

AMALGAMATION AGREEMENT

THIS AGREEMENT made on the ____ day of _____, 2020.

B E T W E E N :

HURON BAY CO-OPERATIVE INC.
(hereinafter called "Huron Bay")

OF THE FIRST PART;

- and -

NORTH WELLINGTON CO-OPERATIVE SERVICES INC.
(hereinafter called "North Wellington")

OF THE SECOND PART;

WHEREAS Huron Bay has mandatory member loans, demand loans, deferred patronage loans and 1, 3 and 5 year term loans, of which mandatory member loans, deferred patronage loans and 1, 3 and 5 year term loans are outstanding;

AND WHEREAS North Wellington has mandatory member loans, demand loans and 1, 3 and 5 year term loans, of which mandatory member loans, demand loans and 1, 3 and 5 year term loans are outstanding;

AND WHEREAS Huron Bay and North Wellington having made full disclosure to one another of all their respective assets and liabilities, desire to amalgamate and continue as one co-operative corporation pursuant to the provisions of the Co-operative Corporations Act (Ontario) (hereinafter called the "Act") upon the terms and conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT witnesses that:

ARTICLE 1 - DEFINITIONS

1.1 Definitions: In this Agreement, the following terms shall have the respective meanings ascribed to them as follows:

"Act" shall mean the Co-operative Corporations Act (Ontario) or any statute which may be substituted therefor including the regulations made thereunder as amended from time to time;

"Agreement" shall mean this Amalgamation Agreement;

"Amalgamated Co-operative" or "Co-operative" shall mean the co-operative corporation continuing from the amalgamation of Huron Bay and North Wellington;

"Amalgamation Date" has the meaning set out in Section 2.1 of this Agreement; and

"Board" means the board of directors of the Amalgamated Co-operative.

ARTICLE 2 - AMALGAMATION

- 2.1 Agreement: Subject to Section 2.3 hereof, Huron Bay and North Wellington hereby agree to amalgamate effective as of the date a Certificate of Amalgamation is issued (the "Amalgamation Date") under the provisions of Subsection 156 of the Act, and to continue as one co-operative corporation under the terms and conditions hereinafter set forth and to file Articles of Amalgamation accordingly. Articles of Amalgamation in the prescribed form shall be sent to the Minister under the Act, together with all other documents necessary to bring the amalgamation into effect.
- 2.2 Effect of Amalgamation: Upon the amalgamation of Huron Bay and North Wellington and their continuance as the Amalgamated Co-operative becoming effective:
- (a) The Amalgamated Co-operative shall possess all the property, rights, privileges and franchises and shall be subject to all liabilities, including civil, criminal and quasi-criminal liabilities and all contracts, obligations and debts of each of Huron Bay and North Wellington;
 - (b) A conviction against, or ruling, order or judgment in favour of or against any of Huron Bay and North Wellington may be enforced by or against the Amalgamated Co-operative;
 - (c) The Amalgamated Co-operative shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against Huron Bay or North Wellington before the amalgamation has become effective; and
 - (d) Except for the purposes specified in the Act, the Amalgamated Co-operative's articles of amalgamation shall be deemed to be its articles of incorporation, and the Amalgamated Co-operative's certificate of amalgamation shall be deemed to be its certificate of incorporation.
- 2.3 Termination: Notwithstanding the approval of this Agreement by their members, the board of directors of either of Huron Bay or North Wellington, without further member approval, may terminate the amalgamation and this Agreement at any time before the issuance of a certificate of amalgamation.

ARTICLE 3 – ORGANIZATION

- 3.1 Name: The name of the Amalgamated Co-operative shall be:
- HURON BAY CO-OPERATIVE INC.**
- 3.2 Registered Head Office: The address and the municipality or geographic township in Ontario where the registered office of the Amalgamated Co-operative is to be situate is 15 Hillcrest Street East, Teeswater, Ontario, Municipality of South Bruce, N0G 2S0, until changed in accordance with the Act.
- 3.3 Objects: The objects of the Amalgamated Co-operative shall be:
- (a) To buy, sell or otherwise dispose of, hold, own, transport, produce, export, import, manufacture, process and deal in cereals, fruits, seeds, fertilizer,

vegetables and animal or other products of the farm of every kind or nature whatsoever in any state, fresh, processed or otherwise, or by-products thereof;

- (b) To act for the members as the selling medium for their products;
- (c) To arrange cash advances if deemed advisable, the amount of such cash advances to be fixed by the Board from time to time;
- (d) To purchase and sell and generally deal in fuel, petroleum products, farm implements and machinery, food, groceries, household goods and all other supplies, wares and such other merchandise as the Board may authorize;
- (e) To acquire or undertake the whole or any part of the undertaking, property and liabilities of any person, company or association carrying on any undertaking; which the Co-operative is authorized to carry on or possessed of property suitable for the purpose of the Co-operative;
- (f) To apply for, purchase or otherwise acquire any patents, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use or hold any secret or other information as to any invention which may seem capable of being used for any purpose of the Co-operative;
- (g) To take or otherwise acquire and hold membership or other shares in any other association having objects altogether or in part similar to those of the Co-operative or carrying on any undertaking capable of being conducted so as to directly or indirectly benefit the Co-operative;
- (h) To enter into any arrangement with any authorities, municipal, local or otherwise , which may seem conducive to the Co-operative's objects or any of them, and to obtain from any such authority any rights, privileges and concessions which the Co-operative may think desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions;
- (i) To purchase, take on loans or exchange, hire or otherwise acquire any personal property and any rights or privileges which the Co-operative may think necessary or convenient for the purpose of its undertaking and in particular any machinery, plant and stock in trade;
- (j) To construct, improve, maintain, work, manage, carry out or control any rights, ways, sidings, manufacturing facilities, warehouses, shops, stores and other works and conveniences which may seem calculated directly or indirectly to advance the Co-operative's interests and to contribute to, subsidize or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof;
- (k) To lend money on the security of personal property only to customers and others having dealings with the Co-operative and to guarantee the performance of contracts by any such persons;
- (l) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warehouse receipts, warrants and other negotiable or transferable instruments;

