

Voyageur Communications Cooperative Ltd.

BY-LAWS

Share Capital
(R2000-05-17)

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BY-LAWS
Section One
INTERPRETATION

Definitions

1.01 In the by-laws of the Cooperative, unless the context otherwise requires:

"Act" means **The Cooperatives Act**, and any statute that may be substituted therefor, as from time to time amended;

"appoint" includes **"elect"** and vice versa;

"articles" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of reorganization, articles of dissolution and articles of revival of a body corporate and any amendments thereto, and any other document evidencing corporate existence of the Cooperative;

"board" means the board of directors of the Cooperative;

"by-laws" means these by-laws and all other by-laws of the Cooperative and all amendments, additions, deletions or replacements thereof from time to time in force and effect;

"Cooperative" means the Cooperative which passes these by-laws;

"entity" means a body corporate, a trust, a partnership, a fund or an unincorporated organization;

"meeting of members" means an annual meeting of members or a special meeting of members;

"member" means a person having rights through a membership interest in the Cooperative in accordance with the Act, articles and bylaws;

"ordinary resolution" means a resolution passed at a meeting of the Cooperative or of its directors by a majority of the votes cast by or on behalf of the persons at the meeting who are entitled to vote in respect of the resolution;

"patronage return" means an amount that under the Act, is allocated among and credited or paid by a cooperative to its members, or to its members or non-member patrons, based upon the business done by each of them with or through the Cooperative;

"recorded address" means in the case of a member or shareholder, the address of the member or shareholder as recorded in the members' or share register; and in the case of a director, officer, auditor or member of a committee of the board, the latest address of such persons as recorded in the records of the Cooperative; and in the case of joint members or shareholders, the address appearing in the members' or shareholders register in respect of such joint holding or the first address so appearing if there are more than one;

"signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Cooperative by the by-laws or by a resolution passed pursuant thereto;

"special resolution" means a resolution passed at a meeting of the Cooperative or of its directors by 2/3 of the votes cast by or on behalf of the persons at the meeting who are entitled to vote in respect of the resolution;

"surplus" of the Cooperative for any financial year of the Cooperative, means the amount that remains after deducting from its operating revenue, charges to members and patrons, and other revenue in that financial year, its operating expenses and losses in that financial year, including proper allowances for depreciation, for expenses incurred but not paid and for other proper charges against its operations, and any refunds and interim and final payments to members and patrons made in that financial year or in respect of that financial year and not made in a previous year.

"trading area" means the geographic area or areas in which the Cooperative carries on its business activities;

save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

Section Two
BUSINESS OF THE COOPERATIVE

Registered Office

2.01 The Registered Office of the Cooperative shall be at such place in Manitoba as the articles or a subsequent special resolution of the delegates may provide.

Corporate Seal

2.02 The corporate seal of the Cooperative, if any, shall be in the form determined by the board.

Financial Year

2.03 The financial year of the Cooperative shall end on such date as may be fixed by the board.

Execution of Instruments

2.04 Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Cooperative by two persons, one of whom holds the office of president, vice-president or director and the other of whom holds one of the said offices or the office of secretary, treasurer, assistant secretary or assistant treasurer or any other office established by resolution of the board. In addition, the board may from time to time direct the manner in which the designated person or persons may or shall sign any particular instrument or class of instruments. Any signing officer may affix the corporate seal, if any, to any instrument requiring the same.

Financing Arrangements

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

Voting Rights in Other Bodies Corporate

2.06 The signing officers of the Cooperative may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Cooperative. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.07 Subject to the provisions of the Act, no member shall be entitled to discovery of any information respecting any details or conduct of the Cooperative's business which, in the opinion of the board, it would be inexpedient in the interest of the members or the Cooperative to communicate to the public. The board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Cooperative or any of them shall be open to the inspection of members and no member shall have any right of inspecting any account, record or document of the Cooperative except as conferred by the Act or authorized by the board or by resolution passed at a general meeting of members. Nothing herein shall restrict the right of a member to inspect the records of the Cooperative as to the affairs of the Cooperative as is granted by Subsection 29(1) of the Act.

Section Three

DIRECTORS

Number of Directors and Quorum

3.01 Unless changed in accordance with Act, the board of first incorporators shall consist of six (6) directors until the first annual general meeting, and thereafter the board shall consist of nine (9) directors. The quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of sitting directors.

Personal Qualifications

3.02 No person shall be a director if that person

- (a) is less than 18 years of age;
- (b) is of unsound mind and has been so found by a court in Canada or elsewhere;
- (c) is not an individual;
- (d) has the status of a bankrupt;

Membership Qualification

3.03 No person shall be a director unless that person or a body corporate of which that person is an officer, director or member is a member of the Cooperative and unless that person or that corporation supports the business and the affairs of the Cooperative, and unless that person or that corporation complies with any other applicable requirements set out in the by-laws.

