is *ex officio* a Member of all committees of the Board.
- (3) The Chair will present to the first meeting of Members and each annual general meeting of the Members the Directors' report of the Cooperative's activities for the previous year.
- (4) In case of the absence of the Chair, or in the event of the Chair's inability to act, the Board will nominate one of the Members of the Board who are present or participating by telephone to act as Chair.
- (5) Subject to paragraph 4.2(7) and (8), the Secretary will:
 - (A) attend all meetings of the Cooperative and of the Board and keep correct minutes of the meetings,
 - (B) have charge of the correspondence, records and books of the Cooperative, and
 - (C) perform such other duties as are assigned from time to time by the Board.

- (6) Subject to paragraph 4.2(8), the Treasurer will:
- (A) receive and deposit in the bank, treasury branch, credit union, or place of safekeeping designated by the Directors, all money paid to the Cooperative, and issue receipts for that money,
 - (B) keep a proper set of books, showing accurately the dealings of the Cooperative,
 - (C) present a full and detailed account of the receipts and disbursements to the Board whenever requested by it,
 - (D) prepare for submission to the annual meeting of the Cooperative, a complete statement of the financial position of the Cooperative, and
 - (E) perform other duties assigned by the Board.
- (7) The duties of the Secretary and Treasurer referred to in paragraph 4.2(6) and (7) may be modified or altered in keeping with the assignment of duties to the manager or other Officers of the Cooperative by the Board.
- (8) All Officers will serve at the pleasure of the Board. The Board will have the right to remove any Officer.
- (9) The Board will fill any office of a required Officer of the Cooperative which becomes vacant with a successor who will hold office at the pleasure of the Board.

4.3 Auditor

At the first annual meeting of the Cooperative, and subsequently at each annual meeting, the Cooperative shall appoint an Auditor in accordance with the Act. If the Cooperative is not a distributing Cooperative within the meaning of the Act, the Members and Shareholders may, by special Resolution resolve not to appoint an Auditor at the first meeting of the Cooperative and at each subsequent annual Meeting of the Cooperative.

4.4 Manager and Staff

The Board may, from time to time, appoint a manager for the Cooperative. The duties of the manager shall be as determined by the Board from time to time.

- (1) The Board may, from time to time, appoint such other staff as it may feel is necessary to carry on the Cooperative's business and undertaking, with such duties as may be determined by the Board.

4.5 Agents and Attorneys

The Board may from time to time appoint agents or attorneys for the Cooperative with such powers of management or otherwise, including the power to sub-delegate as may be approved by the Board.

4.6 Bonding Requirements

The Board may require such Officers, employees and agents of the Cooperative as the Board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the Board may from time to time determine.

SECTION 5 DUTY OF CARE AND PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

5.1 Duty of Care of Directors and Officers

Directors and Officers of the Cooperative, in exercising their powers and discharging their duties, shall

- (a) act honestly and in good faith with a view to the best interests of the Cooperative; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5.2 Insurance

The Cooperative may purchase and maintain such insurance for the benefit of its Directors and Officers, as the Board may from time to time determine.

5.3 Indemnity

Subject to the limitations contained in the Act, the Cooperative shall indemnify Directors and Officers, former Directors and Officers and their heirs and legal representatives and successors, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by them in respect of any civil, criminal or administrative action or proceeding to which they are made a part by reason of being or having been Directors or Officers of the Cooperative if:

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

SECTION 6 SHARES, MEMBERSHIPS AND TRANSFERS

6.1 Qualifications for Membership

Subject to the provisions of Bylaw 6.2 and the Articles, a person shall only be qualified to apply for Membership in the Cooperative if that person:

- (a) if an individual, is 18 years of age or older;
- (b) is not an undischarged bankrupt;
- (c) meets such other conditions as may be stipulated by the Board.

6.2 Application for Membership and Subscriptions for Membership and Investment Shares

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, each of the following:

- (a) an Application for Membership which shall include a signed Share Subscription Agreement for the allotment of at least one Class "A" share (if the applicant is not already a member of the Cooperative) and such Investment Shares as may be offered by the Cooperative;
- (b) such agreements as may be stipulated by the Board;

- (c) payment for Investment Shares subscribed for, provided that Board may, in its discretion permit payment to be made over time or by transfer from a member's Registered Retirement Savings Plan or a member's Tax Free Savings Account;
- (d) such other documents, materials and payment as may be required by the Board.