- (m) To sell or dispose of the undertaking of the Co-operative or any part thereof as an entirety or substantially as an entirety for such consideration as the Co-operative may think fit and, in particular, for debentures or securities of another association having objects, altogether or in part, similar to those of the Co-operative if authorized to do so by the vote of two-thirds of the members present at a general meeting duly called for considering the matter;
 - (n) To adopt such means of making known the products of the Co-operative as may seem expedient and, in particular, by advertising in the press, by circulars, by the purchase and exhibition of works of art or interest , by the publication of books and periodicals and by the granting of prizes, rewards and donations;
 - (o) To sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Co-operative;
 - (p) To do all or any of the above things as principals, agents, contractors or otherwise and either alone or in conjunction with others; and
 - (q) To do all such other acts and things as are incidental or conducive to the attainment of the above objects.
- 3.4 Mandatory Member Loan – The amount of the minimum mandatory member Loan shall be \$500.00, which amount must be advanced to the Amalgamated Co-operative in cash. A Member will not be entitled to receive any patronage returns from the Amalgamated Co-operative until such time as the member has loaned at all \$500 00 in cash to the Amalgamated Co-operative.
- 3.5 Restrictions on Transfer – No mandatory member loan shall be transferred without the approval of a majority of the Board, which approval shall be evidenced by a resolution of the Board.
- 3.6 Multi-Stakeholder Co-operative – The Amalgamated Co-operative shall not be a multi-stakeholder co-operative.
- 3.7 Membership Fee – The amount of the membership fee shall henceforth be a one time non-refundable membership fee of \$20.00.
- 3.8 Classes of Membership – There shall be one class of membership for the Amalgamated Co-operative.
- 3.9 Restrictions on Business – There shall be no restrictions on the business of the Amalgamated Co-operative may carry on or the powers the Amalgamated Co-operative may exercise, provided there are consistent with the objects of the Amalgamated Co-operative.
- 3.10 Special Provisions – There shall be no special provisions for the Amalgamated Co-operative.
- 3.11 Form of Loan Certificates – The form of loan certificate for the Amalgamated Co-operative shall be approved by the Board.

3.12 By-laws: The by-laws of the Amalgamated Co-operative shall be in the form attached to this Agreement as Schedule A.

3.13 Directors: The minimum number of Board of directors of the Amalgamated Co-operative shall be eight (8) and the maximum number of Board of directors of the Amalgamated Co-operative shall be twelve (12). The name, address and resident Canadian status of the first Board of directors of the Amalgamated Co-operative are as follows:

Name	Address	Initial Term	Resident Canadian
Timothy Andrew Edward Summers	395553 Concession 2, R.R. 1 Williamsford, Ontario, N0H 2V0		Yes
Jeffrey John Koehler	311442 Highway 6, R.R. 3 Mount Forest, Ontario, N0G 2L0		Yes
Ronald Charles Peter Ross	9089 Road No. 1 North, R.R. 3 Harriston, Ontario, N0G 1Z0		Yes
Abraham Arthur Versteeg	90417A Toll Gate Line, R.R. 2 Clifford, Ontario, N0G 1M0		Yes
Ronald John DeVisser	681 Concession 14 East, R.R. 1 Chesley, Ontario, N0G 1L0		Yes
John Andrew Black	112984 Grey Road 14, Proton Station, Ontario, N0C 1L0		Yes
David Alfred Kuntz	1062 Concession 14, R.R. 3 Walkerton, Ontario, N0G 2V0		Yes
Samuel Robert Luckhardt	457841 Grey Road No. 11, R.R. 6 Owen Sound, Ontario, N4K 5N8		Yes
Michael Peter Oberle	400 – 7 th Street Hanover, Ontario, N4N 1H2		Yes
Jon Paul Eckhardt	393620 Concession 2, R.R. 1 Durham, Ontario, N0G 1R0		Yes

The said first Board of directors of the Amalgamated Co-operative shall hold office until the first meeting of the members of the Amalgamated Co-operative or until their successors are elected or appointed in accordance with the Act and by-laws of the Amalgamated Co-operative.

3.14 Officers: Initially, the persons named below shall hold the office or offices in the Amalgamated Co-operative set out opposite their respective names until their successors are duly elected or appointed by the Board:

Name	Office
Samuel Robert Luckhardt	President

Name	Office
Timothy Andrew Edward Summers	Vice-President
Jeffrey John Koehler	Secretary
Abraham Arthur Versteeg	Treasurer

ARTICLE 4 – CONVERSION OF MEMBERSHIPS AND LOANS

4.1 Conversion of Huron Bay memberships and loans: At the time of amalgamation:

- (a) Each member of Huron Bay shall, in consideration of being a member of Huron Bay, become a member of the Amalgamated Co-operative without paying an additional membership fee.
- (b) Each mandatory member loan held by members in Huron Bay shall become a member loan of the Amalgamated Co-operative on the same terms and conditions; and
- (c) Save and except for the mandatory members loans referred to in (b) above, all other outstanding loans made by members of Huron Bay to Huron Bay including, without limitation, term loans, demand loans and deferred patronage loans, shall be deemed to be term loans, demand loans and deferred patronage loans made to the Amalgamated Co-operative by the Huron Bay members on the same terms and conditions, respectively.

4.2 Conversion of North Wellington memberships and loans: At the time of amalgamation:

- (a) Each member of North Wellington shall, in consideration of being a member of North Wellington, become a member of the Amalgamated Co-operative without paying an additional membership fee.
- (b) Each mandatory member loan held by members in North Wellington shall become a member loan of the Amalgamated Co-operative on the same terms and conditions; and
- (c) Save and except for the mandatory member loans referred to in (b) above, all other outstanding loans made by members of North Wellington to North Wellington including, without limitation, demand loans and term loans, shall be deemed to be demand loans and term loans made to the Amalgamated Co-operative by the North Wellington members on the same terms and conditions, respectively.