Election and Term

3.04 (a) The election of directors shall take place at the first annual general meeting of the cooperative and at each annual general meeting of the cooperative thereafter. At the first annual general meeting nine (9) directors shall be elected from among the delegates, of whom the three (3) receiving the highest number of votes shall hold office until the close of the third annual general meeting following their election and the three (3) next in order in respect of votes shall hold office until the close of the second annual general meeting following their election, and the three (3) next in order in respect of votes shall hold office until the close of the next annual general meeting following their election. At each subsequent annual meeting, directors elected to replace those whose term of office has expired shall hold office for three (3) years.

(b) Retiring directors, if qualified, shall be eligible for re-election. Nomination for the office of director may be made verbally or in writing by any delegate present at the annual general meeting.

(c) The election of directors shall be by secret ballot. Two (2) scrutineers who are not nominees for directors shall be appointed by the chairperson or by the meeting for the purpose of ascertaining and declaring the results of the election for the office of director. On the first ballot, the candidates up to the number to be elected receiving the highest number of votes cast shall be declared elected. In the case of a tie between or among the last candidates to be declared elected, their names shall be submitted to a second ballot to be taken in the manner prescribed by the chairperson.

Removal of Directors

3.05 Subject to the provisions of the Act, the delegates may, by ordinary resolution at a special meeting, remove any director from office and the vacancy created by such removal may be filled at the same meeting or, if not so filled, may be filled by the directors.

Ceasing to Hold Office

3.06 A director ceases to hold office when the director

- (a) dies or resigns;
- (b) is removed from office by the delegates at a special meeting of the delegates; or
- (c) becomes disqualified from being a director.
- (d) is absent from 3 consecutive regular meetings of the board, unless in the discretion of the other directors, the circumstances resulting in the absence of the director were beyond his or her control.

3.07 Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the required number of directors or from a failure of the delegates to elect the required number of directors. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the delegates to elect the required number of directors, the board shall forthwith call a special meeting of delegates to fill the vacancy. If the board fails to call such a meeting or if there are no such directors then in office, any delegate may call the meeting. A director elected to fill a vacancy shall serve the balance of the term of the director whose cessation of office caused the vacancy.

Exercise of Authority

3.08 Except as otherwise provided by the by-laws, the powers of the board or of a committee of the board may be exercised by resolution passed at a meeting at which a quorum is present. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board or of a committee of the board so long as a quorum remains in office.

Resolution in Writing

3.09 The powers of the board or of a committee of the board may be exercised by a resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of the board or of a committee of the board and the resolution shall

(a) be effective from the date specified in the resolution, but that date shall not be prior to the date on which the first director signed the resolution; and

(b) be kept with the minutes of the proceedings of the directors or committee of directors as the case may be.

Meetings by Telephone or Other Electronic Means

3.10 Directors may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other, and a director participating in such a meeting by such means is deemed to be present at the meeting.

Time and Place of Meetings

3.11 Meetings of the board shall be held at such time and place in Canada as the board, or failing determination by the board, the president or any two directors may determine.

Notice of Meeting

3.12 Notice of the time and place of each meeting of the board shall be given in the manner provided by the by-laws 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 transmitted or recorded communication and not less than 10 days if notice is given by any other method. A notice of meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to

- (a) submit to the members any question or matter requiring approval of the members;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) issue securities, except in the manner and on the terms authorized by the board;
- (d) declare dividends on shares, interest on member loans or patronage returns;
- (e) purchase, redeem or otherwise acquire shares issued by the Cooperative;
- (f) approve any financial statement of the Cooperative of a kind referred to in section 257 of the Act; or
- (g) enact, amend or repeal by-laws.

A director may in any manner waive notice of or otherwise consent to a meeting of the board.

Meeting of New Board

3.13 Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the annual general meeting at which such board is elected.

Adjourned Meeting

3.14 Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

Regular Meetings

3.15 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, but no other notice shall be required for any such regular meeting except where the act requires the purpose of that meeting or the business to be transacted at that meeting to be specified.

Chairperson

3.16 The chairperson of any meeting of the board shall be the president, or in his or her absence a vice-president who is a director and who is chosen by the directors to be chairperson. If no such officer is present, the directors present shall choose one of their number to be chairperson.

Votes to Govern

3.17 At all meetings of the board, except for termination of memberships, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairperson of the meeting shall not be entitled to a second or casting-vote.