6.2.1 Share Certificates

Share Certificates shall be issued for all Investment Shares, but not for Class "A" Shares.

6.3 Refusal of Membership Applications and Subscriptions

All Applications for Membership in the Cooperative and subscriptions for Shares in the Cooperative shall be subject to the approval of the Board. Subject to the Articles and these Bylaws, the Board, in its sole discretion, may refuse any Application for Membership or subscription for Shares. If the Board refuses any Application for Membership or any subscription for Shares, the amount tendered for the purchase of any Shares which is refused shall be promptly returned to the applicant.

6.4 Right to Vote

Each Member shall have only one vote regardless of the number of Shares held, or how the right to vote is exercised.

6.5 Joint Membership, Partnerships and Corporations

- (1) Two or more persons may jointly hold a Membership or Shares. Where a Membership or Shares are held jointly, the Shares shall be held in joint tenancy unless the joint holders all sign a statement which indicates to the Cooperative that the Membership or Shares are to be held as tenants in common. Joint members and shareholders are jointly and severally liable for all assessments, levies, fees, payments, and other charges and debts imposed or payable to the Cooperative. A joint membership exists whenever two or more persons indicate that they wish to hold a single membership and a single Class "A" Share in the Cooperative. Joint Members have one vote between them and must appoint one joint Member to vote on their behalf.
- (2) Memberships may be held by corporations and partnerships.
- (3) The holders of jointly owned Memberships and Class "A" Shares; and holders of Memberships and Class "A" Shares held by Corporations and Partnerships; shall each appoint or elect a representative to represent them at Meetings of Members and to vote on their behalf.
- (4) The authority of the above representatives may be established in writing if signed by the Member, or by any other means acceptable to the Board.

6.6 Transfer and Transmission of Shares

- (1) Memberships and Member Interests may not be transferred without the approval of the Board. Memberships may be transmitted subject to the discretion of the Board and Bylaw 6.6(2).
- (2) The personal representative of a deceased holder of Member Interests is entitled to become the holder of the Member Interests if approved for Membership by the Board and if the personal representative deposits with the Cooperative, together with any reasonable assurances that the Cooperative may require:

- (a) Any certificates or documents reasonably required by the Cooperative to prove that the deceased Member held the Member Interests;
 - (b) A document proving the death of the holder of the Member Interests; and
 - (c) A document proving that the personal representative has the right under the law of the place in which the deceased Member was domiciled immediately before death to deal with the Member Interests.
- (3) Notwithstanding the foregoing, shares in the Cooperative are only transferable to the extent permitted by law and to the extent permitted by any Subscription Agreements signed by the Member or Shareholder at the time of issue.

6.7 Duty of Members

A Member shall faithfully support and promote the business and the objectives of the Cooperative and shall be bound by the Articles and Bylaws. A Member who is not in Good Standing shall not be entitled to vote at a Meeting of Members.

6.8 Withdrawal of Members

- (1) Subject to the approval of the Board, and subject to the Act, and upon such terms and conditions as the Board requires, a Member may withdraw from Membership in the Cooperative by giving 90 days' 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 to the Cooperative prior to withdrawal.
- (2) A Member who has withdrawn from Membership shall not be entitled to the redemption of any Member Investment Shares, until repayment or redemption is permitted or due, as provided in these Bylaws and the Articles.

6.9 Termination of Membership for Cause

- (1) The Board shall have the right, by resolution, to terminate the Membership of any Member if, in the opinion of the Board:
 - (a) the Member remains not in Good Standing, after 14 days' notice has been given to the Member to remedy the default which resulted in the Member not being in Good Standing;
 - (b) the Member is petitioned or makes an assignment into bankruptcy, a Receiver is appointed with respect to the Member or the Member's property, or a seizure or extra-judicial seizure is effected with respect to the Member's property which affects the Member's ability to carry on business;
 - (c) the Member is convicted of an offense involving imprisonment without the option of a fine;
 - (d) the Member does not, for a period of 6 months, have any investments in any Project and does not, in the opinion of the Board, offer support or contributions of significant value to the activities of the Cooperative;
 - (e) there is any other just cause which warrants termination of Membership.