4.3 Delivery of Loan Certificates, Promissory Notes and other evidence of indebtedness: After the amalgamation becomes effective:

- (a) Mandatory member loans made by members of Huron Bay and North Wellington referred to in Sections 4.1(b) and 4.2(b) above shall be deemed to represent mandatory member loans to the Amalgamated Co-operative in favour of the holder thereof on the same terms and conditions as set forth in such mandatory member loans; and

- (b) Any promissory notes or other documents or instruments evidencing loans issued by Huron Bay or North Wellington, as the case may be, shall, pursuant to the provisions of Sections 4.1(c) and 4.2(c) of this Agreement, be deemed to be and shall henceforth be loans, promissory notes or other evidence of indebtedness of the Amalgamated Co-operative in favour of the holder thereof on the same terms and conditions as set forth in such notes or other indebtedness,

provided always that a member shall be entitled, upon request, to receive a replacement loan certificate, promissory note or other evidence of indebtedness from the Amalgamated Co-operative upon delivery to the Amalgamated Co-operative of their loan certificate, promissory note or other evidence of indebtedness from Huron Bay or North Wellington, as the case may be.

4.4 Effect of Amalgamation: Huron Bay and North Wellington acknowledge and agree that:

- (a) Upon amalgamation the Amalgamated Co-operative shall possess all the property, rights, privileges and franchises and is subject to all liabilities, contracts and debts of each of Huron Bay and North Wellington; and
- (b) The Articles of Incorporation of each of Huron Bay and North Wellington are amended to the extent necessary to give effect to the terms and provisions of this Agreement.

ARTICLE 5 – REPRESENTATIONS, WARRANTIES AND COVENANTS

- 5.1 Each of Huron Bay and North Wellington represents, warrants and covenants to the other party hereto that it has provided the other party hereto with full disclosure of all assets, liabilities, results of operations, capitalization, business condition and prospects and there is no fact known to them that would reasonably be expected to have a material adverse effect on their assets, liabilities, results of operations, capitalization, business condition or prospects or otherwise deter them from entry into this Agreement.
- 5.2 Prior to the Amalgamation Date, both of Huron Bay and North Wellington covenant and agree with each other to disclose to the other co-operative any material change to its respective assets, liabilities, results of operations, capitalization, business condition or prospects.

ARTICLE 6 – GENERAL

- 6.1 This Agreement shall be construed in accordance with the laws of the Province of Ontario and Canada and shall be treated as an Ontario contract.
- 6.2 This Agreement shall enure to the benefit of the parties and their respective successors and permitted assigns. No party may assign this Agreement without the prior written consent of the other parties.
- 6.3 This Agreement may be executed in several counterparts and by facsimile or electronic pdf transmission, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear date as of the date above written.
- 6.4 Any director or officer of each of Huron Bay and North Wellington respectively, be and they are hereby authorized to sign this Agreement on behalf of their respective co-

operative and to deliver Articles of Amalgamation in prescribed form to the Minister in order to give effect to the foregoing.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto each as of the date and year first above written.

HURON BAY CO-OPERATIVE INC.

Per: _____

Name: Samuel Robert Luckhardt

Title: President

I have the authority to bind the Co-operative.

NORTH WELLINGTON CO-OPERATIVE SERVICES INC.

Per: _____

Name: Timothy Andrew Edward Summers

Title: President

I have the authority to bind the Co-operative.

Schedule A

BY-LAW NO. 1

a by-law relating generally to the transaction of the business and affairs of

HURON BAY CO-OPERATIVE INC.

(the "Co-operative")

ARTICLE 1 - INTERPRETATION

1.1 Definitions - In this by-law and all other by-laws of the Co-operative, unless the context requires otherwise:

- (a) "Act" means the Co-operative Corporations Act (Ontario), or any statute which may be substituted therefor, including the regulations made thereunder as amended from time to time;
- (b) "Articles" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of dissolution, application for articles of revival, letters patent, supplementary letters patent and any other instrument by which the Co-operative is incorporated;
- (c) "board" means the board of directors of the Co-operative;
- (d) "business day" means a day that is not a Saturday, Sunday or any other day that is a holiday as defined in the Interpretation Act (Ontario);
- (e) "director" means a member of the board;
- (f) "meeting of Members" means an annual meeting of Members or a special meeting of Members;
- (g) "Member" means a person who has complied with the requirements of membership in the Co-operative as set forth in section 8 and "Membership" shall have a corresponding meaning;
- (h) "Membership Loan" means a loan to the Co-operative of the minimum amount set out in the Articles payable in the manner determined by the Board, bearing interest at a rate determined by the Board, but not to exceed the maximum rate prescribed by the Act, and is sometimes also referred to as a "mandatory member loan";
- (i) "Patronage Loans" has the meaning set forth in subsection 13.1;
- (j) "Patronage Return" has the meaning set forth in paragraph 12.1(c);
- (k) "person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in the capacity of trustee, executor, administrator, or other legal representative; and
- (l) "resident Canadian" means a Canadian citizen ordinarily resident in Canada or as otherwise defined in the Act.

ARTICLE 2 - GENERAL BUSINESS

- 2.1 Head Office - The head office of the Co-operative shall be in the municipality or geographical township within Ontario specified in the Articles or in a by-law and at such location therein as the board may from time to time determine.
- 2.2 Seal - The Co-operative may have a seal, which shall be adopted and may be changed by the board.
- 2.3 Financial Year - Until changed by the board, the financial year of the Co-operative shall end on the 31st day of August in each year.
- 2.4 Execution of Instruments - Deeds, transfers, assignments, contracts, obligations, certificates and other instruments shall be signed on behalf of the Co-operative by two persons,
- (a) one of whom holds the office of president, or vice-president or is a director, and
 - (b) the other of whom holds one of the said offices in (a) above or the office of secretary, assistant secretary or any other office created by by-law or by resolution of the board or is a director.