Conflict of Interest

3.18 A director or officer who is a party to a material contract or proposed material contract with the Cooperative, 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 proposed material contract with the Cooperative, shall disclose in writing, or request to have entered in the minutes of meetings of directors, the nature and extent of that interest at the time and in the manner provided by the Act. Any such contract or proposed contract shall be referred to the board or members for approval even if the contract is one that in the ordinary course of the Cooperative's business would not require approval by the board or members, and a director interested in a contract so referred to the board shall not vote on any resolution to approve the same except as provided by the Act. A director or officer need not disclose an interest in a contract that is required between the Cooperative and its members if the contract is on the same terms as are generally available to its members.

Remuneration and Expenses

3.19 The directors shall be paid such remuneration for their services as the delegates may determine by resolution at an annual general meeting of the cooperative. 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. Nothing herein contained shall preclude any director from serving the Cooperative in any other capacity, except as a regular employee of the Cooperative, and receiving remuneration therefor.

Reports

3.20 The board shall submit or cause to be submitted to the annual general meeting of the Cooperative;

(a) a report as to the affairs of the Cooperative and the business carried on by the Cooperative.

(b) The financial statements prepared in accordance with generally accepted accounting principles. The financial statements shall be accompanied with the auditor's report unless the membership have dispensed with the services of an auditor in accordance with the Act.

In addition, it shall be the responsibility of the board to keep the members informed as to the affairs of the Cooperative and to encourage interest, discussion and support on the part of the members throughout the year by presenting periodic reports to the members as to the affairs of the Cooperative and the condition of its business.

Section Four COMMITTEES AND OFFICERS

Committee of Directors

4.01 The board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the board except those which, under the Act, a committee of directors has no authority to exercise.

Transaction of Business

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

Advisory Committee

4.03 The board may, from time to time, appoint such other committees as it may deem advisable, but the functions of such other committees shall be advisory only.

Procedure

4.04 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 chairperson and to regulate its procedure.

Officers, Powers and Duties

4.05 The board may designate the officers of the cooperative and appoint from among the directors a president and one or more vice-presidents and may also appoint a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The secretary and the treasurer may, but need not, be directors, and one person may hold more than one office. The board may specify the duties of and, in accordance with the by-laws and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Cooperative. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

Variations of Powers and Duties

4.06 The board may, subject to the provisions of the Act, vary, add to, or limit the powers and duties of any committee or officer.

Term of Office

4.07 The board, in its discretion, may remove any officer of the Cooperative, without prejudice to such officer's rights under any employment contract. Otherwise, each officer appointed by the board shall hold office until the officer's successor is appointed.

Powers, Duties and Remuneration of Officers

4.08 The powers, duties and the remuneration of officers appointed by the board shall be settled by it from time to time.

Conflict of Interest

4.09 Any interest an officer has in any material contract or proposed material contract with the Cooperative shall be disclosed by the officer in accordance with the provisions of the Act.

Agents and Attorneys

4.10 The board may from time to time appoint agents or attorneys for the Cooperative in or outside Canada with such powers of management or otherwise, including the power to sub-delegate, as may be thought fit.

Fidelity Bonds

4.11 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 Five
DUTY OF CARE AND PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

Duty of Care of Directors and Officers

5.01 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.

No Exculpation

5.02 No provision in a contract, unanimous agreement, the articles, the by-laws or a resolution relieves directors or officers from the duty to act in accordance with the Act and the regulations, or relieves them from liability for a breach thereof.

Indemnity

1. 5.03 Subject to the limitations contained in the Act, the Cooperative shall indemnify directors and officers, former directors and officers, and persons who act or acted at the Cooperative's request as directors or officers of a body corporate of which the Cooperative is or was a member, shareholder or creditor, and persons who undertake or have undertaken any liability on behalf of the Cooperative or any such body corporate, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by them in respect of any civil, criminal or administrative action or proceeding to which they are made a party by reason of being or having been directors or officers of the Cooperative or such body corporate, if

(a) they acted honestly and in good faith with a view to the best interests of the Cooperative; and

(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.

Insurance

5.04 Subject to the limitations contained in the Act, the Cooperative may purchase and maintain such insurance for the benefit of its directors and officers as such, as the board may from time to time determine.

Dissent

5.05 Directors are deemed to have consented to any resolution passed or action taken at a meeting of the board or a committee of the board unless they record their dissent within the time and in the manner provided by the Act.

