

Sample Bylaws – Co-operatives First

Disclaimer: These bylaws were created by Co-operatives First staff and should not be used for any organization for the purposes of incorporation, operation, or otherwise. Bylaws should be created for each individual co-operative and reviewed by legal counsel.

1. Definitions

- a. The **Act** refers to the *Co-operative Act, 1996*. Any amendments or replacement of provisions in the Act shall be read in reference to the amended provisions.
- b. The **Co-operative** refers to the organization that establishes these bylaws.
- c. The **Directors** and **Board** refer to the directors of the co-operative.
- d. All terms used in the bylaws shall hold the meaning given to those terms in the Act.
- e. **General Resolution** means that a resolution requires 50%+1 of a vote of present members or directors to be accepted.
- f. **Special Resolution** means that a resolution requires a two thirds majority vote of present members or directors to be accepted.

2. Fiscal Year

- a. The fiscal year of the Co-operative shall begin on the first day of January and end on the thirty-first day of December each year.

3. Registered Office

- a. The registered office of the co-operative shall be within the trading area of the co-operative in the province of Saskatchewan as decided by the board.

4. Members

- a. Members in the co-operative is open to any persons that:
 - i. Can use the services of the co-operative
 - ii. Can meet the responsibilities of a member in the co-operative
 - iii. Is 16 years or older

5. Approval of members

- a. A person seeking shares with the co-operative will not become a member until:
 - i. He/she submit a written application for member status to the board. The format of this application shall be approved by the board from time to time.
 - ii. The board, by general resolution, accept the application to become a member.
 - iii. The acceptance of the member has been recorded in the minutes for that board meeting.

6. Equity

- a. Persons applying to be members in the co-operative are required to purchase five common shares of the co-operative.

- b. The applicant must submit payment for the 10 common shares upon submission of a written application.
- c. The co-operative is not required to issue share certificates.

7. Joint Shares

- a. Joint shares in the co-operative shall be prohibited.

8. Allocation of Surplus

- a. It shall be the responsibility of the board to allocate any surplus revenue in each fiscal year
- b. The directors shall set aside no less than 10% of any surplus revenue before allocating a patronage dividend.
- c. The board, by general resolution, may allocate surplus revenue to matters that further the mandate and general well-being of the co-operative.
- d. The board may allocate a patronage dividend to the members of the co-operative from any unallocated surplus from the previous fiscal year, or any previous fiscal years.
- e. Patronage dividends shall be issued to members in proportion to the business done with the co-operative in the previous fiscal year according to the act at rates determined, by general resolution, by the board.
- f. The co-operative will not issue patronage dividends or common share redemption for amounts less than \$15.00.

9. Withdrawal of shares

- a. A member, partner, or associate may apply to withdraw his/her shares from the co-operative by submitting 3 months' written notice of intention to withdraw to the secretary of the board.
- b. Written notice to the board with proof satisfactory to the board that a member has filed for bankruptcy, died or moved out of the trading area shall have the same effect as withdrawal of shares.
- c. The payments of amounts owing the member at the time of withdrawal is subject to section 11.

10. Cessation or termination of members

- a. A member ceases when:
 - i. The board approves a withdrawal
 - ii. The board, by special resolution, may terminate a member, which, if appealed, may be upheld once all appeal processes are exhausted.
- b. The board, by special resolution, at a board meeting may terminate a member. Within 10 days the secretary must deliver the termination order to the affected member at his/her last known address.
- c. A person affected by a termination order may appeal the board's decision at the next general meeting of the co-operative by providing the secretary written notice of his/her intention to appeal the decision within 30 days of receiving the termination order. The appeal must be allocated time on the agenda of the general meeting. Only a majority vote by the members present for the meeting will rescind the termination order. The terminated

member, may appeal to the registrar, following procedure set out in the Act, if all other appeal processes set out in section 10.c have been exhausted.

11. Payment to members

- a. Within 3 years of the approval of a withdrawal of shares or termination of a member by the board the co-operative shall purchase all of the shareholder's shares at their par value.
- b. If the payment of amounts owned to a member would, in the opinion of the board impair the financial state of the co-operative or act against the interests of remaining members, the board may prioritize payment to terminated members.

12. General Meetings

- a. General meetings shall be held within the trading area of the co-operative and determined annually by the board.
- b. The co-operative shall not give less than 20 and not more than 50 days' notice of general meetings by posting notice in the co-operative's locations and circulating advertisements in no less than two newspapers in the trading area. Notice of the meeting will specify the purpose for the meeting. In the event a document or statement is required to carry on the business of the co-operative at the general meeting, a description of the document or statement must accompany notice of the meeting. The co-operative must make this document or statement available to those that inquire as such.
- c. The members, by general resolution, at each annual meeting shall appoint an auditor to hold that office until the close of the following year's annual meeting. In the event an auditor cannot be appointed at an annual meeting the incumbent auditor shall continue to hold that officer until a successor is appointed.