In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed.

The secretary or any other officer or any director may sign certificates and similar instruments (other than loan certificates) on the Co-operative's behalf with respect to any factual matters relating to the Co-operative's business and affairs, including certificates verifying copies of the Articles, by-laws, resolutions and minutes of meetings of the Co-operative.

- 2.5 Banking Arrangements - The banking business of the Co-operative, or any part thereof, shall be transacted with such bank, trust company or other firm or body corporate as the board may designate, appoint or authorize from time to time and all such banking business, or any part thereof, shall be transacted on the Co-Operative's behalf by such one or more officers or other persons as the board may designate, direct or authorize from time to time and to the extent thereby provided.
- 2.6 Cheques, Drafts, and Notes - All cheques, drafts or orders for payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or officers or person or persons whether or not officers of the Co-operative and in such manner as the board may from time to time designate.

ARTICLE 3 – BORROWING

- 3.1 Borrowing - Without limit to the powers of the board as provided in the Act, the board may from time to time on behalf of the Co-operative:
- (a) borrow money upon the credit of the Co-operative;
 - (b) issue, sell or pledge debt obligations of the Co-operative;

(c) charge, mortgage, hypothecate or pledge all or any currently owned or subsequently acquired real or personal movable or immovable property of the Co-operative, including book debts, rights, powers, franchises and undertaking, to secure any obligations or any money borrowed or other debt or liability of the Co-operative.

3.2 Delegation - Subject to the Act, the Articles and the by-laws, the board may from time to time delegate to a director, a committee of directors or an officer of the Co-operative or such other person or persons so designated by the board all or any of the powers conferred on the board by subsection 3.1 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

ARTICLE 4 - DIRECTORS

4.1 Duties of Directors - The board shall manage or supervise the management of the business and affairs of the Co-operative.

4.2 Qualifications of Directors - A majority of directors on the board shall be resident Canadians. No person shall be elected or appointed or continue to hold office as a director if that person is not a Member of the Co-operative or a director, officer, shareholder or member of a corporate Member, is less than 18 years of age, is mentally incompetent or is an undischarged bankrupt.

4.3 Number of Directors - The board shall consist of such number of directors as shall be set out in the Articles or as may from time to time be determined in accordance with the Act.

4.4 Quorum - A majority of the number of directors as determined from time to time in accordance with the Act shall constitute a quorum for the transaction of business.

4.5 Election and Term – At the initial meeting of the Members, three board members shall be elected for a one year term, three board members shall be elected for a two year term and four board members shall be elected for a three year term. Thereafter, board members shall be elected for three year terms. Directors shall be elected by the Members at each annual meeting at which an election of directors is required and, in the case of the initial meeting of the directors, a separate vote shall be held for directors for the said one year, two year and three year terms. No director may serve more than four (4) consecutive terms. Subsequently, each director may be re-elected as a director after a one-year hiatus from serving as a director. If a director is not able, whether by resignation, death or otherwise, to serve the entire balance of their term, then the Members may, subject to the right of the board to fill the vacancy pursuant to subsection 4.9 and the provisions of the Act, elect another person as a replacement board member for the remaining balance of the term of such director who was unable to serve their entire term. If an election of directors is not held at an annual meeting of Members at which such election is required, the incumbent directors shall continue in office until their successors are elected.

4.6 Nomination of Directors - From time to time the board, in its discretion, may establish guidelines for the nomination of directors to ensure that the different lines of business and geographical areas serviced by the Co-operative are adequately represented on the board. The board may also, in its discretion, establish a nominating committee composed of directors and/or Members to oversee the director nomination process and to ensure that nominees for election at the next meeting of Members are selected within the guidelines for nomination established by the board.

- 4.7 Removal of Directors - Subject to the provisions of the Act, the Members may, by resolution passed by a majority of the votes cast at a meeting of Members called for the purpose of removing directors, remove any director and may at that meeting elect a qualified person in place of that director for the unexpired term of such director's predecessor.
- 4.8 Ceasing to Hold Office - A director may resign as a director by delivering a written resignation to the Co-operative and such resignation shall become effective at the time the resignation is received by the Co-operative or the time specified in the resignation whichever is later. A director shall forthwith cease to hold office as a director should the director cease to be qualified in accordance with the Act.
- 4.9 Vacancies - Subject to the Act, a quorum of directors (whether or not the majority of such quorum are resident Canadians) may fill a vacancy among the directors, except a vacancy resulting from an increase in the number of directors.
- 4.10 Action by the Board - The board shall exercise its powers by or pursuant to a by-law or resolution either passed at a meeting of directors at which a quorum is present and at which a majority of the directors present are resident Canadians.
- 4.11 Meetings by Telephone, Communication technology - Where all of the directors have consented thereto, any director may participate in a meeting of the board by means of conference telephone or other communication technology by means of which all persons participating in the meeting can hear each other, and a director participating in a meeting pursuant to this subsection shall be deemed to be present in person at that meeting. As with other meetings of the board, minutes shall be kept of meetings held by conference telephone or other communication technology.
- 4.12 Place of Meetings - Meetings of the board may be held at the head office of the Co-operative or at any other place within or outside Ontario as the board may from time to time determine and, in any financial year of the Co-operative, a majority of the meetings of the board shall be held in Canada.
- 4.13 Calling of Meetings - Meetings of the board shall be held from time to time at such place, on such day and at such time as the board, the President, a Vice-President, the Secretary or any two directors may determine.
- 4.14 Notice of Meetings - Notice of the time and place of each meeting of the board shall be given to each director not less than forty-eight (48) hours before the time when the meeting is to be held and need not be in writing.
- 4.15 First Meeting of New Board - Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting following the meeting of Members at which such board is elected.
- 4.16 Adjourned Meeting - Notice of an adjourned meeting of the directors is not required if the time and place of the adjourned meeting is announced at the original meeting.
- 4.17 Regular Meetings - The board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution by the board fixing the time and place of regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting.