Section Six
MEMBERSHIP SHARES, MEMBERSHIPS AND TRANSFERS

Definition of Membership and Minimum Membership Share Requirement

6.01 The Cooperative shall have two Divisions of membership, distinguished from each other by the level of services purchased by the members from the Cooperative. The Divisions of membership shall be Residential Services Division and Business Division. The minimum number of membership shares required to qualify for membership in each membership division of the cooperative shall be:

Residential Services Member - 5 shares

Business Member - 50 shares

No Membership Share or Member Loan Certificate to be Issued

6.02 The Cooperative is not required to issue certificates for membership shares or member loans. The Cooperative shall, if requested in writing by a member, provide a written statement to the member showing the interest of the member in the Cooperative.

Membership Qualifications

6.03 Membership in the Cooperative is open to all persons (including but not limited to individuals, corporations, sole proprietorships, partnerships, governments or community organizations) who can reasonably use the services of the Cooperative and in the case of an individual are of the full age of eighteen (18) years. Membership in the Residential Services Division of membership shall be limited to those members who purchase a residential service package from the Cooperative. Membership in the Business Division of membership shall be restricted to those members who purchase one of the standard business service packages or a customized service package offered by the Cooperative. No member shall belong to more than one Division of membership.

Application and Approval of Memberships

6.04 No person shall become a member of the Cooperative unless;

(a) that person submits a written application for membership which is approved by the board or by a person authorized by a resolution of the board to approve membership applications; and

b) that person holds the minimum number of membership shares as specified in section 6.01 of the by-laws.

Transfer of Membership Shares or Memberships

- 6.05 (a) No transfer of a membership share or membership in the Cooperative shall be registered in the members' register of the Cooperative unless a written application for membership by the transferee has been approved and the transfer has been authorized by a resolution of the board or by a person authorized by resolution of the board to approve applications and transfers of that kind. Subject to compliance with the Act and the Articles, upon approval of the transferee and authorization for the transfer, notification of the approval shall be sent to the transferee and the name of the transferee shall be entered in the members' register.
- (b) Subject to the provisions of the Act and Articles, no transfer of membership shares shall be registered in the members' register except upon presentation of a transfer duly executed by the registered holder or by the registered holder's attorney or successor duly appointed together with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time prescribe, upon payment of any applicable taxes and fees, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien which the Cooperative may have on the membership shares.

Members Obligations

- 6.06 A member shall support and promote the business and the affairs of the Cooperative and shall be bound by the by-laws and policies of the Cooperative and a unanimous agreement of the members.

Deceased Holders of Membership Shares

- 6.07 In the event of the death of a holder or one of the joint holders of any membership share, the Cooperative shall not be required to make any entry in the members' register, or make any payment, in respect thereof, except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Cooperative and its transfer agents, if any.

Lien for Indebtedness

6.08 The lien of the Cooperative on any membership share of the Cooperative registered in the name of a member or the member's legal representative, and on any other interest of a member in the property of the Cooperative and on any sum payable by the Cooperative to the member, for a debt of that member to the cooperative, may be enforced by the sale of any membership share thereby affected or by any other action, suit remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, the Cooperative may refuse to register a transfer of or acknowledge any assignment of any membership share or any other interest or any sum payable affected by the lien.

Non-Recognition of Trusts

6.09 Subject to the provisions of the Act, the Cooperative shall treat as absolute owner of any membership share, membership or other interest in the Cooperative the person in whose name it is registered or recorded on the books of the Cooperative as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Cooperative's records or on any membership share or membership certificate.

Withdrawal of Members

- 6.10 (a) A member may withdraw from the Cooperative by giving to the Secretary of the Cooperative six (6) months' notice of the intention to withdraw. The board may, by resolution, accept any application for withdrawal upon shorter notice.
- (b) The death of a member shall have the same force and effect as notice of withdrawal.
- (c) Winding up and dissolution proceedings in respect of a body corporate that is a member of the Cooperative shall have the same force and effect as notice of withdrawal.

Compulsory Sale of Membership Shares

6.11 If a member of the Cooperative has, during a period of two years, failed to transact any business with the Cooperative, the board may by written notice to the member, require the member to sell the membership shares held by the member in accordance with the act and the person ceases to be a member.

Termination of Membership for Cause

6.12 If a member's conduct is considered to be detrimental to the welfare of the Cooperative, the board may, by a special resolution passed by the directors at a meeting called to consider the resolution, terminate the membership of the member for cause. The member shall receive at least 7 days' notice of the meeting at which the resolution is to be considered, together with a statement of the grounds upon which the

membership of the member is proposed to be terminated. The member is entitled to appear, either personally or by or with an agent or counsel, to make submissions at the meeting.

Notice of Termination

6.13 Within 7 days after the date on which the resolution to terminate the membership of a member is passed, the Cooperative shall, in the same manner as that provided for the giving of notice of a meeting of delegates, notify the person whose membership was terminated.