Within 7 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.

- (2) A person whose Membership is terminated for cause or by resolution of the Board may appeal the decision to the next Meeting of Members.
- (3) At the next Meeting of Members, the Members may, by majority vote, affirm or overturn the termination. The outcome shall be final and binding on the Member.
- (4) A Member who has been terminated shall be entitled to the repayment of all the loans made by the member to the Cooperative subject to the provisions of the Act.

SECTION 7 MEETINGS OF MEMBERS

7.1 Annual Meetings

- (1) The Board shall call a first Meeting of Members within 180 days after the Cooperative comes into existence.
- (2) The Board shall call the first annual Meeting of Members not later than 18 months after the Cooperative comes into existence. Subsequent annual Meetings of Members must be held not later than the earlier of 15 months after the holding of the preceding annual Meeting of Members and six months after the end of the preceding fiscal year.

7.2 Special Meetings

- (1) The Board may at any time call a special Meeting of Members or Shareholders.
- (2) 25% of the Members may by written requisition require the Board to call a special Meeting of Members for the purposes stated in the requisition.

7.3 Place of Meetings

Meetings of Members shall be held at the business office of the Cooperative or elsewhere in Alberta, or electronically, as the Board may determine. If a Meeting of Members is to be held outside of Edmonton, Alberta, then provision shall be made to allow for participation and voting by Members through electronic means.

7.4 Notice of Meetings

- (1) Notice of the time and place for each Meeting of Members shall be given to the Members not less than 10 days and no more than 45 days before the date of the meeting.
- (2) The notice shall be given to each Director, to the Cooperative's Auditor, if any, and to each Member registered in the records of the Cooperative at the close of business on the day immediately preceding the day on which the notice is given.
- (3) Notice of a Meeting of Members called for any purpose other than the consideration of the annual report of the directors, the financial statements, the Auditor's report, the election of directors, the appointment or reappointment of the Cooperative's Auditor, shall state the nature of that business in sufficient detail to permit the Member to form a reasoned judgment thereon, and shall state the text of any special resolution to be submitted to the meeting or, if the full text is too lengthy for convenient inclusion in the notice, a summary thereof.
- (4) A Member may, in any manner, waive notice of or otherwise consent to a Meeting of Members without notice.
- (5) Failure to receive a notice does not deprive a Member of the right to vote at a Meeting of Members.

7.5 Meetings Without Notice

A Meeting of Members may be held without notice at any time and place if all Members entitled to vote thereat are present in person or by representative or if those not present waive notice of or otherwise consent to such meeting being held, and if the directors are 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 Members may transact.

7.6 Chair, Secretary and Scrutineers

- (1) The Chair of any meeting of Members shall be one of the following individuals who are present at the meeting: the Board Chair, or some other person elected by the Members at the meeting if the Board Chair is absent.
- (2) The Chair of the meeting shall appoint some person to act as secretary of the meeting.
- (3) The Chair of the meeting shall appoint scrutineers under appropriate circumstances, for the purpose of ascertaining and declaring the results of any ballot taken.

7.7 Persons Entitled to be Present

The only persons who are entitled to be present at a meeting of Members are the Members, the Members' representatives, Shareholders, Directors and Officers of the Cooperative, and Cooperative's solicitor and Auditor. Others may only be admitted upon invitation of the Chair of the meeting or the consent of the majority of the Members and their respective delegates present at the meeting.

7.8 Quorum

A quorum for the transaction of business at any Meeting of Members shall be a minimum of either 50% of the Members (or their respective representatives), or 10 Members or their respective representatives (whichever is less) present and entitled to vote at the meeting.

7.9 Record Date

- (1) The Record Date for each Meeting of Members is 10 days prior to that meeting.
- (2) Only Members who have been entered on the Member register, and delegates of these Members by the Record Date are entitled to vote at the Meeting of Members and in the election of Directors, provided that the Chair of the meeting may permit a non-registered delegate to vote in place of a Member, if the Chair is satisfied that the delegate has the authority to do so.

7.10 Order of Business

So far as applicable at any particular Meeting of Members of the Cooperative, the order of business is as follows:

- (1) Calling of meeting to order by the Chair.
- (2) Approval of Minutes of the preceding meeting.
- (3) Business arising out of the minutes.
- (4) Report of the Officers and board of Directors and committee reports (if any).
- (5) Consideration of financial statements.
- (6) Report of the accounting advisor.