- 4.18 Votes to Govern – Subject to the provisions of the Act to the contrary, at all meetings of the board, any question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote. Any question at a meeting of the board shall be decided by a show of hands unless a ballot is required or demanded.
- 4.19 Chair and Secretary - The President or, in the absence of the President, a Vice-President who is a director shall be chair of any meeting of the board. If neither of the said officers is present, the directors present shall choose one of their number to be chair. The Secretary of the Co-operative shall act as secretary at any meeting of the board and, if the Secretary of the Co-operative be absent, the chair of the meeting shall appoint a person who need not be a director to act as secretary of the meeting.
- 4.20 Remuneration and Expenses – The directors shall each be paid One Hundred Twenty-Five Dollars (\$125.00) for special or half day meetings and Two Hundred Fifty Dollars (\$250.00) for regular or full day meetings of the board. The remuneration of directors may be changed from time to time by the Members at the annual meeting or any other meeting of the Members called for that purpose. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof or in otherwise serving the Co-operative. Nothing herein contained shall preclude any director from serving the Co-operative in any other capacity and receiving remuneration therefor, subject to the provisions of subsection 4.21 hereof.
- 4.21 Conflict of Interest - Subject to and in accordance with the provisions of the Act, a director or officer of the Co-operative who is a party to a material contract or transaction or proposed material contract or transaction with the Co-operative, or is a director or an officer of or has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the Co-operative, shall disclose in writing to the Co-operative or request to have entered in the minutes of meetings of directors the nature and extent of such interest, and any such director shall refrain from voting in respect thereof unless otherwise permitted by the Act.

ARTICLE 5 - EXECUTIVE COMMITTEE

- 5.1 Executive Committee - Where the number of directors is more than six (6), the board may elect from among their number an executive committee consisting of not fewer than three (3) directors, of whom a majority shall be resident Canadians and one of whom shall be the President, and subject to subsection 5.2 the board may delegate to the executive committee any powers of the board, subject to the restrictions, if any, imposed from time to time by the board and the Act.
- 5.2 Restrictions on Powers - The board may delegate to the executive committee any powers of the board, except making an apportionment or distribution of earnings, election of officers, filling vacancies on the board of directors, adopting amendments to the by-laws, hiring or terminating the general manager of the Co-operative or any other act or thing the Act stipulates the board cannot delegate.
- 5.3 Quorum - A majority of the executive committee shall constitute a quorum but no business shall be transacted unless a majority of the members present are resident Canadians.

ARTICLE 6 - OFFICERS

- 6.1 Election and Appointment of Officers - The board shall annually, or more frequently as may be required, elect a President, a Secretary, a Treasurer (and if deemed advisable, an Assistant Secretary and an Assistant Treasurer) and the board may annually, or more frequently as may be required, elect one or more Vice-Presidents. None of the said officers except the President need be a member of the board. Any two of the aforesaid officers may be held by the same person, except those of President and Vice-President. In the case and whenever the same person holds the office of Secretary and Treasurer, such person may, but need not be known, as Secretary-Treasurer. A vote in favour by the majority of the board shall be necessary for the election or appointment of the said officers. The board may from time to time elect or appoint such other officers and agents as it shall deem necessary who shall have such authority and shall perform such duties as the board shall from time to time prescribe.
- 6.2 Remuneration - The remuneration of all officers elected or appointed by the board shall be determined from time to time by resolution of the board.
- 6.3 Removal of Officers - All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the board at any time with or without cause provided that a majority of the board shall vote in favour thereof.
- 6.4 Inability to Act - In the case of the absence or inability to act of the President, a Vice-President or any other officer of the Co-operative or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to a director for the time being, provided that a majority of the board concurs thereon.
- 6.5 President's Duties - The President shall, if present, preside at all meetings of Members and directors. The President shall sign all instruments, which require the President's signature and shall perform all duties incidental to the President's office and shall have such other powers and duties as may from time to time be assigned to the President by the board.
- 6.6 Vice-President's Duties - A Vice-President shall be vested with all the powers and shall perform all the duties of the President in the absence, inability or refusal to act of the President. A Vice-President shall also have such other powers and duties, if any, as may from time to time be assigned to such Vice-President by the board or the President.
- 6.7 Secretary's Duties - The Secretary shall issue or cause to be issued notices for all meetings of the Members and the directors when directed to do so. The Secretary shall have charge of the minute books and, if there is a seal, the seal of the Co-operative. The Secretary shall sign with the President or other signing officer or officers of the Co-operative such instruments as require the Secretary's signature and shall perform such other duties as the terms of the Secretary's engagement call for or the board may from time to time properly require of the Secretary.

The Secretary or some other officer specifically charged with the duty shall keep or cause to be kept a book or books or other suitable records wherein shall be kept recorded:

- (i) a copy of the Articles and the by-laws of the Co-operative duly authenticated;

- (ii) those registers set forth in paragraphs 11.1(a) and 11.1(b) hereto; and
- (iii) those registers in which are set out the names, alphabetically arranged, and addresses, including street numbers, of all persons who are or have been directors, with the date at which each person became or ceased to be a director.