Right to Appeal

6.14 A person whose membership is terminated for cause by a special resolution of the board may appeal the decision in accordance with the Act.

Termination by Meeting of Directors

6.15 A meeting of directors may, by special resolution, terminate the membership of a member.

Membership Shares upon Withdrawal and Termination of Membership

6.16 (a) Within 1 year of the termination of a membership or the withdrawal of a member or of the membership otherwise ceasing, the member or the member's personal representative shall be entitled to sell to the Cooperative any membership shares held by the member, other than membership shares purchased on behalf of the member by the application of patronage returns credited to the member; provided that the Cooperative shall not be required to purchase its membership shares if it is unable to pay its liabilities as they become due or if the result of the purchase of membership shares would be to render it unable to pay its liabilities as they become due, or if the realizable value of its assets after the payment would be less than the total of its liabilities, and the amount that would be required to be paid to the holders of shares that have a right to be paid, on a redemption or liquidation, rateably with or in priority to the holders of the shares to be purchased or redeemed. The price of membership shares purchased by the Cooperative shall be the par value, unless the capital of the Cooperative has been impaired, in which case the price may be fixed by the board at such amount below par value as the board in its entire discretion considers consistent with the impairment of capital.

(b) Membership shares which were purchased on behalf of the member by the application of patronage returns credited to the member shall, upon the termination of membership, withdrawal of a member or membership otherwise ceasing, be purchased from the member or the member's personal representative in accordance with the priorities set out in clause 8.07 (c) of the by-laws.

Section Seven
JOINT MEMBERSHIP

Joint Membership

7.01 Subject to the Act and by-laws, two or more persons may apply for joint membership in the Cooperative.

Statement of Interest

7.02 If two or more persons are registered as joint holders of any membership share, the Cooperative shall not be bound to issue more than one statement showing the interest of the membership shareholders in the Cooperative, and delivery of such statement to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give receipts for the statement or for any interest, refund, return of capital or other money payable in respect of such membership share.

Business Done by Joint Holder

7.03 The business done with the Cooperative in a fiscal year by a joint holder of a membership is deemed to be business done by the joint membership.

Voting

7.04 Each joint membership shall have one vote. The two or more persons who hold the membership jointly shall vote as one the membership jointly held by them. The signature of any one of the two or more persons holding a joint membership on a written resolution, as defined in section 9.15 of the by-laws, shall be sufficient signature for all of them.

Withdrawal of Membership

7.05 (a) Subject to the Act and by-laws, an application for withdrawal of joint membership shall be in writing and signed by all surviving joint holders of such membership.

(b) The death of one of the joint holders of a membership shall not have the same force and effect as notice of withdrawal.

Notice

7.06 If two or more persons are registered as joint holders of a membership in the Cooperative, 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.

Director

7.07 Only one joint holder of a membership may be a director of the Cooperative at any one time.

Section Eight
ALLOCATION OF SURPLUS

Reserves, Deficits and Return on Capital

8.01 Before any distribution of surplus for a financial year is made;

- (a) such part thereof as may be necessary for those purposes shall
 - (i) be appropriated for, and transferred to, reserves duly established by the by-laws or by resolution passed by the members at a general meeting, and
 - (ii) be used to retire all or a part of any accumulated deficit, as the board shall determine, and;
- (b) such part as may be approved by a resolution of the board shall be appropriated to provide for the payment of dividends or interest on membership shares, patronage loans or member loans within the amount set out in the articles.

General Reserve

8.02 The Cooperative shall establish and maintain a general reserve to retain a portion of the surplus for a financial year to provide for operating losses or such other purposes as may be appropriated against this account in accordance with generally accepted accounting principles. The reserve will be known as the General Reserve. If the operations of the Cooperative in a fiscal year result in a surplus, the Cooperative shall, after retiring all or a portion of its deficits previously incurred, if any, as a minimum, appropriate for and transfer to the General Reserve Fund

- (a) the proportion of the remaining surplus of the Cooperative arising from business done with patrons of the Cooperative who are not members thereof; or
- (b) 10% of the surplus for the financial year

whichever is greater

Minimum Reserve

8.03 The appropriation from surplus for the general reserve shall continue until such time as the general reserve accumulates to a minimum of 25% of the total annual operating budget of the Cooperative as reported in the audited financial statements at each fiscal year end. Once this minimum level is attained the portion of surplus attributable to non-member business shall continue to be appropriated to the general reserve less any patronage returns which may be allocated to non member patrons in accordance with clause 8.04(b) of the by-laws.