13. Quorum

- a. Quorum at annual, general, or special meetings shall be the lesser of 10% of the members or 25 members.
- b. Quorum at board meetings shall be a simple majority of the board.
- c. Where a quorum is not present for a meeting, those in attendance may adjourn the meeting or hold discussion, but cannot transact any business of the co-operative.

14. Directors

- a. A member seeking the office of director must meet the following qualifications:
 - i. Must be an individual
 - ii. Must be 18 years or older
 - iii. Must be of sound mind
 - iv. Must not have the status of bankrupt
 - v. Must be a member of the co-operative

- vi. Must live within the trading area of the co-operative
- b. The board shall consist of 7 directors.
- c. As many as 2 employees of the co-operative may serve as directors at the same time.
- d. Directors shall serve a term of office of one year and will be elected at the annual meeting.
- e. Directors shall serve no more than 5 consecutive terms.
- f. A director will cease to hold office if he/she:
 - i. Dies or resigns
 - ii. Is removed from office by the board or the members
 - iii. Becomes ineligible to hold the office of director under the conditions set out in 14.a
- g. A director may be removed from office by the members by special resolution at a special or general meeting.
- h. A director may be removed from office by the board by special resolution at a board meeting.
- i. A vacancy on the board created by a situation outlined in section f may be filled at the same meeting described in section g or by the board by general resolution at a board meeting.

15. Nominating procedures

- a. At least 90 days before an annual meeting, the board will appoint a nominating committee to obtain nominations from the members for candidates to serve on the board.
- b. A member may be nominated as a candidate for the board of directors by submitting a completed board-approved nomination application to the nominating committee with the signatures of two members identified as nominators.
- c. At least 30 days before the annual meeting no more nominations will be accepted and the list of candidates shall be made public to the members.

16. Director Elections

- a. When the number of nominees exceeds that maximum number of allowed directors, the election of directors will be determined by secret ballot.
- b. Each voting member shall cast a ballot voting for the maximum number of eligible board positions as per section 14.b.
- c. Any ballots containing fewer votes than the maximum number of board positions is valid.
- d. Any ballots that contain a vote for a candidate that is not a nominee or contains more votes than the maximum number of eligible board positions are invalid.

17. Voting

- a. Each member is entitled to one vote for any decision at a general, special, or annual meeting.
- b. Voting will be by show of hand unless a secret ballot is requested by no fewer than 3 members.

- c. Voting by proxy, mail, or other means of distance communication are prohibited.
- d. In the event of a tie, the chair may cast a deciding vote, but cannot vote again if a vote was already cast.
- e. In the event of a tie where the chair cannot cast a deciding vote the motion/resolution is defeated.

18. Place, notice, and transactions for directors' meetings

- a. Directors are entitled to meet as often as necessary.
- b. Meetings may be called by the president or by two directors at any time provided two weeks' notice is given.
- c. Unless otherwise provided in these bylaws or the act, decisions made at board meetings require a simple majority.
- d. Board meetings may utilize a telephone system or other means of communications for the purposes of coordinating a meeting with all directors if all directors consent.

19. Duties of Directors

- a. The board shall direct the management and affairs of the co-operative.
- b. The board shall exercise the borrowing powers of the co-operative outlined in the act.

20. Officers

- a. At the first board meeting, directors shall vote on office holders from among the directors. These offices must include:
 - i. A president
 - ii. A vice-president
 - iii. A treasurer
 - iv. A secretary
 - v. Other offices as deemed necessary by the board to carry out the business of the co-operative.
- b. Directors shall not hold more than 1 office.
- c. It shall be the responsibility of the board to articulate and approve the duties of each office in accordance with the act and generally accepted duties of such office holders.

21. Committees

- a. The board may, by resolution, from among the members or directors, appoint a committee that is deemed necessary to carry out the business of the co-operative.

22. Remuneration

- a. The co-operative shall pay its directors \$150 per day spent carrying out the business of the co-operative in their capacity as directors.
- b. The co-operative shall reimburse directors for any reasonable out-of-pocket expenses necessary to carry out the business of the co-operative.

- c. The co-operative shall reimburse directors for the reasonable use of their personal vehicle for purposes necessary to carry out the business of the co-operative at a rate of \$0.42 per kilometer.
- d. The board shall create and maintain a policy concerned with expense claims for directors and staff.

23. Amending and repealing the bylaws

- a. At any general, annual, or special meeting the members may enact, amend, repeal, or replace bylaws by special resolution.
- b. In the event a two thirds majority is not achieved the resolution is defeated.

24. Dissolution

- a. Any member at any general, annual, or special meeting by special resolution may propose to dissolve the co-operative.
- b. The resolution must be accompanied by a statement of dissolution that requests the conversion of assets into cash and donation of funds unclaimed by creditors or members to a charitable organization.
- c. Upon dissolution, the distribution of assets shall follow the Statement of dissolution.