- 6.8 Treasurer's Duties - The Treasurer or some other officer specifically charged with the duty shall have the care and custody of all the funds and securities of the Co-operative and shall deposit the same in the name of the Co-operative in such bank or banks or with such depository or depositories as the board may direct. The Treasurer shall keep or cause to be kept proper accounting records in accordance with the Act. The Treasurer shall at all reasonable times exhibit the Treasurer's books and accounts to any director upon application at the office of the Co-operative during business hours. The Treasurer shall sign or countersign such instruments as require the Treasurer's signature and shall perform all duties incidental to the Treasurer's office or that are properly required of the Treasurer by the board. The Treasurer shall be required to give such bond as the board in their uncontrolled discretion may require and no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Co-operative to receive any indemnity thereby provided.
- 6.9 General Manager - The board shall from time to time appoint a general manager or manager who shall not be one of the directors of the Co-operative and may delegate to such person full authority to manage and direct the affairs of the Co-operative (except such matters and duties as by law must be transacted or performed by the board or by the Members), and to employ, discharge, and fix the wages or salaries of temporary agents and employees of the Co-operative or may delegate to the general manager any lesser power. The general manager may recommend to the board the appointment and removal of and the wages or salaries to be paid to full-time employees of the Co-operative. The general manager shall conform to all lawful orders given by the board. The general manager shall at all reasonable times give to the board or any director all information the board or such director may require regarding the affairs of the Co-operative.
- 6.10 Vacancy - If the office of one or more of the President, a Vice-President, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer or other officer shall be or become vacant by reason of death, resignation, disqualification or otherwise, the board may elect or appoint an officer to fill such vacancy.

ARTICLE 7- PROTECTION OF DIRECTORS AND OFFICERS

- 7.1 Indemnity of Directors or Officers - Subject to subsection 7.2, every director and officer of the Co-operative, and such director's or officer's heirs, executors, administrators and other legal personal representatives shall from time to time be indemnified and saved harmless by the Co-operative from and against:
- (a) any liability and all costs, charges and expenses that such director or officer, as the case may be, sustains or incurs in respect of any action, suit or proceeding that is proposed or commenced against such director or officer for or in respect of anything done or permitted by such director or officer in respect of the execution of the duties of the director or officer's office, as the case may be; and

(b) all other costs, charges and expenses that such director or officer, as the case may be, sustains or incurs in respect of the affairs of the Co-operative.

7.2 Indemnity Qualified - No director or officer of the Co-operative shall be indemnified by the Co-operative in respect of any liability, costs, charges or expenses that such director or officer sustains or incurs in or about any action, suit or other proceeding as a result of which the director or officer is adjudged to be in breach of any duty or responsibility imposed upon the director or officer under the Act or under any other statute unless, in an action brought against the director or officer in the director or officer's capacity as a director or officer, the director or officer has achieved complete or substantial success as a defendant.

7.3 Insurance - The Co-operative may purchase and maintain any insurance for the benefit of its directors and officers as the board may from time to time determine, except insurance against a liability, cost, charge or expense of a director or officer incurred as a result of a contravention of the provisions of the Act.

ARTICLE 8 - MEMBERSHIP

8.1 Admission - Membership in the Co-operative shall consist of all persons who are accepted as Members in the manner prescribed below and whose Membership has not been terminated pursuant to the provisions of the Act.

8.2 Membership Requirements – To become a Member of the Co-operative a person must submit an application for Membership to the board and pay a one time, non-refundable Membership fee of \$20.00. In addition, within 20 years of becoming a Member of the Co-operative, each Member must make a Membership Loan in cash to the Co-operative in an amount not less than \$500.00 or as otherwise determined by the Board. The minimum Membership Loan can be advanced by the Member in installments during the twenty (20) year period. Until a Member has advanced the full amount of the Membership Loan to the Co-operative, the Member will not be entitled to receive any cash Patronage Returns (as defined below) but will have all other rights and obligations of being a Member in the Co-operative.

8.3 Acceptance - No person shall become a Member of the Co-operative until the person's application for Membership has been approved by the board and, if the application is not approved by the board, any payment forwarded with the application shall be refunded without interest.

8.4 Transfer of Membership - Membership in the Co-operative shall not be transferable unless authorized by the board and notification of board authorization has been communicated to the transferee and the transferee's name has been entered on the register of Members.

8.5 Termination of Membership - Membership in the Co-operative shall terminate upon a Member giving to the Secretary of the Co-operative six months' notice of the Member's intention to withdraw, on the expulsion of the Member from the Co-operative, on the death of the Member or by a resolution passed by the board, pursuant to the procedures outlined in the Act.

8.6 Repayment of Membership Loan – A person whose Membership has been terminated under section 8.5 shall be repaid their Membership Loan, and other loans made by Member to the Co-operative, in the manner prescribed by the Act.

- 8.7 Early Repayment of Membership Loan – The Co-operative shall in all cases have the right to repay Membership Loans in whole or in part at any time before the maturity thereof without notice or bonus provided that the basis for such repayment is in accordance with the Act.

ARTICLE 9 - MEETINGS OF MEMBERS

- 9.1 Annual Meetings - The annual meeting of Members shall be held on such day and at such time in each year as the board or the President may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and the transaction of such other business as may properly be brought before the meeting.
- 9.2 Other Member's Meetings - Other meetings of the Members may be called by order of the President, a Vice-President or requisitioned by the Members in accordance with the provisions of the Act at any time and at any place within Ontario, and the Secretary shall send the requisite notice of such meeting to the Members of the Co-operative.
- 9.3 Requisition of Member's Meetings - The Members of the Co-operative may requisition the board to call a general meeting of the Members in accordance with and subject to the terms and provisions of the Act.
- 9.4 Place of Meetings - A meeting of Members of the Co-operative shall be held at such place within Ontario as the board determines or, in the absence of such a determination, at the place where the head office of the Co-operative is located.
- 9.5 Notice - Notice of any annual or other meeting of the Members shall be deemed to be well and sufficiently given if such notice is sent:
- (a) by prepaid post letter addressed to each Member at the Member's usual place of business or at the Member's residence or at the Member's address as entered in the books of the Co-operative and mailed at least ten (10) days but no more than fifty (50) days prior to the date fixed for the holding of such meeting, or
 - (b) if permitted by the Act, by email or other electronic transmission to such email or other electronic transmission address as the Member has provided to the Co-operative at least ten (10) days but no more than fifty (50) days prior to the date fixed for the holding of such meeting.
- 9.6 Accidental Omission to Give Notice - When notice is received generally by the Members any accidental omission to give notice to any Member thereof or the non-receipt of any notice by any Member thereof shall not invalidate any resolution passed or any proceedings taken at such meeting.
- 9.7 Member's Vote - No Member shall have more than one vote at any meeting of the Co-operative and voting by proxy shall not be permitted.
- 9.8 Votes to Govern - Unless otherwise provided by the Act, all questions arising at any meeting of the Members shall be decided by a majority of votes. In case of an equality of votes at any meeting of Members the chair of the meeting will be entitled to a second or casting vote.