- (7) Nomination and election of Directors by Members.
- (8) Nomination and appointment of the accounting advisor.
- (9) New business.
- (10) Adjournment.

At any Meeting the Members may amend the agenda, add items to it, or delete items from it in accordance with normal rules of practice for the conduct of business and meetings, and in accordance with the direction of the Chair.

7.11 Votes to Govern

At any Meeting of Members, every question shall, unless otherwise required by the Act or these Bylaws, be determined by the majority of the votes cast on the question. In case of an equality of votes, the motion shall be lost.

7.12 Show of Hands

Subject to the Act and these Bylaws, any question at a Meeting of Members shall be decided by a show of hands or electronic equivalent unless a ballot thereon is required. Whenever a vote by show of hands or electronic equivalent has been taken upon a question, unless a ballot thereon is so required, a declaration by the Chair of the meeting that the vote upon the question has been carried 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 question, and the result of the vote so taken shall be the decision of the Members.

7.13 Ballots

- (1) On any question proposed for consideration at a Meeting of Members, any three Members or delegates entitled to vote at the meeting may demand a ballot with respect to matters which may be decided by Members. A ballot so demanded shall be taken in such manner as the Chair shall direct. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, the result of the ballot shall be the decision of the Members upon the question.
- (2) The Board may authorize and provide for the voting out of a meeting of Members or otherwise by mail, email or facsimile ballot, or by a combination of these ballots and ballots at a Meeting of Members, on any matter of special business.

7.14 Adjournment

If a Meeting of Members is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the adjourned meeting. If a Meeting of Members is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given.

7.15 Resolution in Writing

A resolution in writing signed by all the Members or delegates entitled to vote on that resolution is as valid as if it had been passed at a meeting.

SECTION 8 ALLOCATION OF REVENUES

8.1 Disposition of Surplus Earnings

Subject to the Articles, the disposition of Surplus Earnings remaining in the hands of the Cooperative at the end of a fiscal year shall be dealt with as follows:

- (a) The Board shall retain for future use such cash reserves as the Board considers reasonably necessary to meet any of its accrued financial obligations and for the ongoing maintenance, operation and administration of the Cooperative's assets and business;
- (b) Subject to Section 8.1(c) to (e), any portion of the Surplus Earnings for any fiscal year not allocated pursuant to Section 8.1(a) shall be allocated as dividends to each outstanding class of Investment Shares in accordance with the Cooperative's obligations under the applicable Share Subscription Agreements for each such class of Investment Shares;
- (c) Any dividends paid to Class "A" shareholders must be equally matched by a reinvestment of earnings in the Cooperative's mission (50%);
- (d) The Board may decide to structure contracts for the Cooperative's services that are entered into with Members so as to include provision for Patronage Returns. In such event, any liability for such Patronage Returns shall be included in the calculation of amounts to be retained from Surplus Earnings pursuant to Section 8.1(a) of these Bylaws. For clarity, no Patronage Returns shall be made payable in respect of any fiscal year if the Cooperative does not have Surplus Earnings in such year.
- (e) The Cooperative may set off against any patronage or dividends payable to a Member or Shareholder, amounts payable by the Member or shareholder to the Cooperative. Dividends are not payable to a Member or Shareholder so long as the Member or Shareholder is not in Good Standing.

8.2 Borrowing of Dividends

- (1) The recipients of dividends shall be treated as agreeing to lend to the Cooperative each year that portion of the dividends credited to the recipient that are not promptly paid.
- (2) The Cooperative shall pay to each such recipient all sums borrowed by the Cooperative under subsection (1) without interest and as soon as revenue becomes available for that purpose.

SECTION 9 NOTICES

9.1 Method of Giving Notice to Members and Shareholders

- (1) Any notice required or permitted to be given under the Bylaws to a Member or Shareholder will be in writing and may be given or delivered by:
 - (a) personal delivery to the Member or Shareholder;
 - (b) by sending it by mail to the postal address last provided by the Member or Shareholder to the Cooperative; or
 - (c) by facsimile transmission to the facsimile transmission number last provided by the Member or Shareholder to the Cooperative; or
 - (d) by email at the last email address provided by the Member or Shareholder to the Cooperative.