Allocation of Surplus in the Form of Patronage Returns

8.04 Subject to the by-laws,

(a) the Cooperative shall allocate, and credit the balance of the surplus arising from the operations of the Cooperative in each fiscal year of the Cooperative, to each member in the form of a patronage return, a share thereof proportionate to the business done by the member with or through the Cooperative in that fiscal year as approved by a resolution of the board;

b) the Cooperative may, by resolution of the board, allocate in the form of a patronage return a portion or all of the surplus arising from non-member business in each fiscal year to an account for a non-member patron for the purpose of purchasing membership shares on behalf of the non-member patron. Once the patronage returns allocated to a non-member patrons account accumulates to a value greater than the value of the minimum membership share requirement as set out in subsection 6.01 of the by-laws, the Cooperative shall notify the non-member patron of their eligibility for a membership in the cooperative. If within 30 days of being notified by the Cooperative the non-member patron does not submit a written application for membership, or the application is not accepted by the board, the amounts allocated to the non-member patron to be held on account for the purchase of membership shares shall be returned to the income of the Cooperative in the year the non-member patron refuses or is denied membership in the Cooperative and no further patronage returns will be allocated to that non-member patron.

Computation of Business Done

8.05 The board shall compute the amount of the business done by a member or non-member patron with the Cooperative in a fiscal year in relation to

- (a) the quantity, quality, kind and value of the goods bought, sold, handled, marketed or dealt in by the Cooperative; and
- (b) the services rendered
 - (i) by the Cooperative on behalf of or to the member, whether as principal or agent of the member or otherwise, or
 - (ii) by the member on behalf of or to the Cooperative;

with appropriate differences for the different classes, grades or qualities of the goods and services.

Non-Payment of Small Patronage Returns

8.06 Where the patronage return that would otherwise be payable to any person in respect of the operations of a fiscal year, does not exceed \$2.00, no patronage return shall be paid to that person in respect of the operations of that fiscal year, but shall be the property of the Cooperative to be used as the board may decide.

Patronage Returns Applied to Membership Shares

- 8.07
- (a) In each fiscal year of the Cooperative, the whole or part of any patronage return credited to a member shall be applied to purchase on behalf of the member additional membership shares of the Cooperative at par value up to the highest number of shares which can be fully paid by the patronage return and the balance of the patronage return shall be applied to the member's credit against the purchase of an additional share. Notice shall be provided to each member patron of the number of shares purchased or to be purchased for them, the manner of issuance or transfer to them of its shares, the payment for their shares out of their patronage returns and, if applicable, the issuance and forwarding of certificates to them in respect of the shares so issued or transferred. If the number of shares to be purchased for a member under this paragraph would result in the member owning more than the maximum number or percent of membership shares permitted under the articles, the number of shares to be purchased on behalf of the member shall be decreased so that the number of shares held by the member will not exceed the maximum and the balance of the patronage return credited to the member shall be paid to the member in cash;
 - (b) Membership shares of the Cooperative, which were purchased on behalf of the members by the application of patronage returns credited to the members, shall in each year, subject to the provisions of the Act and by-laws, be repurchased by the Cooperative, at par

value, to an aggregate value of not less than 10% of the total patronage returns allocated to members from the surplus arising from the operations of the Cooperative in the previous fiscal year. Where the payment of a patronage return results in the Cooperative being required to withhold and remit taxes on behalf of the members, the board may include this payment in calculating the minimum amount of membership shares to be repurchased.

(c) The repurchase of membership shares shall be made in accordance with the following priorities:

(i) all shares of deceased members, notice of whose death has been received;

(ii) shares of members who have reached the age of 65 years, provided that the number of shares purchased from such member shall not, by the operation of this paragraph, reduce the number of shares held by that member below the minimum membership share requirement as specified in section 6.01 of the bylaws;

(iii) shares of members who have moved their residence from the trading area served by the Cooperative;

(iv) shares of other members whose withdrawal or termination of membership has been approved in accordance with the by-laws;

(v) shares of the remaining members in proportion to the number of shares held by each, excluding those who hold less than the minimum membership share holding, provided that the number of shares purchased from any one member shall be reduced if necessary, so that the number of shares held by that member shall not by the operation of this paragraph be reduced below the minimum membership share holding as specified in section 6.01 of the bylaws.

Deficits

8.08 If the calculation of surplus in accordance with the Act produces a negative amount, this amount shall be the deficit of the Cooperative for that fiscal year. The board shall determine whether to carry the deficit forward and deduct it from surpluses accruing in subsequent fiscal years of the Cooperative in accordance with these by-laws, or charge the deficit against the General Reserve, or charge part of the deficit against the General Reserve and carry the balance forward.