- 9.9 Where No Notice Required - Notwithstanding anything in these by-laws, no notice of any annual or other meeting of the Members shall be necessary:
- (a) where all Members entitled to vote at such meeting are present in person and in the case of an annual meeting consent to the transaction of business or in the case of any other meeting, consent to the transaction of the business for which such meeting is being held; or
 - (b) where all Members entitled to vote at such meeting who are not present either before or after the meeting waive in writing notice of the meeting, or in the case of a meeting other than the annual meeting, notice of the meeting and of the purpose for which it is being held.
- 9.10 Quorum - At every annual and other meeting of the Members, the lesser of five per cent (5%) of the Members or fifty (50) Members present in person shall be necessary to constitute a quorum for the transaction of business.
- 9.11 Adjourned Meeting - If at any annual or other meeting of the Members, a quorum is not present within sixty (60) minutes of the time for which the meeting is called, the meeting, if convened upon requisition of the Members, shall be dissolved and in any other case, the presiding officer shall adjourn the meeting to a date not less than seven (7) and not more than fifteen (15) days thereafter and the decision of the adjourned meeting shall be binding upon the Co-operative provided that at least five (5) Members are present. Notice of the adjourned meeting shall be given by the Secretary in the manner herein provided five (5) days prior to the date of the adjourned meeting. Notice of the adjourned meeting shall be given by the Secretary in the manner herein provided five (5) days prior to the date of the adjourned meeting. Any meeting at which a quorum is present may be adjourned until such time as may be determined by a majority of the Members present. At the reconvening of any adjourned meeting at which a quorum shall attend, any business may be transacted which might have been transacted if the meeting had been held as originally called.

ARTICLE 10 – LOAN CERTIFICATES

- 10.1 Entitlement – Every Member is entitled to a loan certificate in respect of the Membership Loans held by such Member. Subject to the provisions of the Act, every loan certificate shall state on its face the date of its issue, the amount, the maturity date, the annual rate of interest and the terms upon which the Membership Loan may be repaid prior to maturity, if any.
- 10.2 Signatures – Loan certificates shall bear the signatures of two of the officers of the Co-operative or such other persons holding positions within the Co-operative as the board may designate from time to time.
- 10.3 Joint Holders of Loan – If two or more persons are registered as joint holders of any Membership Loan, the Co-operative shall not be bound to issue more than one loan certificate in respect thereof and delivery of such loan certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the loan certificate in respect thereof or for any interest or other money payment in respect of such Membership Loan.
- 10.4 Loss or Destruction – In case of loss, defacement or destruction of a certificate held by a Member, the fact of such loss, defacement or destruction shall be reported by such

Member to the Co-operative. Upon providing written confirmation of certificate damage or loss, or by written order of the President, a new certificate may be issued to replace the one lost.

- 10.5 Right of Set-Off – To the extent that a Member is indebted to the Co-operative, the Co-operative will be able to set off the amount of such indebtedness against the Membership Loan and other loans made by the Member to the Co-operative. The Co-operative has a lien to the extent of the debt, on the loan certificates registered in the name of a Member who is indebted to the Co-operative.
- 10.6 Transferability – Membership Loans and other loans made by the Members to the Co-operative shall not be transferred or assigned without the written consent of the board. No transfer shall be recorded unless or until the certificate representing the loans to be transferred has been surrendered or cancelled.
- 10.7 Deceased Holders – In the event of the death of a Member, the Co-operative shall not be required to make any entry in the Member's register in respect thereof except upon production of all such documents as may be required by the Act and upon compliance with the reasonable requirements of the Co-operative or transfer agent.

ARTICLE 11 - MEMBER RECORDS

- 11.1 Members and Securities Records - The Co-operative shall prepare and maintain, at its head office or at any other place in Ontario as is appointed by resolution of the board, a register in which it records, in registered form, the names, alphabetically arranged, of persons who:
 - (a) are or have been within ten (10) years registered as Members of the Co-operative, the address including the street and number, if any, of every such person while a Member; and
 - (b) are or have been holders of Membership Loans and other loans and debt obligations other than debt obligations in bearer form of the Co-operative, the address including the street and number, if any, of every such person while a holder, and the class or series and principal amount registered in the name of such holder.

ARTICLE 12 - TREATMENT OF SURPLUS OF THE CO-OPERATIVE

- 12.1 Surplus Apportioned - The board, after paying expenses and making proper allowance for depreciation, shall apportion the surplus arising from the yearly business of the Co-operative in any or all of the following ways:
 - (a) by setting aside reserves in such amounts as the board deems advisable for such purpose or purposes that are deemed to be conducive to the interests of the Co-operative or its Members, which sum may be invested, dealt with and disposed of for the benefit of the Co-operative as the board determines from time to time; or
 - (b) by paying, allocating or crediting to Members of the Co-operative, subject to subsection 12.2, the balance of the surplus or such portion thereof as may be determined, on terms that the Member is entitled to or will receive payment thereof, computed at a rate in relation to the quantity, quality or value of the

goods or products acquired, marketed, handled, dealt in or sold, or services rendered by the Co-operative from, on behalf of or to the Member, whether as principal or as agent of the Member or otherwise, with appropriate differences in the rate for different classes, grades or qualities thereof (a "Patronage Return").

- 12.2 Limitation of Patronage Return - Where the value of the goods or products acquired, marketed, handled, dealt in or sold, or services rendered by the Co-operative from, on behalf of, or to any Member in any fiscal year does not exceed \$2,000.00, a Patronage Return shall not be allocated, credited or paid to the Member.