- (2) A notice delivered by hand or electronically shall be deemed to be given when it is delivered or transmitted as the case may be. A notice given by mail shall be deemed to be received on the third business day following mailing.
- (3) Each Member and Shareholder will provide the Cooperative with a current mailing address for service of notice and may provide a facsimile number, or email address for the purposes of receiving notice under these Bylaws.

9.2 Notice to Cooperative

Any notice or ballot required or permitted to be given under the Bylaws to the Cooperative by the Member will be in writing and will be given to the Cooperative by mailing it to or delivering it to the Cooperative at its business office, or by facsimile transmission or email to the Cooperative's facsimile number or email address.

9.3 Change of Address

Any party may at any time give notice in writing to the other of any change of address or facsimile number or email address of the party giving such notice and from and after the giving of such notice, the address therein specified will be deemed to be the address of such party for the giving of notices under these Bylaws.

9.4 Undelivered Notices

If any notice given pursuant to this section is returned, the Cooperative shall not be required to give any further notices until the person to whom it is directed informs the Cooperative in writing of their new address, facsimile number, or email as the case may be.

9.5 Waiver of Notice

Any Member, delegate, Shareholder, 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.

SECTION 10 AMENDMENT TO BYLAWS

10.1 Amendment by Members

- (1) Section 2.1 (Objects of the Cooperative), Section 8.1 (Allocation of Revenues) and Section 3.12 (Financial Statements/Reports) of these Bylaws may only be amended, repealed or replaced in whole or in part with the approval of 80% of the Members, and the approval of 80% of each class of investment Shareholders, present at any meeting duly constituted for that purpose.
- (2) All remaining Bylaws may be amended by ordinary resolution.

10.2 Amendment by Directors

Notwithstanding section 10.1, the Directors 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 Members and provided further that the Bylaw or amendment as the case may be will be presented to the Members at the next meeting of Members 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 Members at which it was not confirmed.

APPENDIX " A" PROJECT AND RISK DISCLOSURE FORM

A. Description of the Proposed Investment Project

[Describe the proposed project. Description should provide:

- *Full particulars of the amount required for the investment, a budget setting forth how the investment will be spent (including amounts required for legal, accounting and administrative costs, and all steps required to bring the investment to a successful conclusion.*
- *An explanation as to how and why the investment meets local investment objectives of the Cooperative.*
- *A description of all due diligence steps which have been taken or which may be taken to protect the interests of members and investors.*
- *A description of steps being taken to secure the investment of the Cooperative in the project [for example, mortgage security, personal and corporate guarantees, etc.].*
- *Describe the exit strategy for the investment.]*

B. Risk Factors

- (1) Investments in small business involve a high degree of risk and investors should not invest any funds unless they can afford to lose a substantial portion of their investment. Potential investors should not rely solely on the information set out in this disclosure, but should do their own due diligence to assess the risk involved.
- (2) The following risk factors, in order of importance, are the factors that the Cooperative considers to be the most substantial risks to an investor with respect to the project, in view of all known facts and circumstances:
 - (a) *[List risk factors in order of importance.]*
 - (b) *Etc.*
- (3) In addition to the above risk factors, investors should consider the following risk factors before they decide to purchase shares to the Cooperative with respect to the project:
 - (a) Shares are speculative in nature. An investment is appropriate only for investors who are prepared to have their money invested for a long period of time, and who have the capacity to absorb a loss of some or all of their investment;
 - (b) There is no market through which the shares may be sold. Investors may find it difficult or impossible to sell their shares;
 - (c) There are restrictions on the resale of shares;
 - (d) The Cooperative may not achieve a level of profitability to permit dividends to be paid. Investors should not count on any return from these shares;
 - (e) Investors who deposit these shares in a self-directed RRSP should not depend on selling the shares or income from the Patronage Returns or dividends to fund their retirement;
 - (f) Tax laws frequently change.

C. Investment Procedure

Describe class of shares, and the number of shares that are planned to be issued in connection with the project:

- (a) The minimum offering amount is \$..... No funds will be released until this amount has been paid into trust to_____
- (b) The material contracts which must be entered into, and the other steps which must be taken before any funds are released, or as follows:
 - (i) _____.
 - (ii) Etc.