Section Nine
DELEGATES, DISTRICTS & MEETINGS OF MEMBERS

Delegates

9.01 Each year, the members of the Cooperative shall elect twenty-four (24) delegates to attend the Annual General Meeting and all Special Meetings of the Cooperative. Delegate positions will be allocated to each Division according to a formula set by the Board of Directors. The delegates shall be elected as follows:

- (a) Members of the Business Division shall elect, from among their number, their allotted number of delegates at large.
- (b) Members of the Residential Services Division shall be grouped into four (4) districts for the purposes of electing delegates, and each district shall elect an equal number of delegates.

The definition of districts shall be set by the Board of Directors, and revised from time to time as necessary. The Board of Directors shall, every two years, review and revise the formula for the allocation of delegate positions in order to ensure that the number of delegates assigned to each division shall remain approximately proportionate to the number of members in each division.

Nomination & Voting

9.02 The Board of Directors will establish a Nominations Committee to issue an annual Call for Nominations, and where necessary, to solicit nominations for delegates in each Division and District. Any member in good standing may nominate any eligible member to run as a delgate within the appropriate Division or District.

Election of delegates shall be conducted through on-line elections, during a voting period of no less than five (5) days and no more than ten (10) days. Notice of delegate elections shall be sent by e-mail to all members 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, unless a different record date is fixed in accordance with the Act.

In the event of a tied vote between two candidates for delegate, the Board of Directors shall have authority to declare one of the two candidates elected.

Annual Meetings

9.03 The directors of the Cooperative shall call an annual meeting of the Cooperative not later than 18 months after the Cooperative comes into existence, and subsequently not later than 15 months after holding each preceding annual meeting. Subject to the by-laws, the annual meeting shall be held at such time and at such place as the board may from time to time determine for the purpose of considering the annual report of the directors, the financial statements, the auditor's report (if any), the election of directors, the reappointment of the incumbent auditor and any other business authorized by the by-laws to be transacted at an annual meeting.

Special Meetings

- 9.04 (a) The board may at any time call a special meeting of delegates ; or
- (b) 20 % of the delegates who have the right to vote at a meeting sought to be held may by written requisition require the directors to call a meeting of delegates for the purposes stated in the requisition.

Place of Meetings

9.05 Meetings of delegates shall be held at the registered office of the Cooperative or elsewhere in the trading area as the board may determine.

Electronic Meeting

9.06 A delegate may attend a meeting of the Cooperative by means of telephonic, electronic or other communication facility if the facility permits all participants to communicate adequately with each other during the meeting.

Notice of Meetings

- 9.07 (a) Notice of the time and place of each meeting of delegates shall be given in the manner provided by the by-laws not less than 21 days nor more than 50 days before the date of the meeting.
- (b) The notice shall be given to each director, to the auditor and to each elected delegate.

(c) Notice of a meeting of delegates called for any purpose other than the consideration of the annual report of the directors, the financial statement, the auditor's report, the election of directors, the reappointment of the incumbent auditor and any other business authorized by the by-laws to be transacted at an annual meeting, shall state the nature of that business in sufficient detail to permit the member to form a reasoned judgement 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.

(d) A delegate may, in any manner, waive notice of or otherwise consent to a meeting of delegate.

(e) Failure to receive a notice does not deprive a delegate of the right to vote at the meeting.

Meetings Without Notice

9.08 A meeting of delegates may be held without notice at any time and place permitted by the Act if all delegates entitled to vote thereat are present in person and none of them object to the meeting being held, or if those not present waive notice of or otherwise consent to such meeting being held, and if the auditor and 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 delegates may transact.

Chairperson, Secretary and Scrutineers

9.09 (a) The chairperson of any meeting of delegates shall be one of the following individuals who is present at the meeting; the president or vice-president of the Cooperative or some other person appointed by the delegates at the meeting.

(b) If the secretary of the Cooperative is absent from a meeting of delegates, the chairperson of the meeting shall appoint some person to act as secretary of the meeting.

(c) The delegates at a meeting of delegates or the chairperson of the meeting with the consent of the meeting shall appoint scrutineers for the purpose of ascertaining and declaring the results of any ballot taken.

Persons Entitled to be Present

9.10 The only persons entitled to be present at a meeting of delegates shall be those entitled to vote thereat, auditors of the Cooperative and others who are entitled or required under any provision of the Act or the articles or the by-laws to be present at the meeting. Any other person may be admitted only on invitation of the chairperson of the meeting or with the consent of the meeting.

Quorum

9.11 A quorum for the transaction of business at any meeting of delegates shall be a number of delegates equal to 50% of the number of delegates entitled to vote at meetings of members, or equal to the number of sitting directors plus 5 whichever is the lesser.