ARTICLE 13- PATRONAGE LOANS AND BORROWING FROM MEMBERS

- 13.1 Patronage Loans - A Member of the Co-operative shall be required to loan to the Co-operative the whole, or such part as the board may determine, of the Patronage Return to which the Member may become entitled in each fiscal year upon such terms and at such rate of interest as the directors determine by resolution, but in no case at a rate of interest greater than that stipulated in the Act (each a "Patronage Loan").
- 13.2 Borrowing from Members - The Co-operative may borrow money from its Members, not being Membership Loans or compulsory loans of Patronage Returns as described in subsection 13.1, in such amounts and upon such terms and rates as the board may determine.
- 13.3 Repayment of Loans to Members - The board shall be at liberty to apply at any time on account of the indebtedness of any Member of the Co-operative any Patronage Loans or other loans made by such Member and any amount so applied shall be deemed to be payment to the Member.
- 13.4 Right to Repay Loans - The Co-operative shall have in all cases the right to repay Patronage Loans or other loans from Members in whole or in part at any time before the maturity thereof without notice or bonus, provided that the basis for such repayment is equitable to all Members.

ARTICLE 14- AUDITORS

- 14.1 Appointment - The Members at each annual meeting shall appoint an auditor who is familiar with a co-operative's accounting and practice. The auditor, when appointed, shall hold office until the next annual meeting and if an appointment is not so made the auditor in office shall continue until a successor is appointed. The remuneration of the auditor shall be fixed by the board.
- 14.2 Access - The auditor shall at all reasonable times have access to the books, accounts and vouchers of the Co-operative and its subsidiaries and may require from the directors and officers such information and explanations as may be necessary for the performance of his or her duties.
- 14.3 Report - The auditor shall make a report to the Members in respect of the financial statements to be laid before the Co-operative at each annual meeting during the auditor's term in office and shall state in its report whether in its opinion the financial statements referred to therein present fairly the financial position of the Co-operative and the results of its operations for the period under review.

ARTICLE 15 - DISSOLUTION

- 15.1 Dissolution - In the event of dissolution of the Co-operative, after the payment of all debts and liabilities, the remaining property of the Co-operative or any part thereof shall be distributed or disposed of among the Members at the time of dissolution on the basis of Patronage Returns accrued to the Members during the five (5) fiscal years immediately preceding the dissolution or after the date of incorporation.

ARTICLE 16 - NOTICES

- 16.1 Method of Giving Notices - Any notice, communication or document ("notice") to be given or sent pursuant to the Act, the Articles, the by-laws or otherwise to a Member, director, officer or auditor shall be sufficiently given or sent if: (a) given or sent by prepaid mail, prepaid or delivered personally to such person's latest address as shown on the registers of the Co-operative; or (b) if not contrary to the Act, to be sent by electronic transmission to such email or electronic address as the Member may have provided to the Co-operative.

A notice shall be deemed to have been received on the date when it is delivered personally or by electronic transmission, or on the fifth day after mailing. The Secretary may change or cause to be changed the recorded address of any Member, director, officer or auditor in accordance with any information believed by the Secretary to be reliable.

- 16.2 Notice to Joint Holders - If two or more persons are registered as joint holders of any Member Loan, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.
- 16.3 Computation of Time - In computing the date when notice must be sent under any provision requiring a specified period of days' notice of any meeting or other event, the period of days shall commence on the day following the sending of such notice and shall terminate on the day preceding the date of the meeting or other event provided that the last day of the period shall be a business day.
- 16.4 Undelivered Notices - If any notice given or sent to a Member pursuant to subsection 16.1 is returned on three (3) consecutive occasions because the person cannot be found, the Co-operative shall not be required to give or send any further notice to such Member until the Co-operative is informed in writing of the new address for such person.
- 16.5 Omissions and Errors - The accidental omission to give or send any notice to any Member, director, officer or auditor or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise based thereon.
- 16.6 Persons Entitled by Death or Operation of Law - Subject to subsection 8.5, every person who, by operation of law, transfer, death of a Member or any other means whatsoever, shall become entitled to any Membership Loan or other loan, shall be bound by every notice in respect of such Membership Loan or other loan which shall have been duly given or sent to the Member from whom the person derives title to such Membership Loan or other loan prior to that person's name and address being entered on the securities register (whether such notice was given or sent before or after the happening of the event upon which that person becomes so entitled) and prior to that person

furnishing to the Co-operative the proof of authority or evidence of entitlement prescribed by the Act.

- 16.7 Waiver of Notice - Any Member, director, officer or auditor may at any time waive the giving or sending of any notice, or waive or abridge the time for any notice, required to be given to that person under any provision of the Act, the Articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or sending or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing.

ARTICLE 17 - BUSINESS WITH NON-MEMBERS

- 17.1 Provided it is not prohibited by the Act, the Co-operative shall be expressly authorized to conduct fifty percent (50%) or more of its business with non-Members, and there shall be no prohibition on the amount of business the Co-operative may conduct with non-Members.

ARTICLE 18 - MISCELLANEOUS

- 18.1 Number and Gender - Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender include the feminine and the neuter gender and vice versa;
- 18.2 Meaning - All words used in this by-law and defined in the Act shall have the meanings given to such words in the Act or in the related parts thereof.

ARTICLE 19 - BY-LAW AMENDMENTS

19.1 Amendments - The board may, from time to time, amend, vary, repeal or add to the by-laws of the Co-operative in a manner not contrary to the Articles and the Act. An amendment, variation, repeal or addition to the By-Laws that is duly authorized by the board is not effective until confirmed, with or without variation, by at least two-thirds of the votes cast at a general meeting of the Members duly called for that purpose or such greater proportion of the votes cast as the Articles may provide.

ENACTED this _____ day of _____, 2020.

President

Secretary