Right to Vote

9.12 Every delegate, who has been duly elected according to the procedures contained in sections 9.01 and 9.02 shall be entitled to vote at a meeting of delegates.

Votes to Govern

9.13 At any meeting of delegates, every question shall, unless otherwise required by the Act, articles or the by-laws, be determined by the majority of the votes cast on the question. In case of an equality of votes, the motion shall be lost.

Show of Hands

9.14 Subject to the provisions of the Act, any question at a meeting of delegates shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Whenever a vote by show of hands has been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairperson of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the delegates upon the said question.

Ballots

9.15 On any question proposed for consideration at a meeting of delegates, and whether or not a show of hands has been taken thereon, any delegate entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairperson shall direct. A requirement or 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 delegates upon the said question.

Adjournment

9.16 If a meeting of delegates 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 meeting that is adjourned. If a meeting of delegates is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

Resolution in Writing

9.17 A resolution in writing signed by all the delegates entitled to vote on that resolution at a meeting of delegates is as valid as if it had been passed at a meeting of the delegates unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

Section Ten

NOTICES

Method of Giving Notices

- 10.01 (a) This subsection applies to any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a member, delegate, director, officer, auditor or to a member of a committee of the board.
- (b) Any written notice shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's recorded address or if mailed to the person at the person's recorded address by prepaid ordinary or air mail or if sent to the person's recorded address by means of prepaid transmitted or recorded communication, or by insertion of the notice in a newspaper or other publication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be presumed to have been received at the time it would be delivered in the ordinary course of mail; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch; and a notice so published in a newspaper or other publication shall be deemed to have been given at the time the publication containing the notice is distributed in the ordinary course.
- (c) Any electronic notice shall be sufficiently given if the member asks or agrees to receive it electronically and the method of sending or giving permits the member to have easy access to the notice and to retain it in a permanent form.
- (d) The secretary may change or cause to be changed the recorded address of any member, delegate, director, officer, auditor or member of a committee of the board in accordance with any information believed by the secretary to be reliable.

Computation of Time

- 10.02 In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving notice shall be excluded and the date of the meeting or other event shall be included.

Undelivered Notices

10.03 If any notice given to a member pursuant to this section is returned on 3 consecutive occasions because the member cannot be found, the Cooperative shall not be required to give any further notices to such member until the member informs the Cooperative in writing of his or her new address.

Omissions and Errors

10.04 The accidental omission to give any notice to any member, delegate, director, officer, auditor or member of a committee of the board 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 founded thereon.

Persons Entitled by Death or Operation of Law

10.05 Every person who, by operation of law, transfer, death of a member or any other means whatsoever, shall become entitled to any membership share or membership in the Cooperative, shall be bound by every notice in respect thereof which shall have been duly given to the member from whom such person derives title to such membership share or membership prior to such person's name and address being entered in the members' register (whether such notice was given before or after the happening of the event upon which that person became so entitled) and prior to the person furnishing to the Cooperative the proof of authority or evidence of the person's entitlement prescribed by the Act.

Waiver of Notice

10.06 Any member, delegate, director, officer, auditor or member of a committee of the board, may, at any time, waive any notice or waive or abridge the time for any notice required to be given to that person. Such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing, except a waiver of notice of a meeting of members, of holders of investment shares or of the board, which may be given in any manner.

**Section Eleven
BY-LAWS**

Amendment, Repeal and Replacement

11.01 Subject to the Act, the Articles, and clause 11.02, the by-laws may be amended, repealed and replaced by

- (a) the delegates by ordinary resolution; or
- (b) the directors by ordinary resolution, but any by-law so enacted, amended, or repealed must be submitted to the delegates at the next meeting of delegates for confirmation, rejection, or amendment.

Vote of Entire Membership Required

11.02 Notwithstanding clause 11.01 any motion or by-law amendment that seeks to

- (a) dissolve, sell, or cease operations of the cooperative; or
- (b) cause the cooperative to amalgamate with any other corporate entity; or
- (c) fundamentally alter the division and district governance structure of the cooperative;

Shall be put to a vote of the entire membership of the cooperative as a special resolution, to be conducted by electronic or regular mail-in ballots, and in order to succeed, must receive a two-thirds majority of affirmative votes from the members.

Effective Date

11.03 The by-laws or any amendment or repeal shall come into force in accordance with the Act on the day the resolution approving the by-laws is passed or the day specified in the by-laws or resolution, whichever is later.

I _____ of _____ in the Province of Manitoba,
Secretary of _____ hereby certify that the
foregoing are the by-laws of the Cooperative.

Date

Secretary